



## City Council Staff Report

Date: March 19, 2014 CONSENT CALENDAR

Subject: APPROVAL OF PLANS, SPECIFICATIONS AND ESTIMATE AND AUTHORIZATION TO BID FOR THE TRACT NO. 13257 SEWER IMPROVEMENTS (PHASE 3), CITY PROJECT NO. 13-26

From: David H. Ready, City Manager

Initiated by: Public Works and Engineering Department

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### SUMMARY

The Public Works and Engineering Department was awarded funding as part of the City's 2013/2014 Community Development Block Grant ("CDBG") Program to construct the third phase of the new sewer system within Tract No. 13257 (located west of Gene Autry Trail and south of Via Escuela). The City also awarded Measure J funds to pay for on-site (private) improvements: abandonment of septic systems and lateral connections to the buildings. Approval of this project allows staff to proceed with this third phase of the four-phase public project, with an estimated cost of approximately \$615,600.

### RECOMMENDATION:

1. Approve the plans, specifications and working details for the Tract No. 13257 Sewer Improvements (Phase 3), City Project 13-26, and authorize the bid process.
2. Authorize funding from Measure J for Phase 3, On-Site (Private) Improvements in the amount of \$132,240 (see staff report attached per City Council meeting on February 19, 2014).

### STAFF ANALYSIS:

The Public Works and Engineering Department had proposed to design and construct a new sewer system to serve the low-to-moderate income neighborhood located west of Gene Autry Trail and south of Via Escuela (referred to as "Tract No. 13257"). Tract No. 13257 was developed during the 1980's when it was part of unincorporated Riverside County. At the time, Riverside County did not require extension of public sewer to the tract, and all 87 homes in Tract No. 13257 had private septic systems, some of which

have begun to fail. Some lower income property owners have had to request financial assistance from the City for pumping and servicing of their septic systems.

Tract No. 13257 was annexed to the City of Palm Springs in 1991 and includes Arnico Street, Norloti Street, Via Escuela (between Arnico Street and Gene Autry Trail), Jason Court, Marni Court, and Zachary Court. This is one of a few residential neighborhoods in Palm Springs that lacks a public sewer system. The City's domestic water supply provided by Desert Water Agency relies on pumping of water from the underlying aquifer, the quality of which is threatened by the continued leaking of septage from septic tanks into the ground. The septic systems in Tract No. 13257 already have or will soon be reaching the end of their useful design life and the threat to water quality of the underlying aquifer exists, which can only be mitigated through the installation of a new public sewer system.

The total estimated cost to install new sewer improvements within Tract No. 13257 to benefit all 87 properties was \$1,200,000 and the project was proposed as a four phased CDBG funded project. The sewer design for all phases of the project was completed with the CDBG funding for the first phase.

Four years ago the City of Palm Springs Department of Public Works and Engineering submitted a request for CDBG funds for the first phase of "Tract 13257 Sewer Improvements" project which included 21 households and the design of all four phases of the project for 87 properties. The City Council awarded \$266,000 of CDBG funds for the first phase. The project design for all four phases was completed by Harris & Associates in July 2011 and was approved by the City Council.

In 2011 the City of Palm Springs Department of Public Works and Engineering submitted a request for CDBG funds for the second phase of "Tract 13257 Sewer Improvements" project which included 26 households. The City Council awarded \$160,855 CDBG funds for the second phase, totaling \$426,488 of CDBG funds for phase one and two.

The project was advertised for construction bids including both phase one and phase two and the bid opening was on August 23, 2011. The lowest responsive, responsible bidder was G&M Construction with \$344,488.25 for phase one (Bid Schedule "A") and \$294,191.75 for phase two (Bid Schedule "B"). Because the CDBG funds were insufficient for both phases, the City Council approved a Construction Agreement with G&M Construction only for Phase One, and added a Change Order in the amount of \$72,370.15 for a small part (9 households on Zachary Court) of Phase Two, totaling \$416,858.40.

It was recommended that only a portion of Phase 2 sewer construction work be added by Contract Change Order (CCO), using unexpended CDBG funds from prior years. The portion of work added by CCO included only off-site (public) improvements: the public sewer main and sewer laterals within Zachary Court. No septic tank

abandonments or, on-site building sewer extensions were included given the budget constraints. The project was completed on April 11, 2012.

