



City of Port Orchard Council Work Study Session

July 20, 2021

6:30 p.m.

Mayor:

Rob Putaansuu
Administrative Official

Councilmembers:

Bek Ashby (Mayor Pro-Tempore)
Finance Committee
Economic Development & Tourism Committee
Transportation Committee, **Chair**
KRCC/KRCC PlanPol-alt /KRCC TransPol
PSRC-alt/PSRC TransPOL-Alt/PRTPO

Shawn Cucciardi
Finance Committee
E/D & Tourism Committee, **Chair**
Kitsap Economic Development Alliance

Fred Chang
Economic Development & Tourism Committee
Land Use Committee

Jay Rosapepe
Utilities/Sewer Advisory Committee
Land Use Committee, **Chair**
Transportation Committee
Lodging Tax Advisory Committee, **Chair**
KRCC-alt

John Clauson
Finance Committee, **Chair**
Utilities/Sewer Advisory Committee
Kitsap Public Health District-alt

Cindy Lucarelli
Festival of Chimes & Lights Committee, **Chair**
Utilities/Sewer Advisory Committee, **Chair**
Kitsap Economic Development Alliance

Scott Diener
Land Use Committee
Transportation Committee

Department Directors:

Nicholas Bond, AICP
Development Director

Mark Dorsey, P.E.
Director of Public Works/City Engineer

Tim Drury
Municipal Court Judge

Noah Crocker, M.B.A.
Finance Director

Matt Brown
Police Chief

Brandy Rinearson, MMC, CPRO
City Clerk

Meeting Location:

Council Chambers, 3rd Floor
216 Prospect Street
Port Orchard, WA 98366

Contact us:

(360) 876-4407
cityhall@cityofportorchard.us

Public Remote access Link: <https://us02web.zoom.us/j/87530246935>

Zoom Webinar ID: 875 3024 6935

Zoom Call-In: 1 253 215 8782

CALL TO ORDER

Pledge of Allegiance

BUSINESS ITEM

1. Adoption of a Resolution Authorizing Temporary Amendment of City of Port Orchard Procurement Policies Pertaining to Change Order Authority for Contract No. 036-21 with ACI for the Sidney Avenue Sewer Repair Construction Project (Dorsey) **Page 2**

DISCUSSION ITEMS

1. Presentation: Beyond Net Zero Carbon (PSE, Mauer)
Estimated Time: 15 minutes
2. Water & Sewer Capital Facility Charges Exceptions (Crocker) **Page 6**
Estimated Time: 30 minutes
3. American Rescue Plan Act (Put aansuu) **Page 21**
Estimated Time: 15 minutes
4. Law Enforcement Legislative Updates (Archer/M. Brown)
Estimated Time: 30 minutes

Good of the Order



Agenda Staff Report

Agenda Item No.:	<u>Business Item 1</u>	Meeting Date:	<u>July 20, 2021</u>
Subject:	<u>Adoption of a Resolution Authorizing</u>	Prepared by:	<u>Mark Dorsey, P.E.</u>
	<u>Temporary Amendment of City of Port</u>		<u>Public Works Director</u>
	<u>Orchard Procurement Policies Pertaining</u>	Atty Routing No.:	<u>366922.0009 - PW</u>
	<u>to Change Order Authority for Contract</u>	Atty Review Date:	<u>July 16, 2021</u>
	<u>No. 036-21 with ACI for the Sidney Ave.</u>		
	<u>Sewer Repair Construction Project</u>		

Summary: By Resolution No. 042-20, the Port Orchard City Council adopted Procurement Policies and Procedures for the City’s procurement of goods and services to benefit the residents of Port Orchard. At Section 7.0, Change Orders, the City Council delegated signatory authority for Change Orders for large public works projects to the Department Director (with a maximum delegated authority of \$50,000) and to the Mayor (with a maximum delegated authority of \$100,000), so long as the particular Change Order did not exceed 10% of either the Council-authorized budget for the project or the original contract amount authorized by Council. For smaller projects, the 10% threshold can unintentionally lower the \$50,000 and \$100,000 caps, requiring staff to return to Council for certain Change Orders that are still under these caps.

