



CITY OF SALEM

585 Liberty St SE
Salem, OR 97301

Staff Report

File #: 22-387

Date: 9/12/2022

Version: 1

Item #: 3.3a.

TO: Mayor and City Council
THROUGH: Keith Stahley, City Manager
FROM: Peter Fernandez, PE, Public Works Director

SUBJECT:

Amendments to the Intergovernmental Agreement and the Purchase and Sale Agreement with the City of Turner for the Turner Permanent Booster Water Pump Station.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

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

SUMMARY:

In November 2021, an Intergovernmental Agreement (Attachment 1) and Purchase and Sale Agreement (Attachment 2) were executed with the City of Turner for a new water pump station to supply Turner's water system from Franzen Reservoir, and to transfer ownership of the pump station and real property to Turner upon completion of the project. Design and construction costs have escalated from an estimated cost of \$1 million to approximately \$1.5 million due to supply chain issues and inflationary impacts. Salem and Turner have agreed to generally split the unanticipated additional costs and to extend the completion dates with the attached amendments to the Intergovernmental Agreement and the Purchase and Sale Agreement.

ISSUE:

Shall Council authorize the City Manager to execute attached Amendment No. 1 to the Intergovernmental Agreement (Attachment 3) and attached Amendment No. 1 to the Purchase and Sale Agreement (Attachment 4) with the City of Turner relating to the construction of the new Turner Water Booster Pump Station.

RECOMMENDATION:

Authorize the City Manager to execute attached Amendment No. 1 to the Intergovernmental Agreement and attached Amendment No. 1 to the Purchase and Sale Agreement with the City of

Turner relating to the construction of the new Turner Water Booster Pump Station.

FACTS AND FINDINGS:

When the Turner water booster pump station project was planned in 2018, Salem and Turner staff estimated total project costs to be approximately \$1 million. Neither City or Turner staff contemplated costs would increase 50 percent, to \$1.5 million. Even though costs are higher than anticipated, the project still provides a significant benefit to the City of Salem water system.

Amendment No.1 to the Intergovernmental Agreement and Amendment No. 1 to the Purchase and Sale Agreement have been prepared to allocate the additional costs as well as extend the completion dates for the project.

Key highlights of the amendments are as follows:

- The amendments will increase the City of Salem funding allocated to this project from \$1,000,000 to \$1,250,000. The City of Turner will be responsible for all costs in excess of \$1,250,000.
- The amendments will extend the anticipated completion date for construction of the pump station from March 31, 2023, to March 31, 2024.

The additional funding of \$250,000 provided by the City will be funded with Utility Rate funds. There is sufficient budget and expenditure authority in the Water Rate fund .

BACKGROUND:

The City of Salem is the sole water supplier for the City of Turner. Currently the City of Turner's water distribution system is supplied from wholesale water meters along one of Salem's large transmission pipelines that delivers water from the Geren Island Water Treatment Facility in Stayton to Salem's water distribution system. Salem desires to supply Turner's water system from Salem's Franzen Reservoir, a 92-million-gallon reservoir located in Turner, for improved resiliency and operational flexibility of Salem's water treatment and transmission system. The new pump station will allow Salem to achieve this goal.

Brian D. Martin, PE
City Engineer

Attachments:

1. Original Intergovernmental Agreement
2. Original Purchase and Sale Agreement
3. Amendment No. 1 to the Intergovernmental Agreement
4. Amendment No. 1 to the Purchase and Sale Agreement