

City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JANUARY 19, 2021

- FROM: PUBLIC WORKS AND COMMUNITY & WARD: ALL ECONOMIC DEVELOPMENT DEPARTMENTS
- SUBJECT: SERVICES AGREEMENT FOR RFP NO. 2025 FOR UTILITY POTHOLING SERVICES ON VAN BUREN BOULEVARD WITH AZTEC ENGINEERING CALIFORNIA, INC., IN THE AMOUNT NOT TO EXCEED \$147,810 FOR A TERM THROUGH DECEMBER 31, 2022; PURCHASE AND SALE AGREEMENT WITH WESTERN MUNICIPAL WATER DISTRICT FOR THE ACQUISITION OF APPROXIMATELY 0.24 ACRES OF VACANT LAND LOCATED AT 16476 WASHINGTON STREET, ASSESSOR'S PARCEL NUMBER 274-040-051, FOR THE KRAMERIA SEWER PUMP STATION IN THE AMOUNT OF \$62,000; AND VAN BUREN BOULEVARD SEWER INSTALLATION PROJECT UPDATE

ISSUE:

Approve a Services Agreement for RFP No. 2025 for utility potholing services to support the Van Buren Boulevard Sewer Project Installation to Aztec Engineering California, Inc., in an amount not to exceed \$147,810; approve the Purchase and Sale Agreement with Western Municipal Water District for the acquisition of approximately 0.24 acres of vacant land at 16476 Washington Street, identified as Assessor's Parcel Number 274-040-051, for the Krameria Sewer Pump Station in the amount of \$62,000; and receive a project update for the Van Buren Boulevard Sewer Project Installation Project between Wood Road and King Avenue.

RECOMMENDATIONS:

That the City Council:

- 1. Approve a Services Agreement for RFP No. 2025 for utility potholing services to Aztec Engineering California, Inc., in an amount not to exceed \$147,810.00 for a term through December 31, 2022;
- 2. Authorize the City Manager, or his designee, to execute the Services Agreement with Aztec Engineering California, Inc., including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction;
- 3. Approve the Purchase and Sale Agreement with Western Municipal Water District for the acquisition of 16476 Washington Street, identified as APN 274-040-051 for the purchase price of \$62,000, plus \$10,000 for due diligence, title, escrow, and related closing costs, for a total amount not to exceed \$72,000;

- 4. Authorize the City Manager, or his designee, to execute the Purchase and Sale Agreement with Western Municipal Water District, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction; and
- 5. Receive and file the Van Buren Boulevard Sewer Installation Project update.

COMMITTEE RECOMMENDATION:

On November 18, 2020, the Mobility and Infrastructure Committee (Committee) reviewed this matter. Committee Member Plascencia substituted for Committee Member Hemenway and the other two members were present. The Committee unanimously recommended that City Council approve the purchase of the vacant lot at 16476 Washington Street to construct the Krameria sewer pump station and received and filed the Van Buren Boulevard Sewer Installation Project Update.

BACKGROUND:

The Van Buren Boulevard corridor between Wood Road and King Avenue is in the City of Riverside's (City) sewer service area (see Attachment 10) and is located within the Woodcrest neighborhood. The lack of sewer service is impeding property and business development, increasing the operational and maintenance costs of private septic systems, affecting the environment and public health, and impacting Woodcrest Elementary and Woodcrest Christian High School. Efforts have been made to establish sewer service in the Woodcrest area and some of the background associated with these endeavors is listed below:

Year	Action	
2010	WMWD requested that the sewer service area be transferred from the City of Riverside to WMWD so they could pursue a project to expand the sewer collection system	
2011	WMWD attempted to setup an assessment district to fund the sewer project	
2012	The assessment district was dissolved due to a legal challenge preventing bonds from being sold	
2015	Developers requested that WMWD pursue constructing the Woodcrest Sewer by forming a business assessment district	
2015	WMWD purchased the lot at the northeasterly corner of Washington Street at Krameria Avenue to construct a sewer lift station to serve the Woodcrest Sewer Project	
2016	Developers indicated that they could not fund the cost of the Woodcrest Sewer	
2017	On March 21, 2017, the City Council approved a conceptual plan to provide new sewer facilities on Van Buren Boulevard between Wood Road and King Avenue and authorized the Public Works Department to begin engineering design, environmental clearance, and right-of-way acquisition for the construction of the new sewer facilities.	
2019	On February 5, 2019, the City Council approved a Memorandum of Understanding between the City, WMWD, and the County of Riverside to support the construction of the Van Buren Boulevard Sewer project including acquisition of the vacant lot at 16476 Washington Street	