On April 13, 2021, the Port Orchard City Council adopted Contract No. C036-21 with Active Construction, Inc. (ACI) for the Sidney Avenue Sewer Repair Construction Project (the “Project”) in the amount of \$358,358. On July 9, 2021, the City’s Public Works Department issued the Notice to Proceed for the Project to ACI. On July 13, 2021, and in compliance with the City’s current Procurement Policy, the Department Director executed Force Account Work Change Directives No. 1 thru No. 3 in the total estimated dollar amount of \$35,000, as this amount was within both the \$50K delegated authority (under \$50k and under 10% of the total Contract amount for the Project). Once this Work is performed and the actual dollar amounts are determined, Change Order No. 1 will then be executed by the Department Director, if it does not exceed \$35,836.

The Public Works Department has received a request by ACI for an additional \$10,000 in Force Account Work Change Directive for this Project, considering identified potential changes in conditions for the Project. This Project, and its timely completion, are imperative to the public health and safety. It is anticipated that future Change Orders may exceed the 10% cap set out in the policies and the \$50,000 or \$100,000 limit also set out in the policies. Returning to Council for approvals for this Project will result in increased costs and delay. Accordingly, the Public Works Department is requesting a limited waiver of the 10% cap for Change Orders for the life of this Project and an increase in the delegated authority. This will allow the Department Director to approve up to \$85,000 or the Mayor to approve up to \$135,000 in total Contract Change Order Authority without suspending the Work for needed Council approval.

Recommendation: Staff recommends adopting Resolution No. 048-21, temporarily amending Section 7 of the City's Procurement Policy to 1) remove the 10% cap and 2) increase the delegated authority to \$85K for the Department Director and \$135K for the Mayor on Change Orders for the Sidney Avenue Sewer Repair Construction Project.

Relationship to Comprehensive Plan: Chapter 7 - Utilities

Motion for Consideration: I move to adopt Resolution No. 048-21, temporarily amending Section 7 of the City's Procurement Policy to 1) remove the 10% cap and 2) increase the delegated authority to \$85K for the Department Director and \$135K for the Mayor on Change Orders for the Sidney Avenue Sewer Repair Construction Project.

Alternatives: Do not adopt.

Fiscal Impact: Funding provided within the 2021-2022 Biennial Budget. A budget amendment may be required.

Attachments: Resolution No. 048-21.

RESOLUTION NO. 048-21

A RESOLUTION OF THE CITY OF PORT ORCHARD, WASHINGTON, TEMPORARILY AMENDING SECTION 7 OF THE CITY OF PORT ORCHARD'S PROCUREMENT POLICIES FOR THE SIDNEY AVENUE SEWER REPAIR CONSTRUCTION PROJECT PERTAINING TO CHANGE ORDERS.

WHEREAS, in early 2021, the City Council authorized the Sidney Avenue Sewer Repair Construction Project to make time-sensitive repairs to the sewer infrastructure and sidewalk and pavement repairs from Dekalb to Kitsap; and

WHEREAS, in April 2021, the City Council authorized a contract with ACI Construction for the Project in the amount of \$358,358; and

WHEREAS, changes in conditions for the Project have led to additional Work and Change Orders for the Project, which are also time-sensitive and delaying the additional Work would cause increased Project costs and delayed completion; and

WHEREAS, by the City's Procurement Policies, adopted by Resolution No. 042-20, the City Council delegated signatory authority for Change Orders for large public works projects to the Department Director (with a maximum delegated authority of \$50,000) and to the Mayor (with a maximum delegated authority of \$100,000), so long as the particular Change Order did not exceed 10% of either the Council-authorized budget for the project or the original contract amount authorized by Council; and

WHEREAS, for smaller projects such as this Project, the 10% threshold can unintentionally lower the \$50,000 and \$100,000 caps, requiring staff to return to Council for certain Change Orders that are still under these caps; and

WHEREAS, staff requests the Council waive the 10% threshold, but not the \$50,000 and \$100,000 caps, for this Project to ensure the Project moves forward without delay and still consistent with the City Council's direction; and

WHEREAS, due to anticipated cost overruns, staff also requests an increase in the delegated authority to \$85,000 for the Department Director and \$135,000 for the Mayor, to avoid unnecessary delays in returning to Council for intermittent approvals; and

WHEREAS, the City Council finds that a temporary waiver is in the best interests of the City and its residents by avoiding unnecessary delays and associated cost increases for this critical Project; now, therefore

**THE CITY COUNCIL OF THE CITY OF PORT ORCHARD, WASHINGTON, HEREBY RESOLVES
AS FOLLOWS:**

THAT: It is the intent of the Port Orchard City Council that the recitals set forth above are hereby adopted and incorporated as findings in support of this Resolution.

