

7:00 p.m.  
Fife City Hall  
Council Chambers

**FIFE CITY COUNCIL  
AGENDA**

Date: April 20, 2010

**Special Meeting  
Study Session**

- 7:00 1. CALL TO ORDER AND ROLL CALL  
Godwin \_\_\_ Johnson \_\_\_ Hull \_\_\_ Cerqui \_\_\_ de Booy \_\_\_ Alveshere \_\_\_
2. PLEDGE OF ALLEGIANCE
3. CHANGES, ADDITIONS OR DELETIONS TO AGENDA
4. STUDY SESSION
- 7:05 a. 2010 1<sup>st</sup> Quarter Report (Marcotte)
- 7:25 b. Water Utilities General Facility Charges (GFC) (Blount)
- 7:45 c. 70<sup>th</sup> & Valley Avenue Corridor Improvements Phase 1 Valley Avenue Construction  
Update (Blount/Marcotte)
- 8:05 d. 48<sup>th</sup> St/70<sup>th</sup> Ave/Freeman Rd Construction Cash Flow (Blount/Marcotte)
- 8:25 5. REVIEW OF UPCOMING COUNCIL AGENDAS
6. ADJOURNMENT

**MEMORANDUM**  
**For the Study Session of April 20, 2010**

TO: Mayor and Councilmembers  
THROUGH: Steve Worthington, City Manager  
FROM: Steve Marcotte, Assistant City Manager  
SUBJECT: First Quarter Financial Report

**REPORT IN BRIEF:** The City's financial condition has remained stable for a number of months and we appear to be in the early stages of an economic recovery at the State and National levels. The local economy remains stable but City revenues are not showing any significant growth.

**BACKGROUND:** The City's Adopted Financial Policies require a quarterly financial report to be prepared and discussed with Council at a Study Session.

**DISCUSSION:** The following discussion summarizes the regional economic condition and the status of revenues and expenditures for the period January 1 through March 31, 2010.

State and Local Economy: The most recent economic information we have is from the March 11 update from the Washington State Economic and Revenue Forecast Council. Their interpretation of recent economic data is that the nation and Washington have turned a corner in economic recovery but that it is very early and the data is inconsistent. We can expect some mixed messages during recovery where leading indicators such as business spending give us positive signals but trailing indicators like unemployment rates give us negative signals. That is normal during a period of economic recovery. The local Fife economy appears slightly positive with a mostly stable condition of City revenues and indications of new business investment.

Cash and Investments: As of March 31, 2010 the City had a total of \$16.6 million invested in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is currently paying an interest rate of 0.229%. The City has an additional \$8.1 million invested in Federal Home Loan Bank Bonds with interest rates varying between 1.05% and 4.25% and maturities ranging from 6/11/2010 to 12/30/2013.

General Fund:

*Property Taxes:* Property taxes are trending about where we would expect them to be. Typically, only a small portion is collected prior to the first installment that is due at the end of April.

*Sales Taxes:* The City received total sales tax and mitigation payments of \$1,261,204 during the first quarter. Sales tax revenues are typically a little light in the first quarter as compared to other quarters so we believe we are tracking consistent with our revenue projection of \$5.2 million for this revenue.

*Building Related Permits:* Collection of building permit revenues is consistent with the first quarter for the last two years. This is a highly variable revenue source so it is hard to project with any confidence but we believe we are consistent with our budget projections of \$100,000 for 2010.

*Puyallup Tribal Payments:* We have not yet received any of our Tribal payments for this year but we typically have not received them until the summer or fall. The Tribal Interlocal Agreement is budgeted at \$850,000 and the Tribal "In Lieu" payments are budgeted at \$615,000. We do expect to receive these amounts during the year.

*Other Revenues:* All other significant revenues seem to be tracking consistent with our budget projections with the possible exception of Non-Parking Traffic Infractions which is budgeted at \$400,000 for 2010 but we only collected \$77,000 (19% of budget) during the first quarter. This may be the result of having fewer patrol officers doing traffic policing while commissioned officers are still devoting significant time to the photo red light enforcement program. The City is currently in the process of recruiting limited commission officers to staff the photo red light enforcement program which should have a positive effect here.

*Expenditures:* This is the first time we are including an expenditure report in the attachments. For the General Fund for the first three months (25%) of the year, year-to-date revenues collected are at 17% and expenditures are at 24%. Property taxes and intergovernmental revenue lag the first part of the year and explain why revenues appear low. We do expect to receive our full property tax levy and our payments from the Puyallup Tribe so this apparent shortfall should correct itself later in the year. We expect revenues in total and expenditures by department to be within budget at year-end.

Public Safety Fund: Revenues continue to exceed projections. During the first quarter the City collected \$968,588 in photo red light enforcement revenues. If collections continue at this rate, 2010 revenues will far exceed our budget projection of \$1.114 million.

Stadium and Convention Center Fund: Revenues are falling below our budget projections. During the first quarter received a total of \$82,159 in lodging tax revenues. This amount is only about 67% of what we collected in the first quarter of last year so. Lodging tax revenues are budgeted at \$600,000 for 2010 and we will need to experience a significant recovery for these revenues to make that budget target.

Growth Management Fund: This fund is used to account for real estate excise taxes. During the first quarter, the City collected \$121,364 in REET revenues. This is another highly volatile revenue sources so it is difficult to project with confidence but we are already exceeding our 2010 budget projection of \$120,000 for the year.

1997 LTGO Bond Fund: This fund is used to account for utility taxes and franchise fees which are used for debt service on the City's tax supported bond issues. During the first quarter the City collected \$289,476. This is about 24% of the budgeted amount of \$1,220,600 so these revenues are in line with the budget.

Recreation and Pedestrian Capital Facilities: This fund accounts for the City's tables games gambling taxes which are used primarily for debt service on bonds. During the first quarter, the City collected \$31,155, which is about 26% of the budget of \$120,000 so this revenue is slightly exceeding expectations.

Utilities: The City bills all utility accounts every two months so only one billing cycle has been completed in the first quarter. This gives only one data point for the attached revenue graphs but revenues collected during the first quarter appear at or above expectations.

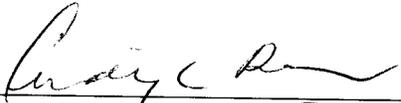
***ATTACHMENTS:***

Property Tax Trends Graph  
Sales Tax Trends Graph  
Permit Revenue Trends Graph  
Public Safety Fund Graph  
Lodging Tax Graph  
Real Estate Excise Tax Graph  
Water Sales Revenue Collection by Billing Cycle  
Sewer Service Revenue Collection by Month Graph  
Storm Drainage Service Revenue Collection by Billing Cycle Graph  
General Fund Q1 Financial Status Report

***FISCAL IMPACT:*** For information.

***ALTERNATIVE COURSES OF ACTION:*** For information.

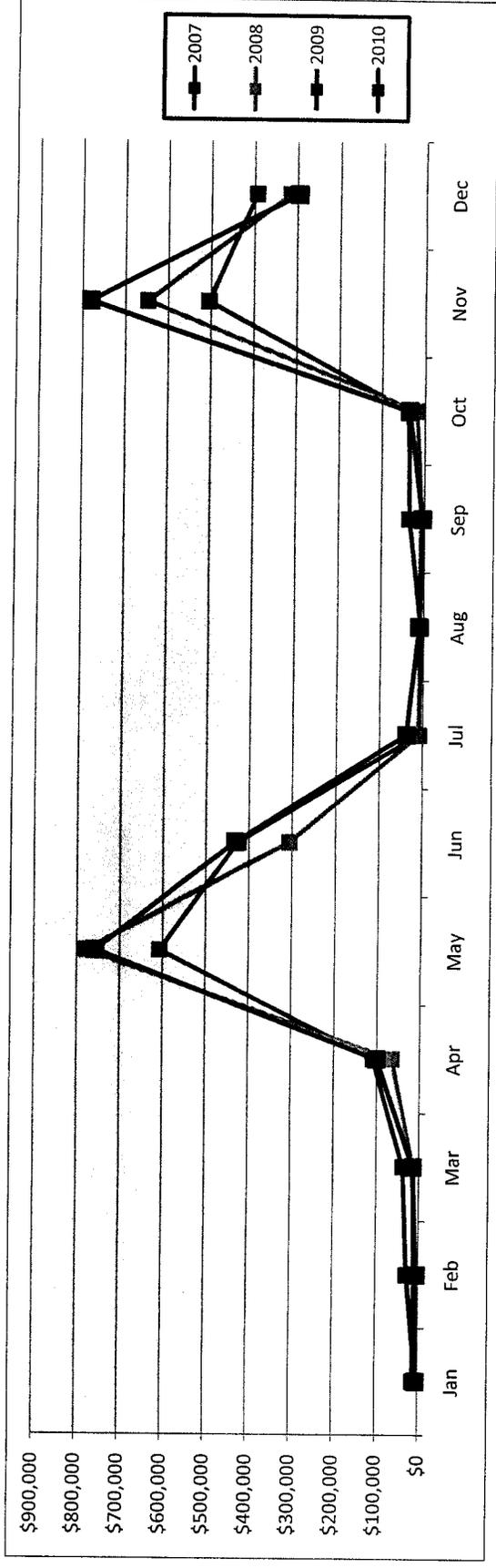
***RECOMMENDATIONS:*** None at this time.

