



*Where Life is Sweet*

Mayor and Members of the City Council  
**STAFF REPORT**  
For the Meeting of January 9, 2023

**Title/Subject**

Water, Sewer, and Street 5-Year Capital Improvement Plan Update

**Summary and Background**

This action will update the 5-Year Capital Improvement Plan (CIP) for the Water, Sewer, and Street Departments. The CIP should mainly be viewed as a planning document which helps take a more comprehensive approach to long-range budgeting for large projects. Therefore, approving the CIP does not actually authorize any of the projects, or approve any expenditures associated with them. What it does do it provide staff with preliminary approval to pursue developing these projects more fully so that they can be incorporated in to proposed annual budgets at the appropriate time.

The original CIP was adopted in 2017, updated in 2019, and again in 2021, with the plan being to continue updating it every two years. Each section of the plan is broken in to two components, which are the list and timing of projects planned over the next five years, and an appendix. The projects included in the appendix are necessary projects which the various departments have as priorities, but for various reasons don't rank as urgent enough to warrant doing in the 5-year planning window.

The updating process now goes quite smoothly as departments have grasped the concept of how to utilize the CIP. Therefore, this year's update has very few major additions in terms of new projects. Department staff was directed to identify which projects already included in the appendix they see as most needed to pull forward in to the planning window.

**Water**

The North 1<sup>st</sup> Place Water Main replacement will finally take place in 2023, since it has been joined with the North 1<sup>st</sup> roadway reconstruction project. This project will replace approximately 3,800 linear feet of piping which is estimated to date to the 1920's. Subsequent to that, in 2024, it is intended to replace approximately 4,400 feet of piping in the downtown core area along East Gladys, and Main Street; which is also estimated to date to the 1920's. Although these two projects total approximately a mile and a half of piping, since there are 93 miles of water main in the City, replacing pipe at this rate will take approximately 60 years; which is a relatively reasonable timeline and pace for the department to continue.

In 2025, two large projects will construct a new booster pump station in the Highland Summit neighborhood and simultaneously replace piping and valves in East Highland Avenue, which will make the system more efficient, and help address issues with not providing adequate water pressure while also assisting with potential new housing developments in the SE quadrant of the city.

In 2026 the department will do a major piping replacement along Orchard Avenue, as well as make upgrades to insufficient and outdated equipment at the View Drive Booster Pump Station.

### Sewer

The Lift #3 decommissioning project will officially wrap up in 2023. Additionally Lift Station #4 will be reconstructed.

In 2024, we will reconstruct lift station #7, and also begin working through replacement of many of the problem sewer main sections identified as failing in the 2019 sewer collection system master plan. This will include a section on E Evelyn Avenue, and a section near NE 7<sup>th</sup> street.

2025 will only see a small sewer main replacement project, as we are planning for the potential for significant costs in pump and motor replacement at the recycled water treatment plant (RWTP). The RWTP's membrane system became operational in the fall of 2014, and therefore, many of the expensive pumps and motors are nearing the time where they need to be replaced. Although the intention is to make them last as long as possible, this will allow the department to have the cash on-hand when it is necessary.

In 2026, we are planning for the potential need to replace all of the membrane filters themselves. Staff is beginning to have conversations with membrane suppliers, and so far it appears that the membranes will easily exceed their design lifetime.

### Streets

2023 will see two large state-funded projects be completed. The full rebuild of North 1<sup>st</sup> Place is fully paid for by a state earmark. Construction of E Penney Ave. between 395 and Kelli Boulevard is paid for 50% through a Business Oregon grant, with the other 50% being paid for with ARPA funds.

Realignment of the Geer & Harper Road intersection is planned for 2024, subject to final alignment.

2026 will see widening of West Theater Lane in response to continued growth in the northern portion of the city. Additionally, it is planned to reconstruct the publicly owned parking lot near the intersection of Hurlburt & SE 2<sup>nd</sup> street downtown, which is falling in to disrepair.

### Tie-In to Council Goals

Multiple.

### Fiscal Information

Adoption of the CIP does not commit any funding, but instead helps guide staff as they annually develop budget requests.

Attached to this staff report, you will find two Pro Formas; one for the Water Department, and one for the Sewer Department. You can see that, based on the assumptions included, both departments end with a net positive fund balance at the end of the planning horizon when incorporating the planned CIP expenses as "Other Operating Expenses" (line 8).

This template was used for applying for loan funding through the Infrastructure Finance Authority for the Southwest Hermiston Urban Renewal Area's new water tank. You will note that this borrowing is also accounted for on lines 12 & 13, with associated debt service on line 11. This is considered a "worst case scenario," in that line 11 assumes that the utility fund covers 100% of the debt service for the SHURA, despite the agreement that the developer helps to cover 50% of it. Even in this extremely conservative scenario, the fund ends with a positive balance.

### **Alternatives and Recommendation**

#### **Alternatives**

1. Approve updated CIP
2. Recommend changes to the CIP

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

Motion to approve the CIP as presented.

#### **Submitted By:**

Mark Morgan