

City Council Regular Meeting

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Meeting Date: 08/05/2019
Recommended by: Steve Hardesty, Community Services Director
Prepared by: Steve Hardesty, Community Services Director
Finance Director Review: Celina Morris
City Attorney Review: Brett Wallace
Approved by: Larry Rains **Date Submitted:** 04/29/2019
Type of Action Requested: Ordinance

SUBJECT:

This topic focuses on a proposal for the Evergreen irrigation system.

RECOMMENDATION:

Staff recommends the Mayor and City Council authorize the City Manager authority to refund each customer within the Evergreen irrigation system \$1,019. The only eligible customers for the refund would be customers who paid the assessment fee of \$1,019 during the 2014 repairs to the pump. The City will continue to operate the Evergreen Irrigation system with the current well, current pump and current flow of water until June 30, 2020 or if the system fails, whichever comes first. At that point, the system will be discontinued. With this refund, the City agrees to operate the system with no further capital repairs to the system.

DISCUSSION:

As previously discussed in several Study Sessions and information presented to the City Council, the Evergreen irrigation system is nearing the end of its useful life. The current well and pump system produce approximately 100 gallons per minute.

The well was originally drilled in the 1920s. The system at that time operated with open ditches and a turbine pump located on top of a 500 foot well. The City purchased the well in 1946. The underground delivery system was built beginning in the 1960s. In 1982 the well was registered with the Arizona Department of Water Resources. In 1986, the pump needed significant repairs. The City Council at that time voted with Ordinance #1099 to charge capital costs to the users and begin an hourly rate for the delivery of water. Large repairs were made to the system in 1991, 1994, 2003, and 2014. The repairs in 2014 were made after consultation with the users concerning the repairs and after public input and opportunity to be heard, the City, through Ordinance #645.16.1, agreed to assess the users for up to 1/2 the cost of that repair (based on the number of active users at that time.) Each user at that time was charged \$1,019 for the assessment and users were given the

opportunity to avoid the assessment by opting out of receiving services from the system.

In the 1980s there were approximately 50 users of the system. In 2014, the number of users dropped to 26. 22 customers agreed to pay the \$1,019 assessment to continue as users. There are currently 9 active users in the system. In previous staff presentations, staff believed there were as many as 14 users of the system, but on July 1, 2019, staff checked into current users during 2019 and found only 9 active users of the system.

Staff has held a public meeting and two Study Sessions to discuss this topic with the citizens and the City Council. The decision to offer a refund and subsequently operate the system until it fails represents a path to continue the current irrigation water service to the dwindling number of customers without investing significant additional public funds and gives the existing users of the system as much time as notice as is practicable to seek alternative means of providing water to their property (if desired) for irrigation purposes. Arizona Water is the domestic water provider authorized to provide service to these properties.

If Council approves the Ordinance, the City will agree to continue to operate the Evergreen Irrigation system with the current well, current pump and current flow of water until June 30, 2020; provided, however, that if the system should have a major failure during this time period, no repairs would be made to the system. No later than July 1, 2020 the system will be discontinued. With this refund, the City would operate the system with no further capital repairs to the system.

As noted in the previous public meetings, the cost of making major improvements to the system are prohibitive. Staff has reached out to several well drilling companies and received quotes on replacing the well and pump system. The costs of drilling a new well range from \$394,893 to \$592,408 depending upon the specifications desired. This includes the cost of drilling the well and adding a new turbine pump assembly. This is assuming that the well could be drilled upon the current location, however there are several other potential issues at the current location based on the size of the lot and proximity to houses. Any new well drilled would have to be permitted by the Arizona Department of Water Resources. Public works has estimated the costs for new underground pipes to the delivery system at an additional \$480,000 to \$770,000 depending upon exact locations of pipe and construction methods necessary for installation.

Under the provisions of the 1986 Ordinance, if Council assessed only the active users of the property, each property would need to be assessed between approximately \$97,000 and \$155,000 depending on the final cost of repairs to the system in order to drill a new well and upgrade the delivery system.

FISCAL IMPACT:

Based on the number of individuals paying the 2014 assessment, the maximum cost of the refund will be \$22,418.

This chart represents the revenues and expenses over the last three fiscal years for the Evergreen Irrigation system.

	Revenue	Expenses	City Subsidy
2016	\$8,514	\$19,976	\$11,462
2017	\$10,654	\$26,852	\$16,198
2018	\$13,318	\$26,507	\$13,190
2019	\$5,356	\$22,422	\$17,066

Note: 2019 figures are year-to-date.

ALTERNATIVES:

Staff has developed an alternative to discontinuing the Evergreen Irrigation system.

1. Authorize the City Manager an allocation not to exceed \$1.4 million to completely rebuild the Evergreen Irrigation system. This would include \$592,000 to drill a new well, \$770,000 for a new delivery system, and \$38,000 for contingency.
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