Table 1: Project History

1	
2019	On March 14 and on September 12, 2019, City staff attended Woodcrest Municipal Advisory Council (MAC) meetings to share the project details with the community including Riverside County residents
2020	On March 3, 2020, the City Council approved a Mitigated Negative Declaration and Mitigation Monitoring and Reporting program for the construction of the sewer pipeline, sewer lift station, and force main associated with the Van Buren Boulevard Sewer project.
2020	On May 4, 2020, the WMWD Board of Directors considered the sale of the property location at the northeasterly corner of Krameria Avenue and Washington Street to the City of Riverside for the purpose of constructing a sewer lift station. The WMWD Board of Directors decided to postpone the item until the next meeting.
2020	On June 10, 2020, the Public Works Department hosted a project briefing via Microsoft Teams and invited the public and personnel from the County of Riverside, RUSD, WMWD, County Supervisor's Office, and two WMWD Board members
2020	On June 17, 2020, the WMWD Board of Directors approved the sale of the property located at 16476 Washington Street to the City of Riverside for the purpose of constructing a sewer lift station.
2020	On October 6, 2020, the City Council considered an item to purchase a WMWD lot located at 16476 Washington Street. After discussion, the City Council tabled the item until the Mobility and Infrastructure Committee received a project update
2020	On November 18, 2020, the Mobility and Infrastructure received a Van Buren Boulevard Sewer Installation Project update and recommended that City Council approve the purchase of the vacant lot at 16476 Washington Street to construct the Krameria Sewer Pump Station.

During the project development and design phase, staff engaged businesses, stakeholders, and City and County residents to obtain feedback and develop a scope of work. As noted in Table 1, staff also attended various community meetings to provide project updates and incorporate feasible project components to address the community's requests and/or concerns. Public engagement allowed staff to field numerous questions and even though Table 2 is not an exhaustive list of questions shared by the community, they represent some of the common inquiries fielded by staff.

Item	Question	Response
1	Does the City plan to annex a portion of the County after project completion?	The Public Works Department is unaware of any plans to annex portions of the County within the project limits.
2	Did or will the City consider an alternate pump station location?	Yes, the Public Works Dept. considered 8 locations, see Attachment 5. See body of the report for additional details.
3	Does RUSD support the pump station location across from Woodcrest Elementary School?	RUSD has provided a support letter for this project and is aware of the proposed sewer pump station at Washington Street at Krameria Avenue.
4	Are residents or businesses required to connect to the new sewer line?	No, existing residents or businesses are not required to connect to the new sewer line and can remain on their existing system. Although, Per RMC 14.08.030, tenant and development improvements along Van Buren Blvd within the project would trigger the requirement for sewer connection.
5	Why does the City wish to service County properties?	The City and WMWD are the two sewer service purveyors for this area. In 2015 WMWD and the City conducted "Cost of Sewer Analysis" studies and it was determined that construction costs

