

MEMO

To: Mayor & City Council
From: Bob Sisson, Dir. Public Works
Subject: Water System Improvement Program
Date: 4/5/06

BACKGROUND

As a result of the Preliminary Design Report completed by Brown & Caldwell Engineers and the Value Engineering work completed by Carollo Engineers, it is apparent that the Phase 1 improvements to the City's water facilities in the Layng Creek area will cost in excess of \$12 million. And, subsequent water system improvements comprised primarily of transmission line replacement over the next 20 years will cost an additional \$21 million. These costs are not economically feasible for a City the size of Cottage Grove.

Based on the excessive costs to construct new water facilities in the Layng Creek area, Carollo Engineers recommends that the Phase 1 improvement project (which would begin in 2006) be an expansion of the Row River WTP to replace the Layng Cr facilities. And, based on available funds, Carollo Engineers further recommends that the City Council consider financial assistance to all customers east of the Dorena Mobile Home Park to develop a ground water supply.

Collectively, the cost to completely perform the Phase 1 improvements for the Row River site and ground water supply improvements are estimated to cost \$6,170,000, and the current project budget contains revenues of \$7,210,000. (Monthly surcharges are currently being collected based on the \$7,210,000 project.) Expansion of the Row River WTP and development of a ground water supply would make water available to all existing water customers up to and including the Culp Creek area. Based on public testimony from past town hall meetings, the City can expect opposition to a ground water supply from the customers east of the Dorena Mobile Home Park. And, without their cooperation providing those customers with ground water will be extremely difficult if not impossible.

Based on existing case law regarding continuance of water service to existing customers, the City's legal counsel has advised the City Council that, *The City can abandon its easements and once it does that, the obligation to provide water is gone. We believe that if the system is abandoned, the easement terminates and the obligation to provide water goes with it.*

RECOMMENDATION

A do nothing option is not an alternative for the City, because it will not resolve the need to improve the City's ability to produce water meeting the required water quality standards 100% of the time.

Therefore, the City Council must decide whether to:

1. Construct new improvements at the Layng Creek site at a Phase 1 cost of approx. \$12 million; this would require a \$5 million increase in the current project budget or.....
2. Revise the project scope and construct expansion facilities at the Row River site. The Phase 1 improvements for a project at the Row River site can be completed at a cost of approx. \$4 million which would leave residual funds available in the current project budget for additional transmission line replacement and/or ground water supply development for customers east of the Dorena Mobile Home Park.

COST

To be determined by City Council's selection of alternative.

Richard Meyers, City Manager

Bob Sisson, Dir. Public Works