

TOWN OF WOODSIDE

Report to Town Council

Agenda Item 5

Prepared by: Kevin Bryant, Town Manager

December 13, 2016

SUBJECT: RESOLUTION APPROVING A \$775,000 LOAN FROM THE GENERAL FUND TO THE TOWN CENTER PUMP STATION FUND AND APPROVING A REPAYMENT SCHEDULE FOR THE TOWN CENTER SEWER PUMP STATION IMPROVEMENTS PROJECT

RECOMMENDATION

It is recommended that the Town Council adopt a resolution approving a \$775,000 loan from the General Fund to the Town Center Pump Station Fund and approving a repayment schedule for the Town Center Sewer Pump Station Improvements Project.

BACKGROUND

In July 2010 the Town completed a Sanitary Sewer Master Plan which recommended various upgrades and capital improvements to the sanitary sewer system within the Town Center Sewer Assessment District (TCSAD), including replacement of the TCSAD sewer pump station originally constructed in 1986.

On July 8, 2014 the Town Council authorized Mark Thomas & Company to prepare the design and construction bid documents for the project. The project will replace the existing pump station with a new, modern pump station. The new station will have significantly increased capacity and state of the art remote monitoring capability. Specific improvements include a larger sewage wet well with better access for maintenance, two submersible pumps that are more efficient and less prone to failure than the existing suction pumps, a new control cabinet with an integrated System Control and Data Acquisition (SCADA) remote monitoring system, a new sewer manhole, new driveway paving and improved drainage system, and associated valves, piping and other improvements. The project should improve service reliability, and minimize the potential for sanitary sewer overflows into, and inundation from, Dry Creek immediately adjacent to the pump station.

On May 24, 2016 the Town Council approved the project plans and specifications and authorized the Town Manager to advertise for bids and execute a contract with the lowest responsive and responsible bidder.

The Town advertised the project on June 1, 2016. Staff notified local builder's exchanges, posted the invitation and project bid documents on the Town's website, advertised in two local newspapers, and contacted 22 firms known to perform this type of work. Bids were opened on July 6, 2016. The Town received one bid from Casey Construction in the amount of \$956,150, approximately 21% over the engineer's estimate of \$791,000. On July 26, 2016, at the recommendation of staff, the Town Council rejected the bid.

On October 25, 2016 the Town Council authorized the re-advertising of bids for the project and authorized the Town Manager to execute a contract with the lowest responsive and responsible bidder for the project.

The Town advertised the project again on October 28, 2016. Bids were opened on December 1, 2016. The Town received three bids, with the lowest being from McGuire and Hester in the amount of \$798,890, very close to the engineer's estimate of \$791,000. Town staff will be verifying that McGuire and Hester meet the bidding requirements to complete the project. Construction would begin in April 2017.

DISCUSSION

Including soft costs, the estimated total project cost is \$1,242,500 (Attachment 2). About \$150,000 of the total project cost was expended by June 30, 2016 and the remainder, about \$1,092,500 will be expended in Fiscal Years 2016-17 and 2017-18.

In May and October, staff presented a plan for financing the improvements. Based on current projections for the Town Center Sewer funds (Attachment 3), there is approximately \$300,000 available for operational costs and the Pump Station improvements in the fiscal year which began on July 1st. This will leave the funds \$775,000 short to fund the project. Staff has reached out to Bartle Wells, the firm which helped the Town conduct its most recent sewer rate study, to explore funding options. Bartle Wells advised staff that the fixed costs associated with issuing bonds would likely be between \$125,000 and \$150,000, while the fixed costs for a bank loan would likely be between \$30,000 and \$60,000. As shown in the most recent projection (Attachment 4), the General Fund finished the 2015-16 fiscal year with a balance of approximately \$7.032 million, a reserve of nearly 89%. Due to the strength of the reserve, the Town has the option of loaning to the Town Center Sewer District from the General Fund. Staff recommends the Town loan \$775,000 from the General Fund to the Town Center Sewer District at a 2.5% annual interest rate, which is comparable to a 10-year commercial loan rate. This rate exceeds the current rate earned by the General Fund's idle cash, about 0.6%. The recommended repayment schedule would be \$100,000 per year for eight years, with the final payment of about \$72,400 due by June 30, 2026. Sewer rates for the Town Center Sewer District, including the Canada Corridor extension area, are approved through 2017-18. During 2016-17, the Town will conduct the Proposition 218 process to adjust sewer rates for the years beginning 2018-19 to ensure the Town Center sewer funds maintain a reserve. Based on the Town Center Pump Station project estimates, an increase of 7% per year for sewer rates is anticipated starting in 2018-19.

