



BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

AB24-124
November 25, 2024
Committee Report

AGENDA BILL INFORMATION

TITLE:	AB24-124: Land Acquisition for Reclaimed Water System Improvements	☐ Discussion Only
PROPOSED ACTION:	Approve a Purchase and Sale Agreement with CF Arcis VII LLC	☒ Action Needed: ☒ Motion ☐ Ordinance ☐ Resolution

REVIEW:	Department Director	Jeff Hamlin	11/13/2024
	Finance	Janna Walker	11/14/2024
	Legal	David Linehan	11/13/2024
	City Administrator	Mike Chambless	Click or tap to enter a date.

DEPARTMENT:	Parks & Public Works		
	STAFF: Andrew Vining, Project Engineer		
	COMMITTEE: Parks & Public Works		COMMITTEE DATE: November 19, 2024
	EXHIBITS: 1. Draft Purchase and Sale Agreement 2. Reclaimed Water Distribution System Engineering Report		

AMOUNT OF EXPENDITURE	\$ 332,000
AMOUNT BUDGETED	\$ 765,192
APPROPRIATION REQUESTED	\$ 332,000

SUMMARY

INTRODUCTION

This agenda bill seeks approval of a Purchase and Sale Agreement to acquire land and easements needed for the Reclaimed Water Distribution System Improvements. The improvements will upgrade the aging reclaimed water distribution system and bring it into compliance with current state standards.

LEGISLATIVE HISTORY

State Legislation

The state legislature approved the Reclaimed Water Use Act in 1992 codified as RCW 90.46. This act encouraged using reclaimed water for land application, industrial, and commercial uses. In 1997 the Water Reclamation and Reuse Standards were developed to support this act. Most recently in 2006 this act was amended to expand uses of reclaimed water and directed state agencies to develop framework for safe and beneficial use of reclaimed water – this amendment is the origin of the reclaimed water rule.

Following the 2006 legislative direction state agencies (Department of Health and Department of Ecology) jointly began developing the framework over a 12-year period based on stakeholder feedback. In 2018 the Reclaimed Water Rule (WAC 0173-219) was adopted to encourage the use of reclaimed water to help meet the growing need for clean water across the state by establishing regulatory framework for the generation, distribution, and the use of reclaimed water for beneficial use. Concurrently agencies published the Reclaimed Water Facilities Manual or “Purple Book” which provides more in-depth guidance for utilities that produce reclaimed water.

City Legislation

Following the state adoption of Reclaimed Water Rule in 2018 the City began evaluating options to ensure compliance with updated state standards. On February 25, 2019 under [AB19-022](#) City Council authorized RH2 Engineering (RH2) to prepare a Reclaimed Water Irrigation System Analysis Feasibility Study to provide agency coordination and evaluate potential solutions to meet the Reclaimed Water Rule standards. During this period the City also renewed it’s Water Reclamation Facility NPDES Permit WA0022403 (Permit) which authorizes the production and distribution of up to 1.56 million gallons of Class A Reclaimed Water daily. The City provided comment to the City’s draft permit on February 24, 2020 and received responses from Ecology documented in the permit. The final Permit outlines necessary improvements to the City’s reclaimed water distribution system and an associated compliance schedule. The following agenda bills were approved by Council to facilitate these improvements and continue production of Class A water. On November 28, 2022 City Council approved [AB22-146](#) Resolution No. 1632 authorizing a contract with RH2 to complete a Reclaimed Water Distribution System Engineering Report. This contract was amended on October 3rd, 2023 under [AB23-110](#) which authorized RH2 to complete design of the reclaimed water reservoir improvements.

BACKGROUND

The Reclaimed Water Distribution System Engineering Report (Engineering Report) dated October, 2023 included a planning-level siting study for the reclaimed water reservoir. The study considered six potential sites adjacent to existing reclaimed water infrastructure, four of which were located on property owned by CF Arcis VII LLC (Arcis). As a result, early in the planning process City staff and consultants met with Arcis staff and operations staff from the Club at Snoqualmie Ridge to consider any concerns with the various sites being evaluated. The Engineering Report siting-study ultimately recommended three-potential sites all located within Arcis property, two of which were located within the Bonneville Power Administration (BPA) high-voltage powerline easement. As the project transitioned from planning level to concept design additional sites were ruled out due to constructability concerns, these included sites within the BPA easement with limited overhead clearance and sites along Eagle Lake Drive that would impact arterial roadways and utilities. During this early design stage, it became apparent that the best location for the Reclaimed Water Improvements was in a forested portion of land located between Ridge Street and the BPA Easement, north of hole 2 on the golf course. This location provides many benefits including its proximity to the existing Class A Reclaimed Water transmission main, Eagle Lake, and the existing Class A distribution system along Ridge Street. Other benefits include natural buffering of the improvements by the sloping terrain and existing trees. City staff, representatives from Arcis, and operations staff from the Club at Snoqualmie Ridge met again in late 2023 to consider this preferred site and begin negotiations for a land acquisition.