In 2012 the City of Palm Springs Department of Public Works and Engineering submitted a request for CDBG funds for the remaining second phase of "Tract 13257 Sewer Improvements" project which included 17 households. The City Council awarded \$145,689 CDBG funds for the second phase. On-site (private) improvements were excluded from this phase and all future phases from the use of CDBG funds due to limited funding. The project was advertised for construction bids and the bid opening was on October 31, 2012. The lowest responsive, responsible bidder was Borden Excavating, Inc. with \$170,909. The construction which included only off-site improvements started on January 7, 2013, and was completed on March 6, 2013.

In 2013 the Department of Public Works and Engineering submitted a request for CDBG funds in the amount of \$310,000 for the construction of the third phase of "Tract 13257 Sewer Improvements" project which included 19 households. Due to limited CDBG funds, City Council awarded only \$160,412 CDBG funds for the third phase. At this time, staff is requesting Council authorization to bid Phase 3, which also includes abandonment of septic tanks and connection of laterals to the buildings in phase 2 that were not previously connected.

Section 7.03.040 of the Procurement and Contracting Code requires that for public projects in excess of \$100,000 Council approve and adopt the plans, specifications and working details, and authorize staff to advertise for construction bids. Approval of the recommended action will allow staff to proceed with bidding of Phase 3 of this project which includes on-site improvements of Phase 2.

#### FISCAL IMPACT:

The Engineer's estimate for Phase 3 off-site (public) improvements is \$284,600. After bids are received, unexpended funds in CDBG accounts from prior years, per approval of the Community Development Administrator, may be used depending on the bid results. Funds for off-site (public) improvements will be funded from CDBG account 137-4815-63583 and transferred from accounts 137-4810-50000, 137-4812-50000, 137-4813-50000, and 137-4814-50000 as needed.

The Engineer's construction estimate (excluding \$135,00 of connection fees) for Phase 2 and 3 on-site (private) improvements is \$195,900. Measure J has already funded \$181,000 for phase 2 (account 260-4500-59459) which includes construction, engineering, contingency, and sewer connection fees. Funds for the total on-site improvements (\$461K) have been identified in the February 19, 2014 staff report presented to the City Council and staff is requesting \$132,240 be funded and advanced to the current fiscal year.

SUBMITTED:

Prepared by:



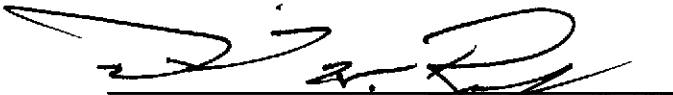
Savat Khamphou  
Assistant Director of Public Works

Recommended by:



David J. Barakian  
Director of Public Works/City Engineer

Approved by:



David H. Ready, City Manager

Attachment:

- 1) February 19, 2014 Staff Report: Measure J Capital Projects Funding
- 2) Presentation to the Measure J Commission: Arnico Tract



# CITY COUNCIL STAFF REPORT

DATE: FEBRUARY 19, 2014

NEW BUSINESS

SUBJECT: DISCUSSION OF A MULTI-YEAR STRATEGIC ACTION PLAN FOR CITY CAPITAL IMPROVEMENTS AND QUALITY OF LIFE ENHANCEMENTS RELATED TO MEASURE J FUNDING AND OTHER POTENTIAL FUNDING OPTIONS.

FROM: David H. Ready, City Manager

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## SUMMARY

This is a discussion item for the City Council to consider and give initial direction to the Measure J Commission and Staff regarding a possible multi-year strategic action plan for City capital improvements. Ultimately, levels of funding (e.g. miles of streets paved, scope of Library remodel, etc.), funding sources (e.g. Measure J, Measure A, Library Trust Fund, General Fund, fund raising) and funding types (bonding, leasing, "pay as you go") are policy decisions for the City Council to consider in developing a multi-year capital improvement budget.

## RECOMMENDATION:

Direct the City Council Subcommittee, Measure J Commission and Staff as appropriate.

## STAFF ANALYSIS:

### ***Background***

The City of Palm Springs voters approved Measure J in November, 2011 – a 25 year 1% Sales Tax. As a general policy matter, the City Council determined that these new tax revenues would support the City's efforts to revitalize the former Downtown Fashion Plaza site, and provide revenues for citywide capital improvements and quality of life projects. To date, the City Council has approved over 60 Measure J projects (approximately \$22 million) that are in various stages of implementation (see attached; Exhibit A).

As part of an outreach initiative to the community in determining a range of capital improvement projects important to residents, City Council tasked the Measure J Commission to create a "request for ideas" application process. Subsequently, from input received, the Measure J Commission was able to make a set of recommendations, to the City Council, that resulted in approved projects as noted above.