THAT: The City Council modifies Section 7.0 of the City's Procurement Policies and Procedures for this Project for its duration as follows:

Upon recommendation of the department director, and demonstration that a Change Order is necessary and reasonable, the department director is authorized to approve any and all Change Orders that do not exceed \$85,000. The Mayor is authorized to approve any and all Change Orders that do not exceed \$135,000. A completed Change Order form, attached as Exhibit 6, must be filed with the contract.

THAT: The Resolution shall take full force and effect upon passage and signatures hereon and shall be automatically rescinded without further action of the City Council upon completion of the Sidney Avenue Sewer Repair Construction Project.

PASSED by the City Council of the City of Port Orchard, SIGNED by the Mayor and attested by the Clerk in authentication of such passage this 20th day of July 2021.

Robert Putaansuu, Mayor

ATTEST:

Brandy Rinearson, MMC, City Clerk



Water & Sewer Capital Facility Charges Exceptions Continued

07.20.2021

Water & Sewer Capital Facility Charge Discussion: Exceptions Continued

- Slide 3-5: POMC Capital Facility Charge Tables Proposals
- Slide 6-7: Policy Discussion-How do we calculate the ERU?
- Slide 8-14: Scenario's

Port Orchard Municipal Code

Current Capital Facility Charges:

Water Residential: Capital Facility Charges are paid based on **ERU's**

Water Commercial: Capital Facility Charges are paid based on **Meter Size Table**

Sewer Residential: Capital Facility Charges are paid based on **ERU's**

Sewer Commercial: Capital Facility Charges are paid based on **ERU's**

$\frac{3}{4}$ " = 1 ERU

Proposal Capital Facility Charges :

Water (Residential & Non-Residential): Capital Facility Charges are paid based on **ERU's**

Sewer (Residential & Non-Residential): Capital Facility Charges are paid based on **ERU's**

Current

Water and Sewer Capital Facility Charge

Water Capital Facilities Charge		Charge
RESIDENTIAL	Per ERU	\$11,571
NON-RESIDENTIAL	Per Meter Size	<u>Charge</u>
	¾" Meter	\$11,571
	1" Meter	\$19,324
	1-1/2" Meter	\$38,531
	2" Meter	\$61,673
	3" Meter	\$115,710
	4" Meter	\$192,889
	Irrigation	No Fee-Does not affect Fire flow
*Based on American Water Works Association meter Equivalency Factors		