  
\_\_\_\_\_  
Steve Marcotte      *For Steve M.*  
Assistant City Manager

\_\_\_\_\_  
Approved for Agenda  
Steve Worthington, City Manager

# Property Tax Trends

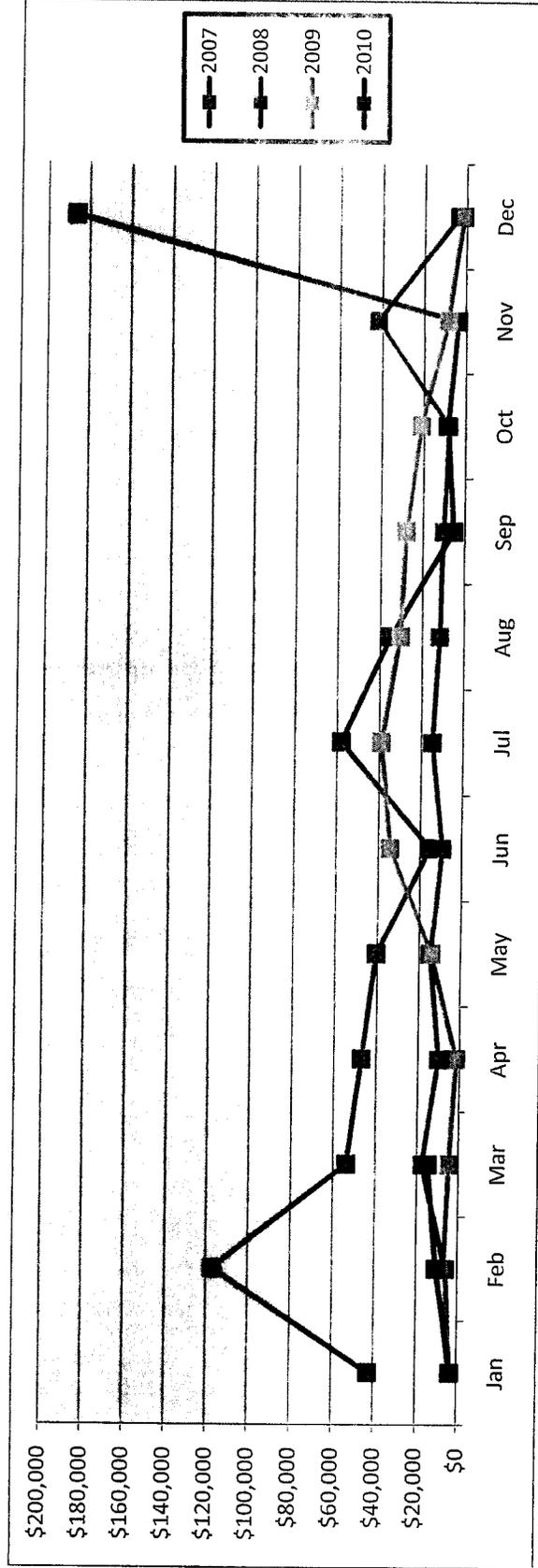
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2007</b>	\$3,134	\$26,946	\$37,252	\$108,424	\$606,632	\$424,618	\$8,974	\$6,121	\$34,941	\$37,236	\$505,109	\$394,293	\$2,193,680
<b>2008</b>	\$4,421	\$8,662	\$13,571	\$64,441	\$778,194	\$305,896	\$7,637	\$8,729	\$6,414	\$18,939	\$647,418	\$315,954	\$2,180,476
<b>2009</b>	\$4,733	\$4,449	\$14,192	\$100,178	\$757,129	\$431,232	\$37,087	\$9,290	\$3,199	\$35,818	\$781,144	\$296,310	\$2,474,760
<b>2010</b>	\$11,132	\$8,843	\$12,850										





# Permit Revenue Trends

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2007</b>	\$42,680	\$116,915	\$53,591	\$46,965	\$40,400	\$15,264	\$58,115	\$35,053	\$5,384	\$8,599	\$3,842	\$186,390	\$613,198
<b>2008</b>	\$3,466	\$5,889	\$17,416	\$10,171	\$14,456	\$9,380	\$14,791	\$11,756	\$10,216	\$8,099	\$42,211	\$3,607	\$151,457
<b>2009</b>	\$3,040	\$6,556	\$4,468	\$1,637	\$14,057	\$34,285	\$38,991	\$30,419	\$28,018	\$21,287	\$8,525	\$1,410	\$192,695
<b>2010</b>	\$3,436	\$10,400	\$14,688										



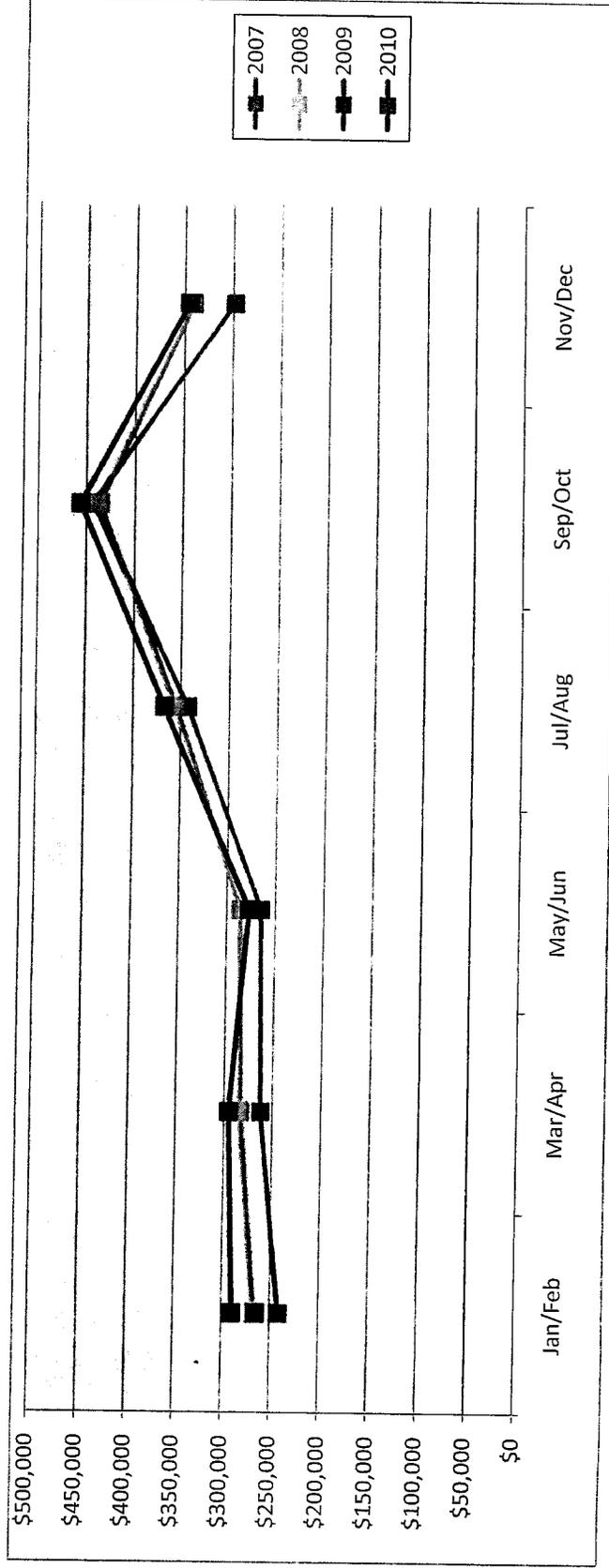






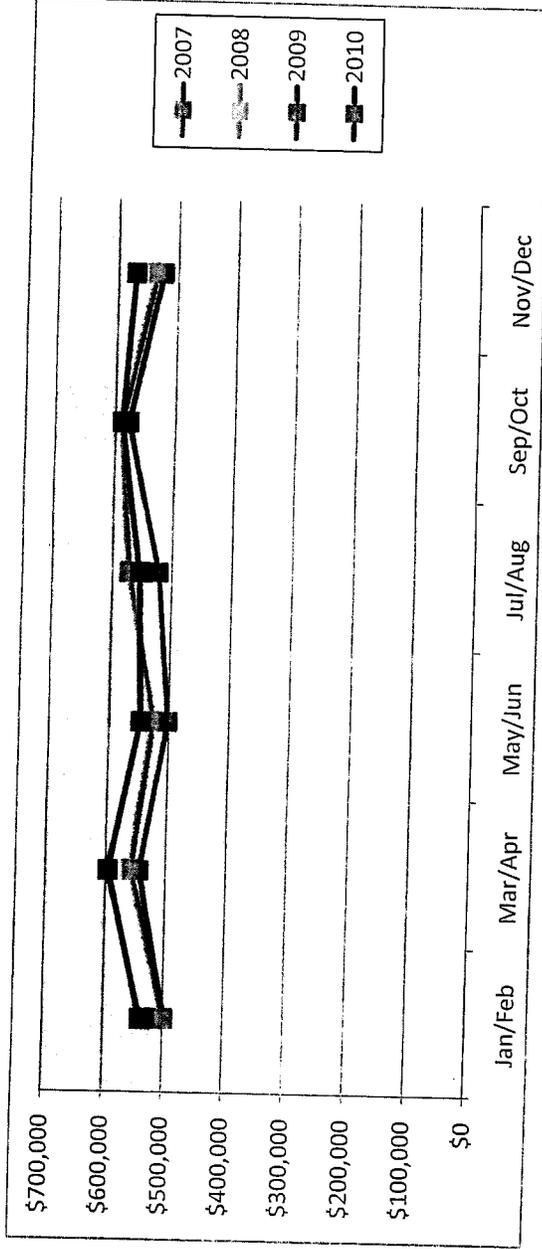
# City of Fife Water Sales Revenue Collection by Billing Cycle