Table 2: Community Questions and Staff's Responses

		were similar between the two econoice but the City has lower
		were similar between the two agencies but the City has lower sewer connection and monthly service fees and thus the City took the lead on this project. Also, there were two unsuccessful attempts to form an assessment district to construct the project.
6	What are some of the project benefits?	The project benefits the environment, minimizes health risks, facilitates Woodcrest Elementary to connect to sanitary sewer, allows Woodcrest Christian High School to eliminate its private sewer pump station from school grounds, provides a more robust and reliable system for restaurants and commercial businesses, is a catalyst for development, and improves sewer plant operations
7	Was this project included in a planning document or listed as a CIP project?	Prior to its design, the project was not listed in a planning or Capital Improvement Program (CIP) document. Nonetheless, the 2014 <i>Financial Plan and Rate Development Study</i> supports the funding and construction of capacity expansion projects. Planning and CIP documents establish goals and purposes, but projects listed in these documents are not exclusive and can change based on needs. The use of bond funds can be used to enhance capacity and help expand services. Prior to WMWD's request to transfer the sewer service area to them, this sewer service area belonged to the City. Meaning, the City fully intended to provide sewer service to both City and County properties within the project limits once funding was secured. Since WMWD was unable to construct the project, the sewer service area reverted to the City and this project supports the initial goals of expanding service to this portion of the City and unincorporated County area. The project was added to the 2018-19 CIP and is listed as the Woodcrest Sewer project. On February 5, 2019, the City Council approved the funding plan and the project is fully funded.
8	Does Proposition 218 prevent the City from using bond funds to construct the project?	No, Prop. 218 requires that the sewer monthly service charges are set at the reasonable cost of providing that service. Rate studies are typically conducted prior to proposed rate increase to establish the reasonable cost of service. When determining the reasonable cost of service, Prop. 218 allows for planning for future expansion and CIP projects, in addition to the maintenance, overhead, and financial costs of providing the service. Similar projects have been upheld as appropriate use of Prop. 218 funds. Examples include: expansion of a waste water treatment plant to increase capacity, where benefits would be realized by current, as well as future, users; installation and expansion of recycled water infrastructure even though potable water customers could not directly connect, as all users would benefit from the reduced use of potable water and increased availability of recycled water; and planning for future conservation projects to ensure the long term viability of a water basin, which would benefit all users even those not directly using those projects. Here, the project will have benefits to all sewer users, as well as those that directly connect to the project, through increased system efficiency and service as described in this report. Prop 218 provides that fees collected are to be used for the service for which they are imposed, which is a general requirement to spend monthly sewer service fees for sewer purposes. Separate from Prop 218, there are additional requirements to follow when using bond funds, largely found in the authorizing bond resolutions. The City consulted with outside Bond Counsel, see Attachment 6, and determined bond funds

		may be used for the construction of the project, so long as revenues collected from the project are used to repay the bonds.
9	Can or should the County contribute towards this project?	The County may contribute to the project, although it does not purvey sewer service. There is no nexus for the County to contribute to the project as it does not have a mechanism to recover funding participation.
10	When will the City achieve a return in investment from this project?	There are multiple factors that impact the return on investment including type of development, development size, when development occurs, strength of effluent, and redevelopment. A detailed study is necessary to calculate return on investment. Although, sewer projects are typically considered and recommended based on needs. This project would allow businesses to switch from septic to sanitary sewer and spur development as septic systems have a shorter life span, are more prone to failure, require regular maintenance, and may require leach fields which can hinder development
11	Is this a component of the Van Buren Blvd widening project between Bountiful St and Washington St	No. This is a standalone project and the County of Riverside is taking the lead on the Van Buren Blvd. Widening Project. The sewer project is anticipated to be constructed prior to the roadway widening.
12	What percent of the project is in the City and County?	The segment between Wood Rd and Gamble Ave is in the City and the segment between Gamble Ave and King Ave is the County. Approximately 56% of the project is in the City and the remaining portion in the County.
13	Approximately how much has the City invested in the project design, environmental clearance, and construction of other improvements in anticipation of this project?	The City has spent approximately \$3.0 million in the project's design, environmental clearance, and construction of midstream and downstream improvements in anticipation of this project.
14	What are the environmental benefits of this project?	Sewer lines are built to carry more wastewater, less susceptible to clogging, can withstand more abuse than septic system, are connected to a centralized sewer system, filter out pathogens and bacteria, less susceptible to failures, and can help replenish groundwater through recycled water percolation system. During large rain events or septic system failures, the surrounding soil and ground water is more susceptible to contamination. Businesses switching from septic to sanitary sewer would minimize risks and impacts to the environment.
15	What provisions have been included to mitigate pump station failures, safety, noise, and odors?	The sewer pump system was designed to include redundancy to minimize failures. The site would include engine driven backup pumps, electric generator, site intrusion alert system, site lighting, high/low water level alarms, SCADA communication/monitoring system, emergency storage capacity, submersible pumps, and an odor-control system. The submersible pumps would help dampen noise to lessen impacts to surrounding properties. The site would be protected with decorative wrought-iron fencing. The pump station located at 14052 Meridian Parkway, Riverside is a good example of a modern sewer pump station
16	How will the sewer pump station fit adjacent to the school and residential properties?	The City invested in Conceptual Site Renderings which were shared with the WMWD Board, with the County of Riverside, RUSD, and select community members that participated in recent meetings. The site would include substantial landscaping and decorative wrought iron fencing to aesthetically fit in with the community. By installing the pump station at the corner of Washington St at Krameria Ave, it allows Woodcrest Elementary

