



CITY OF KIRKLAND

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Council Meeting: 02/03/2009
Agenda: Other Business
Item #: 8. h. (2).

MEMORANDUM

To: David Ramsay, City Manager

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

Date: January 22, 2009

Subject: 2009 EMERGENCY SEWER PROGRAM

RECOMMENDATION:

It is recommended that Council approve the proposed 2009 Emergency Sewer Program (ESP) and authorize staff to advertise for contractor bids.

BACKGROUND DISCUSSION:

The ESP helps safeguard the environment from poorly maintained or failed septic systems. The program was established to extend sewer main lines to those areas of Kirkland where septic systems are aged (30-40 years old) and beginning to fail. It was first funded in the CIP in 1998. At that time, there were an estimated 1,500 Kirkland properties being served by private septic systems. Under the ESP, benefiting property owners are assessed their proportionate share of the project costs. At the completion of the construction of a given program, owners are provided with the option of making a full payment of the assessed value or of entering into a low interest (3.5 %) loan agreement with the City to pay back their share of the costs over a ten year period. A third option allows deferral of the start of a repayment contract for a period of ten years (full payment due at the end of twenty years) or upon sale of the property.

The first five ESPs were funded in 1999, 2001, 2003, 2005 and 2007. The sixth program is scheduled for construction in summer 2009; this memo provides an update to Council on the progress of the previous ESPs and to recommend the 2009 ESP benefit areas.

Previous Emergency Sewer Programs

Through the ESP a total of 408 properties have been provided with the opportunity to connect to the City's sewer system. To date, over 22,000 feet of new sewer main have been constructed, and the benefiting properties, 146 (36%) have connected to the new sewer and are no longer on septic systems.

A breakdown of total cost and assessments for each program are as follows:

ESP YEAR	TOTAL	# of BENEFICIARIES	INDIVIDUAL ASSESSMENTS	INCREASE FROM PREVIOUS PROGRAM
1999	\$576,000	54	\$8,025	—
2001	\$726,000	74	\$9,726	21%
2003	\$1,436,000	113	\$11,857	22%
2005	\$1,326,000	83	\$15,975	35%
2007	\$1,669,000	84	\$19,864	24%
TOTAL	\$5,733,000	408		

To date, approximately \$2,923,743 (51%) has been collected from the Programs' beneficiaries and reimbursed to the City. Of that, 211 property owners electing to pay in full, 105 property owners entered into ten year loan agreements and 97 remain as "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 or to connect to the sewer; however, at ten years after construction of their respective Programs, the City does require effected property owners to begin making payments – given the current state of the economy and the softening housing market (reconstruction, refinance, sales), it is anticipated that the percentages of those paying their ESP assessments in full will decrease. All properties with outstanding balances have information recorded on their title reports indicating the presence of their individual assessments.

Proposed 2009 Emergency Sewer Program

In August of 2008, in anticipation of the 2009 ESP program, a survey was sent to approximately 800 Kirkland residents currently served by septic in order to get feedback on the state of their systems. This survey is also posted on the City website, and all interested property owners are able to fill out the questionnaire and email it directly to the ESP project engineer. Of the 800 recent surveys, 80 property owners expressed an interest in the Program, and five failures were reported. In December 2008, an open house was held at Rose Hill Elementary School to give all interested property owners an opportunity to learn more about the 2009 Emergency Sewer Program; 10 residents attended the 2 ½ - hour drop-in open house.

To address the recent failures that have been reported, together with some level of property owner support for the current Program, seven sewer extensions are being proposed for the 2009 Program year (Attachments 2 – 5). The 2009 ESP, as proposed, will provide approximately 49 connections and install 2,750 feet of new sewer pipe; the current estimated assessment per property owner is approximately \$25,000 for the 2009 ESP (approximately 26% more than the 2007 assessments).

The individual assessments of the ESP continue to trend upwards for two reasons: construction cost continue to increase, and the new areas being served are becoming increasingly isolated with more challenging physical parameters. As an example of this, for "Area 1" (Attachment 3) of the 2009 Program, five properties along 132nd Ave NE will be served by side sewers that must be bored under an existing 66-inch Seattle Public Utilities water transmission main. This special circumstance is estimated to add approximately \$65,000 to the Program's total cost.