CONCLUSION

The attached draft resolution would provide the necessary authorization of the Town Council to loan \$775,000 from the General Fund to the Town Center Pump Station Fund and establish a repayment schedule from Town Center Pump Station Fund back to the General Fund.

ATTACHMENTS

1. Resolution 2016-
2. Town Center Sewer Pump Station Project Budget
3. Town Center Sewer Fund Projections
4. General Fund Five-Year Forecast

RESOLUTION NO. 2016 -

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WOODSIDE APPROVING A \$775,000 LOAN FROM THE GENERAL FUND TO THE TOWN CENTER PUMP STATION FUND AND APPROVING A REPAYMENT SCHEDULE FOR THE TOWN CENTER SEWER PUMP STATION IMPROVEMENTS PROJECT

WHEREAS, in July 2010 the Town completed a Sanitary Sewer Master Plan which recommended various improvements to the sanitary sewer system within the Town Center Sewer Assessment District (TCSAD), including replacement of the TCSAD sewer pump station; and

WHEREAS, on July 8, 2014 the Town Council authorized Mark Thomas & Company to prepare the design and construction bid documents for the Town Center Sewer Pump Station Improvements Project; and

WHEREAS, the proposed improvements include construction of a new and larger wet well, two submersible pumps, control panel including remote monitoring system, manhole, and associated valves, piping, and other improvements; and

WHEREAS, the Town has adequate funding available in the Town Center Sewer Funds and the General Fund to complete the project; and

WHEREAS, on May 24, 2016, the Town Council approved the project plans and specifications and authorized the Town Manager to advertise for bids and execute a contract with the lowest responsive and responsible bidder; and

WHEREAS, the Town advertised for bids on June 1, 2016 and opened bids on July 6, 2016; and

WHEREAS, one bid was received in the amount of \$956,150, which was approximately 21% over the \$791,000 engineer's estimate; and

WHEREAS, on July 26, 2016, the Town Council rejected the bid; and

WHEREAS, on October 25, 2016, the Town Council authorized the Town Manager to re-advertise for bids and to execute a contract with the lowest responsive and responsible bidder; and

WHEREAS, the Town advertised for bids on October 28, 2016 and opened bids on December 1, 2016; and

WHEREAS, the Town received three bids, the lowest of which was for \$798,890, approximately the same as the engineer's estimate; and

WHEREAS, the Town anticipates proceeding with the project with construction commencing in April 2017.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Town Council of the Town of Woodside does hereby approve a \$775,000 loan from the General Fund to the Town Center Pump Station Fund at an annual rate of 2.5% interest and does approve the repayment schedule attached as "Exhibit A" for the repayment of the loan.

* * * * *

Passed and adopted by the Town Council of the Town of Woodside, California, at a meeting there held on the 13th day of December 2016, by the following vote of the members thereof:

AYES, and in favor thereof, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

Mayor of the Town of Woodside

ATTEST:

Clerk of the Town of Woodside

EXHIBIT A

Principal Amount: \$775,000.00
Annual Interest Rate: 2.50%
Term (annual) 9

Payment #	Payment	Interest	Principal	Cum. Int.	Cum. Prin.	Payment	
						Prin. Bal.	Due
1	\$100,000.00	\$19,375.00	\$80,625.00	\$ 19,375.00	\$80,625.00	\$694,375.00	6/30/2018
2	\$100,000.00	17,359.38	82,640.63	36,734.38	163,265.63	611,734.38	6/30/2019
3	\$100,000.00	15,293.36	84,706.64	52,027.73	247,972.27	527,027.73	6/30/2020
4	\$100,000.00	13,175.69	86,824.31	65,203.43	334,796.57	440,203.43	6/30/2021
5	\$100,000.00	11,005.09	88,994.91	76,208.51	423,791.49	351,208.51	6/30/2022
6	\$100,000.00	8,780.21	91,219.79	84,988.73	515,011.27	259,988.73	6/30/2023
7	\$100,000.00	6,499.72	93,500.28	91,488.44	608,511.56	166,488.44	6/30/2024
8	\$100,000.00	4,162.21	95,837.79	95,650.66	704,349.34	70,650.66	6/30/2025
9	\$72,416.92	1,766.27	70,650.65	97,416.92	775,000.00	0.00	6/30/2026

