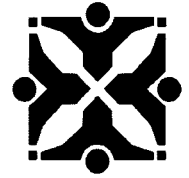


# City of Columbia

701 East Broadway, Columbia, Missouri 65201



**Agenda Item Number:** REP 58-14

**Department Source:** City Manager

**To:** City Council

**From:** City Manager & Staff

**Council Meeting Date:** June 16, 2014

**Re:** Report: Downtown Sewer Funding Strategies

## Documents Included With This Agenda Item

Council memo

**Supporting documentation includes:** Map of Downtown Sewer Projects, Table 1

## Executive Summary

This report presents options for funding the Flat Branch Watershed Relief Sewers to increase downtown sewer capacity. Option 1 includes postponing certain sewer projects combined with funds from various accounts and savings. Option 2 is a sewer rate increase of \$10.72 per month. Option 3 is a combination of options 1 and 2 that would require a rate increase to \$6.15 per month. All three options raise approximately \$5.4 million to pay for two of the four Flat Branch Relief Sewer projects (projects 1 and 3 on the attached map). The CHP and ACC developments have offered to pay for project 2. Project 4 can be delayed until 2019 when sufficient sewer funds would be available from normal revenue streams to fund the project.

## Discussion

At the request of Council staff has prepared funding options for the Flat Branch Watershed (FBW) Relief Sewers. This project has four component parts shown on the attached map. The cost for each of the four projects is attached as Table 1.

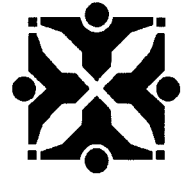
**Option 1** presents a re-prioritization of sewer projects combined with cash reserves, ballot funding, and savings from the wastewater treatment plant. These changes create the \$5.4 million needed to fund projects #1 and #3. The CHP and ACC developments have offered to pay for Project #2. Project #4 can be postponed until 2019 when enterprise funding will become available to pay for it. Option 1 provides a solution that does not require any rate increase for sewer customers.

Funding sources:

- 1) Postponing sewer projects (outlined below) releases \$2.1 million.
- 2) \$1.6 Million in excess reserves above our 20% fund balance guideline
- 3) \$1 Million from the 2013 Sewer Ballot - "Annual Sewer System Improvements"
- 4) The wastewater treatment facility has been operating more efficiently than budgeted and we can capture \$500,000 from this source.
- 5) \$200,000 from the Opus project for sewer system improvements (FBW project #3)

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CIP Projects Total: \$2,130,774

Small Trunks 80 Acre Point \$438,529 - This project account is typically used to fund 100 acre point (previously known as 80 acre point) trunk sewers. These funds are from enterprise revenue and the 2008 sewer ballot. Since there are no current 100 acre point projects under design, reallocating these funds for the FBW Relief Sewer project will not adversely impact any current project.

Annual Sewer Improvements (Enterprise Revenue) \$683,225 – This project account is typically used to fund sanitary sewer improvements that are necessary as part of other CIP projects and to fund small miscellaneous sewer improvement projects that are not specifically identified in the CIP. This is an annual project and additional funds are budgeted for this account next FY. Reallocating these funds for the FBW Relief Sewer project will not adversely impact any current project.

North Grindstone Phase II Sewer \$111,595 – This CIP project to extend City sewer to the new Battle High School was recently completed. The unspent balance from this project account will be reallocated for the FBW Relief Sewer Project, which will not adversely impact any current project.

Haystack Acres Pump Station Interceptor \$549,867 – This CIP project would extend City sewer to eliminate two City owned and maintained sewer pump stations. The public hearing for this project was held on May 5, 2014, during which Council directed staff to hold off constructing this project until it was determined how the sewers in the downtown area were to be funded. Since this project is on hold, the project funds will be reallocated to the FBW Relief Sewer Project. Funding for the Haystack Acres Pump Station Interceptor project will be requested through the CIP budget process in the future as development and City growth dictates.