During 2024 City staff and consultants worked with operations staff from the Club at Snoqualmie Ridge to extensively evaluate the site prior to property transfer. This effort included acquiring a site survey and property valuation, reviewing as-built documents, and multiple on-site meetings. Noteworthy findings include one utility conflict with the golf course irrigation main, a needed access easement along the existing BPA road, and concerns associated with potential construction impacts during the annual Boeing Classic PGA Golf Tournament. The draft Purchase and Sale Agreement (Exhibit 1) includes provisions and pricing based on valuation documents and previously mentioned findings. These provisions include a new access easement, a temporary construction easement, and compensation for irrigation utility main relocation. Following execution of the Purchase and Sale Agreement the property will be subdivided from the larger golf course

“parent parcel” pursuant to SMC 16.04.030.D.; the utility in-conflict will be relocated; and the property (including necessary easements) will be transferred as described in the agreement.

ANALYSIS

The City’s Class A reclaimed water storage and distribution system does not meet current state standards and must be improved to ensure compliance with new standards for safe and reliable delivery of reclaimed water to customers. Following comprehensive site evaluation, the preferred location for the improvements is along Ridge Street near Eagle Lake Drive within the golf course parcel owned by Arcis. The proposed Purchase and Sale Agreement was prepared following a site survey, property valuation, project design, and numerous meetings between City staff, representatives from Arcis, and operations staff from the Club at Snoqualmie Ridge. The agreement pricing is based on property valuation and contractor bids. All parties have been engaged and communicative, potentially avoiding the need for the City to use its eminent domain powers so long as this voluntary agreement is completed in a timely fashion needed to meet state mandated project deadlines. The utility relocation improvements described in section 3.1.c. of the agreement will occur immediately following this agreement such that the work can occur outside irrigation season and prior to winter, minimizing impacts to golf course operations.

City administration recommends purchasing the 0.94 acre portion of land adjacent to Ridge Street and associated provisions outlined in the Purchase and Sale Agreement.

BUDGET IMPACTS

Administration recommends approving a Purchase and Sale Agreement with Arcis in the amount of \$332,000 to acquire land and easements for the reclaimed water distribution system improvements. This project was originally incorporated in the 2023-2028 Capital Improvement Plan (CIP) with a life-of-project budget of \$3,332,000. Since then, the life-of-project budget has been adjusted to \$8,651,047 within the 2025 -26 Biennial Budget Ordinance (No. 1296).

The 2023-24 Amended Budget appropriated \$321,000 for this project. However, AB23-110 adjusted the \$321,000 appropriation up to \$765,192 by delaying the Pressure Reducing Valve Project (#417), using appropriation from Water Utility (#401) and Wastewater Utility (#402), and a \$49,006 budgetary amendment. In the current biennium, \$449,583 has been spent and \$628,829 has been encumbered for contracts within the Eagle Lake Improvements Project. With the addition of the purchase and sale agreement with Arcis, the project is \$645,220 over budget for the 2023-24 biennium, as shown in the table below.

Eagle Lake Water Reclamation Basin Improvements

	2023-2024 Amended Biennial Budget	
Beginning Budget	\$	765,192
Expenditures	\$	(449,583)
Outstanding Contract Value (Previously Approved)	\$	(628,829)
Current Available Budget	\$	(313,220)
Value of this Contract (AB24-124)	\$	(332,000)
Available Budget / (Shortfall) after AB24-124	\$	(645,220)

Based on current engineering estimates, around half of the outstanding contract value will occur during the current biennium, with the remainder expected to occur in 2025. While the land purchase agreement is likely to take place during the 2025-2026 biennium, Administration is including the agreement within the budgetary amendment to be brought forward in November of 2024. At the start of the 2025-26 biennium, these

expenditures will fold into the continuing appropriation of the life-of-project budget of \$8,651,047, as shown below:

Eagle Lake Water Reclamation Basin Improvements

	Life-of-Project Budget <i>(Multiple Bienniums)</i>	
Beginning Budget	\$	8,651,047
Expenditures	\$	(449,583)
Outstanding Contract Value (Previously Approved)	\$	(628,829)
Current Available Budget	\$	7,572,635
Value of this Contract (AB24-124)	\$	(332,000)
Available Budget / (Shortfall) after AB24-124	\$	7,240,635

The total budget of \$8,651,047 assumed \$200,000 for land acquisition. Administration may propose a future project budget amendment of \$143,000 to cover the added costs for the utility relocation improvements, as well as permanent, and temporary constructions easements. The potential project budget amendment would be considered following project bidding expected to occur during Spring of 2025.

NEXT STEPS

Following approval both parties will sign the Purchase and Sale Agreement. The utility relocation improvements outlined in the agreement will be contracted by Arcis and will occur immediately. The property will be subdivided pursuant to SMC 16.04.030.D and Exhibit E of the Purchase and Sale Agreement prior to land transfer and closing, expected to occur in early 2025. City staff and consultants will continue to advance the reclaimed water reservoir and pump station improvements to final design. Council may expect upcoming agenda bills related to the following project action items:

- Acceptance of State Funding
- Review of Construction Bids and Contractor Award

These agenda bills will be brought forward to meet the following project deadlines:

- December 31, 2024 – Final Plans and Specifications (Currently Underway)
- June 30, 2026 – Declaration of Construction Completion

PROPOSED ACTION

Motion to Approve a Purchase and Sale Agreement with CF Arcis VII, LLC, with a total contract value of up to \$332,000.