Town Center Pump Station		
Budget		
Item	Task	Approved Budget
Preliminary Engr. & Design		
1	Pump Sta. Preliminary Evaluation	\$38,080.00
2	Pump Sta. PS&E	\$57,260.00
3	Funding & Phasing Implementation Plan	\$1,820.00
4	Environmental Clearances	\$3,100.00
5	Advertisement & Construction Support	\$9,320.00
6	Pipe Replacement PS&E (Future)	\$33,600.00
7	Flow Monitoring (Future)	\$36,000.00
8	Amendment 1.- Bio Assessment	\$7,914.00
Sub Total		\$187,094.00
Construction		Estimated
9	Construction Bid Items	\$798,890.00
10	Contingency	\$79,889.00
11	Construction Management (Joe Hill)	\$112,055.00
12	Bio Monitoring	\$24,569.00
13	Pre-Bird Survey	\$2,511.00
14	Arborist	\$500.00
15	Geotech analysis	\$14,992.00
16	Fence, retaining wall & enclosure	\$15,000.00
17	Compaction Testing	\$7,000.00
Sub Total		\$1,055,406.00
Total Project Cost		\$1,242,500.00
	Amount Spent by End of FY2016	\$150,000.00
	Amount Spent by after July 1, 2016	\$1,092,500.00

TOWN CENTER SEWER FUND PROJECTIONS

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	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Beginning Fund Reserves	324,539	300,453	630,498	93,930	100,782	124,648	160,506	214,475
TCSAD Sewer Charge (Residential)	1,160	1,350	1,450	1,550	1,660	1,775	1,900	2,025
Canada Sewer Charge (Residential)	1,071	1,257	1,353	1,448	1,549	1,657	1,774	1,898

REVENUES

Canada Corridor Service Charge	27,811	32,682	34,970	37,418	40,037	42,839	45,838	49,047
Town Center Service Charge	295,218	335,278	358,747	383,860	410,730	439,481	470,245	503,162
Property Tax	45,709	45,835	47,439	49,100	50,818	52,597	54,438	56,343
Interest	2,745	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Connection Fees	-	-	-	-	-	-	-	-
Total Operational Revenues	371,483	414,795	442,156	471,377	502,585	535,917	571,521	609,552
Loan from General Fund		775,000						
Total Revenues		1,189,795						

EXPENSES

<u>O&M</u>								
Salaries & Benefits	33,428	45,000	46,350	47,741	49,173	50,648	52,167	53,732
Overhead	47,800	40,800	42,024	43,285	44,583	45,921	47,298	48,717
Wastewater Treatment & Capital (to RWC)	64,230	95,000	124,000	149,000	156,000	170,000	180,000	184,000
Wastewater Transmission (to Fair Oaks)	45,526	47,700	50,100	52,400	54,700	57,000	59,300	63,000
Contract Services	95,388	85,000	70,000	72,100	74,263	76,491	78,786	81,149
Subtotal	286,372	313,500	332,474	364,525	378,719	400,060	417,551	430,599
Operational Revenues - Expenses	85,111	101,295	109,682	106,852	123,866	135,858	153,969	178,953
<u>Capital</u>								
Town Capital Improvements	79,873	546,250	546,250					
Repayment to General Fund			100,000	100,000	100,000	100,000	100,000	100,000
County/SBSA Improvements	29,324	included in "Wastewater Treatment & Capital" above						
Subtotal	109,197	546,250	646,250	100,000	100,000	100,000	100,000	100,000
Total Expenses	395,569	859,750	978,724	464,525	478,719	500,060	517,551	530,599
Revenues less expenses	(24,086)	330,045	(536,568)	6,852	23,866	35,858	53,969	78,953
Ending Fund Reserves	300,453	630,498	93,930	100,782	124,648	160,506	214,475	293,428

