



REPORT TO: STILLWATER UTILITIES AUTHORITY

MEETING DATE: SEPTEMBER 21, 2020

<p>Agenda Item:</p>	<p>5a. SUA-20-33</p>
<p>Prior Council Action/Related Items:</p>	<p>Rural Water District 1 Transfer Agreement</p>
<p>Background / Issue:</p>	<ul style="list-style-type: none"> • The City accepts applications for water service in Rural Water District #1 (RWD1) service area. • Oklahoma Department of Environmental Quality (ODEQ) regulations require that 25 pounds per square inch (psi) must be maintained in drinking water systems at all times, including peak demand. • The pressure in part of RWD1 is frequently lower than the ODEQ minimum of 25 psi. • Staff has determined that additional service connections would cause the system to operate at even lower pressures. • The effect of any one service connection on the service area is small, but the cumulative effect of numerous service connections is significant. • Improvement projects have been identified that will raise pressure in RWD1 above the ODEQ minimum; however, a timeline for completion is not yet estimated.
<p>Proposal/Solution:</p>	<ul style="list-style-type: none"> • Staff identified a potential system improvement that will allow up to 20 additional meters to be connected for service in the RWD1 service area. • Typically, developers are responsible for any improvements needed to support their development. • In this case, there is not a specific area of RWD1 that the improvement project will support. The project allows meters currently requested and a limited number of meters in the future to be set into service. • This solution allows some new customers to connect to the system and share the cost of the

improvement needed to support those new customers.

- The solution involves making improvements to the water system and implementing a method for recovering costs from new customers when they connect.

Cost Recovery Program

- To recover the cost of the needed system improvement, the construction cost of the improvements would be applied as a surcharge in the rate structure to the next 20 domestic sized ($\frac{3}{4}$ -inch and 1-inch) service connections, or their commercial equivalent.
- At the current rate of new meter applications in RWD1, it is projected that project costs would be fully recovered in approximately 5 years.
- All water meter requests will continue to be reviewed to verify whether the system can support the requested service.
- If the system cannot support service at the location requested, the applicant will be required to develop their own improvements to offset the impact of their development in accordance with current practice.
- A resolution establishing a surcharge in the rate structure for the allowed additional 20 meters is recommended for adoption under the Resolutions portion of the SUA agenda.

System Improvement – Hunter’s Ridge Water Line Connection

- Better maintain water pressure where pressures are lowest. The Hunter’s Ridge water line connection would offset the impact of a maximum 20 new residential customers (or their commercial customer equivalent).
- Remove the need to flush the Hunter’s Ridge dead end water line, resulting in less operation and maintenance labor and less water used to maintain water quality.
- Provide a second feed to RWD1, reducing the number of customers out of service in the event of a water line break.

- Note that this improvement would offset the impact of additional service connections, but it will not improve pressures in RWD1 sufficiently to stay above the state minimum requirement of 25 psi at all times. Additional improvements are needed to fully address pressure in the system.

Staff developed plans and specifications and issued a request for quotes on July 16th, 2020. Three (3) quotes were received. They are summarized below, including the Engineer’s Estimate.

Contractor	Price	Price Less 5% Preference for Local Contractors
Danny Wick Excavating (local)	\$42,650.00	\$40,517.50
Marsau Enterprises, Inc.	\$49,275.00	\$49,275.00
Cimarron Construction	\$59,895.00	\$59,895.00
<i>Engineer's Estimate</i>	<i>\$64,579.00</i>	

Danny Wick Excavating, a local contractor, has been determined to have submitted the lowest responsible quote.

Financial Impact/Funding Source(s):

- The requested funding appropriation totals \$51,000, including construction (\$42,650), master meter (\$2,998), testing (\$426), other minor miscellaneous costs (\$1,087), and contingency (\$4,925).
- Necessary funds are available in the Water Fund.

Related Strategic Priority:

#4 Place and Mobility: To develop a strong sense of place that recognizes the interconnectedness of people, buildings and public systems (such as transportations, utilities and parks) that best serve the needs of the public.

Recommended Action/Motion:

Motion to authorize staff to move forward with the Hunter’s Ridge Water Line Connection project, award the project contract to Danny Wick Excavating in the amount of \$42,650, and approve the attached budget amendment authorizing expenditures not to exceed \$51,000.

Prepared By:

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Reviewed By:

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Submitted By:

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Attachment(s):

Rural Water District 1 Transfer Agreement
Water Capital Fund Budget Amendment