Several of the larger capital projects such as street resurfacing and repairs, the Library renovation project and land acquisition for parks/recreation improvements, etc., require a longer term strategy to implement. Hence, the City Council appointed an Ad Hoc Sub-Committee (Hutcheson/Lewin) to meet with a Sub-Committee of the Measure J Commission to explore a process going forward that would address these types of multi-year strategic planning and funding projects.

The two Sub-Committees have met formally – and with staff - resulting in this discussion item coming before the City Council. The general conclusion was the importance of City Council's direction on the level of funding to be provided for several of the larger projects – from a multi-year perspective – which would be instructive for the Measure J Commission and Staff to provide City Council with the next round of project implementation recommendations. For example, City Council policy direction on the scope of the Library remodel would ultimately impact the funds available toward the number of miles of streets to be resurfaced over the next several years. Moreover, a multi-year strategic planning approach could include various funding options and mechanisms to achieve a wider range of the City Council's project goals for the City.

### ***Projects***

The nature of certain types of capital improvement projects requires a strategic planning approach to match funding levels and organizational capacity to successfully implement the desired result. Several of the planned projects (City Council approved, Measure J recommended, and community suggestions) fall into this category. A primary example being the citywide need for street resurfacing which impacts every neighborhood resident, tourist and visitor to Palm Springs. This year, \$1 million in Measure J funds have been recommended and approved to resurface approximately 2 miles of streets. However, with a multi-year strategic budget plan, the City Council may choose between several potential options which could result in resurfacing approximately 30-35 miles of city streets over a three year time period utilizing a Measure A Street Fund bonding program in conjunction with Measure J funds.

With regard to the Library renovation project, the consulting firm Group 4 Architecture, Research and Planning, Inc., outlined at a recent City Council meeting their remodel project scope and cost of approximately \$15 million. The City Council requested additional information of alternate scope and cost remodel scenarios. The consulting firm is finalizing their subsequent review and will have additional options for Council's consideration at your meeting.

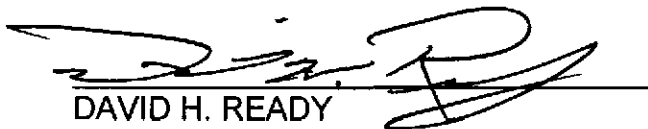
Additionally, there is a range of other projects that will be affected – in terms of funding priority and timing – depending upon how a multi-year budget is implemented. Examples include the Non-Motorized Transportation Plan (with a significantly expanded bicycle lane program); a new Soccer Park, public safety buildings (new Fire Station and Police Station renovations); acquisition of land for economic development/preservation/expanded park locations; trolley transportation program; Convention Center improvements; the new Downtown Event Center, etc.

**FISCAL IMPACT:**

The Finance Director has estimated the current fiscal year Measure J revenue at \$11 million, with 2% increases in growth annually. The City's debt obligation for the new Downtown Palm Springs project and property maintenance/operating expenses of public areas (e.g. parking structures) is approximately \$3.6 million annually. Based upon currently approved projects (for years 2012-2014) and debt obligations, the Finance Director is projecting approximately \$7.2 million in 2015 and \$8.1 million in 2018 available for new projects.

In addition to Measure J funds, other sources of revenue for projects could include bonding/debt opportunities, Measure A Street Funds, General Fund and the Library Trust Fund (for Library use only, and at the discretion of the Library Commission). Suzanne Harrell, the City's bonding and financial advisor will be at the meeting to present information on the possibilities and limitations of debt borrowing, specifically as it relates to street resurfacing (in conjunction with Measure A Street Funds) and the Library, which are potential candidates for longer term debt consideration.

As outlined above, there is a level of funding complexity to achieve the City's capital improvement goals, both short and long term. This initial City Council discussion and policy direction on a multi-year strategic capital budget plan will allow the Measure J Commission and Staff to plan accordingly and provide additional information to the City Council as we move into the new 2014-2015 Fiscal Year budget process.

