



City Council Staff Report

Date: July 20, 2011

CONSENT CALENDAR

Subject: APPROVAL OF PLANS, SPECIFICATIONS AND ESTIMATE (PS&E) AND AUTHORIZATION TO BID FOR THE TRACT NO. 13257 SEWER IMPROVEMENTS (PHASES 1 & 2), CITY PROJECT 10-02

From: David H. Ready, City Manager

Initiated by: Public Works and Engineering Department

SUMMARY

The Public Works and Engineering Department was awarded funding as part of the City's 2010/2011 and 2011/2012 Community Development Block Grant ("CDBG") Programs to design and construct a new sewer system within Tract No. 13257 (located west of Gene Autry Trail and south of Via Escuela). Approval of this project allows staff to proceed with the first two phases of this four-phase public project, with an estimated cost of approximately \$630,000.

RECOMMENDATION:

Approve the plans, specifications, and working details for the No. 13257 Sewer Improvements (Phases 1 and 2), City Project 10-02, and authorize the bid process.

STAFF ANALYSIS:

The Public Works and Engineering Department requested and received funding from the City's 2010/2011 and 2011/2012 CDBG Programs. The Department has proposed to design and construct a new sewer system to serve the low-to-moderate income neighborhood located west of Gene Autry Trail and south of Via Escuela (referred to as "Tract No. 13257"). Tract No. 13257 was developed during the 1980's when it was part of unincorporated Riverside County. At the time, Riverside County did not require extension of public sewer to the tract, and all 87 homes in Tract No. 13257 have private septic systems, some of which have begun to fail. Some lower income property owners have had to request financial assistance from the City for pumping and servicing of their septic systems.

Tract No. 13257 was annexed to the City of Palm Springs in 1991.

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Tract No. 13257 which includes Arnico Street, Norloti Street, Via Escuela (between Arnico Street and Gene Autry Trail), Jason Ct., Marni Ct., and Zachary Ct. is one of a few residential neighborhoods in Palm Springs that lacks a public sewer system. The City's domestic water supply provided by Desert Water Agency relies on pumping of water from the underlying aquifer, the quality of which is threatened by the continued leaking of septage from septic tanks into the ground. The septic systems in Tract No. 13257 already have or will soon be reaching the end of their useful design life, and the threat to water quality of the underlying aquifer exists, which can only be mitigated through the installation of a new public sewer system.

Extension of new sewer improvements to neighborhoods without sewers can generally only be funded if the property owners in that neighborhood support the establishment of an Assessment District. Through an Assessment District, the City finances the ultimate cost of the new sewer improvements, and the property owners are subsequently levied a special assessment on their property tax bill allowing the City to pay the debt service on the financing of the project.

The total estimated cost to install new sewer improvements within Tract No. 13257 to benefit all 87 properties is \$1,200,000 (or approximately \$14,000 per home). If the entire Tract No. 13257 neighborhood were to approve an Assessment District to construct a new sewer system in their neighborhood, staff estimates the resulting new special assessment to be levied on each property tax bill at \$1,100 per year¹. Given the low-to-moderate income status of this neighborhood, staff does not expect sufficient support would exist to approve an Assessment District for this project.

The City, through its Wastewater Fund, cannot normally fund extension of new sanitary sewer facilities to properties that have not paid into the Wastewater Fund. Properties that are currently served by a public sanitary sewer system pay a sewer service charge for operation and maintenance of the existing sewer system. Using these funds to pay for extension of sanitary sewer to properties that have not paid into the Wastewater Fund may be considered misuse of those funds.

The City has investigated the availability of state funding through the Clean Water State Revolving Fund (CWSRF), however, grants through the CWSRF are very competitive and priority is given to areas where the Regional Water Quality Control Board (RWQCB) has adopted findings that the water aquifer of a particular area is being threatened by existing septic systems and that the mandatory installation of public sewers is required. This was the case with the Cathedral City "Cove", in that the RWQCB issued specific findings for the Cove and ordered Cathedral City to mitigate the problem; this is not the case here.

Therefore, if the City were to consider funding this project on behalf of the property owners, the only available funding source is the City's own General Funds. However,

¹ Assumes 25-year payback at 6% interest.

given the City's current budget crisis, it is unlikely that funding this project through the General Fund will be possible. Therefore, the Department looked to alternative funding, such as the City's CDBG Program.

On March 17, 2010, the City Council approved the 2010/2011 CDBG Program, and awarded the Department \$267,118 for the first phase of this project. On March 16, 2011, the City Council approved the 2011/2012 CDBG Program, and awarded the Department \$180,951 for the second phase of this project (this amount was reduced to \$120,951 as a result of a lower overall CDBG Program distribution to the City). Ultimately, this phased CDBG project proposes to install approximately 3,800 feet of 8" VCP public sewer line and 3,480 feet of 4" VCP sewer laterals. The existing on-site septic tanks will be disconnected and abandoned in accordance with the City's Building Department requirements. The costs to convert from private septic systems to a public sewer system are included in this proposal, including the \$3,000 per unit sewer connection charge imposed by the City at the time a property is connected to the City's sewer system.

Given the \$1,200,000 total estimated cost to provide public sewer to Tract No. 13257, this project is proposed as a multi-year CDBG phased project. However, the sewer design for all phases of the project is being completed with the CDBG funding that has been secured. On November 17, 2010, the City Council approved a professional services contract with Harris & Associates to prepare the sewer improvement plans for this project.

Harris & Associates has prepared the plans and specifications for this project. At this time, staff is requesting Council authorization to bid only Phases 1 and 2 of the project. Phase 1 includes: sewer installation in Norloti Street (from Arnico Street to Via Escuela); and sewer installation in Arnico Street from Norloti Street to Zachary Court. Phase 2 includes: sewer installation in Arnico Street from Zachary Court to Jason Court; sewer installation in Zachary Court; and sewer installation in Marni Court.

Section 7.03.040 of the Procurement and Contracting Code requires that for public projects in excess of \$100,000 Council approve and adopt the plans, specifications and working details, and authorize staff to advertise for construction bids. The Engineer's Estimate for Phases 1 and 2 of this project is \$630,000. Approval of the recommended action will allow staff to proceed with bidding of Phases 1 and 2 of this project.

FISCAL IMPACT:

The City Council awarded the Department a total of \$388,069 in CDBG funds from the 2010/2011 & 2011/2012 CDBG Programs for Phases 1 and 2 of this project, (of which there remains approximately \$320,000). The engineer's estimate for Phase 1 is \$330,000 and for Phase 2 is \$300,000.

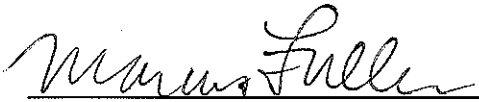
Although the total estimated cost of Phases 1 and 2 is \$630,000 and exceeds the total amount of CDBG funds on account, it is anticipated that bids received will be lower than the engineer's estimate as a result of the continued economic climate which has resulted in extremely competitively priced low bids (some at 40% or more below estimate). Unexpended CDBG funds from prior years will also be allocated towards this project in the event the low bid exceeds available funds.

Sufficient funds for award of Phases 1 and 2 of this project will be made available in CDBG accounts 137-4812-63583 and 137-4813-63583.

SUBMITTED:

Prepared by:

Recommended by:

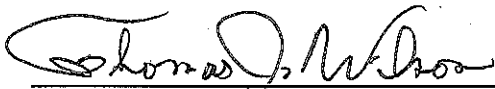


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for David H. Ready, City Manager