	Jan/Feb	Mar/Apr	May/Jun	Jul/Aug	Sep/Oct	Nov/Dec	Total
<b>2007</b>	\$240,938	\$261,991	\$264,625	\$342,763	\$442,955	\$298,801	\$1,852,072
<b>2008</b>	\$266,224	\$283,154	\$285,237	\$354,903	\$436,041	\$340,648	\$1,966,207
<b>2009</b>	\$288,839	\$294,917	\$276,804	\$367,188	\$456,072	\$345,345	\$2,029,165
<b>2010</b>	\$264,718						



# City of Fife Sewer Service Revenue Collection by Billing Cycle

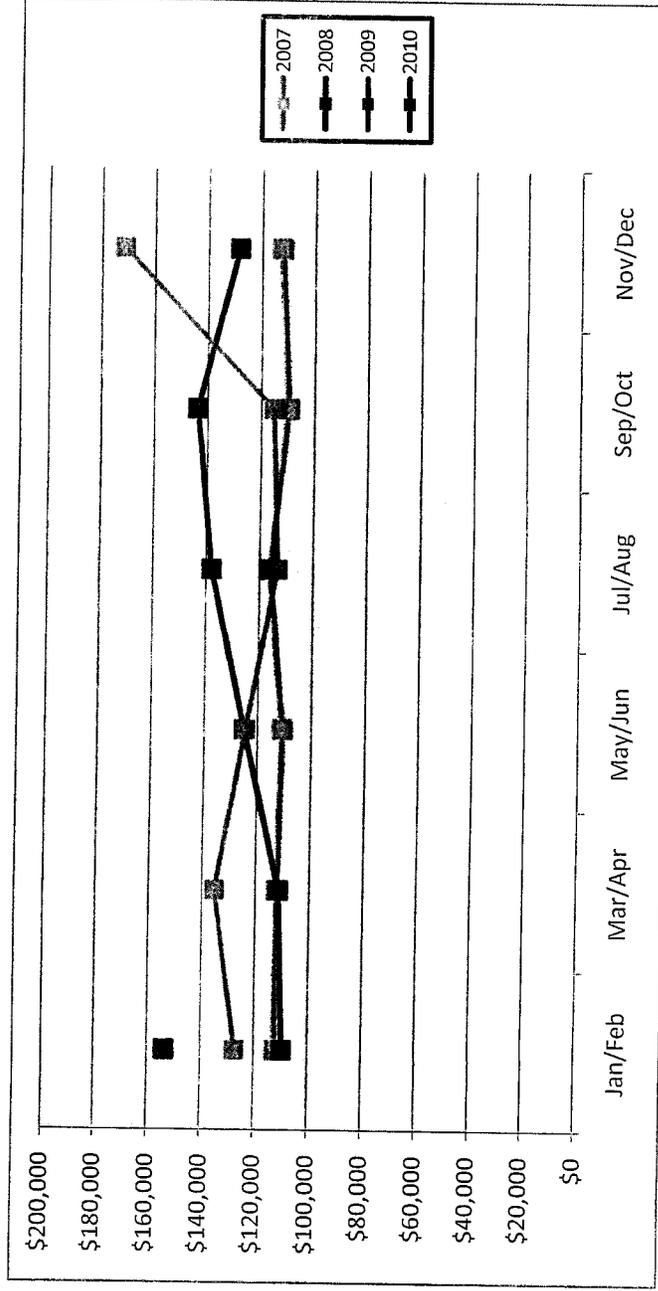
	Jan/Feb	Mar/Apr	May/June	Jul/Aug	Sep/Oct	Nov/Dec	Total
2007	\$498,196	\$543,710	\$501,627	\$521,650	\$577,303	\$523,364	\$3,165,851
2008	\$498,170	\$556,747	\$526,026	\$570,292	\$588,397	\$534,373	\$3,274,005
2009	\$537,775	\$595,672	\$547,259	\$553,957	\$588,453	\$569,968	\$3,393,084
2010	\$529,412						



## City of Fife

# Storm Drainage Service Revenue Collected by Billing Cycle (Includes collections for work performed for Drainage District #21)

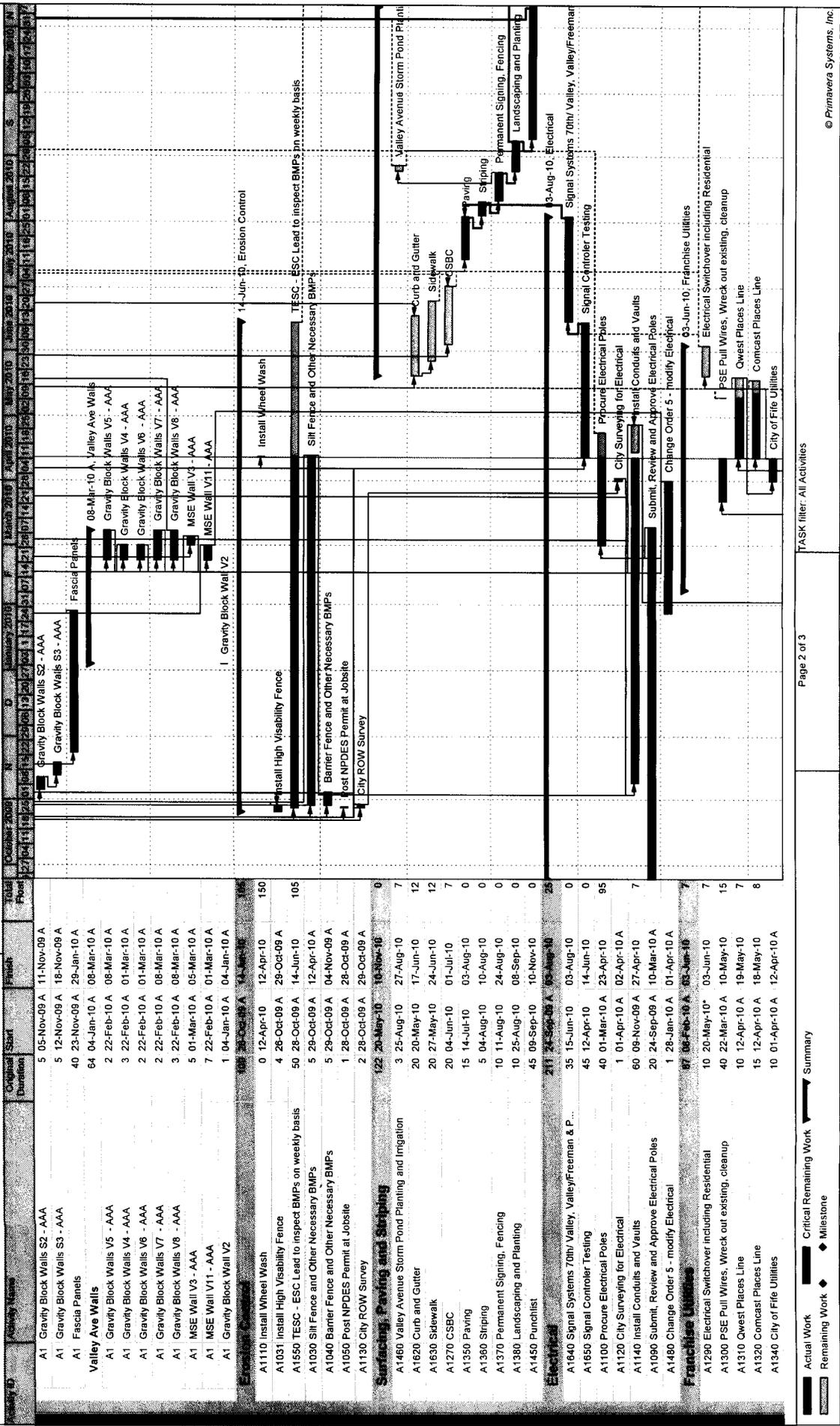
	Jan/Feb	Mar/Apr	May/June	Jul/Aug	Sep/Oct	Nov/Dec	Total
2007	\$111,991	\$112,103	\$110,798	\$116,018	\$109,536	\$112,267	\$672,712
2008	\$109,517	\$111,458	\$125,014	\$137,933	\$143,726	\$128,342	\$755,991
2009	\$127,017	\$135,173	\$124,558	\$113,292	\$115,270	\$171,574	\$786,884
2010	\$153,451						



Major DD21 Collections: Nov/Dec 2009 \$59,226 for work performed June - Oct 2009

Jan/Feb 2010 \$38,314 for final work performed and allocation of remaining assets





Activity ID	Activity Name	Original Start	Original Duration	Finish	Total Float
A1330	Tacoma Public Utilities/ Click	09-Feb-10 A	30-Apr-10		20
A1150	Notify Franchises of Switchovers	08-Feb-10 A	25-Mar-10 A		



**City of Fife  
General Fund  
Quarterly Financial Status Report  
Cash Basis - Budget Versus Actual  
For The Three Months Ended March 31, 2010**

