



CITY OF KIRKLAND

123 Fifth Avenue, Kirkland, WA 98033 425.828.1100
www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Daryl Grigsby, Public Works Director
Ray Steiger, P.E., Capital Projects Manager

Date: March 20, 2007

Subject: 2007 EMERGENCY SEWER PROGRAM

RECOMMENDATION:

It is recommended that the City Council:

- approve the proposed 2007 Emergency Sewer Program which will serve four reported septic failures,
- authorize an additional \$350,000 from water/sewer reserves to complete this year's program, and
- authorize staff to advertise for bids

BACKGROUND DISCUSSION:

The Emergency Sewer Program (ESP) was adopted in 1998 giving the City the authority to extend sewer lines to those areas of Kirkland where septic systems are aged (30-40 years old) and beginning to fail. At that time, there were an estimated 1500 properties that were served by septic systems. One of the primary benefits of the ESP is to safeguard the environment which could be detrimentally impacted by poorly maintained or failed septic systems. The ESP is unique in that beneficiaries of the sewer line construction can enter into a low interest loan agreement (currently 4.68 %) with the City to pay back their share of the construction cost over ten years rather than having to remit full payment of the assessment at the time of construction completion.

The first four programs of ESP were constructed in 1999, 2001, 2003 and 2005. The fifth program is slated for construction in summer of 2007. The purpose of this report is to update the Council on the progress of the previous ESP repayments and to propose the 2007 ESP projects.

Previous Emergency Sewer Programs

In the first programs of the ESP, 324 properties were provided with access to sewer lines. To date, over 17,500 feet of sewer lines have been constructed under the ESP. Of the 324 properties, 131 (40%) have connected to the new sewer lines and are no longer on septic systems.

The total cost of the previous programs was \$4,064,000 (\$516,000 in '99, \$726,000 in '01, \$1,436,000 in '03, and \$1,326,000 in '05), and individual assessments have ranged from \$8,000 to \$16,000 per property. To date, approximately \$2,242,000 (55%) has been reimbursed to the utility: 177 property owners have paid in full, 70 property owners have active ten year loans agreements with the City, and 72 are "inactive" accounts. An inactive account, allowed under the terms of the program, is one which there has been no action on the part of the property owner to

pay to connect to the sewer, however at ten years after construction, the City requires that payments begin to be made. All unpaid properties have information recorded on their title reports indicating the presence of these assessments. Due to the continuation of a strong housing market, including single family redevelopment and refinancing, more ESP assessments are being paid in full than had been originally anticipated when the program was created; this trend will likely continue (Attachment 1).

Proposed 2007 Emergency Sewer Program

In October of 2006, in anticipation of the 2007 ESP program, a survey was sent to approximately 800 residents currently served by septic systems to get feedback on the state of their systems. This survey is also posted on the City website and can be filled out and emailed directly to the ESP project engineer. Of the 800 surveys, 53 property owners expressed an interest in the Program, and four failures were reported. In December, 2006, an open house was held at Rose Hill Elementary to invite responding property owners to learn more about the 2007 Emergency Sewer Program; approximately 15 residents attended.

Based on the level of support for the program, and to address failures that have been reported, four sewer extensions are being proposed (Attachments 2 – 5). The proposed 2007 ESP will provide 78 connections and install 4,100 feet of sewer pipe; the estimated assessment per property owner is approximately \$18,000. In addition to serving the reported failures, the proposed 2007 scope of work will allow the City to serve "Area 2"; an area with high residential participation and interest which was an additive alternate in 2005, but was not constructed due to the bid results.

The individual assessments of the ESP continue to trend upwards for two reasons: construction costs continue to rise over time, and the areas being served are becoming more isolated with more and more challenging parameters. An example of this is in this year's program in "Area 4" (Attachment 5). In this situation, properties along the west side of 115th Place NE already have service provided via a sanitary sewer west of their property; properties being served by the 2007 ESP lie only along the east side of 115th Place NE and must shoulder the costs. These conditions are however discussed with residents at the various meetings.

The estimated project cost to construct the four proposed 2007 sewer extensions is \$1,400,000; the CIP has a budget of \$1,050,000 for the program. Staff considered bidding a portion of "Area 3" as an alternate (that portion along NE 72nd Street) which would keep the 2007 program within the CIP budget, however based on the continued escalation of costs, impacts to the neighborhood during construction this summer, and the proximity of known failures, this area was recommended to stay within the program and be completed.

