



*Where Life is Sweet*

Mayor and Members of the City Council  
**STAFF REPORT**  
For the Meeting of December 12, 2022

### **Title/Subject**

Resolution 2248 Authorizing execution of an engineering & construction services contract with Anderson Perry & Associates, Inc. for the South Hermiston Urban Renewal Area Water & Sewer System Improvements- 2024.

### **Summary and Background**

The City has been working with private developers to develop a 353 acre area in southwest Hermiston for well over a decade. By far the single largest obstacle to development is availability of utilities. The City began work on forming an Urban Renewal Area to help pay for utility installation in the Spring of 2021, which led to public outreach and involvement through the summer and fall of 2022, with City Council adoption of the South Hermiston Urban Renewal Area (SHURA) in October, 2022.

The largest single component of the utility upgrades involves the addition of a 2 million gallon water reservoir. This is also the longest lead-time item, with an anticipated 24 months from the beginning of design to operation of the system. Now that the funding mechanism in the form of the SHURA has been adopted, staff recommends beginning work on design of the system immediately.

### **Tie-In to Council Goals**

7- Fund Infrastructure improvements to support new housing and enhance livability

17- Implement water supply components of water system master plan

### **Fiscal Information**

This work order has two components, Construction Engineering, and Design Engineering. Design Engineering is literally the work of designing all of the components. Construction Engineering is the back-end work of acting as the city's representative to observe construction and ensure that it is consistent with what was designed. As is typical, the costs for design engineering will occur first, and likely be spread out fairly evenly during most of calendar year 2023; which means that approximately half will occur in FY '23 and half occur in FY '24. The construction engineering won't begin until construction starts, which likely won't be until early 2024, and is likely to take anywhere from 12 to 18 months; which means those costs will also be spread across two fiscal years.

The funding for this work will come in the form of loans through the Infrastructure Finance Authority and the Department of Environmental Quality. The revenue to repay these loans is anticipated to come equally from the city Utility Fund, and a private developer, until such time that annual tax revenue generated from the SHURA is enough to cover the annual loan costs; which is anticipated to occur in approximately 2029.

Total cost of this work order is \$1,101,000.

### **Alternatives and Recommendation**

#### **Alternatives**

1. Approve Resolution 2248
2. Request Modifications
3. Reject Resolution 2248

#### **Recommended Action/Motion**

Motion to approve Resolution 2248

#### **Submitted By:**

Mark Morgan