	<b>2010 Adopted Annual Budget</b>	<b>2010 Year-To-Date Actuals</b>	<b>Year Elapsed 25%</b>	
<b>Revenues and Other Sources:</b>				
Revenues:				
Taxes:				
Property Taxes	\$ 2,613,937	32,825	1%	1
Sales Taxes	4,652,000	1,125,820	24%	
Other Taxes	75,000	16,629	22%	
Licenses and Permits	362,500	106,645	29%	
Intergovernmental	2,949,279	308,252	10%	
Charges for Services	1,689,439	444,077	26%	
Fines and Forfeits	502,912	100,840	20%	
Miscellaneous	179,000	49,836	28%	
Capital Contributions		-	---	
Other Financing Sources		-	---	
Total Revenues	<u>13,024,067</u>	<u>2,184,924</u>	17%	
Beginning Fund Balance	3,517,134	3,946,047		
Total Sources	<u>16,541,201</u>	<u>6,130,971</u>		
<b>Expenditures And Other Uses By Dept.:</b>				
Legislative	181,233	54,576	30%	2
Executive	1,305,083	312,975	24%	
Finance & Admin. Services	1,018,712	243,884	24%	
Municipal Court	1,074,759	256,105	24%	
General Government	578,626	218,478	38%	3
Police	5,305,935	1,313,446	25%	
Engineering	654,580	168,355	26%	
Community Development	881,703	242,323	27%	
Parks, Rec & Community Services	1,578,290	364,715	23%	
Non-Departmental	1,229,815	105,838	9%	
Total Expend. and Other Uses	<u>13,808,736</u>	<u>3,280,695</u>	24%	
Ending Fund Balance	\$ 2,732,465	\$ 2,850,276		

**Notes:**

1. Property tax revenue collection lags the budget until May, then again until November.
2. Over one-half of the budgeted election costs were paid in Q1.
3. Annual WCIA insurance premium is paid by the General Government dept. in January.

**MEMORANDUM  
For Meeting of April 20, 2010**

TO: Mayor and Councilmembers  
 THROUGH: Steve Worthington  
 FROM: Russ Blount  
 SUBJECT: **Study Session** – Water General Facilities Charges

**REPORT IN BRIEF:** Review of Financial Solutions Consulting Group’s (FCS Group’s) water rates study, focusing on general facility charges.

**BACKGROUND:** Fife’s municipal code includes an inflation indexed General Facility Charge. This one-time fee for connection to the city’s water utility is intended to compensate the water utility for past and anticipated future costs for the system, and on April 1 of this year increased to \$4,388 per equivalent residential unit (ERU) of 230 gallons per day. On January 19, 2010, FCS Group presented its analysis showing that the City would be justified \$5,266 per ERU or \$7,474 per meter equivalent, with the difference between the two the recognition that each new metered point of delivery has value above a similar flow through a previously metered location.

**ATTACHMENTS:** Copy of January 19 presentation.

**DISCUSSION:** The current fee structure favors single family connections over others in that it is purely flow-based without recognition of the cost of providing a separate metered point of connection. Recently completed analysis of other tax revenues may justify going to a rate structure that favors business of various categories.

**FISCAL IMPACT:** The table below is an update of Slide 12 from the January presentation.

Meter Size	Representative ERU Usage	Meter Flow Factors	Existing GFC	Calculated GFCs	
				Alternative I (Per ERU)	Alternative II (Per ME)
3/4"	1.00	1.00	\$ 4,388	\$ 5,266	\$ 7,474
1"	3.33	1.67	\$ 14,612	\$ 17,536	\$ 12,482
1-1/2"	5.33	3.33	\$ 23,388	\$ 28,068	\$ 24,888
2"	10.00	5.33	\$ 43,880	\$ 52,660	\$ 39,836
3"	33.33	10.00	\$ 146,252	\$ 175,516	\$ 74,740
4"	76.67	16.67	\$ 336,428	\$ 403,744	\$ 124,592
6"	150.00	33.33	\$ 658,200	\$ 789,900	\$ 249,108
8"	250.00	53.33	\$ 1,097,000	\$ 1,316,500	\$ 398,588
10"	400.00	76.67	\$ 1,755,200	\$ 2,106,400	\$ 573,032

The impact of the ERU method is most obvious in comparing a typical single family household connection and its 3/4” meter with a large industrial user. The largest meter currently used by a Fife customer is 6”. Adoption of the possible Meter Equivalent method would increase the single family GFC by 70 percent, while **reducing** the cost to a similar industrial user’s GFC by 62 percent.

**ALTERNATIVE COURSES OF ACTION:**

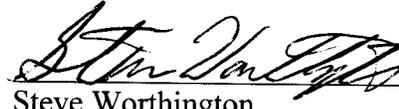
1. Schedule a hearing for new GFCs on Equivalent Residential Unit (ERU) basis.
2. Schedule a hearing for new GFCs on Meter Equivalent (ME) basis.

**RECOMMENDATIONS:** None; this is appropriately a Council policy decision.

**SUGGESTED MOTION:** None required.



Russ Blount  
Public Works Director



Approved for Agenda Steve Worthington  
City Manager



**City Council  
Workshop**

**January 19, 2009**

## **Water Utility Rate and General Facilities Charge Update**

◆ FCS GROUP

7525 - 166<sup>th</sup> Ave. NE, Suite D-215, Redmond, WA 98052 ■ 425-867-1802

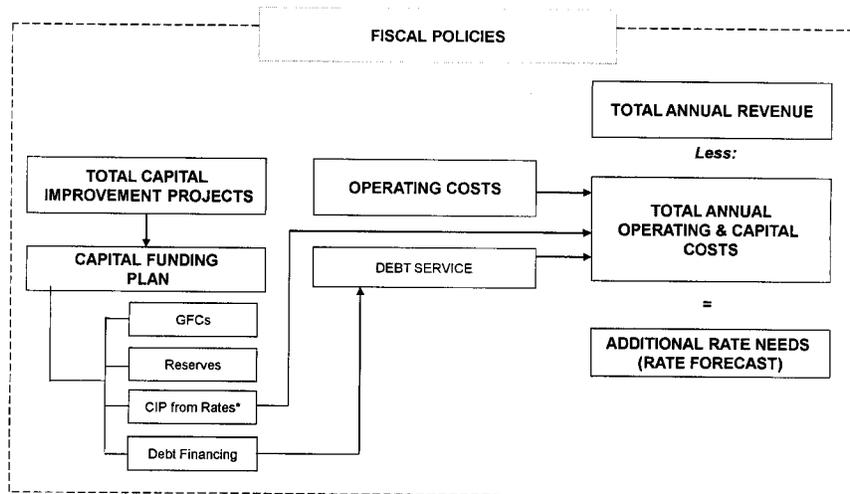
### **Study Scope**

- To evaluate impacts of costs associated with Holt Well
  - ✓ Rate (revenue requirements analysis) update
  - ✓ General facilities charge (GFC) update

◆ FCS GROUP

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# Revenue Requirements Analysis



\*CIP from rates = capital improvement funding supported by rate revenue

## Key Assumptions

- Holt Well will be online in 2012
- Once the well is online, water purchases from Tacoma will be at 2004 levels
  - ✓ Adjusted for Tacoma commodity price increases between 2004 and 2012
- No additional capacity purchase from Tacoma
- Operating cost impact of the Holt Well
  - ✓ 0.5 FTE will be added at an annual salary and benefits cost of \$46,600 (in 2010 prices)
  - ✓ Annual cost of power and chemicals will be around \$115,000 (in 2009 prices)

## Summary of Revenue Requirements Alternative One

Revenue Requirements	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>							
Rate Revenues Under Existing Rates	\$ 1,890,000	\$ 2,021,000	\$ 2,066,822	\$ 2,116,886	\$ 2,162,682	\$ 2,207,604	\$ 2,250,761
Non-Rate Revenues	43,045	65,952	74,906	81,354	93,863	95,262	96,456
<b>Total Revenues</b>	<b>\$ 1,933,045</b>	<b>\$ 2,086,952</b>	<b>\$ 2,141,728</b>	<b>\$ 2,198,240</b>	<b>\$ 2,256,546</b>	<b>\$ 2,302,865</b>	<b>\$ 2,347,217</b>
<b>Expenses</b>							
Cash O&M Expenses [1]	\$ 1,422,916	\$ 1,429,118	\$ 1,523,793	\$ 1,793,436	\$ 1,862,715	\$ 1,933,613	\$ 2,002,747
Water Purchase for Resale	930,000	921,259	984,912	1,039,148	1,183,070	1,346,925	1,428,952
Existing Debt Service	-	-	-	-	-	-	-
New Debt Service	-	222,711	222,711	705,617	705,617	705,617	705,617
<b>Total Expenses</b>	<b>\$ 2,352,916</b>	<b>\$ 2,573,087</b>	<b>\$ 2,805,309</b>	<b>\$ 3,538,201</b>	<b>\$ 3,751,402</b>	<b>\$ 3,986,155</b>	<b>\$ 4,137,317</b>
<b>Annual Rate Adjustment</b>	<b>0.00%</b>	<b>32.00%</b>	<b>14.00%</b>	<b>14.00%</b>	<b>3.25%</b>	<b>3.00%</b>	<b>2.00%</b>
<b>Cumulative Rate Adjustment</b>	<b>0.00%</b>	<b>32.00%</b>	<b>50.48%</b>	<b>71.55%</b>	<b>77.12%</b>	<b>82.44%</b>	<b>86.08%</b>
Rate Revenues After Rate Increase	\$ 1,890,000	\$ 2,559,933	\$ 3,114,062	\$ 3,642,600	\$ 3,849,877	\$ 4,055,507	\$ 4,225,221
Net Cash Flow After Rate Increase	(419,871)	52,798	383,660	185,753	192,339	164,613	184,360
Coverage After Rate Increases	n/a	1.28	3.29	1.29	1.29	1.25	1.28
<b>Average Monthly Bill [2]</b>	<b>\$ 25.12</b>	<b>\$ 33.15</b>	<b>\$ 37.79</b>	<b>\$ 43.09</b>	<b>\$ 44.49</b>	<b>\$ 45.82</b>	<b>\$ 46.74</b>

[1] Includes additional taxes due to projected rate increases.