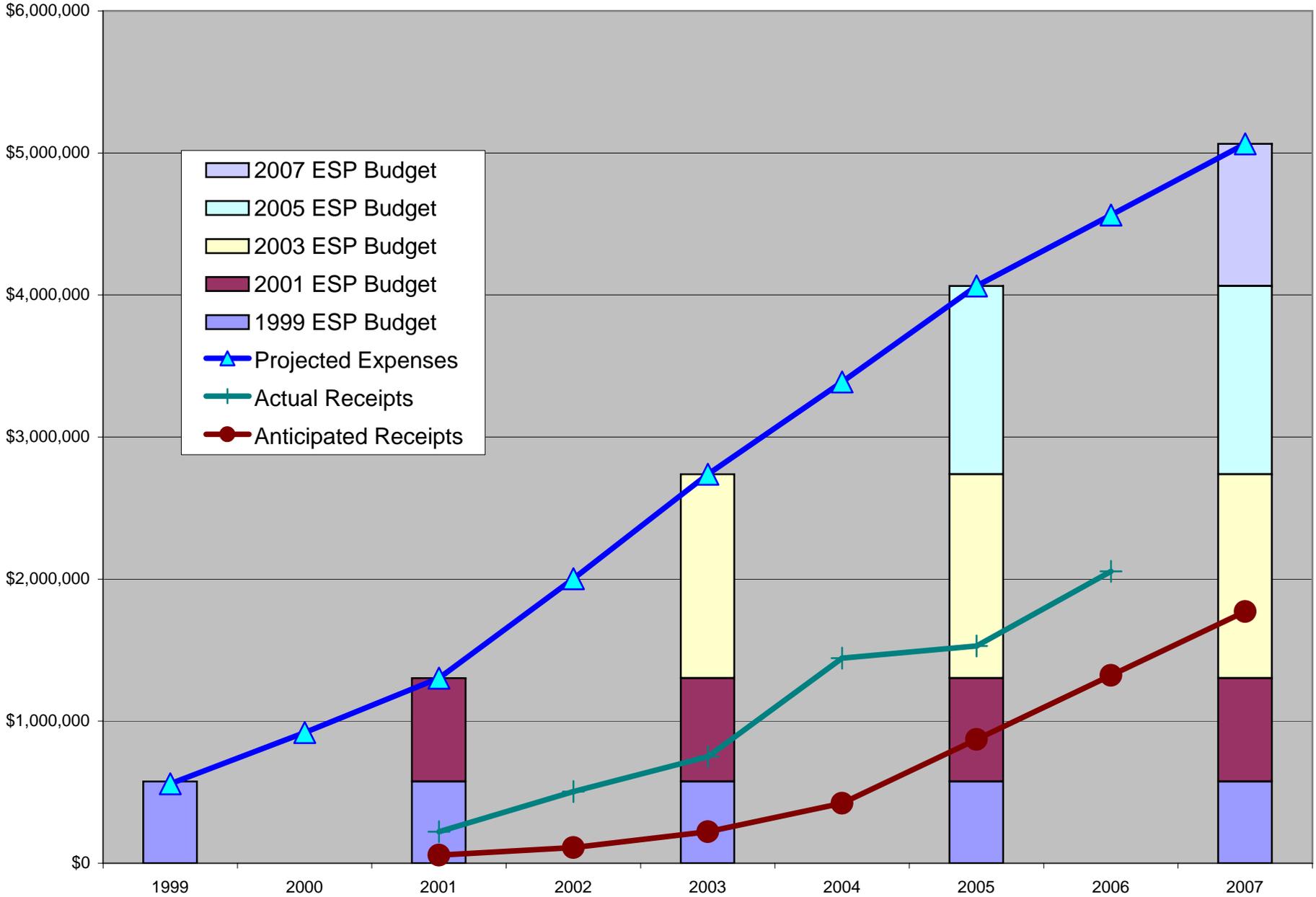
It is recommended that Council increase the CIP funding of the 2007 ESP by \$350,000 from water/sewer utility reserves (Attachment 6,7), and authorize staff to proceed with the bid process. With approval of the scope of the 2007 Emergency Sewer Program at this time, it is anticipated that bids would be opened in early May, construction would begin in June, and be complete by the end of December, 2007.