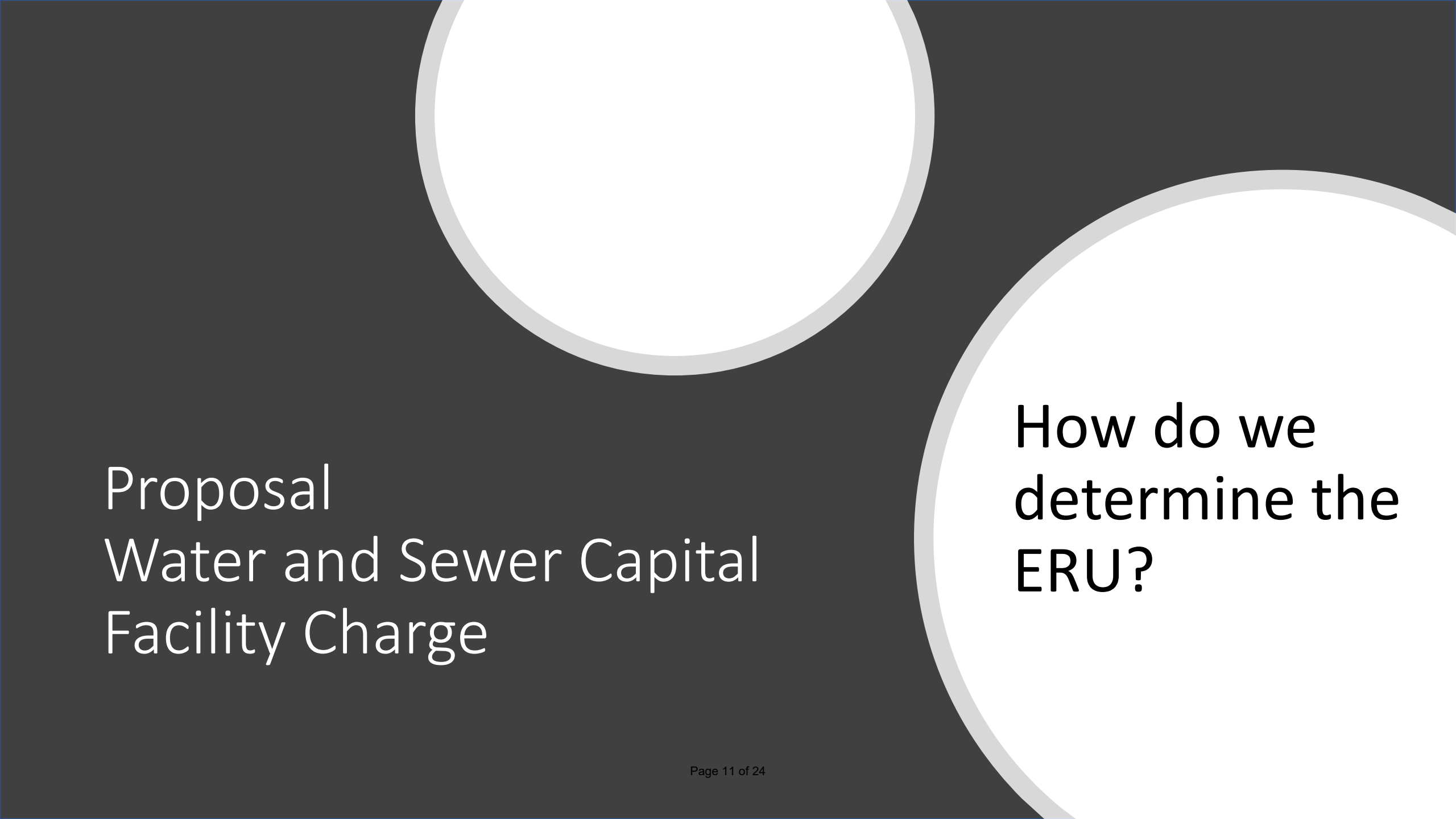
Sewer Capital Facilities Charge	Charge Per ERU	
General Facility Fee	\$8,525	\$12,122
Sewer Wastewater Treatment Facility Fee	~\$3,597	
McCormick Land Co. Div. 1-10 Per ERU	~\$881	

Proposal

Water and Sewer Capital Facility Charge

Water Capital Facilities Charge		Charge Per ERU
(RESIDENTIAL & NON-RESIDENTIAL)		\$11,571
	Irrigation	No Fee-Does not affect Fire flow

Sewer Capital Facilities Charge (RESIDENTIAL & NON-RESIDENTIAL)	Charge Per ERU	
General Facility Fee	\$8,525	\$12,122
Sewer Wastewater Treatment Facility Fee	~\$3,597	
McCormick Land Co. Div. 1-10 Per ERU	~\$881	



Proposal Water and Sewer Capital Facility Charge

How do we
determine the
ERU?

Proposal for Calculating the Water & Sewer ERU

Proposal

- Utilize current consumption data for the **most recent** 3-year utility billing period
 - Base the ERU count on the highest consecutive 12-month period over the previous 3 years
 - Total Consumption for the period divided by 180 gallons per day divided by 365 days
 - All ERU's are rounded up to the nearest whole ERU

What if no consumption data which meet the 3 period?

- Assume a minimum 1 ERU
- Calculation may exclude anomalies such as unusual high consumption levels due to water leaks and/or other extenuating circumstances
- Must maintain minimum bi-monthly fee consistent with city practices to be eligible

Scenarios Analysis Provided for in the POMC



High to Low use Consumption-Commercial



Low to High use Consumption-Commercial



Change in Use

Residential to Commercial (Office)

*Residential to Commercial
(Restaurant)*

*Commercial (Box Store) to
Residential (Apartments)*



Mixed Use

*Large Restaurant to Commercial
and Residential*

High to Low Use Consumption: Capital Facility Charges (Commercial to Commercial)

Large Restaurant to Office Space (4-unit suite)