[2] Assumes usage of 230 gallons per day or 9.35 ccf per month.

## Capital Funding Summary Alternative One

Capital Fund	2009	2010	2011	2012	2013	2014	2015
<b>Beginning Balance</b>	<b>\$ 1,092,265</b>	<b>\$ 607,350</b>	<b>\$ 2,651,739</b>	<b>\$ 640,168</b>	<b>\$ 571,940</b>	<b>\$ 382,664</b>	<b>\$ 423,585</b>
plus: General Facilities Charges	200,000	214,818	229,256	243,662	216,457	206,856	193,843
less: State B&O Tax on GFCs	(3,000)	(3,222)	(3,439)	(3,655)	(3,247)	(3,103)	(2,908)
plus: Net Debt Proceeds Available for Projects	-	2,525,000	-	5,475,000	-	-	-
plus: Interest Earnings	10,923	9,110	53,035	16,004	14,298	9,567	10,590
plus: Transfer of Surplus from Operating Fund	1,163	64,123	361,316	128,794	151,767	119,598	155,836
plus: Direct Rate Funding	-	-	73,893	-	-	-	-
less: Capital Expenditures	(694,000)	(765,440)	(2,725,632)	(5,928,033)	(568,551)	(291,997)	(189,798)
<b>Ending Balance</b>	<b>\$ 607,350</b>	<b>\$ 2,651,739</b>	<b>\$ 640,168</b>	<b>\$ 571,940</b>	<b>\$ 382,664</b>	<b>\$ 423,585</b>	<b>\$ 591,149</b>

Two debt issues are projected; \$2.8 million in 2010 with a net proceed of \$2.5 million, and \$6.0 million in 2012 with a net proceed of \$5.5 million.

## Summary of Revenue Requirements Alternative Two

Revenue Requirements	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>							
Rate Revenues Under Existing Rates	\$ 1,890,000	\$ 2,021,000	\$ 2,066,822	\$ 2,116,886	\$ 2,162,682	\$ 2,207,604	\$ 2,250,761
Non-Rate Revenues	43,045	65,952	70,452	80,968	94,084	95,482	96,876
<b>Total Revenues</b>	<b>\$ 1,933,045</b>	<b>\$ 2,086,952</b>	<b>\$ 2,137,274</b>	<b>\$ 2,197,854</b>	<b>\$ 2,256,766</b>	<b>\$ 2,303,086</b>	<b>\$ 2,347,438</b>
<b>Expenses</b>							
Cash O&M Expenses [1]	\$ 1,422,916	\$ 1,409,402	\$ 1,510,597	\$ 1,795,833	\$ 1,864,339	\$ 1,935,328	\$ 2,008,597
Water Purchase for Resale	930,000	921,259	984,912	1,039,148	1,183,070	1,346,925	1,428,952
Existing Debt Service	-	-	-	-	-	-	-
New Debt Service	-	-	207,275	714,438	714,438	714,438	714,438
Rate Funded CIP	-	-	204,817	-	7,569	-	-
<b>Total Expenses</b>	<b>\$ 2,352,916</b>	<b>\$ 2,330,661</b>	<b>\$ 2,907,602</b>	<b>\$ 3,549,418</b>	<b>\$ 3,769,416</b>	<b>\$ 3,996,691</b>	<b>\$ 4,151,987</b>
<b>Annual Rate Adjustment</b>	<b>0.00%</b>	<b>20.00%</b>	<b>20.00%</b>	<b>20.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
<b>Cumulative Rate Adjustment</b>	<b>0.00%</b>	<b>20.00%</b>	<b>44.00%</b>	<b>72.80%</b>	<b>77.98%</b>	<b>83.32%</b>	<b>88.82%</b>
Rate Revenues After Rate Increase	\$ 1,890,000	\$ 2,357,833	\$ 2,978,795	\$ 3,667,169	\$ 3,866,530	\$ 4,073,092	\$ 4,285,186
Net Cash Flow After Rate Increase	(419,871)	93,124	141,646	198,719	191,198	171,883	229,875
Coverage After Rate Increases	n/a	n/a	2.69	1.29	1.30	1.25	1.34
<b>Average Monthly Bill [2]</b>	<b>\$ 25.12</b>	<b>\$ 30.14</b>	<b>\$ 36.17</b>	<b>\$ 43.40</b>	<b>\$ 44.70</b>	<b>\$ 46.04</b>	<b>\$ 47.42</b>

[1] Includes additional taxes due to projected rate increases.

[2] Assumes usage of 230 gallons per day or 9.35 ccf per month.

## Capital Funding Summary Alternative Two

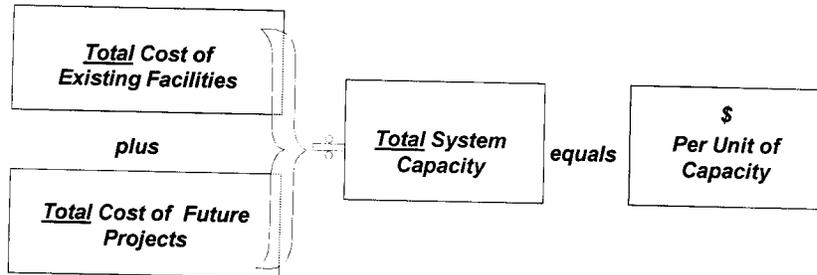
Capital Fund	2009	2010	2011	2012	2013	2014	2015
<b>Beginning Balance</b>	<b>\$ 1,092,265</b>	<b>\$ 607,350</b>	<b>\$ 420,815</b>	<b>\$ 348,535</b>	<b>\$ 560,982</b>	<b>\$ 377,861</b>	<b>\$ 425,932</b>
Loan from / (Repayment to) Sewer Utility	-	250,000	(250,000)	-	-	-	-
plus: General Facilities Charges	200,000	214,818	229,256	243,662	216,457	206,856	193,843
less: State B&O Tax on GFCs	(3,000)	(3,222)	(3,439)	(3,655)	(3,247)	(3,103)	(2,908)
plus: Net Debt Proceeds Available for Projects	-	-	2,350,000	5,750,000	-	-	-
plus: Interest Earnings	10,923	12,860	3,416	8,713	14,025	9,447	10,648
plus: Transfer of Surplus from Operating Fund	1,163	104,449	119,302	141,760	150,627	126,968	201,351
plus: Direct Rate Funding	-	-	204,817	-	7,569	-	-
less: Capital Expenditures	(694,000)	(765,440)	(2,725,632)	(5,928,033)	(568,551)	(291,997)	(189,798)
<b>Ending Balance</b>	<b>\$ 607,350</b>	<b>\$ 420,815</b>	<b>\$ 348,535</b>	<b>\$ 560,982</b>	<b>\$ 377,861</b>	<b>\$ 425,932</b>	<b>\$ 639,070</b>

Two debt issues are projected; \$2.6 million in 2011 with a net proceed of \$2.4 million, and \$6.3 million in 2012 with a net proceed of \$5.8 million.

Sewer Utility will provide short-term financing of \$250,000 in 2010 to help Water Utility delay the first bond issue.

## General Facilities Charge (GFC) Methodology

- New development pays a proportionate share of existing and future facilities



## Summary of GFC Analysis (per Equivalent Residential Unit)

<b>Existing Cost Basis</b>		Notes
<b>PLANT-IN-SERVICE</b>		
Utility Capital Assets	\$ 26,751,060	Original cost of plant-in-service as of 2008
plus: Interest on Non-Contributed Plant	9,962,881	Interest on assets up to a maximum 10-year period
<b>TOTAL EXISTING COST BASIS</b>	<b>\$ 36,713,940</b>	
<b>Future Cost Basis</b>		Notes
<b>TOTAL COST OF CAPITAL IMPROVEMENT PROJECTS</b>	<b>\$ 18,169,700</b>	Total projects identified in the 20-year CIP
<b>Customer Base</b>		Notes
Existing Residential Customer Equivalents	7,796	Existing residential customer equivalents as of 2008
Future Residential Customer Equivalents (Incremental)	2,626	Estimated growth in Customer Equivalents (2009-2027)
<b>TOTAL CUSTOMER BASE</b>	<b>10,421</b>	
<b>Resulting Charge</b>		Notes
Existing Cost Basis	\$ 36,713,940	
Future Cost Basis	18,169,700	
<b>Total Cost Basis</b>	<b>\$ 54,883,640</b>	
Total Customer Base	10,421	
<b>TOTAL CHARGE PER CUSTOMER EQUIVALENT</b>	<b>\$ 5,266</b>	Maximum Allowable GFC per ERU