GENERAL FUND: FIVE YEAR FORECAST

	2015-16 ACTUAL	2016-17 ADOPTED	2016-17 FORECAST	2017-18 FORECAST	2018-19 FORECAST	2019-20 FORECAST	2020-21 FORECAST
BEGINNING BALANCE	6,134,604	7,032,204	7,032,204	5,812,814	5,734,088	4,971,249	4,794,020
REVENUES							
Secured Property Tax	3,008,628	3,036,923	3,223,180	3,335,991	3,452,751	3,573,597	3,698,673
Unsecured Property Tax	164,189	150,000	171,000	150,000	150,000	150,000	150,000
Other Property Tax	406,543	200,000	200,000	100,000	50,000	50,000	50,000
Sales Tax	499,753	450,000	450,000	463,500	477,405	491,727	506,479
Property Transfer Tax	245,719	200,000	200,000	200,000	200,000	200,000	200,000
Business License	157,804	130,000	130,000	130,000	130,000	130,000	130,000
Building/Planning Permit Fees	1,586,757	1,073,050	1,073,050	1,100,000	1,127,500	1,155,688	1,184,580
Franchise Fees	474,533	431,400	431,400	431,400	431,400	431,400	431,400
Recreation Fees	134,296	163,900	163,900	153,400	153,400	153,400	153,400
Current Services	314,815	222,100	222,100	222,100	222,100	222,100	222,100
Other Agencies	850,896	672,000	704,129	692,160	712,925	734,313	756,342
Interest	31,916	16,000	16,000	16,000	16,000	16,000	16,000
Other Revenue	35,954	33,000	33,000	33,000	33,000	33,000	33,000
Overhead Charges	331,800	331,800	331,800	331,800	331,800	331,800	331,800
Town Center Sewer Repayment	-	-	-	100,000	100,000	100,000	100,000
One-Time Revenue	-	-	-	-	-	-	-
TOTAL - REVENUES	8,243,603	7,110,173	7,349,559	7,459,351	7,588,281	7,773,024	7,963,774
EXPENDITURES							
Operational							
Salaries & Benefits	2,015,696	2,052,380	2,052,380	2,113,951	2,177,370	2,242,691	2,309,972
PERS & Retiree Health Benefits	411,248	435,596	435,596	448,664	462,124	475,988	490,267
Service and Supplies	3,997,771	4,082,973	4,008,973	4,205,462	4,331,626	4,461,575	4,595,422
Equipment and Building Maintenance	239,153	110,000	135,000	100,000	100,000	100,000	100,000
Subtotal	6,663,868	6,680,949	6,631,949	6,868,077	7,071,120	7,280,253	7,495,661
Capital Contributions							
Road Program	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Storm Drain Rehabilitation	82,135	522,000	522,000	50,000	310,000	50,000	310,000
Equestrian Trails and Water Crossings	-	40,000	40,000	20,000	20,000	20,000	20,000
Safe Routes to School	-	-	-	-	350,000	-	-
Loan to Town Center Sewer (Pump Station)	-	525,000	775,000	-	-	-	-
Subtotal	682,135	1,687,000	1,937,000	670,000	1,280,000	670,000	930,000
TOTAL - EXPENDITURES	7,346,003	8,367,949	8,568,949	7,538,077	8,351,120	7,950,253	8,425,661
NET POSITION	897,600	(1,257,776)	(1,219,390)	(78,726)	(762,839)	(177,229)	(461,887)
OPERATING RESERVES (30% Operating Revenue)	2,373,541	2,033,512	2,105,328	2,108,265	2,146,944	2,202,367	2,259,592
UNDESIGNATED RESERVE	4,658,663	3,740,916	3,707,486	3,625,822	2,824,305	2,591,653	2,072,541
TOTAL ENDING BALANCE	7,032,204	5,774,428	5,812,814	5,734,088	4,971,249	4,794,020	4,332,133
Ending Balance as Percent of Operating Revenue	88.9%	85.2%	82.8%	81.6%	69.5%	65.3%	57.5%