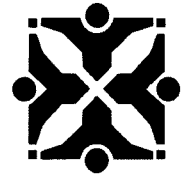
Stadium/I-70 Sewer Relocation \$152,764 – This project is to relocate existing City sewer in the vicinity of Stadium and I-70. It was scheduled for construction in FY15 after the Stadium widening project was complete. This project can be pushed back to FY16 and current funds will be reallocated to the FBW Relief Sewer project. Pushing this project back one year will not adversely affect the Sewer Utility.

North Grindstone Bank Stabilization \$194,794 – This project is to stabilize a section of stream bank to protect the North Grindstone Outfall Sewer. This was originally slated for construction in FY14, but staff does not anticipate being ready to bid and construct this project until FY15. This project will therefore be pushed back and new funding will be requested in FY15. The project funds will be reallocated to the FBW Relief Sewer Project. Pushing this project back to FY15 will not adversely impact the project schedule.

**Option 2** would be to raise sewer rates to fund the FBW projects #1 and #3. There are 42,000 sewer customers as of April 2014; raising \$5.4 million over the course of a year would equate to a \$10.72 cent monthly increase. The funds could be raised over two years to lower the fee increase.

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**Option 3** would include a mix of rate increases and use of reserves/ballot. For example, you could pay for project #1 with increased sewer rates and project #3 from reserves and the “Annual Sewer System Improvement” budget from the 2013 ballot. This would equate to a \$6.15 monthly increase in sewer rates but would not postpone any current projects.

## Fiscal Impact

Short-Term Impact: \$5.4 million paid by the Sewer Utility.

Long-Term Impact: These options do not use debt, thus there will be no long term fiscal impact.

## Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Community Facilities and Services, Downtown

Strategic Plan Impact: Infrastructure

Comprehensive Plan Impact: Infrastructure

## Suggested Council Action

Direct staff to bring forward a funding option for Council consideration.

## Legislative History

During the Fall and Winter of 2013 City staff was approached by numerous downtown project proposals. During development agreement discussions and analysis it became clear that downtown lacked enough sewer, water, and/or electric capacity for many of the projects.

**January 21 Pre-council Meeting:** Council and staff discussed the formation of a TIF district for the downtown area for the purpose of funding this infrastructure.

**February 17th Council Meeting:** Council voted 5-2 to defeat the resolution to begin the process of setting up a central city TIF district. Council members stated that they preferred other funding options.

**March 3rd Pre-council Meeting:** Staff presented alternative funding scenarios for downtown infrastructure.

**March 14th Mini-Retreat:** Council asked staff to bring forward funding options for downtown sewer projects that involved reprioritization of current sewer CIP projects.

**March 19th Special Council Meeting:** Council approved agreements with Opus and CHP and tabled ACC for two months.

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**May 5th Council Meeting:** Council voted 7-0 to postpone construction of the Haystack Acres pump station interceptor sewer until the downtown sewer issue is addressed.

