

AGENDA



Thursday, January 17, 2008

**Austin Water Utility
RECOMMENDATION FOR COUNCIL ACTION****Item No. 2**

Subject: Approve an ordinance authorizing negotiation and execution of a cost reimbursement agreement, related to Service Extension Request No. 2501, with WANDERING CREEK INVESTMENTS, L.P., providing terms and conditions for construction of 24 and 36-inch water mains and appurtenances to provide water service to the Wandering Creek Subdivision located south and west of Elroy Road and east of McAngus Road with City cost reimbursement in an amount not to exceed \$3,929,265; waiving the requirements of Section 25-9-61 and Section 25-9-63 of the City Code relating to the amount of cost reimbursement for eligible projects.

Amount and Source of Funding: Funding is available in the Fiscal Year 2007-2008 Capital Budget of the Austin Water Utility.

Fiscal Note: A fiscal note is attached.

Boards and Commission Action: Recommended by the Water and Wastewater Commission.

The Wandering Creek Subdivision is a proposed single-family development located on approximately 648 acres of land south and west of Elroy Road and east of McAngus Road (the "Property"), outside the full-purpose city limits. Wandering Creek Investments, (the "Developer") has submitted Service Extension Request 2501 requesting that the City provide water utility service to the Property which is within the Council approved Impact Fee Boundary, Utility Service Area, City of Austin Water Certificate of Convenience and Necessity (CCN) area and also within the Desired Development Zone and Dry Creek Watershed.

Under the proposed cost reimbursement agreement the Developer will construct (to serve the proposed development east of Dry Creek) approximately 1,050 feet of 36-inch water main from the existing 36-inch water main in Elroy Road at Ross Road, east along Elroy Road to McAngus Road and then continue east along Elroy Road for approximately 6,250 feet with a 24-inch water main (Elroy Road Water Main) to the main entrance of the proposed development. Applicant will also "loop" a 16-inch water main through the Property from the proposed Elroy Road Water Main to the 24-inch water main (McAngus Road Water Main) in the southern area of the proposed development west of Dry Creek. The proposed 16-inch "looped" water main can be constructed in phases to match the proposed development of the Property until 600 single-family connections have been made within the Subdivision, at which time the proposed "looped" water main must be completed. The 16-inch water main improvements are not reimbursable.

To serve the proposed development west of Dry Creek, the Developer must construct the 1,050 feet of 36-inch water main from the existing 36-inch water main in Elroy Road at Ross Road, east along Elroy Road to McAngus Road. The Developer must also construct approximately 5,700 feet of 24-inch water main (McAngus Road Water Main) from the proposed 36-inch water main in Elroy Road at McAngus Road, south along McAngus Road to the most southern area of the proposed development north of the tributary feeding into Dry Creek. The proposed McAngus Road Water Main must be extended to the main entrance of the proposed development "first phase" before any connections can be made and the remaining section of the McAngus Road Water Main to be constructed to the most southern area of the proposed development when the next phase of development takes place.

Based on the Utility's capacity analysis, adequate system capacity exists to meet the projected demands of the property to be served and the proposed 24 and 36-inch water mains will serve additional development east and south of the Property.

The City will reimburse the Developer for the actual construction costs of the 24-inch water mains and appurtenances constructed within public right-of-way or easements for a total not to exceed \$3,226,500.00. The Developer will bear all other costs for engineering, design, financing, interest, fiscal security, accounting, insurance, inspections, permitting, project management, easement acquisition and legal services associated with this construction.

The City will reimburse the Developer for the actual construction costs of the 36-inch water main and appurtenances constructed within public right-of-way or easements for a total not to exceed \$611,100.00, and the costs for engineering, design and project management of the 36-inch water main and appurtenances constructed within public right-of-way or easements for a total not to exceed 15% of the actual construction costs of the 36-inch water main and appurtenances up to a maximum of \$91,665.00, whichever is less, for a total not to exceed \$702,765.00. The Developer will bear all other costs for financing, interest, fiscal security, accounting, insurance, inspections, permitting, easement acquisition and legal services associated with this construction.

Because the City requested that the Developer construct water improvements beyond those needed only to serve the proposed development and the reimbursement amounts established in City Code Sections 25-9-61 are insufficient to reimburse the over-sizing requested, the Developer is requesting a waiver from City Ordinance requirements of:

1) Section 25-9-61 relating to the amount of cost reimbursement. Under this Section, the maximum amount of cost reimbursement for the 24-inch water main is computed by multiplying the capacity of the water main in LUEs by \$345.00 per LUE (24-inch water main has a capacity of 3,204 LUEs), resulting in a maximum reimbursement amount not to exceed \$1,105,380.00. The maximum reimbursement requirement under Section 25-9-61 does not consider the length of the proposed water main.

2) Section 25-9-63 relating to the amount of cost reimbursement. Under this Section, reimbursement may not exceed the maximum amount provided in Section 25-9-61 and the amount of cost reimbursement is only for the actual construction costs.

This action waives the requirements of Section 25-9-61 and Section 25-9-63, thereby allowing the reimbursement of the actual construction costs of the 24-inch water main and the costs for engineering, design and project management for the 36-inch water main up to a maximum of \$3,318,165.00.

The Developer will conform to the City of Austin design criteria and construction standards in all respects. The Developer will construct all required improvements at their cost and after approval of construction, the applicant will dedicate the facilities to the City for ownership, operation and maintenance.

The Developer agrees to allow the City to use the Plans and Specifications approved by the Director, to solicit and publish invitations for bids for the construction of the improvements following standard City bidding practices and procedures, including the minority-owned business enterprise procurement program found in Title 2, City Code, as amended, and Chapters 212 and 252, Texas Local Government Code, as amended.