Attachments:

- 1 – Emergency Sewer Program Repayment Report
- 2 – Overall Vicinity Map
- 3 – Detail of Area 1
- 4 – Detail of Area 2 and 3
- 5 – Detail of Area 4
- 6 – 2007 ESP Project Budget Report
- 7 – Fiscal Note

cc: Sandi Hines, Financial Planning Manager
Mike Reardon, Senior Public Works Accountant
Ray Steiger, Capital Projects Manager

Emergency Sewer Program Repayment Report

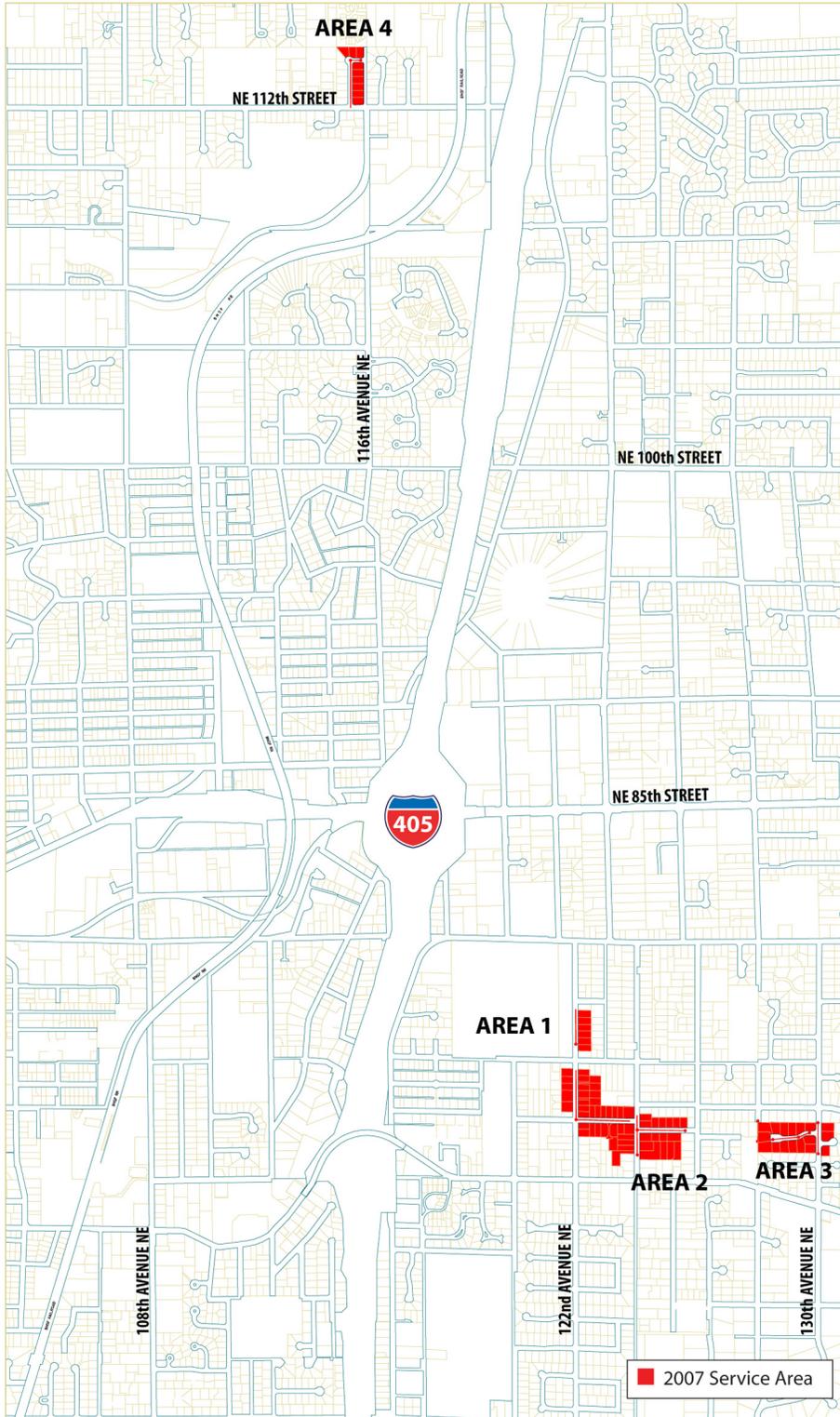




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2007 EMERGENCY SEWER PROGRAM