		School to install a gravity flow line to facilitate connection. Otherwise, if the pump station is located on a higher elevation, Woodcrest Elementary and other businesses may be required to construct private sewer lift stations to pump flows to an alternate pump station location. Examples of sewer pump stations near schools include Woodcrest Christian High School (sewer pump on school grounds) and Citrus Hill High School, sewer pump station located at Wood Road at Markham Street. Equipping the sewer pump station with a submersible pump reduces noise levels minimizing impacts to the adjacent residential properties.
17	Can the City share renderings of the sewer pump station?	The sewer pump station renderings are part of this report and are available to community members who request them.
18	How has the City engaged County residents on this project?	Public Works staff participated in multiple Woodcrest Municipal Advisory Council (MAC) meetings to provide project updates. During a 2020 WMWD Board meeting and at the request of residents, staff conducted a virtual meeting on June 10, 2020 to engage the public. Staff are available and supportive of engaging County residents and businesses but typically participate at the request of the meeting host. Staff has also kept Ward 4 Councilmember apprised of project updates.
19	Are there other areas where the City provides sewer service outside its City limits?	Yes, the City provides sewer services to Spring Mountain Ranch, Edgemont Community, Highgrove Community, Jurupa Community, and Rubidoux Community.
20	Are businesses attempting or have they attempted forming a Community Facilities District (CFD) for the construction of the project.	In 2011 WMWD attempted to setup an assessment district but were unsuccessful. In 2016, the business community was also unsuccessful in forming a CFD.
21	What are the disadvantages of above ground sewer holding tanks for commercial businesses?	Above ground holding tanks require dedicated space, physical barrier protection, alarm system to alert when the tank is nearing capacity. Failure to pump can result in sewage overflow and will compromise the facility, more susceptible to failure if improper items such as food particles, grease, tissue, or other enters the system, requires owners to frequently pump out the tank, typically more expensive to maintain than a septic system
22	How does this project benefit City rate payers?	Sewer connection fees are designed to recover capital costs of providing sewer service to new users. The underlying premise is to charge each user the estimated reasonable costs for providing capital facilities necessary to provide sewer service (i.e., require growth to pay for growth). These sewer expansion improvements will eventually pay for themselves and help expand and/or upgrade the sewer system – they are a net investment gain

DISCUSSION:

The project is located on Van Buren Boulevard between King Avenue and Wood Road and is fully within the WMWD and the City of Riverside sewer service areas, which overlap. The specific sewer service boundaries between the City and WMWD are governed by interagency agreements. While some parcels are outside the City's municipal boundaries, they are within the sewer service boundaries. In 2010, WMWD pursued a sewer project in this area, but in 2012, it dissolved the assessment district due to legal challenges that prevented them from securing bond funds to construct the projects. In 2015, WMWD and the City of Riverside conducted Cost of Sewer Analysis studies which concluded that construction costs were similar between the two

agencies, but the City has lower sewer connection and monthly service fees. WMWD conceded that due to the rate structure, the City should take the lead to construct the project as sewer connection and monthly service cost savings will be passed on to customers.

The Van Buren Boulevard Sewer Installation Project (Project) consists of construction and operation of facilities (sewer pipeline, sewage lift station, and force mains) to provide service to properties along Van Buren Boulevard within the project limits. The Project would provide sewer service to a proposed residential development (Tract 36897), located north of Van Buren Boulevard, on a property northwesterly of the intersection of Iris Avenue and Chicago Avenue, and a neighboring parcel (west of Tract 36897) identified as Assessor's Parcel Number (APN) 245-300-004. The Project includes the following components:

