



MAYOR & COUNCIL COMMUNICATION

DATE: September 6, 2016

REGULAR

ITEM # 18

AGENDA ITEM: Old Village Sanitary Sewer Extensions – Discussion on Capital Improvement Phasing and Assessment Plan

SUBMITTED BY: Jack Griffin, City Engineer

THROUGH: Kristina Handt, City Administrator

REVIEWED BY: Cathy Bendel, Finance Director
Chad Isakson, Assistant City Engineer

SUGGESTED ORDER OF BUSINESS:

- Introduction of Item City Engineer
- Report/Presentation..... City Engineer
- Questions from Council to Staff Mayor Facilitates
- Call for Motion Mayor & City Council
- Discussion Mayor & City Council
- Action on Motion Mayor Facilitates

POLICY RECOMMENDER: Staff/Finance Committee.

SUMMARY AND ACTION REQUESTED: The City Council is respectfully requested to provide direction to staff regarding the Old Village Sanitary Sewer Assessment methodology in preparation for the Phase 1 Improvements final assessment hearing. Staff will lead a brief presentation regarding the future sanitary sewer capital projects to be completed in the Old Village together with the potential assessment amounts based upon varied cost allocation methodologies. The presentation will include a recommendation from staff and the Finance Committee to base the Sanitary Sewer assessments on the total cost for the overall extension of sanitary sewer improvements needed to replace all (or substantially all) existing private wastewater systems in the Old Village area.

PROJECT BACKGROUND: The Phase 1 Old Village Street, Drainage and Utility Improvements have been substantially completed and the final assessment hearing for the improvements will be held on October 20, 2016. Staff will be presenting a resolution on September 20, 2016 to declare costs to be assessed, the final assessment rolls to be prepared and call for a final assessment hearing. The Phase 2 Old Village Street, Drainage and Utility Improvements are currently in construction, to be substantially completed by the end of the 2016 construction season. The final assessment hearing for the Phase 2 Improvements will be held in September/October 2017.

The Feasibility Reports for both project phases presented the preliminary assessment amounts to be based on the total cost for the extension of sanitary sewer for both Phase 1 and Phase 2 of the improvements, divided by the total number of REC's (or SAC's) connecting to the sewer main. Each benefitting property's assessment was then determined based on how many REC's it contains. From this analysis, the proposed per REC preliminary unit assessment was originally \$14,000 and more recently reduced to \$13,000.

Looking ahead, staff has prepared preliminary cost estimates for several future lateral sewer extension projects within the Old Village area as part of the City's capital improvement planning process. Through these efforts staff has identified the potential for a wide range of sanitary sewer assessment amounts for different neighborhoods. Because the long range planning efforts have always focused on maintaining a fair and equitable distribution of the sewer costs within the Old Village area, staff is proposing that the Council consider amending the assessment methodology to create one unit assessment amount for all properties with existing septic systems to be served by sanitary sewer in the Old Village.

Adopting this recommendation would loosely commit the City to pursue the remaining lateral sanitary sewer projects over the next 3-5 years in order to contain cost increases over an extended period of time. However, it should be noted that there is already some interest in completing some of these projects. Staff has received two signed sanitary sewer petitions requesting projects be pursued for their properties so staff is also looking for council direction regarding the phasing and schedule for these improvements.

RECOMMENDATION: Staff is recommending that the City Council provide direction to staff regarding the Old Village Sanitary Sewer Assessment methodology in preparation for the Phase 1 Improvements final assessment hearing. It is recommend direction be provide to staff by adopting one of the following motions:

“Move to direct staff to prepare the Phase 1 Improvement Final Assessments for Sanitary Sewer on the basis of the total cost for the overall extension of sanitary sewer improvements needed to replace all existing private wastewater systems in the Old Village area, divided by the total number of REC's (or SAC') connecting to the sewer main.”

OR

“Move to direct staff to prepare the Phase 1 Improvement Final Assessments for Sanitary Sewer in accordance with the approved feasibility reports basing the unit assessments on the total cost for the extension of sanitary sewer for only the Phase 1 and Phase 2 improvements, divided by the total number of REC's (or SAC') connecting to the sewer main.”

ATTACHMENT(S):

1. None.