ATTACHMENT 2

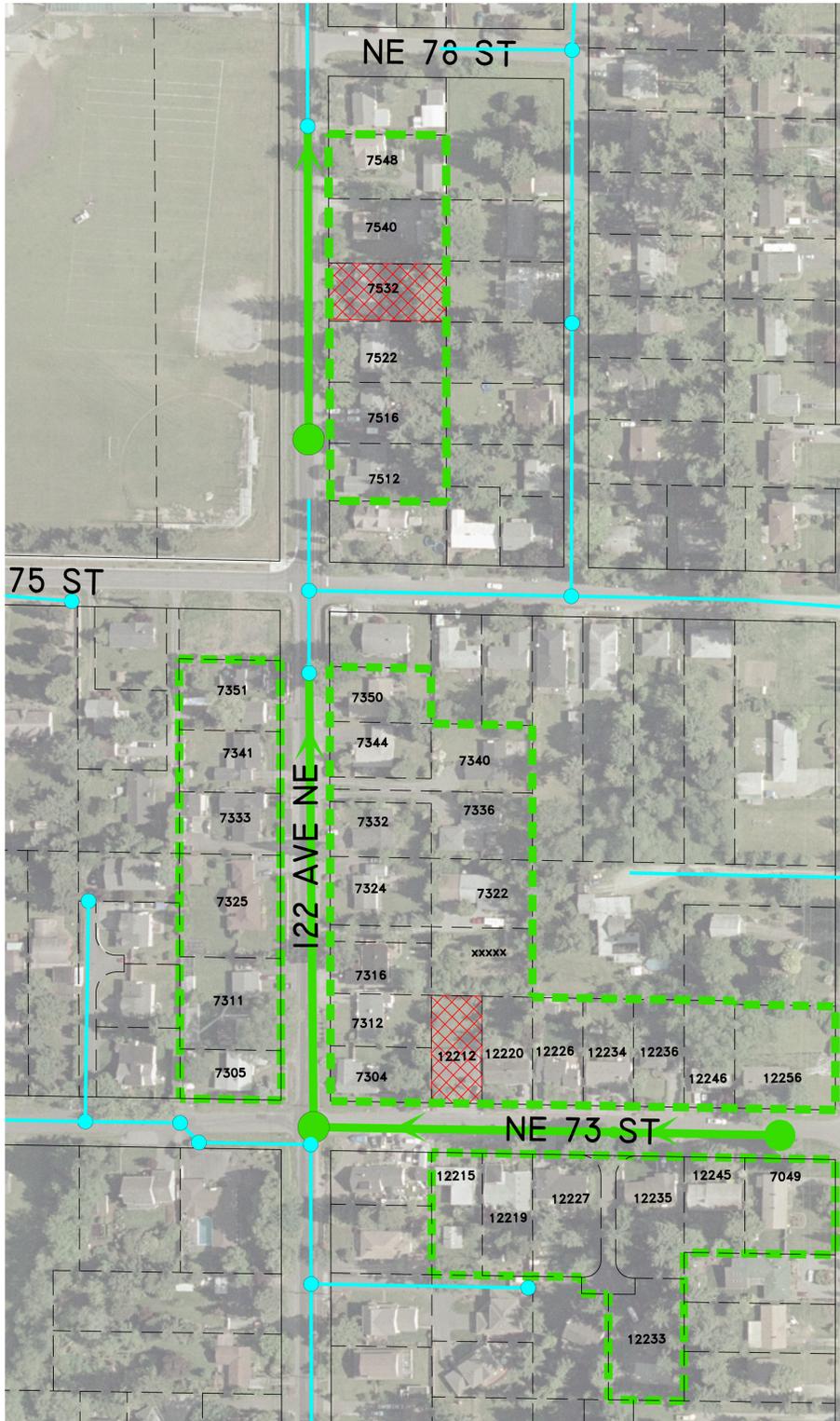




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2007 EMERGENCY SEWER PROGRAM