Utility	Calculated Current	New Application	Net Impact	Credit	New Charge	Net Charge
Water	5 ERU's	4 ERU's	Reduce 1 ERU	(\$57,855)	\$46,284	(\$11,571)
Sewer	5 ERU's	4 ERU's	Reduce 1 ERU	(\$60,612)	\$48,490	(\$12,122)

Proposal:

- Everything is Charged and Credited on an ERU basis
- Water CFC Revenue: (\$11,571)
- Sewer CFC Revenue: (\$12,122)
- Per Code No Water and Sewer CFC Charge
- No Refunds

Low to High Use Consumption: **Capital Facility Charges** (Commercial to Commercial)

Office Space (2 unit) to Large Restaurant

Utility	Calculated Current	New Application	Net Impact	Credit	New Charge	Net Charge
Water	2 ERU's	4 ERU's	Increase 2 ERU's	(\$23,142)	\$46,284	\$23,142
Sewer	2 ERU's	4 ERU's	Increase 2 ERU's	(\$24,245)	\$48,490	\$24,245

Proposal:

- Everything is Charged and Credited on an ERU basis
- Water CFC Revenue: \$23,142
- Sewer CFC Revenue: \$24,245

Change in Use: Capital Facility Charges (Residential to Commercial)

Single Family Residential (3000 sq ft) to Office-1 unit

Utility	Calculated Current	New Application	Net Impact	Credit	New Charge	Net Charge
Water	1 ERU	1 ERU	No Change	(\$11,571)	\$11,571	\$-
Sewer	1 ERU	1 ERU	No Change	(\$12,122)	\$12,122	\$-

Proposal:

- Everything is Charged and Credited on an ERU basis
- Water CFC Revenue: \$-
- Sewer CFC Revenue: \$-
- No Refunds or Credits

Change in Use: Capital Facility Charges (Residential to Commercial)

Single Family Residential (3000sq ft) to Small Restaurant

Utility	Calculated Current	New Application	Net Impact	Credit	New Charge	Net Charge
Water	1 ERU	3 ERU's	Increase by 2 ERU's	(\$11,571)	\$34,713	\$23,142
Sewer	1 ERU	3 ERU's	Increase by 2 ERU's	(\$12,122)	\$36,367	\$24,244

Proposal:

- Everything is Charged and Credited on an ERU basis
- Water CFC Revenue: \$23,142
- Sewer CFC Revenue: \$24,244
- No Refunds

Change in Use: Capital Facility Charges (Commercial to Residential)

Large Box Store to Apartments

Utility	Calculated Current	New Application	Net Impact	Credit	New Charge	Net Charge
Water	2 ERU	20 ERU's	Increase by 18 ERU's	(\$23,142)	\$231,420	\$208,278
Sewer	2 ERU	20 ERU's	Increase by 18 ERU's	(\$24,245)	\$242,447	\$218, 203

Proposal:

- Everything is Charged and Credited on an ERU basis
- Water CFC Revenue: \$208,278
- Sewer CFC Revenue: \$218,203
- No Refunds

Mixed Use: Capital Facility Charges

Commercial to Commercial & Residential

Large Restaurant to Espresso Bar & 40 Unit Apartments

Utility	Calculated Current	New Application	Net Impact	Credit	New Charge	Net Charge
Water	4 ERU	1 ERU 40 ERU's	Increase by 37 ERU's	(\$46,284)	\$11,571 \$462,840	\$428,127
Sewer	4 ERU	1 ERU 40 ERU's	Increase by 37 ERU's	(\$48,490)	\$12,122 \$484,895	\$448,528

Proposal:

- Everything is Charged and Credited on an ERU basis
- Water CFC Revenue: \$428,127
- Sewer CFC Revenue: \$448,528
- No Refunds

Discussion



American Rescue Plan Act

Below are the high points that I thought would be relevant to Port Orchard for the deployment of our \$2.8M in ARPA funds. These funds will be come in two equal disbursements, one now and one next year.

Capital funds must be spent by 2026. Program funds must be spent by 2024.

Economic Harm – Aid to Households, Businesses and Non-Profits

Local Fiscal Recovery – Households – Utility Assistance

Business Recovery – Utility Assistance

Local Fiscal Recovery – Not an option for Port Orchard, lost Revenue does not include utility accounts.

Water & Sewer infrastructure – Projects must be eligible to receive financial assistance through the **EPA's Clean Water State Revolving Fund or Drinking Water State Revolving Fund**.