## Summary of GFC Analysis (per Meter Equivalent)

<b>Existing Cost Basis</b>		<b>Notes</b>
<b>PLANT-IN-SERVICE</b>		
Utility Capital Assets	\$ 26,751,060	Original cost of plant-in-service as of 2008
plus: Interest on Non-Contributed Plant	9,962,881	Interest on assets up to a maximum 10-year period
<b>TOTAL EXISTING COST BASIS</b>	<b>\$ 36,713,940</b>	
<b>Future Cost Basis</b>		<b>Notes</b>
<b>TOTAL COST OF CAPITAL IMPROVEMENT PROJECTS</b>	<b>\$ 18,169,700</b>	Total projects identified in the 20-year CIP
<b>Customer Base</b>		<b>Notes</b>
Existing Number of Meter Equivalents	5,493	Existing number of meter equivalents as of 2008
Future Meter Equivalents (Incremental)	1,850	Estimated growth in number of meter equivalents (2009-2027)
<b>TOTAL CUSTOMER BASE</b>	<b>7,343</b>	
<b>Resulting Charge</b>		<b>Notes</b>
Existing Cost Basis	\$ 36,713,940	
Future Cost Basis	18,169,700	
<b>Total Cost Basis</b>	<b>\$ 54,883,640</b>	
 Total Customer Base	 7,343	
<b>TOTAL CHARGE PER METER EQUIVALENT</b>	<b>\$ 7,474</b>	Maximum Allowable GFC per ME

## General Facilities Charges

Meter Size	Meter Flow Factors	Existing GFC	Calculated GFCs	
			Alternative I (per ERU)	Alternative II (per ME)
5/8" Meter	1.00	\$ 4,318	\$ 5,266	\$ 7,474
3/4" Meter	1.50	4,318	5,266	11,212
1" Meter	2.50	4,318	5,266	18,686
1 1/2" Meter	5.00	4,318	5,266	37,372
2" Meter	8.00	4,318	5,266	59,796
3" Meter	16.00	4,318	5,266	119,592
4" Meter	25.00	4,318	5,266	186,862
6" Meter	50.00	4,318	5,266	373,725
8" Meter	80.00	4,318	5,266	597,960
10" Meter	115.00	4,318	5,266	859,567

One equivalent residential unit equals to 230 gallons per day water consumption for non-residential customers

## **General Facilities Charges Hybrid Approach**

- Implement GFCs based on meter equivalency factors for smaller meters (up to 2" meters),
- GFCs for 2" and larger meters, at the discretion of Public Works Director, could be based on meter equivalency factors or estimated ERUs.
- Hybrid approach would provide the City with the flexibility to fit its GFC approach to the expected impact of specific larger customers.

## **Discussion/ Next Steps**

- Questions
- Direction/feedback on proposed rate and GFC adjustments
- Next Steps

# Appendices

- Appendix 1: Capital Improvement Program
- Appendix 2: Typical SFR Bill Comparison with Other Jurisdictions
- Appendix 3: GFC Comparison with Other Jurisdictions

# Capital Improvement Program

Total cost of the capital improvement program is \$18,169,700 in 2009 dollars.

Project Description	2009	2010	2011	2012	2013	2014	2015	Future [a]
Valley and 48th LID Study	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Well Phase 1	-	394,000	-	-	-	-	-	-
8" Extension - 15th St E - 54th Ave E to 59th Ave E	-	270,000	-	-	-	-	-	-
New Water Supply (Assumed TPU 2-year supply)	-	-	-	-	-	-	-	-
Install FlexNet AMR System	350,000	-	-	-	-	-	-	-
12" Extension (LID#1) - Valley Ave E from 70th Ave E	50,000	-	-	-	-	-	-	-
12" Replacement - Praxair	84,000	-	-	-	-	-	-	-
8" Replacement - 26th St E - Rainier Corp Park to Berry Ln	-	72,000	-	-	-	-	-	-
12" Extension (LID#2) - 48th Ave E - 70th Ave E to Freeman Rd	-	-	470,000	-	-	-	-	-
Intertie with Puyallup	-	-	-	680,000	-	-	-	-
Milwaukee Way Intertie Bypass	60,000	-	-	-	-	-	-	-
Complete Wellhead Protection Program	-	-	25,000	-	-	-	-	-
New Well Phase 2	-	-	1,960,000	-	-	-	-	-
Water Conservation Plan Update	-	-	25,000	-	-	-	-	-
Water Services Replacement Program	-	-	40,000	-	-	-	-	-
12" Replacement - 20th St E - 54th Ave E to 63rd Ave E	-	-	-	609,000	-	-	-	-
New Well Phase 3	-	-	-	3,750,000	-	-	-	-
Comprehensive GIS Mapping and Water System Inventory	100,000	-	-	-	-	-	-	-
12" Extension - 4th St E - 54th Ave E to 57th Ave E	-	-	-	231,000	-	-	-	-
12" Replacement - I-5 Crossing at 51st Avenue East	-	-	-	-	231,000	-	-	-
12" Extension - 59th Ave E - 15th St E to 12th St E	-	-	-	-	147,000	-	-	-
8" Replacement - 34th Ave E - Pacific Hwy E to 15th St E	-	-	-	-	108,000	-	-	-
12" Replacement - Rainier Corp Park - 70th Ave E	-	-	-	-	-	42,000	-	-
8" Extension - 52nd Ave E - Pacific Hwy E to 12th St E	-	-	-	-	-	198,000	-	-
Comprehensive Water System Plan Update	-	-	-	-	-	-	150,000	-
Future Capital Improvement Projects	-	-	-	-	-	-	-	8,073,700
<b>TOTAL</b>	<b>\$ 694,000</b>	<b>\$ 736,000</b>	<b>\$ 2,520,000</b>	<b>\$ 5,270,000</b>	<b>\$ 486,000</b>	<b>\$ 240,000</b>	<b>\$ 150,000</b>	<b>\$ 8,073,700</b>

[a] 2016 through 2029.

## Typical SFR Bill Comparison

Purveyor	Monthly SFR Bill [a]	Notes
Covington Water District (Summer months)	\$ 48.85	\$45.54 for winter months.
Tukwila (Summer months)	44.37	\$34.09 for winter months.
Highline Water District (Summer months)	43.78	\$41.17 for winter months.
Stellacoom	35.05	
<b>Fife - Alternative One (32%)</b>	<b>33.15</b>	
Summit Water & Supply Company	31.78	
Milton	31.49	
<b>Fife - Alternative Two (20%)</b>	<b>30.14</b>	
Buckley (Summer months)	29.96	\$29.53 for winter months.
Mt. View - Edgewood Water Company	28.66	
TPU - City of Tacoma (Summer months)	28.39	\$27.03 for winter months.
Puyallup	28.28	
Renton	27.17	
Olympia	27.08	
Auburn	26.87	
Bonney Lake	26.39	
<b>Fife - Existing</b>	<b>25.12</b>	
Orting	24.95	
Fircrest	24.35	
Fingrove Mutual Water Company	23.59	
Lacey	23.37	
Parkland Light & Water Cooperative	20.79	
Tumwater	22.13	
Sumner	19.34	

[a] Based on 5/8" x 3/4" or 3/4" meter, and 9.35 ccf (230 gpd) water consumption.

## GFC Comparison

Purveyor	GFCs for SFR [a]	Notes
Covington Water District [b]	\$ 11,050	Total charge for a 5/8" meter is \$7,457.
Tukwila	8,907	Based on location, it ranges from \$0 to \$8,907.
Bonney Lake	7,745	
<b>Fife - Calculated Based on Meter Equivalents</b>	<b>7,474</b>	
Mt. View - Edgewood Water Company	7,000	
Summit Water & Supply Company [c]	5,663	
<b>Fife - Calculated Based on ERUs</b>	<b>5,266</b>	
Fingrove Mutual Water Company	4,850	
Orting	4,375	
Milton	4,325	
<b>Fife - Existing (per ERU)</b>	<b>4,318</b>	
Fircrest	4,000	
Lacey	3,842	
Parkland Light & Water Cooperative	3,500	
Buckley	3,489	
Tumwater	3,234	
Puyallup	3,130	
Olympia	3,089	
Sumner	2,621	
Auburn	2,424	
Renton	2,236	
Tacoma Public Utilities	2,229	The charge for 5/8" meter is \$1,485.
Stellacoom	1,155	

[a] Based on 3/4" meter or smaller meter.

[b] Consists of future facilities charge (\$7,607) and existing capital facilities charge (\$3,443).

There is an additional existing distribution system charge (\$35/ft) calculated based on each property's frontage.

[c] Consist of \$2,711 membership equity fee, \$490 distribution main charge, and 2,462 system development charge.

**MEMORANDUM**  
**For Meeting of April 20, 2010**

TO: Mayor and Councilmembers  
 THROUGH: Steve Worthington  
 FROM: Russ Blount  
 SUBJECT: **New Business** – 70th & Valley Avenue Corridor Improvements  
 Phase 1 Valley Avenue Construction Update

**REPORT IN BRIEF:** Receive an update on project progress and discuss landscape strip planting.

**BACKGROUND:** Fife awarded the construction contract on September 22, 2009; through March 31, the contractor had completed approximately 30 percent of the total work in 35 percent of the contract time. This slight discrepancy between work and time is to be expected, as the highest cost-per-day work is the pavement installation, which will occur late in the construction phase.

On November 17, 2009, the Council considered a potential major change order to the contract to adjust the Valley Avenue alignment just west of Freeman Road. This change became possible when Mr. & Mrs. Jo, owners of the old Firwood Grocery, chose to sell their property to Fife. The Council's decision to direct the change was in recognition that the change would improve buffering to Wapato Creek and add planter strips enhancing pedestrian safety and the aesthetics of this pedestrian entrance to Fife. That change order has been negotiated and is reflected in current budgets as "Change Order 5".