ATTACHMENT 3



LEGEND

- REPORTED FAILURE
- SERVICE AREA
- PROPOSED SANITARY SEWER ALIGNMENT
- EXISTING SANITARY SEWER MAIN

Area I

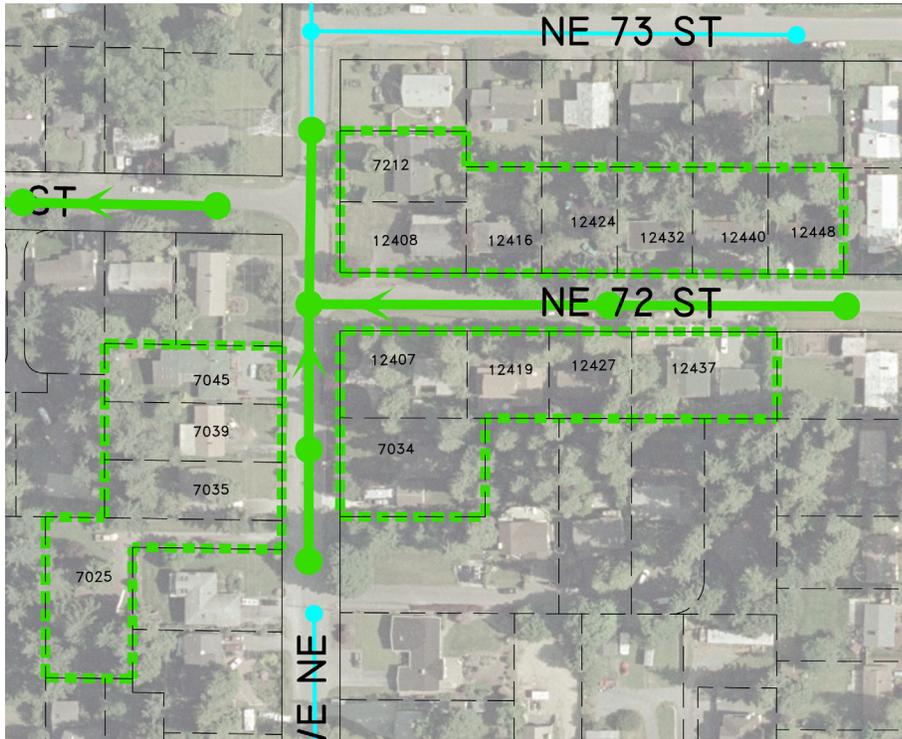




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2007 EMERGENCY SEWER PROGRAM