  
DAVID H. READY  
City Manager

Attachments:  
Summary of Available Measure J Funds  
2013 Approved Capital Projects  
2014 Approved Capital Projects

**Multi-Year Summary of Available Measure J Funds**  
 City of Palm Springs

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Beginning Balance	\$9,788,824				
Projected Sales Tax Revenue *	\$11,000,000	\$11,200,000 +2%	\$11,400,000 +2%	\$11,600,000 +2%	\$11,800,000 +2%
Reserves:					
Project Contingency Reserve	\$1,007,998				
Projects Under Discussion / Study	770,000				
Unscheduled Capital Projects	650,000				
Net Reserves	(2,427,998)				
Total Available Funds	<u>\$18,360,826</u>	<u>\$11,200,000</u>	<u>\$11,400,000</u>	<u>\$11,600,000</u>	<u>\$11,800,000</u>
<i>Existing Budget Obligations:</i>					
Debt Service	\$3,200,000	\$3,200,000	\$3,200,000	\$3,200,000	\$3,200,000
Downtown Prop Maint & Other Expenses	328,443	350,000	375,000	400,000	425,000
Multi-Year Projects:					
iHub Accelerator Campus	\$500,000	\$250,000	\$250,000	\$0	\$0
Architecture and Design Museum	283,334	283,333	283,333	0	0
PSHS Auditorium Remodel	291,000	291,000	0	0	0
Property Acquisition (near Chino Cone)	1,000,000	1,000,000	1,000,000	0	0
Tahquitz Median	1,030,000	1,030,000	0	0	0
Total Multi-Year Projects	<u>\$3,104,334</u>	<u>\$2,854,333</u>	<u>\$1,533,333</u>	<u>\$0</u>	<u>\$0</u>
2012-2013 & 2013-2014 Single-Year Projects	\$11,728,049	\$0	\$0	\$0	\$0
Total Existing Budget Obligations	<u>\$18,360,826</u>	<u>\$6,404,333</u>	<u>\$5,108,333</u>	<u>\$3,600,000</u>	<u>\$3,625,000</u>
Net New Funds Available for Budgeting	<u>\$0</u>	<u>\$4,795,667</u>	<u>\$6,291,667</u>	<u>\$8,000,000</u>	<u>\$8,175,000</u>
Add Back 2013-2014 "Reserve" Holding Amounts		2,427,998			
Total Funds Available for Budgeting	<u>\$0</u>	<u>\$7,223,665</u>	<u>\$6,291,667</u>	<u>\$8,000,000</u>	<u>\$8,175,000</u>

\* Note: The Director of Finance is assuming a 2% annual growth in revenues in the 2nd through the 5th year.

**Measure J Capital Projects Funding by Fiscal Year  
City of Palm Springs**

<b>2013 Projects</b>	<b><u>Budget</u></b>
1 Streets - Reconstruction, Overlay, Slurry Seal	\$3,000,000
2 Pavilion Kitchen Equipment Replacement	14,000
3 Desert Highland Light Poles / Fixture Replacement	80,000
4 Ruth Hardy Park Security Path Lighting	50,000
5 Desert Highland Small Parking Lot Repairs	40,000
6 Dog Park Improvements	10,000
7 Sidewalk Replacement in Parks Citywide	80,000
8 Demuth Park - Softball Field Wiring Replacement	40,000
9 Demuth Community Center - Gymnasium Floor Repairs	40,000
10 Sunrise Park Water Valve Replacement	50,000
11 Demuth and Ruth Hardy Parks - Parking Lot Repairs	165,000
12 Stadium Fencing Repairs	20,000
13 Replace 20 Trees - Palm Cyn, Indian Cyn, Sunrise Park	125,000
14 Village Green - Electric Meter Panel Replacement	25,000
15 Downtown / Uptown Crosswalks	150,000
16 Light Poles - Raise Footings - Citywide	150,000
17 Traffic Signal & Queing Study (Sunrise @ Ralph's Center)	10,000
18 Lighting - Replace Underground Electrical - Phase One	100,000
19 New Fire Station #5 Site Location and Design Study	50,000
20 Downtown PS Bond	3,000,000
21 Downtown Maintenance and Other Expenses	137,555
<b>Total 2013 Project Expenses</b>	<b><u>\$7,336,555</u></b>