- Protect waterbodies from pollution.

- Improve drinking water infrastructure.

- Consolidation of drinking water systems – **Old Clifton Intertie**

- Cyber Security needs to protect water & sewer systems.

Unallowed uses – Payment of loans, replenishing reserves, and non-federal grant matches.

Reporting requirements

Records must be retained for 5 years after the last expenditure.

Quarterly reports due 30 days after the end of the quarter

Annual report as of July 31st due Aug 31st

Utility Ratepayer Protection – Separate \$500M grant process. **We're looking into this program.**

Our Funding - \$1.4M in 2021 & \$1.4M in 2022

Best Options for Port Orchard – Well 11 Construction, Marina Pumpstation, Old Clifton intertie & booster pump station and/or a utility grant program for consumers and businesses.

Recommendation – Design the Old Clifton intertie & booster pump station estimated cost \$500K. After the design is complete and as we learn more about other utility assistance programs, we should reevaluate our options for next steps.

Future funding – Cost overruns on the Marina Pump Station or Well 11, Old Clifton Intertie construction and/or a utility grant program.

Kitsap County has \$53M to deploy. Based on our conversation with the County they are looking to deploy most of their funding to human services and economic recovery. Looking to spending these dollars externally of Kitsap County needs and operations.

AMERICAN RECOVERY PLAN ACT (ARPA)

FUNDING CATEGORIES – **DRAFT**

Capital Projects	COVID-Related County Impacts	Public Health Response	Disproportionately Impacted Communities	Broadband Expansion	Business Recovery	Residential Assistance and Homelessness	Mental Health and Substance Abuse Services
Projects	Projects	Projects	Projects	Projects	Projects	Projects	Projects
Ventilation/UV Systems (Jail, etc.)	Court System Backlog	COVID Testing	Summer Youth Programs	Unserved and Underserved Areas	Grants (Business and Non-Profits)	Mortgage	School Counseling Services
Courthouse Entrance	Emergency Leave	Contact Tracing	Improved Access to Social Services	Expand to Rural Areas – Business and Residents	Technical Assistance	Rent	Aging Assistance
Office Lobbies (Spacing, etc.)	Cleaning Services	Vaccination Centers	Afterschool Programs	Upgrades to Urban Areas	PPE	Utilities (water, power, sewer)	Youth Services
Staging Warehouse Improvements	Remote Court Services	Enforcement of Public Health Measures	BIPOC Support Emphasis	WiFi Hotspots	Tourism Marketing	Homeless Shelters	Field Response Units (DCRs)
Affordable Housing Purchase or Development	Technology for Remote Work and Cybersecurity	PPE	Improved Access to County Services		Restaurant Support	Homeless and Social Services	
Wastewater and Stormwater Facilities	Administrative Expenses		Childcare Services (subsidies, programs, etc.)		Workforce Development	Food	
	Restoration of Staffing Levels (Jan 2020)					Eviction Support Services	
Partners	Partners	Partners	Partners	Partners	Partners	Partners	Partners
County Departments and Offices	County Departments and Offices	Health, DEM, Fire Districts	Schools, Libraries, YMCA, Marvin Williams, Youth Service. KCR, DSHS	KPUD, NoaNet	KEDA, SBDC, Chambers, VKP	KCR, HSC, Salvation Army, Utility Purveyors, DRC, WSU Extension, FM	OESD, School Districts, YMCA, Aging, CHI
Current Funding	Current Funding	Current Funding	Current Funding	Current Funding	Current Funding	Current Funding	Current Funding
No	No	Yes	No	No	Yes	Yes	No

		KPHD 12/31/21			PPP, EIDL Until Expended	Rent, Utility, Food Homelessness 12/31/21	
Capital Projects	COVID-Related County Impacts	Public Health Response	Disproportionately Impacted Communities	Broadband Expansion	Business Recovery	Residential Assistance and Homelessness	Mental Health and Substance Abuse Services
Other ARPA	Other ARPA	Other ARPA	Other ARPA	Other ARPA	Other ARPA	Other ARPA	Other ARPA
Yes Capital Projects Fund	No	No	Yes Food, Technical Assistance	Yes	Yes PPP, EIDL	PSE Electricity Low-Income Rent and Utilities	Yes State Funding