The estimated project cost to construct the 2009 ESP is \$1,130,000 compared to the established construction CIP budget of \$960,000. As a result, staff has identified one of the areas (Area 2-B) as an additive alternate to be included in the project only if contractor bids come in lower than anticipated. Staff will also continue its dialog with all benefitting property owners and after the bids are opened will return to Council with an area by area breakdown of property owner support and a recommendation for award.

It is recommended that Council approve the 2009 program, as shown on the Attachments, and authorize staff to advertise for contractor bids. With Council approval, it is anticipated that bids would be opened in early May followed by a construction start in mid-June and a project completion by the end of December, 2009.

Attachments: 2 – Overall Vicinity Map
 3 – Detail of Area 1
 4 – Detail of Area 2
 5 – Detail of Area 3
 6 – Project Budget Report

cc: Sandi Hines, Financial Planning Manager
 Mike Reardon, Senior Accountant

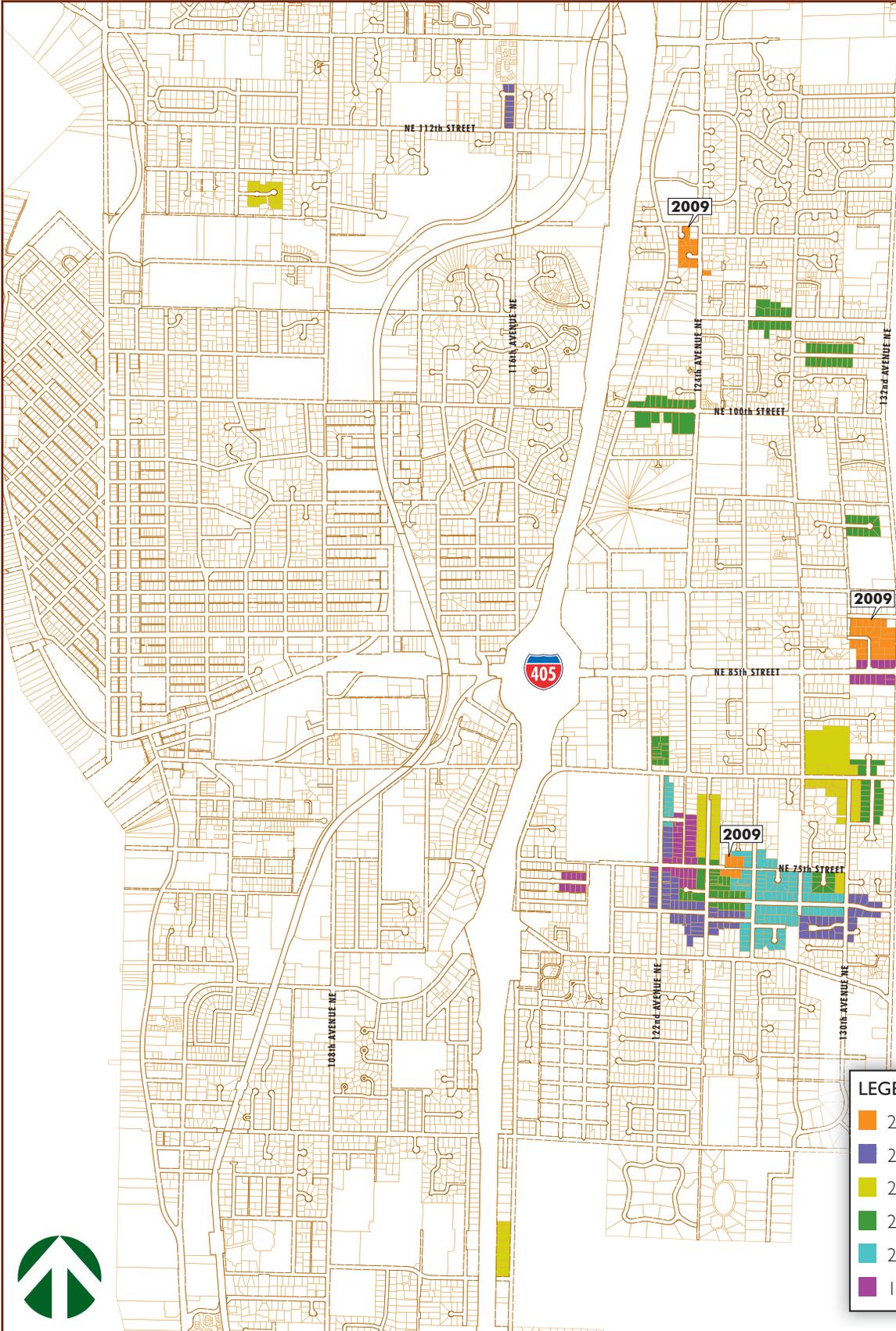


CITY OF KIRKLAND

2009 Emergency Sewer Program



Attachment 2 (Overall Vicinity Map)



