



Staff Report

File #: 21-465

Version: 1

Date: 10/25/2021

Item #: 4.a.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Peter Fernandez, PE, Public Works Director

SUBJECT:

Public hearing to consider the Sleepy Hollow Phase I Water System improvements.

Ward(s): Ward 6

Councilor(s): Councilor Hoy

Neighborhood(s): ELNA

Result Area(s): Safe, Reliable, and Efficient Infrastructure

SUMMARY:

The private Sleepy Hollow Water System has elevated levels of arsenic. Working with the homeowners, an agreement has been reached for the residents to disconnect from the existing Water System and connect to City water.

ISSUE:

Shall the City Council authorize staff to begin project activities to disconnect homeowners from the Sleepy Hollow Phase I Water System and provide connection to the City's water system, consistent with the plans for the project?

RECOMMENDATION:

Authorize staff to begin project activities to disconnect homeowners from the Sleepy Hollow Phase I Water System and provide connection to the City's water system, consistent with the plans for the project.

FACTS AND FINDINGS:

A majority of homeowners within the Sleepy Hollow Phase I Water System have voted to connect to the City's water system.

A portion of the cost of the new infrastructure is to be paid by each Sleepy Hollow property owner, who will be assessed under the procedures of *Salem Revised Code* (SRC) Chapter 21. The assessment amount is \$5,000 per property to upgrade the existing water distribution system to City standards and to connect the system to the City's water system.

SRC Chapter 21 allows Council to initiate consideration of improvements subject to SRC Chapter 21, and after an initial public hearing, authorize the commencement of an improvement project with all or part of the cost of constructing the improvement to be assessed to the owners of property that will be specially benefited by the improvements.

Sleepy Hollow Phase I Water System is currently under a Bilateral Compliance Agreement (BCA) with the State of Oregon Drinking Water Services to address elevated arsenic levels in their drinking water originating from a ground water well that serves the water system.

The City has received a loan for \$1,132,810 from the State of Oregon's Safe Drinking Water Revolving Loan Fund for the construction of the project. Upon completion of the project, \$530,000 of the loan amount is forgivable.

The estimated project cost is \$1,132,810. Of that amount, the 45 properties will contribute \$225,000, the State of Oregon through the forgivable portion of the loan will contribute \$530,000, and the City will contribute \$377,810.

The City's Water/Wastewater Task Force adopted a policy to subsidize the cost of connecting homes that are served by distressed private water systems and assess those homeowners benefitting from the connection a maximum of \$5,000 as a fair share of the project costs. The assessment is intended to cover the Water System Development Charges for the connection as would be required with any new connection to the water system.

If City Council adopts the staff recommendation, construction of the improvements will be commenced. Pursuant to SRC 21.015(c), upon completion of the project and certification of the costs, individual notice will be provided to each homeowner of the homeowner's assessed costs (\$5,000) and a second public hearing will be provided, at which time City Council will consider passage of an ordinance imposing the assessments on the individual property owners. At the hearing, Council may consider objections to the assessment.

Council approved a motion to begin consideration of the project at the October 11, 2021, City Council meeting. Notice of this hearing was published in the Stateman Journal.

BACKGROUND:

The Sleepy Hollow Phase I Water System operates as an independent small community water system within the boundary of the City of Salem. The system serves 114 residents through connections to 44 homes and a community center. The system is supplied from a community well through a distribution system consisting of 4-inch and 2-inch PVC water lines. The residents are current City

utility customers for wastewater and stormwater services.

The system has been experiencing elevated arsenic levels in water samples collected from the well since 2012. From 2012 to March 2020, 16 of 27 samples for arsenic have exceeded the federal maximum contaminant level (MCL) for arsenic. In 2014, Sleepy Hollow entered into a Bilateral Compliance Agreement (BCA) with the Oregon Health Authority Drinking Water Services (DWS) to address the MCL exceedances and develop a plan to bring the system into compliance. However, the BCA was cancelled by DWS in February 2015 for inaction of the system to pursue the steps outlined in the BCA.

Another violation notice for arsenic was issued to Sleepy Hollow in July 2017. At that time, Sleepy Hollow approached the City on the possibility of converting their system to City water. Representatives of Sleepy Hollow were presented with the options recommended and adopted by the Water/Wastewater Task Force in the 2016 white paper "*Using Utility Funds to Subsidize Connecting Distressed Water Systems to City Water.*" However, Sleepy Hollow members voted to continue the use of the current well and water system and develop a plan to abate the arsenic. Sleepy Hollow subsequently entered another BCA with DWS to address the arsenic contamination.

As part of the BCA, Sleepy Hollow contracted with HBH Consulting Engineers to conduct an evaluation of water supply and treatment options for the system. HBH presented three options: (1) connect to the City water systems and become customers of the City; (2) establish a bulk water connection with the City and become a wholesale customer; or (3) install a treatment system for arsenic and stay independent of the City. Members voted in October 2019 to pursue Option 1, connect and become customers of the City.

Robert D. Chandler, PhD, PE
Assistant Public Works Director

Attachments:

1. Sleepy Hollow Water System Vicinity Map
2. Sleepy Hollow Water System Final Plans
3. Sleepy Hollow Final Engineer's Estimate
4. Sleepy Hollow Request to Connect
5. White Paper - Distressed Water Systems