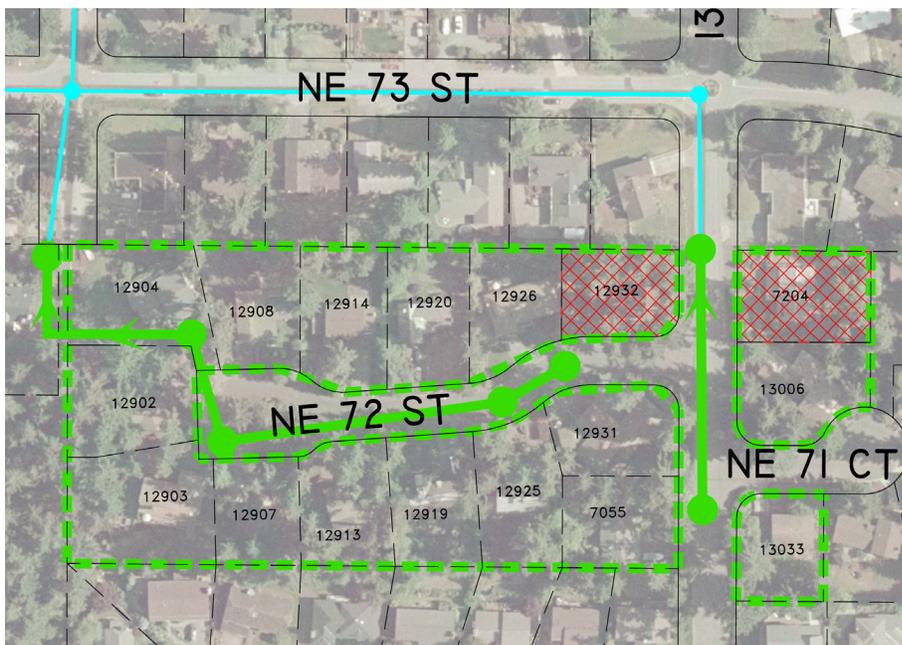
ATTACHMENT 4



LEGEND

-  - REPORTED FAILURE
-  - SERVICE AREA
-  - PROPOSED SANITARY SEWER ALIGNMENT
-  - EXISTING SANITARY SEWER MAIN

Area 2



Area 3

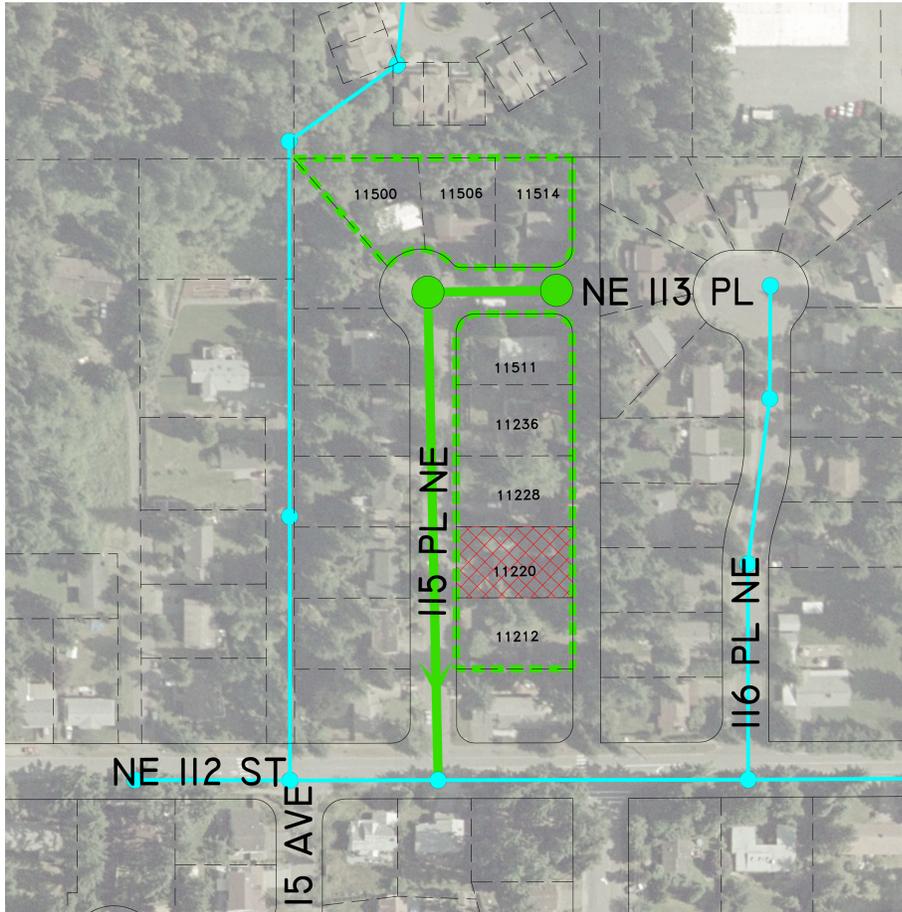




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2007 EMERGENCY SEWER PROGRAM