LEGEND

- 2009 Proposed Service Area
- 2007 Service Area
- 2005 Service Area
- 2003 Service Area
- 2001 Service Area
- 1999 Service Area

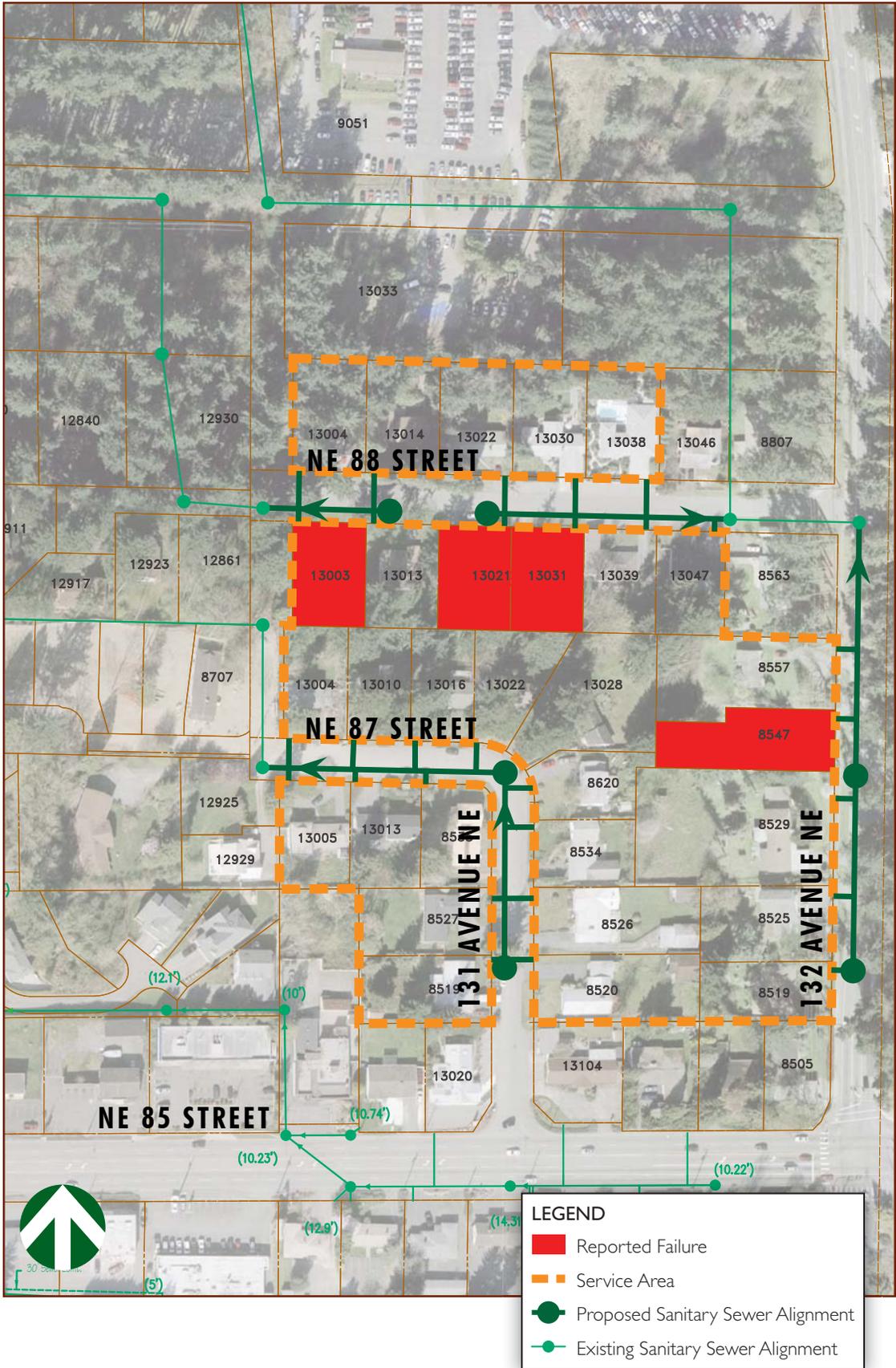


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2009 Emergency Sewer Program

