



Authorize the creation of a new water project - "Sleepy Hollow Waterline" in the FY 2020-21 Water Non-Assessed Construction Fund 255, funded with utility rates.

## **SUMMARY:**

Creating the project will authorize the design and construction work needed to connect 41 homes to the City water system at an estimated cost of \$1,120,000. The project is scheduled to be completed by this fall.

The Sleepy Hollow Water System (Sleepy Hollow) is an independent community water system located within the Salem city limits. Sleepy Hollow serves 41 homes with drinking water from a community well. Since 2012, the system has been experiencing elevated arsenic levels. Sixteen of the 27 samples collected over the past eight years have exceeded the federal maximum contaminant level (MCL) for arsenic. In early 2020, Sleepy Hollow customers voted to connect to the City water systems and become customers of the City.

## **FACTS AND FINDINGS:**

The existing Sleepy Hollow system will be upgraded to City design standards for water distribution and the system connected to an existing City waterline. The project consists of replacing existing 2-inch and 4-inch PVC pipe with approximately 2,500 feet of City standard 4-inch and 8-inch ductile iron pipe, adding new fire hydrants, setting water meters, and transferring service at each home as shown in Attachment No. 1. After construction is complete, the new water distribution system will become the property of the City and all the residents of Sleepy Hollow will become customers of the City.

The City's estimated total project cost for planning, design, and construction of improvements for the Sleepy Hollow Water System is \$1,120,000. The project will be funded initially with utility rates in the FY 2020-21 Water Non-Assessed Construction Fund 255. There is sufficient budget and expenditure authority in the Water Non-Assessed fund for this project.

On October 26, 2020, City Council authorized an application to the Oregon Health Authority's Safe Drinking Water Revolving Loan Fund to help fund the waterline project. The City Manager received an award letter April 6 notifying the City of the funding award (see Attachment 2). The project has been deemed eligible for 50-percent principal forgiveness up to a maximum of \$500,000. The funds will be used to reimburse the Utility Fund upon receipt.

## **BACKGROUND:**

In 2017, Sleepy Hollow entered into a Bilateral Compliance Agreement (BCA) with the OHA to reduce arsenic levels to below the federal MCL by January 2022. Engineering studies conducted by Sleepy Hollow have concluded that it is cost-prohibitive to treat the water or to drill another well. Accordingly, to comply with the BCA, Sleepy Hollow customers have voted to connect to the City's water system and discontinue the use of the community well for drinking water.

Sleepy Hollow is one of several small drinking water districts located within or immediately adjacent to the Salem city limits. Many of the districts are experiencing problems meeting federal drinking water standards.

Brian D. Martin, PE  
City Engineer

Attachment:

1. Project Location Map
2. April 6 Award Letter