- 1. Proposed Sewer and Force Main Pipelines ranging from 6 inches to 12 inches in diameter, including:
 - a. Construction of approximately 10,900 linear feet (LF) of new gravity main on Van Buren Boulevard from Wood Road to Washington Street;
 - b. Construction of approximately 900 LF of new gravity main on Washington Street from Van Buren Boulevard to the new Krameria Avenue Lift Station (Krameria LS);
 - c. Construction of approximately 1,300 LF of new gravity sewer main on Van Buren Boulevard from King Avenue to Washington Street;
 - Construction of approximately 900 LF each of two new parallel sewer force main on Washington Street from the new Krameria Avenue lift station to Van Buren Boulevard; and
 - e. Construction of approximately 10,900 LF each of two new parallel sewer force mains on Van Buren Boulevard from Washington Street to Wood Road.
- 2. Proposed Krameria Avenue Lift Station will consist of the following:
 - a. Submersible pumps
 - b. Wet well
 - c. Control panels
 - d. Emergency standby generator
 - e. Odor control system
 - f. Emergency storage vault
 - g. Emergency back-up pumps
- 3. Demolition and Removal of the existing Martin Luther King 1 Lift Station.
- 4. Improvements to the existing Wood Road Lift Station includes the construction of a below grade storage tank to provide adequate storage volume for the additional sewer coming from the Van Buren Boulevard area.

The Krameria Lift Station needs to be constructed at the project's low point near the intersection of Van Buren Boulevard and Washington Street. Sewer flows would reach the pump station via gravity flow and then be pumped towards Wood Road via pressurized lines. If the pump station is constructed at a site with a higher elevation, potential customers such as Woodcrest Elementary School may require a sewer lift station on or near the school grounds to pump flows uphill to an alternate pump station location. The Public Works Department considered eight pump station sites, (see Attachment 5) but were unable to come to terms with any of these sites. Instead, staff

supports the purchase of the vacant lot at 16476 Washington Street, which is owned by WMWD and was acquired for the same purpose. Constructing the pump station at this location would facilitate Woodcrest Elementary School and other businesses located at similar elevations to connect to the sewer line and would provide optimal service to this project. Some of the locations considered were on developed sites and many would have had to modify their circulation, operations, or would have impacted onsite parking opportunities.

The Community & Economic Development staff researched the alternative locations for the new sewer lift station and determined that the subject property is the most cost-effective option. Located at 16476 Washington Street, the site is owned by WMWD and is approximately 10,369 square feet of vacant land. The property is located within the County of Riverside and it is zoned residential agriculture.

The City obtained a neutral third-party appraisal for the fair market value of the property which concluded to a value of \$39,000. The City subsequently submitted a purchase offer to WMWD at this price. WMWD submitted a counteroffer of \$62,000 to the City based upon its fair market appraisal of \$62,000 and previous acquisition of the property at that amount. Staff have reviewed both appraisals and believe the purchase amount of \$62,000 is fair and reasonable for the acquisition of the property. Further, other sites would be more expensive to acquire and may require the use of condemnation, which likely delays the project due to the uncertainty of time and costs associated with this legal process.

The project has a cost estimate of \$14 million and is anticipated to better serve Woodcrest Elementary, the only remaining RUSD school on a septic system, and Woodcrest Christian High School. Even though Woodcrest Christian High School is served by a public sewer, the project would eliminate a sewer lift station located on school grounds, which allows the school to expand or make better use of this space. The project would also better protect the environment and the ground water system. Public sewers are constructed to withstand heavy loads and can better accommodate periods of heavy rainfall or storm surges that may overwhelm smaller home-based septic tanks, which by virtue of their size are more prone to overflow and can contaminate storm water systems and ground water tables. In such cases, flies and mosquitos that are attracted to breed in wet areas can spread hepatitis, dysentery, and other infectious diseases. Stakeholders have been engaged through this process and some have provided letters of support (see attached), particularly the Riverside Chamber of Commerce, the Riverside Unified School District, the KZ Companies LLC, County of Riverside Supervisor's Office, Riverside County Flood Control and Water Conservation District, County of Riverside Department of Environmental Health, and Ward 4 Councilmember as the project is considered a catalyst for economic growth.