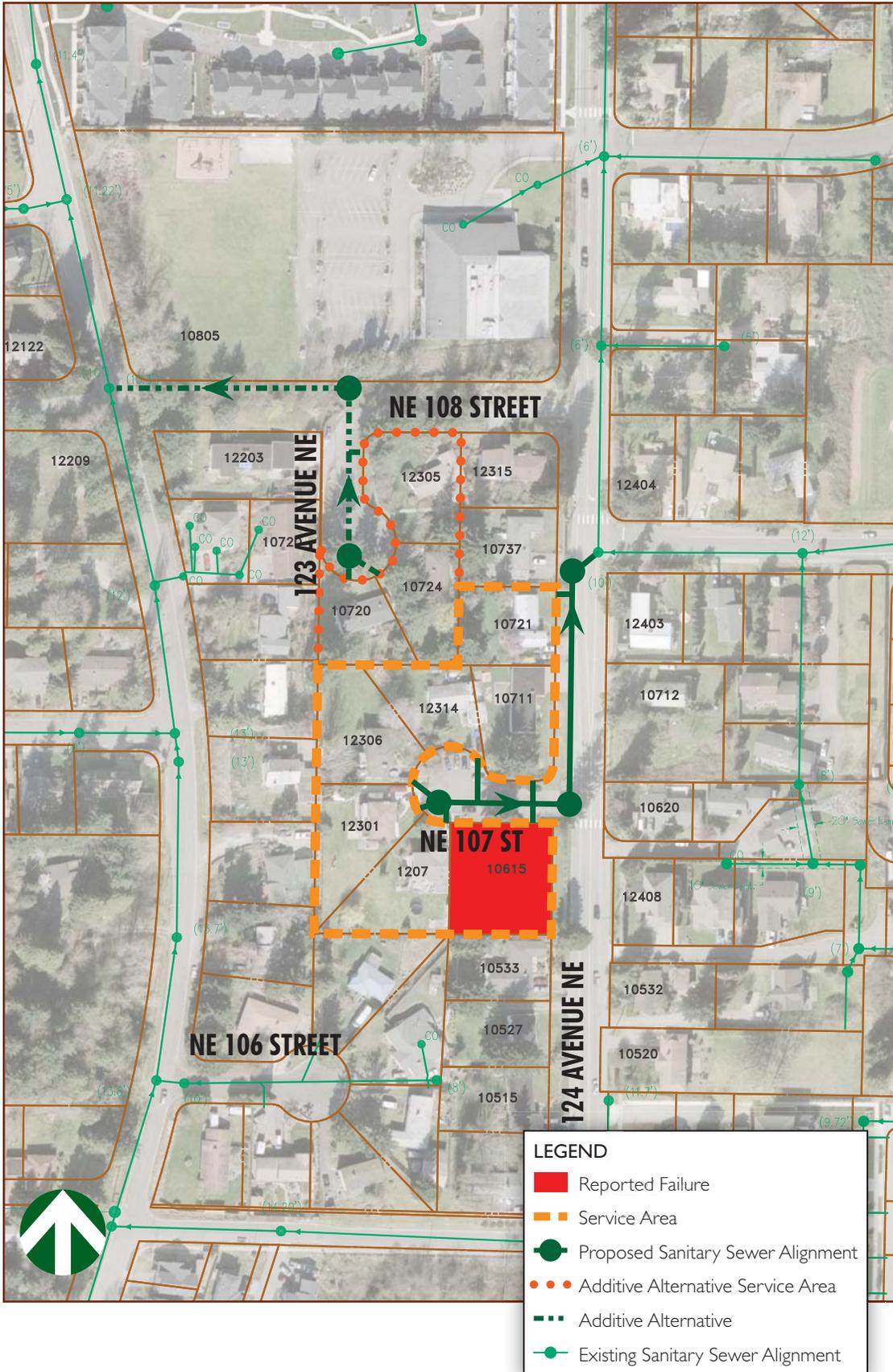


Attachment 3 (Detail of Area 1)



