

COUNCIL ACTION FORM

SUBJECT: APPROVAL OF FUNDING FOR UNANTICIPATED REPAIRS AT WATER POLLUTION CONTROL FACILITY

BACKGROUND:

The last several months have brought a handful of unanticipated repairs for the Water Pollution Control (WPC) Facility. These repairs were either unbudgeted or were budgeted at a lower level and have materialized after the Sewer Fund balance was reviewed and rates were established by Council in February 2012. The following unanticipated expenses cannot be covered through existing appropriations in the 2012/13 adopted budget:

- Raw water pumps at the facility were scheduled for replacement in FY 2012/13. When bids were opened, they exceeded the authorized budget. **On March 27, 2012, Council approved an additional \$78,000 from the available Sewer Fund balance to allow this project to proceed.**
- Repairs to Methane Engine-Generator No. 2 were authorized by Council on April 24, 2012. The estimate for the repairs is \$129,000. Council authorized a transfer of \$53,449 from the unspent contingency on the WPC Clarifier Painting Project, **with the remaining \$75,551 coming from the available Sanitary Sewer Fund balance.** Council will be asked to issue a notice to bidders later in this evening's agenda.
- Check valves for four of the six raw water pumps do not completely close, reducing the pumping capacity and electrical efficiency of the pumps. Replacement was included as a bid alternate in the pipe support replacement project, but accepting the bids for the check valves would exceed the adopted budget. **Replacement of the four check valves would require an additional \$67,800 be added to the budget for the pipe support project.** This project is included on this evening's agenda for award of bid.
- The diesel fuel storage tank was found to have a leak and must be replaced. Replacement is included in the current year CIP at \$140,000. The single bid received exceeded the engineer's estimate. **Proceeding with replacement of the diesel storage tank would require an additional \$85,000 to be added to the budget for the project.** This project is also included on this evening's agenda for award of bid.
- Three blowers are used to supply air to the solids contact units, a critical biological treatment process. One of the blowers has failed and been out of

service for a number of years. The other two blowers are still operable but are showing signs of eminent failure. **Staff is recommending that \$65,000 be authorized to begin the immediate development of plans and specifications to replace all three blowers.** Having the design completed now will allow us to respond immediately should a failure occur before a replacement can be programmed into a future year CIP.

Because of the dry weather this summer and the fact that sewer billing is tied to water usage, the revenues to the Sanitary Sewer Fund for FY 2011/12 were larger than had been estimated in the rate projections by approximately \$371,000.

After reviewing the priority needs of the WPC Facility, staff is recommending that Council authorize the following budget amendments, with the additional funds coming from the Sanitary Sewer Fund balance. This dollar amount will keep the increase in expenses in line with the increase in revenues, mitigating the impact on the Sewer Fund.

<u>Project</u>	
Raw Water Pumps *	\$ 78,000
(Previously authorized by Council)	
Methane Engine-Generator No. 2 *	75,551
(Previously authorized by Council)	
Pipe Supports and Check Valves	67,800
Diesel Fuel Storage Tank	85,000
Design of Blower Replacements	65,000
Total Additions After Rates Were Established:	\$ 371,351

* Note that the first two items in the list above have already been authorized by Council (on 3-27-12 and 4-24-12). They are included here in order to provide Council with a full view of all additional expenses that were not included in the budget when rates were set for this fiscal year.

ALTERNATIVES:

1. Authorize funding for the additions to the FY 2012/13 Capital Improvements Plan for the Water Pollution Control Facility as described above.
2. Authorize some but not all of the requested additions to the FY 2012/13 Capital Improvements Plan for the Water Pollution Control Facility.
3. Do not authorize any revisions to the FY 2012/13 Capital Improvements Plan at this time.

MANAGER'S RECOMMENDED ACTION:

The Capital Improvements Plan and annual budget presented to Council seek to identify those needs which are necessary to provide the established level of service to the

community. The CIP and budget do not include any contingency for large repairs that were completely unforeseen. Fortunately, the increase in sewer revenues over the last fiscal year provides some ability to absorb unanticipated expenses without unduly drawing down the available Sewer Fund balance. Staff has developed a prioritized plan for these unforeseen expenses that addresses the most critical repairs immediately.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby authorizing the additions to the FY 2012/13 Capital Improvements Plan for the Water Pollution Control Facility as described above.