**May 19th Council Meeting:** Council voted 5-1 to approve an amended and restated development agreement with Opus.

  
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Department Approved

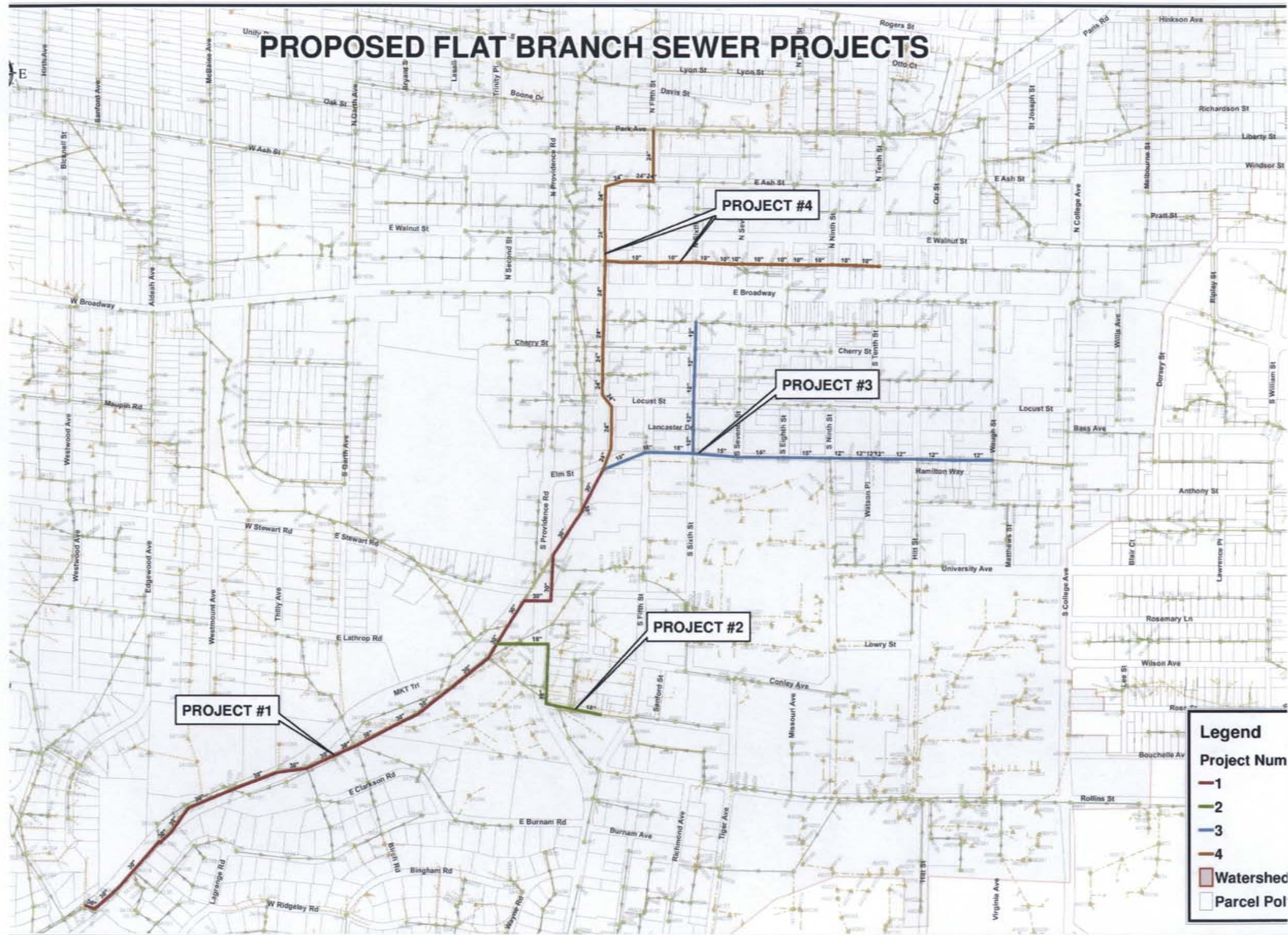
  
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City Manager Approved



## SUPPORTING DOCUMENTS INCLUDED WITH THIS AGENDA ITEM ARE AS FOLLOWS:

Map, Table

# PROPOSED FLAT BRANCH SEWER PROJECTS





FLAT BRANCH RELIEF SEWERS					
PRIORITY	DESCRIPTION	COST	PAVEMENT REPLACEMENT	total	running total
1	STADIUM BLVD TO ELM STREET	\$2,800,000	\$300,000	\$3,100,000	
2	TURNER	\$350,000	\$60,000	\$410,000	\$3,510,000
3	ELM & 6TH STREET	\$1,400,000	\$936,000	\$2,336,000	\$5,846,000
4	4TH STREET - ELM TO ROGERS / BROADWAY	\$2,200,000	\$1,344,000	\$3,544,000	\$9,390,000
	<b>TOTAL</b>	<b>\$6,750,000</b>	<b>\$2,640,000</b>	\$9,390,000	