The area within the project limits has empty parcels totaling 74 acres as well as underdeveloped lots which would benefit from this project. A sanitary sewer allows for maximum use of an undeveloped lot and can spur redevelopment as septic systems can be a limiting factor. Septic systems can be limited by inadequate or inappropriate soils, excessive slopes, or high ground water tables which can influence or limit large development projects. The sewer connection and monthly service fees by new development and existing commercial development on and near Washington Street would help offset project investment within a 20 to 25-year period. Sewer lines have a service life up to 100 years which brings stability to the area and expands services to new customers. The expansion of services would secure new customers and generate increased funding for the continued financial health, operation, maintenance and repair which are consistent with good utility practice. When considering some of the indirect benefits such as increased property taxes, new jobs, increased housing, and increased sales tax associated with new development, then the economic growth has an even more profound benefit.

In addition to facilitating economic growth and better protecting the environment, the Project would help the Riverside Water Quality Control Plant (RWQCP) by increasing flows into the Plant. The RWQCP was designed to treat approximately 46 million gallons per day (mgd) and operates most efficiently when treating approximately 60% to 70% of its maximum capacity (27 mgd to 32 mgd). Currently, the RWQCP treats approximately 25 mgd and additional flows from the Woodcrest area would improve efficiency and operations.

Residents and visitors who do not connect to the sewer line would also reap some of the benefits as the new line would better protect the environment and better safeguard their health. The experience and interaction with the business and restaurants that connect to the public sewer would also be more enjoyable as routine septic tank service would no longer impact business operations or the patrons' experience, which can be diminished by foul odors when these systems are serviced or are not operating efficiently. Due to the benefits and potential service cost savings, the City anticipates that many businesses and property owners within the project limits would connect to the public sewer. Nonetheless, businesses that do not construct significant tenant improvements nor wish to connect to the sewer line will not be required to do so. Through public and stakeholder engagement, the project is anticipated to meet a strong need for a public sewer in the area to spur economic growth, better serve two schools, protect the environment, reduce health concerns, and help improve the quality of life of the local community in both City and County unincorporated areas.

In order to avoid construction delays and/or changes to the sewer alignment, the Public Works Department needs to locate known utilities below surface level to minimize utility conflicts. On August 12, 2020, RFP 2025 for Potholing Services was posted on the City's bidding Website. On September 3, 2020, seven proposals were received for Utility Potholing Services. One proposal was deemed non-responsive due to not meeting the experience requirement stated in the RFP and the remaining six proposals were evaluated and scored. The highest rated proposal was from Aztec Engineering California, Inc., in the amount of \$147,810.00.

The Purchasing Manager concurs that the recommendation to approve the Services Agreement is in compliance with Purchasing Resolution 23256.

The project recently secured the environmental clearance and staff is anticipated to complete the design plans by December 2020. The project is anticipated to award and begin construction by Spring 2021 and be completed within 18-24 months after commencement. The project will start near Van Buren Boulevard at King Avenue and progress eastward towards Wood Road. Due to the anticipated lane closures and construction impacts, the Traffic Engineering Division would collaborate with the County of Riverside to modify the signal timing plans to reduce motorist delay.

FISCAL IMPACT:

The cost to acquire the subject property is \$62,000 with an additional \$10,000 for due diligence, title, escrow, and related closing costs for a not to exceed total of \$72,000. The cost for the Van Buren Sewer (Woodcrest) Utility Potholing Services Contract is \$147,810. Sufficient funds are available in the Sewer Fund, Account Number 9896923-440301 for the lot acquisition and services contract award.

Prepared by:	Kris Martinez, Public Works Director
	David Welch, Community & Economic Development Director
Certified as to	

RFP No. 2025, Krameria Pump Station – 16476 Washington St, Van Buren Boulevard Sewer Project Update • Page 10

availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer Approved by: Rafael Guzman, Assistant City Manager Approved as to form: Kristi J. Smith, Interim City Attorney

Concurs with:

Councilmember Conder, Chair Mobility and Infrastructure Committee

Attachments:

- 1. Services Agreement
- 2. Location Map
- 3. Memorandum of Understanding
- 4. Support Letters
- 5. Alternate Sewer Pump Station Locations
- 6. Stradling Yocca Carlson & Ruth Bond Counsel Letter
- 7. Sewer Pump Station Renderings
- 8. Purchase Agreement
- 9. Proposal Award Recommendation
- 10. City of Riverside Sewer Service Area Map
- 11. Presentation