ATTACHMENT 5



LEGEND

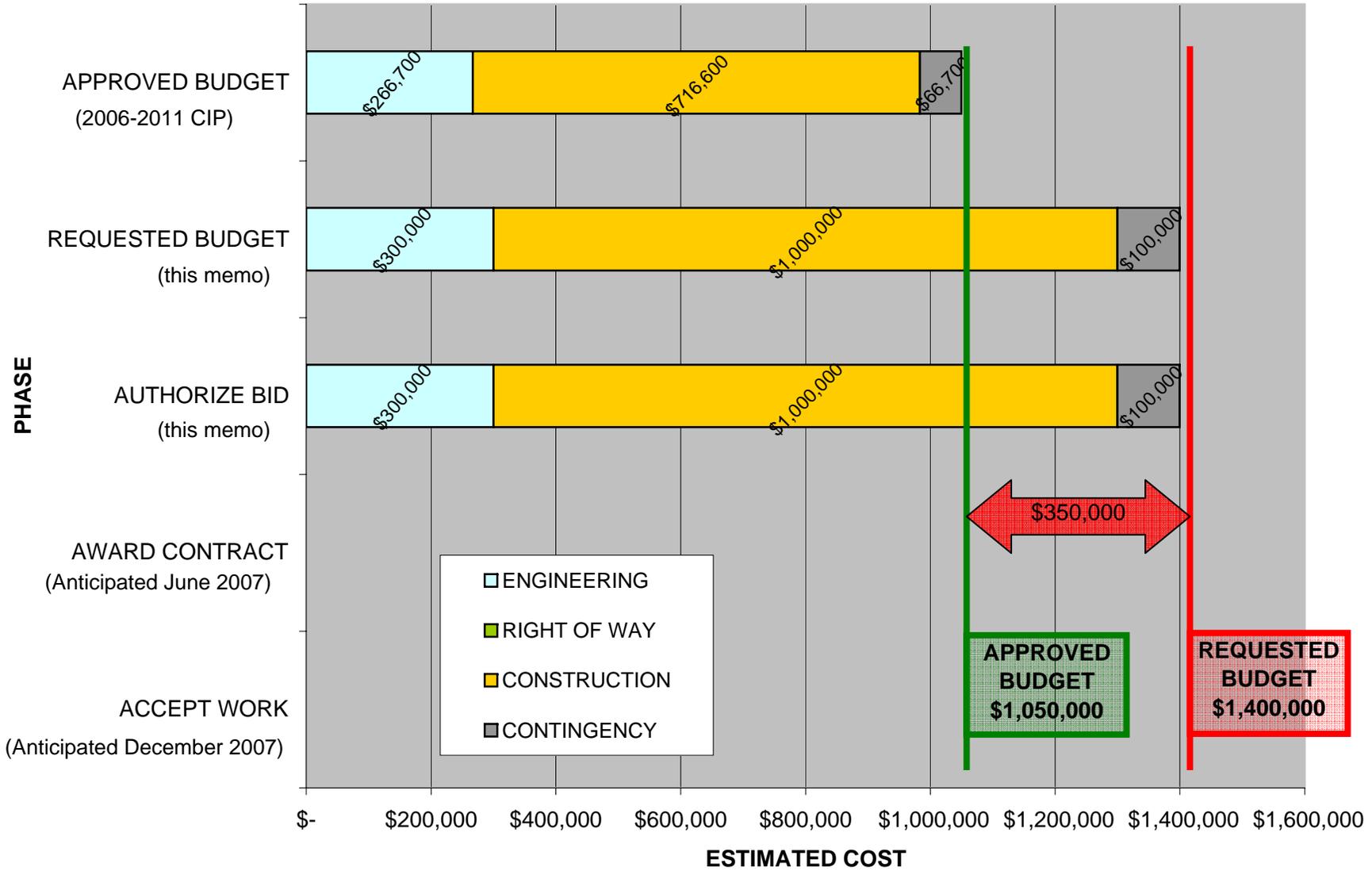
- REPORTED FAILURE
- SERVICE AREA
- PROPOSED SANITARY SEWER ALIGNMENT
- EXISTING SANITARY SEWER MAIN

Area 4



2007 EMERGENCY SEWER PROGRAM

PROJECT BUDGET REPORT



FISCAL NOTE

CITY OF KIRKLAND

Source of Request							
Daryl Grigsby, Public Works Director							
Description of Request							
Request for additional funding of \$350,000 from the Utility Construction Reserve for the 2007 Emergency Sewer Program to complete areas in the South Rose Hill and Juanita neighborhoods and to address four failed septic systems. The estimated total project cost to address the four failures and install 4,100 feet of sewer pipe & 78 connections is higher than the current CIP budget.							
Legality/City Policy Basis							
The Emergency Sewer Program was established to provide financing for sewer extensions to allow properties that are currently on septic systems to connect to the City's sanitary sewer system. The program provides for repayment to begin within ten years of the improvement or when a property either connects to the sewer extension or changes ownership.							
Fiscal Impact							
One-time use of \$350,000 of the Utility Construction Reserve designated for future capital projects. The reserve is fully able to fund this request. No future water/sewer CIP projects are delayed or eliminated due to this request.							
Recommended Funding Source(s)							
Reserve	Description	2008 Est End Balance	Prior Auth. 2007-08 Uses	Prior Auth. 2007-08 Additions	Amount This Request	Revised 2008 End Balance	2008 Target
	Utility Construction Reserve	8,738,358	0	0	350,000	8,388,358	see below
The Utility Construction Reserve accounts for capital contributions from utility rates and connections charges and is used to fund capital projects. Capital replacement cycles require that reserves accumulate to pay for future replacement of infrastructure to supplement the use of debt. The liability against this reserve occurs in future years as capital replacement needs peak.							
Revenue/Exp Savings							
Other Source							
Other Information							

Prepared By	Sandi Hines, Financial Planning Manager	Date	March 8, 2007
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