



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 5, 2019

FROM: PUBLIC WORKS DEPARTMENT WARD: 4

SUBJECT: VAN BUREN BOULEVARD SEWER IMPROVEMENTS PROJECT FOR WOOD ROAD TO KING AVENUE - APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF RIVERSIDE, COUNTY OF RIVERSIDE, AND WESTERN MUNICIPAL WATER DISTRICT; AND APPROVAL OF THE PROPOSED FUNDING PLAN

ISSUES:

Approve a Memorandum of Understanding between the City of Riverside, the County of Riverside, and Western Municipal Water District for the construction of the Van Buren Sewer Improvements Project between Wood Road and King Avenue; and approve the proposed project funding plan.

RECOMMENDATIONS:

That the City Council:

1. Approve a Memorandum of Understanding between the City of Riverside, County of Riverside, and Western Municipal Water District for the construction of the Van Buren Sewer Improvements Project, which includes new public sewer facilities on Van Buren Boulevard between Wood Road and King Avenue to promote economic growth;
2. Authorize the City Manager, or his designee, to execute the Memorandum of Understanding between the City of Riverside, County of Riverside, and Western Municipal Water District for the construction of the Van Buren Sewer Improvements, including making minor and non-substantive changes; and
3. Approve the Van Buren Sewer Improvement Project funding plan, which includes adjustments to the Sewer Fund capital improvement plan, incorporation of the Van Buren Boulevard Sewer Improvements Project, and designation of \$14 million of Sewer Enterprise Fund 2015 Bond proceeds to fund the Project.

BACKGROUND:

The Van Buren Boulevard corridor between Wood Road and King Avenue is within the Woodcrest neighborhood and the City's sewer service area. The portion between Wood Road and Gamble Avenue is within City limits, and from Gamble Avenue to King Avenue is within unincorporated

County of Riverside. The area does not have any public sewer infrastructure in place to provide necessary sewer services. The lack of public sewer services is impeding property and business development along this stretch of Van Buren Boulevard. In addition, many of the properties are struggling with the operation and maintenance of private septic systems.

Staff, working with the County of Riverside, Western Municipal Water District (WMWD) and engineering consultant Krieger & Stewart, completed a feasibility study in 2016 to evaluate alternatives to provide sewer services along the Van Buren Boulevard corridor. Under one alternative, the City would provide sewer service, and under the other alternative, WMWD would provide sewer service to the same area. In order to serve this area, the report identifies the Van Buren Sewer Improvements Project, which includes construction and installation of new public sewer infrastructure.

On January 19, 2017, the Development Committee unanimously recommended that the City Council approve, in concept, the Van Buren Sewer Improvements Project from Wood Road to King Avenue (Project). The Committee also recommended a cooperative effort with the County of Riverside Executive Office and Economic Development Agency (EDA) to create a Community Facility District (CFD) to fund the project (Attachment 1).

On March 21, 2017, the City Council approved, as the best and most economical alternative, that the City provide sewer service along Van Buren Boulevard. They authorized Public Works to begin engineering design, environmental and associated work to construct the Project. In addition, the City Council authorized Public Works to continue to work with the County of Riverside Executive Office and Economic Development Agency (EDA) on the development and creation of the Project CFD. The creation of a CFD would allow the City to be reimbursed by property owners for the sewer infrastructure costs.

DISCUSSION:

Based on an extensive CFD study and research, the County EDA and Public Works staff have determined that formation of a CFD to fund the Project is not economically feasible. In addition, formation of a CFD requires a 2/3 majority vote of all property owners and it was determined that there was not sufficient support from the existing property owners to obtain the required votes. All parties determined the City would take the lead in funding and constructing the Van Buren Sewer Improvements Project, in cooperation with County EDA and Western Municipal Water District.

The proposed Project has the benefit of expanding the City's sewer service area and revenue base while using available wastewater capacity at the City's Regional Water Quality Control Plant. The Project will promote economic growth along the Van Buren corridor as well as provide public sewer facilities so troublesome private septic systems can be abandoned.

Memorandum of Understanding (MOU)

A MOU between the City of Riverside, County of Riverside and Western Municipal Water District will memorialize each parties' interest and obligations in the Van Buren Sewer Improvements Project (Attachment 3). Key provisions are listed below:

1. The City will fund and construct the sewer improvements which include (Attachment 1):
 - a. Installation of a gravity sewer within Van Buren Boulevard from Wood Road down to King Avenue;
 - b. Construction of a new sewer lift station at Krameria Avenue and Washington Street;