**ATTACHMENTS:**

- Project Schedule
- Construction cost projection (estimate)
- November 17 memo regarding the then-current project budget
- Change order (CO) summary
- DEA supplemental budget request

**DISCUSSION:** The project schedule includes a May 17 beginning to the contract's 50-working-day closure of Valley Avenue to through traffic. During this time, only local access traffic will be permitted, and such local access traffic will be required to travel eastbound only.

With construction well underway, this may be the last study session regarding this project before it is complete. It is appropriate therefore that the Council provides final guidance regarding the planter strip ground cover. At the time of contract award, the Council authorized execution of the contract based on the provision of installation of kinnikinnick, with the Council asking staff to bring that issue back for further discussion before the contractor installed the plants. Based on the tone of the Council discussion at that time, City staff asked DEA to take another look at the kinnikinnick specification, and suggest an alternative specification for "maximum quick likelihood of success". The base contract spec for kinnikinnick would eventually grow in, but would likely require a higher initial level of maintenance and several years grow-in time before the kinnikinnick would achieve a density adequate to choke out weeds. DEA has estimated that an increased kinnikinnick density and mulch depth would likely reduce the maintenance requirements significantly, and has estimated that such an alternative would cost approximately \$22,000. This has not been submitted to the contractor for actual pricing pending further direction from the Council.

Phase 2 of the project, the widening of 70<sup>th</sup> Avenue East beyond the 1,000 feet included with Valley, now appears to be fully funded and likely to go to construction next year. That construction schedule opens up another potential cost savings, as it may be possible to reduce the “throw away” work in the current contract associated with the storm detention system for the 1,000 feet of 70<sup>th</sup>. While it was appropriate to contract for the storm detention system when uncertainty in Phase 2 funding made it likely to remain in service for several years, the Council may be willing to defer full storm detention for a year if WSDOT also agrees. The design without the “throw away” work would comply with the 1992 Ecology manual, and would result in no net increase in flooding to downstream properties, as analyzed in accordance with the 2005 Ecology manual, but would not provide the additional detention required to reduce downstream flows from the existing pavement area, as is required by the 2005 Ecology manual. The reduction in flows from the existing pavement area would be accomplished upon construction of the Phase 2 project, which will include a storm detention pond off 26<sup>th</sup> Street, including both Phase 1 and Phase 2 portions of 70<sup>th</sup> Avenue East.

**FISCAL IMPACT:** The project appears headed towards completion well within the amended budget presented to the Council on November 17, 2009. The current construction estimate includes an additional \$22,000 to increase the kinnikinnick density and mulch. That forecast, and the line items from the November estimate with corrected total, is as below.

Description	November Estimate	Current Estimate	Difference
Construction	\$10,935,650	\$10,279,500	(\$656,150)
Construction Administration + Jo revisions (DEA)	\$1,332,100	\$1,532,849	200,749
Construction Administration (City)	\$150,000	150,000	0
Qwest revisions at Jo property (Includes Khara)	In below	119,186	119,186
Jo Demo/Cleanup/Revision	\$300,000	In above	(\$300,000)
Potential savings by deferring storm detention	Not included	(80,000)	(80,000)
TOTAL	\$12,717,750	\$12,001,535	(\$716,215)

**ALTERNATIVE COURSES OF ACTION:**

1. Regarding kinnikinnick, choose one of the following:
  - a. Proceed with kinnikinnick as contracted
  - b. Authorize a change order to increase kinnikinnick density and mulch, at \$22,000 +/-
  - c. Authorize a change order to delete kinnikinnick and plant grass, saving \$28,000 +/- relative to the current contract and \$50,000 +/- relative to alternative “b”
2. Regarding the storm detention system, direct staff whether or not to seek approval to delete the “throw away” portion of the interim storm detention system for the widening of 70<sup>th</sup> Avenue up to 1,000 feet north of Valley, and to proceed with the change if authorized by WSDOT.

**RECOMMENDATIONS:** For “1”, choose from “b” or “c”; for “2” have staff seek WSDOT approval and direct the change if authorized by WSDOT.

**SUGGESTED MOTION:** Individual motions or consensus regarding each of the key issues described.



Russ Blount  
Public Works Director

Approved for Agenda



Steve Worthington  
City Manager

70<sup>th</sup> Avenue East/Valley Avenue East  
Construction Cost Projection  
4/20/10

David Evans and Associates completed a cursory review of bid items as of 3/31/10 to estimate the projected over/under runs by the end of the project, based on the current status of construction. Caution should be used in relying on this information since there are a number of factors that may still occur during construction that can impact expenditure of any bid items. The following table displays our best estimate of projected over/under runs.

<b>Bid Item</b>	<b>Description</b>	<b>Projection Over/Under Budget</b>
266	Remove existing buildings-Jo Parcel (CO #5)	\$22,500
267	Additional site work – Jo Parcel (CO #5)	(\$23,000)
19	Roadway excavation including haul	(\$50,000)
22	Gravel borrow including haul	(\$80,000)
261	Construction geotextile for soil stabilization	\$52,000
81	Structural excavation Class B including haul (wood chips)	\$30,000
106	Shaft – 24 inch diameter	\$20,000
107	Removing soldier pile shaft obstruction	(\$5,000)
109	Timber lagging	\$13,000
136	Erosion /water pollution control	(\$100,000)
145	Property restoration	(\$40,000)
146	PTOI property restoration	(\$20,000)
268	Revised Valley/Freeman Signal	\$100,000
170	Flaggers and spotters	(\$160,000)
171	Other traffic control labor	(\$50,000)
212	Hazardous material handling and disposal including haul	(\$80,000)
700	Acceleration	\$22,000
<b>Total bid items over/under</b>		<b>(\$348,500)</b>

In addition to bid item over/under runs, there are costs associated with change orders that have not been included in the specific bid items. Those additional change order costs, above what was captured in bid item quantity adjustments, are shown in the following table.

<b>Change Order</b>	<b>Description</b>	<b>Cost</b>
1	Soil stabilization in wet conditions	in bid items
2	Additional Qwest conduit	\$5,000

3	Additional Qwest split duct	\$20,000
4	Upsize drainage structure	\$16,000
5	Valley Avenue Realignment	in bid items
6	Planter strip plantings	\$22,000
9	Additional PSE Vault VO4A, et. al.	\$18,000
10	Walls V-5 & V-6, et. al.	\$44,000
11	70th Avenue East drainage and water revisions	in bid items
12	Utility revisions due to Qwest duct bank	\$27,000
13	70th Avenue East/Valley Avenue East water valves	\$20,000
14	Wall V-11 vs. Qwest duct bank	\$25,000
<b>Total change orders not included in bid items review</b>		<b>\$197,000</b>

There are a number of bid items remaining that have a potential for cost over/under runs. Those items include:

1. 70th Avenue East storm sewers
2. Sanitary sewer force main
3. Sanitary sewer gravity main
4. Removing existing concrete pavement, including the possible existence of a layer of subsurface concrete in Valley Avenue East
5. Asphalt paving

A contingency amount is appropriate for those remaining large items, but the contingency level may be reduced from the 10 percent level presented to the Council on November 17, 2009. The current estimate is therefore:

DESCRIPTION	AMOUNT
Contract	\$9,941,499.94
Bid Items over/under	(\$348,500.00)
Change Orders not in bid item review	\$197,000.00
SUBTOTAL	9,789,999.94
5% Contingency	489,500.00
TOTAL ESTIMATE TO COMPLETE	10,279,499.94

**CHANGE ORDER (CO) SUMMARY**

CO #	Date *	CO Description	Change Order Amount	Code *	Contract Amount Including COs	Comments
		Original Contract Amount			\$9,941,499.94	
#1	01/15/10 (E)	Soil Stabilization in Wet Conditions	\$100,650.00	E	\$10,042,149.94	New Item #261
#2	12/03/09 (E)	Additional Qwest Conduits	\$5,246.40	E	\$10,047,396.34	New Item #262
#3	01/15/10 (E)	Additional Qwest Split Duct	\$19,802.70	E	\$10,067,199.04	New Item #263
#4	01/15/10 (E)	Upsize Drainage Structures	\$15,786.00	E	\$10,082,985.04	New Item #264
#5	03/23/10 (C)	Valley Ave E Realignment, et al.	\$291,495.47	S	\$10,374,480.51	New Items #266, 267, 268, 269, 270, 271, 272, 273, 274, 275, , 277, 278, 289, 700
#6	Draft Pending	Planter Strip Revision	\$22,000.00	D	\$10,396,480.51	New Item #265
#7		Not Used				
#8	01/28/10 (C)	Additional Comcast Conduit	\$20,657.70	C	\$10,417,138.21	New Items #280 & #281
#9	01/28/10 (C)	Additional PSE Vault V04A, et al.	\$17,999.52	C	\$10,435,137.73	
#10	03/22/10 (S)	Walls V-5 & V-6, et al.	\$43,363.05	S	\$10,478,500.78	New Item #282 & #700
#11	02/24/10 (C)	70th Ave E Drainage & Waterline Revisions	(\$21,215.36)	C	\$10,457,285.42	New Items #283, 284, 285 & 286
#12	03/22/10 (S)	Utility Revisions Due to Qwest Ductbank	\$27,307.00	S	\$10,484,592.42	New Items #287, 288
#13	03/28/10 (C)	70th Ave / Valley Ave I/S Waterline Valves	\$20,000.00	C	\$10,504,592.42	Russ Blount's estimate; New Item #292
#14	03/29/10 (S)	Shoring and Wall V-11 Changes for Ductbank	\$24,798.75	S	\$10,529,391.17	New Item #290
* CODES: D=DEA Prelim Est to City; C=City/DEA to SBI; S=SBI to City/DEA; E=Executed						
<b>Total Change Order Amount</b>					<b>\$587,891.23</b>	

**MEMORANDUM**  
**For Meeting of November 17, 2009**

4E

**TO:** Mayor and Councilmembers  
**THROUGH:** Steve Worthington  
**FROM:** Russ Blount  
**SUBJECT:** Study Session – Public Works Construction Project Update and Funding Options

**REPORT IN BRIEF:** Fife responded to the economic downturn by deferring several street projects to focus local funding on its top priority construction of improvements to 70<sup>th</sup> and Valley Avenues. Now that phase 1 of that corridor is under contract and under construction it is appropriate to review funding available for phase 2 and other projects.