**Measure J Capital Projects Funding by Fiscal Year  
City of Palm Springs**

<b>2014 Projects</b>	<b><u>Budget</u></b>
22 Welwood Memorial Library Renovation Project	\$582,446
23 Uptown Crosswalk Project	126,000
24 iHUB Accelerator Campus	500,000 *
25 Architecture and Design Museum	283,334 *
26 Firefighting Support Unit	350,000
27 Downtown Palm Springs Development	365,000
28 Swim Center Deck	180,000
29 Swim Center Underwater Lights	12,000
30 Bike Crossing at Date Palm (50% paid for by Cathedral City)	15,000
31 Shade Cover at Mizell Senior Center	25,000
32 Trailhead Waste	5,000
33 Airport Back-up Generator (1/2 paid for by Airport)	62,500
34 Security Cameras at Park Restrooms	75,000
35 Baristo Sidewalk	25,000
36 Palm Springs High School Auditorium Remodel	291,000 *
37 Visitors' Center Landscaping	25,000
38 Library Computers	47,800
39 Library Planning	150,000
40 Property Acquisition (near Chino Cone)	1,000,000 *
41 JO Jessie DHUC - Gym Air Conditioning	175,000
42 Entry Way Signs	150,000
43 Police Training Center Upgrades	100,000
44 Building Department Microfilm to Internet	110,000
45 Veteran's Memorial	12,960
46 Police Records Area - Redesign and Renovate	250,000
47 NMTP/Biking Issues	1,004,544
48 Tahquitz Creek Master Plan	300,000
49 Police - Repave Rear and Front Parking Lots	300,000
50 Fire Station #4 - Roof Replacement	32,500
51 Fire Station #4 - Chiller Replacement	60,000
52 Police Department Initial Design - Remodel Building	100,000
53 Fire Stations Security Cameras	27,000
54 Fire Stations Keyless Entry System	50,000
55 Uptown Treewell Irrigation System	45,000
56 Village Green Improvements	50,000
57 Pavilion Gymnasium Floor Repair and Refinish	30,000
58 City Hall Security Design and Installation	100,000
59 Arnico Tract Sewer Improvements (\$461K 3-year total)	181,000
60 Street Repair	1,000,000
61 City Hall Parking Lot - Resurfacing	700,000
62 Lighting (Replace underground electrical, Phase 2)	800,000
63 Downtown PS Bond	3,200,000
64 Downtown Maintenance and Other Expenses	275,000
65 Tahquitz Canyon Median	1,030,000 *
66 Trolley Study	25,000
Reserve Fund (10% target)	1,007,998
<b>Total 2014 Project Expenses</b>	<b><u>\$15,236,082</u></b>
<b>Commission Recommended Set-Aside - Projects for Futher Study</b>	<b>\$1,420,000</b>

(Palm Cyn-Uptown/Downtown lighting & street improvements, Cultural Center, Ruth Hardy Pavilion, Trolley Shuttle, South Palm Springs Gateway Entry, South Desert Park, Informational Kiosks, Northern Trail)

\*Multi-Year Project

# City of Palm Springs

## Presentation to the Measure J Commission

### Arnico Tract

The Arnico Tract project is the extension of the sanitary sewer system to a lower-income subdivision which was developed with private septic tanks in the 1980's when the area was part of the unincorporated County, and later annexed into the City in 1991.

The first several phases of the sewer line extension were funded through the City's CDBG entitlement; however, the reduction in the City's CDBG allocation by the Federal government for the past two years has dramatically impacted the ability of the City to award CDBG awards in the future phases of these sewer improvements.

The project was divided into four phases. The Off-Site Improvements are basically the sewer lines and lateral connections themselves located within the public right of way. In the first phase of the project, the City funded the Off-Site costs (sewer lines) plus the on-site associated costs, such as the City's Sewer Connection Fees, the costs of abandoning the existing septic tanks and undertaking the on-site restorations and hookups.

Since the first phase, the City has only been able to fund the Off-Site costs, leaving the balance of the costs to the homeowners. In many cases it has meant that a homeowner has a new sewer line in the street but is still connected to his failing septic tank because of the cost.

An initial request to the Measure J Commission was for approximately \$181,000 to complete the Phase II On-Site costs, plus the \$132,240 to complete the Phase III On-Site Costs. Phases I and II (Off-Site only) have been completed and Phase III (Off-Site only) is out to bid using CDBG. These additional funds would allow all of the homeowners in the area to be treated equitably.

The phases are:

#### Completed

Phase I	\$530,181	On- and Off-Site Improvements
Phase II	\$173,585	Off-Site Improvements Only

#### Going to Bid

Phase III	\$160,412 (est.)	Off-Site Only
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#### Not Yet Funded (Requested from Measure J)

Phase II	\$180,960	On-Site Improvements
Phase III	\$132,240	On-Site Improvements
Phase IV	\$146,160	On-Site Improvements

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**\$459,360**

#### Additional Unfunded Phase

Phase IV	\$175,310	Off-Site Improvements Only
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