- c. Construction of a sewer force main to carry wastewater from the new pump station to Wood Road to join the City's existing gravity line; and
 - d. Abandonment and demolition of the City's MLK 1 sewer pump station.
2. With execution of the MOU and construction of the project, the City's sewer service area will be adjusted and expanded to include the Van Buren corridor frontage parcels (Attachment 2).
3. The City will recover the Project cost by charging applicable sewer service charges and fees once each property owner connects to the sewer line. This includes a sewer connection capacity charge and monthly sewer service charges for wastewater conveyance (flow management) and treatment.
4. Western Municipal Water District will sell a vacant parcel, located at the north easterly corner of Washington Street and Krameria Avenue to the City to construct a new sewer lift station (Attachment 1).
5. The Project will be constructed prior to, or concurrently with, the County's Transportation and Land Management Agency (TMLA) Van Buren Boulevard Widening Project from Wood Road to Washington Street. Below is an estimated project schedule:
 - a. Spring 2020 – Project bidding and construction start.
 - b. Summer 2021 – Project completion.
6. The County will provide the City expedited no-fee project review, entitlements, construction permits and inspections, and recorded City easements.

Project Funding

In 2015, the City of Riverside issued the 2015A Tax Exempt Sewer Enterprise Fund Revenue Bonds in the amount of \$241 million for the construction of wastewater capital infrastructure. The debt service for the bonds is paid through sewer service charges. A significant amount of the bond proceeds have been used to complete improvement projects at the City's Water Quality Control Plant and wastewater collection and conveyance system. There are currently \$27 million of the 2015A Sewer Fund Bond proceeds remaining for wastewater infrastructure investment.

The Project is estimated at \$14 million. There is \$770,831 programmed in the current Van Buren Sewer Improvements project budget. Staff is recommending adjustments to the Sewer Fund Capital Improvement Plan (CIP) as shown below to reprogram \$13,229,169 of available 2015A Bond proceeds from capital projects to the Van Buren Sewer Improvement Project (8969) for a total adjusted project budget of \$14 million.

Project / Sewer Fund (550)	Project Budget Transfer
8941 - Tequesquite A, B & C Sewer Con	\$3,330,683
8939 - Spruce B & C Sewer Con	\$2,000,000
7709 - Teq./Arroyo Trunk Line	\$2,316,959
8928 - Bio-solids Handling Rehab	\$1,098,787
8213 - WQCP Phase I Plant Expansion	\$361,624
8613 - Tertiary System Upgrade	\$979,196
8943 - Wastewater Lift Stations	\$1,000,000
7989 - Collection System Upgrades	\$1,034,726

8810 - Plant Sup Facility/System Rehab	\$409,481
9060 - Hillside Av Trunk Sewer Replace	\$394,744
8977 - Plant 2 Blower No.2 Rehab/Replace	\$203,155
8940 - WQCP-Arlanza Sewer Trunk Rehab	\$99,814
Total	\$13,229,169

The CIP projects listed that are not already completed are being considered as part of the Wastewater Master Plan Update project which is scheduled to be complete by the summer of 2019. Projects will be considered and funded as part of the design and/or bid award submitted to City Council for approval.

Overall, it is expected the City will recover the Project capital investment as development occurs along the Van Buren corridor over the next 10 to 20 years. The 2016 Krieger and Stewart sewer service study estimated that, at full build-out over a 20-year period, approximately 1.2 million gallons of additional wastewater will be produced within the project sewer area. It is estimated that approximately \$7 million or more of sewer connection fee revenue will be assessed and collected. In addition, annual sewer service charge revenue of \$730,000 is expected for wastewater collection and treatment. These estimates are based on the City's current Sewer Service Charge Rate Schedule. Revenue may be higher should the City's Sewer Service Rate Schedule be adjusted during the 20-year build out period.

Property Purchase

Staff has been authorized to negotiate with the Western Municipal Water District for the purchase of the vacant property at the north easterly corner of Washington Street and Krameria Avenue to construct the new sewer lift station. The Purchase Sales Agreement will be brought forward for City Council consideration and approval when complete.

FISCAL IMPACT:

The Project cost is estimated at \$14 million. Staff anticipates new revenues will cover Project expenditures over the next 10-20 years. Sufficient funds are available as outlined in the table below. Funds will be transferred from the Public Works Sewer Enterprise Fund – Capital Projects accounts listed to the Van Buren Sewer Improvement Account.

Source	Account Numbers	Amount
Van Buren Sewer Improvement Project Account Balance	9896923-440301	\$770,831
Sewer Enterprise Fund Capital Project Funding	9894123-440301 9893923-440301 9770923-440301 9892823-440301 9821323-440301 9861323-440301 9894323-440301 9798923-440301 9881023-440301 9906023-440301 9897723-440301 9894023-440301	\$13,229,169
PROJECT TOTAL		\$14,000,000

Prepared by: Kris Martinez, Public Works Director
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Project Map
2. Project Service Area
3. Memorandum of Understanding
4. Presentation