**BACKGROUND:** In December, 2006, through Ordinance 1617, the City Council authorized a \$7 million general obligation bond sale as the first part of a \$40 million construction program, to begin in 2007 and extend through the next four years. Budgeting for this program relied on receipt and use of \$2,000,000 per year of general fund revenue and receipt of additional funds from Washington State or other partners.

Almost immediately thereafter, the US economy began to slow, and that slow-down was reflected in a reduction in Fife's sales tax receipts. Fife's general fund revenue has never since reached 2006 levels. By 2007, similar drops in Washington State's revenues had forced the state to cut street projects from those eligible for Public Works Trust Fund assistance, and in 2008 Washington State's Transportation Improvement Board not only announced that they would not fund additional projects in 2009 but canceled previous commitments to funding such projects as Fife's 34<sup>th</sup> Avenue and 20<sup>th</sup> Street.

The City Council adopted a 2009 budget that omitted Fife's annual street preservation program and devoted all street funds to either its top priority Valley Avenue reconstruction or its wholly-federally-funded Port of Tacoma Road Interchange reconfiguration design.

**ATTACHMENTS:** City of Fife 5-Year Construction Budget (Revised 2009), as in Fife's draft 2010 budget.

**DISCUSSION:** Because of the lengthy process necessary to develop a balanced budget for distribution, public hearings, and adoption, the attached budget does NOT reflect the cost savings realized through competitive bidding among contractors who proved to be as hungry for work as Fife was for cost savings.

**FISCAL IMPACT:** Competitive bidding led to the substantial improvements on the draft budget. Even with contract numbers increased by 10 percent for contingency, substantial funds remain after this phase.

Description	Draft	Contract	Contract +10% or Estimate	Difference
Construction	\$15,140,000	\$9,941,500	\$10,935,650	\$4,204,350
Construction Mgmt/DEA	\$1,610,000	\$1,211,000	\$1,332,100	\$277,900
Construction Mgmt/City			\$150,000	(\$150,000)
Jo Demo/Cleanup/Revision			\$300,000	(\$300,000)
<b>Total</b>	<b>\$16,750,000</b>	<b>\$11,152,500</b>	<b>\$12,271,649</b>	<b>\$4,032,250</b>

**ALTERNATIVE COURSES OF ACTION:**

1. Roll savings forward to 70<sup>th</sup> Avenue, Phase 2 of the 70<sup>th</sup> and Valley Corridor.
2. Direct savings towards other projects.

**RECOMMENDATIONS:** Roll savings forward to 70<sup>th</sup> Avenue, Phase 2 of the 70<sup>th</sup> and Valley Corridor.

**SUGGESTED MOTION:** Not applicable.

  
Russ Blount

Public Works Director

Printed 6:01 PM November 10, 2009

  
Approved for Agenda Steve Worthington  
City Manager



DAVID EVANS  
AND ASSOCIATES INC.

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## MEMORANDUM

**DATE:** April 12, 2010  
**TO:** Mr. Russ Blount, P.E.  
Public Works Director  
3725 Pacific Highway East  
Fife, WA 98424  
**FROM:** Al Tebaldi  
**SUBJECT:** Supplemental budget request  
**PROJECT:** 70<sup>th</sup> Avenue East /Valley Avenue East Corridor Study Construction Administration  
**PROJECT NO:** FIFE0000-0164  
**COPIES:** File

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As we discussed, David Evans and Associates respectfully requests a budget supplement for our Construction Administration contract for unanticipated additional costs. Attached is a spreadsheet detailing our supplement request. Following is a summary of the basis for the request.

### Change Orders

Although minor change orders were anticipated in our original budget, there have been several change orders requiring an extraordinary amount of field work and redesign. Those change orders and associated costs are outlined below:

Change Order #11 – This change order required redesign of the storm detention system in 70<sup>th</sup> Avenue East. The redesign was suggested by the Contractor to simplify construction and reduce the impact to existing water supply lines. The redesign and associated work conducted by DEA totaled \$18,583.

Change Order #12 – This change order required additional survey work, utility conflict analysis and utility redesign as a result of a Qwest duct bank that was not properly located on utility as-built plans during our original design. This additional work by DEA totaled \$21,845.

Change Order #13 – This change order required additional design work to remove existing water valves in the intersection of 70<sup>th</sup> Avenue East/Valley Avenue East and replace them with newer valves. This additional work by DEA totaled \$2,489.

Change Order #14 – This change order is associated with change order #12 and required redesign of retaining wall V-11 due to the close proximity of the Qwest duct bank. This additional work by DEA totaled \$3,559.

**Additional Working Days**

Our original contract was based on us providing services for 250 working days. This allowed for 20 additional days, beyond the 230 construction contract working days, for project setup and project closeout. However, the construction contract is currently projected to extend 37 additional working days. 15 working days are attributed to a contract extension granted to the contractor with Change Order #12. 22 working days are associated with additional working days granted to the contractor due to weather related non-working days. DEA's average charge per working day is \$4,844, resulting in a total contract supplement request of \$179,228 for the 37 working days.

Based on the foregoing, we respectfully request a budget supplement totaling \$225,704 for the unanticipated change order work and for the projected increase in contract working days. Please let me know if you need additional information in support of our request.

DESCRIPTION	AMOUNT
Initial Contract	\$1,211,000.00
Supplement #14 – realignment of Valley Avenue	\$96,145.00
Current Contract	\$1,307,145.00
Change Orders #11-14	\$46,476.00
Increased Working Days (37 days)	\$179,228.00
<b>TOTAL ESTIMATE TO COMPLETE</b>	<b>\$1,532,849.00</b>

**MEMORANDUM**  
**For Meeting of April 20, 2010**

TO: Mayor and Councilmembers  
 THROUGH: Steve Worthington  
 FROM: Russ Blount  
 SUBJECT: **Study Session** – Construction Project Cash Flow  
 70<sup>th</sup> Ave, 48<sup>th</sup> St, Freeman Rd, & Holt Well

**REPORT IN BRIEF:** Discuss project funding status and the need to obtain additional financing, likely in the form of Bond Anticipation Notes (BANs).

**BACKGROUND:** The Fife City Council authorized three Local Improvement Districts (LIDs) initiated in 2008; and authorized a water plan and rates, well drilling and testing, and engineering for a new water supply well of approximately 1,000 gallons per minute, known as the Holt Well.

LID 2008-01, for extension of water and sewer lines east along Valley Avenue, from 70<sup>th</sup> Avenue is under contract and much of the work is complete. LID 2008-02, for extension of sanitary sewer along 70<sup>th</sup> Avenue south from 43<sup>rd</sup> Street to 48<sup>th</sup> and then east along 48<sup>th</sup>; water main along 48<sup>th</sup>; and associated storm drainage and street work is almost ready for bid and all critical right-of-way and easements have been obtained. LID 2008-03, for improvements to Freeman Road, has had design carried forward to 30 percent, preliminary right-of-way plans prepared, cost estimates made, value engineering accomplished, and a funding program developed. The Holt well has been completed to a depth just over 1,000 feet and final pre-construction flow testing will be completed between the writing of this memo and the study session at which it is discussed.

Initial work on these projects was funded by loans from the Street and Utility Construction Funds, and other reserves, to the Districts. Those reserves have been depleted and will need to be replenished in order to pay for the remainder of the Valley Avenue street construction, being built concurrently with LID 2008-01, and to pay Fife's local share of the 70<sup>th</sup> Avenue project.

**ATTACHMENTS:** Multi-project funding spreadsheet prepared by the Finance Department.

**DISCUSSION:** The Local Improvement Districts will collectively assess the participating property owners approximately \$25 million. Final assessments will not be set until after construction is complete. Once the Holt Well is complete, water rate revenue and capital improvement charges for flows from the well will be available to repay funds borrowed for its completion. Meanwhile, BANs can be used.

**FISCAL IMPACT:** Approximately \$9 million of BANs will be required in 2010.

**ALTERNATIVE COURSES OF ACTION:**

1. Direct staff to prepare a \$9 million BANs package for further consideration by the Council.
2. Revise the construction program and then direct staff to prepare BANs for the revised program.
3. Ask for additional information before setting the size of the BANs.

**RECOMMENDATIONS:** Direct staff to prepare a \$9 million BANs package for further consideration by the Council.

**SUGGESTED MOTION:** None required.



Russ Blount  
 Public Works Director



Approved for Agenda Steve Worthington  
 City Manager