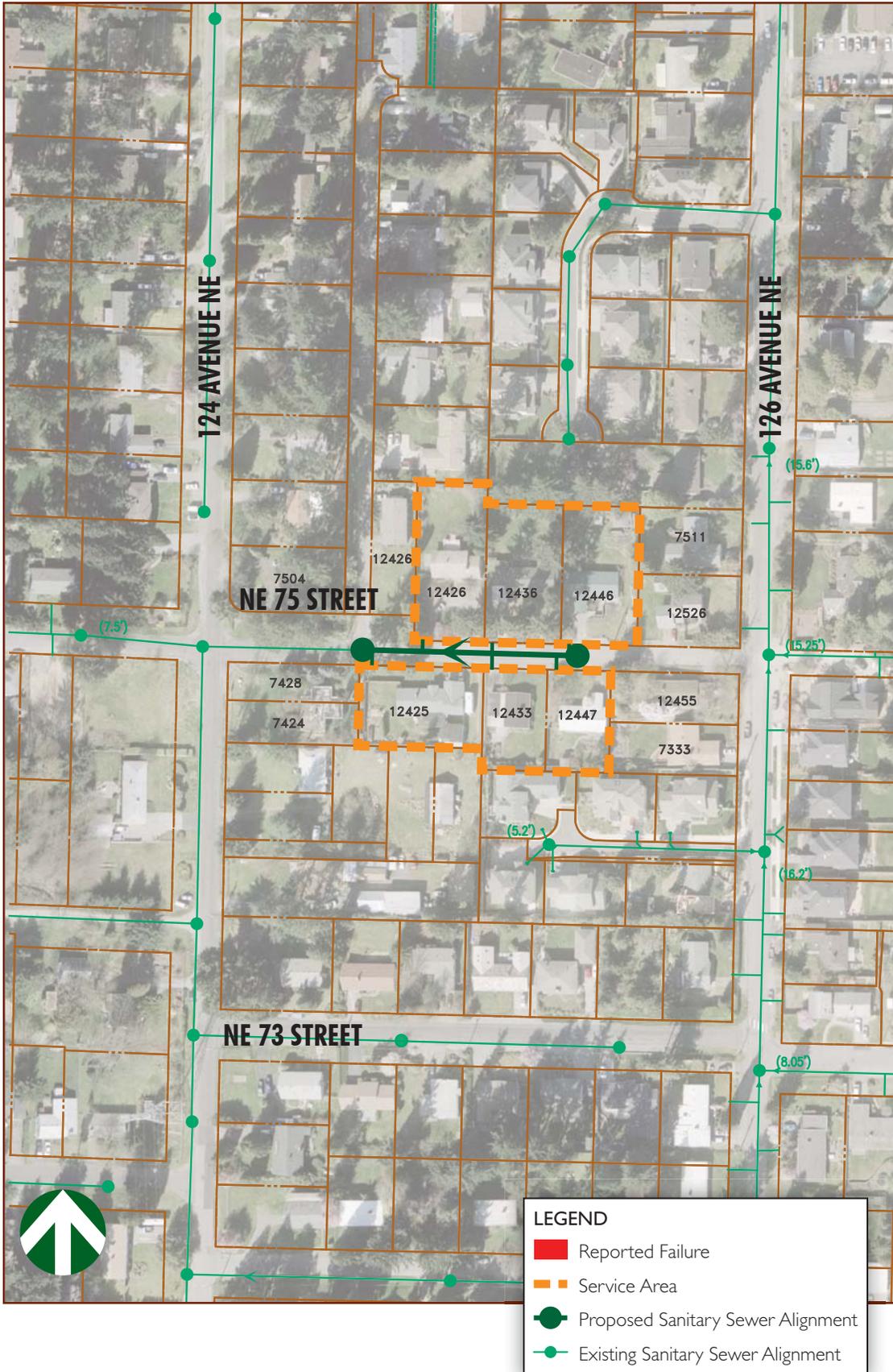


Attachment 4 (Detail of Area 2)





Attachment 5 (Detail of Area 3)



2009 Emergency Sewer Program

PROJECT BUDGET REPORT

