

AGENDA



Thursday, May 21, 2009

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

Subject: Approve an ordinance authorizing negotiation and execution of a cost reimbursement agreement, with QUALICO CR, L.P., for construction of 16 and 24-inch water mains and appurtenances to provide water service to the proposed Sun Chase Subdivision located on the north and south side of Pearce Lane, west of Wolf Lane, south of Dry Creek and east of Navarro Creek Road with City cost reimbursement for an overall total amount not to exceed \$5,434,410; waiving the requirements of Section 25-9-61, Section 25-9-62, Section 25-9-63, and Section 25-9-67 of the City Code relating to cost reimbursement.

Amount and Source of Funding: Funding in the amount of \$5,434,410 is available in the Fiscal Year 2008-2009 Capital Budget of the Austin Water Utility.

Fiscal Note: A fiscal note is attached.

For More Information: Seyed Miri, P.E. 972-0202 and Denise Avery 972-0104

Boards and Commission Action: Recommended by the Water and Wastewater Commission. Related to Item #3.

The Sun Chase Subdivision is a proposed multi use development (single and multi-family, condominiums, office, retail and schools) located on approximately 1,604 acres of land on the north and south side of Pearce Lane, west of Wolf Lane, south of Dry Creek and east of Navarro Creek Road (the "Property"), outside the City's full-purpose city limits. Qualico CR, L.P., (the "Owner") has submitted Service Extension Request 2760 requesting that the City provide water utility service to the Property which is within the Council approved Impact Fee Boundary, Utility Service Area, the Desired Development Zone, and Dry Creek Watershed.

Phase One: The Owner will construct approximately 10,635 feet of oversized 16-inch water main (in-lieu-of constructing a 12-inch water main) from the existing 16-inch water main west of the subject tract on the north side of Pearce Lane east of the Meadows at Berdoll, Phase One, Section Three Subdivision, east along the right-of-way of Pearce Lane (existing 8-inch water main is to remain in service) to the proposed main north/south entrance to the proposed subdivision.

South Phase: The Owner will construct approximately 4,200 feet of oversized 16-inch water main (in-lieu-of constructing 12 and 8-inch water mains) from the Phase One Water Improvements at the main north/south entrance to the proposed subdivision, south along the proposed main north/south thoroughfare to a point near the southern property line of the Property.

North Phase: The Owner will construct approximately 1,000 feet of 24-inch water main from the Phase One Water Improvements at the main north/south entrance to the proposed subdivision, north along the proposed main north/south thoroughfare to the main east/west internal arterial street, then continue from this point north along the main north/south thoroughfare with an oversized 16-inch water main (in-lieu-of constructing 12-inch water main) for approximately 2,600 feet to a point near the termination of the main north/south thoroughfare. No individual water services can be taken from the proposed 24-inch water main.

East Phase: The Owner will construct approximately 13,250 feet of 24-inch water main from the North Phase 24-inch water main in the main north/south thoroughfare, east along the proposed main east/west internal arterial street to Wolf Lane. No individual water services can be taken from the proposed 24-inch water main.

The City will reimburse the Owner for the hard costs of the 16-inch water main and appurtenances constructed within public right-of-way or easements for a total not to exceed 25% of the actual construction costs ("hard costs") and 50% of the actual construction costs for approximately 1,610 feet of 16-inch water main up to a maximum of \$821,674, whichever is less, and the costs for engineering, design and project management of the 16-inch water main and appurtenances within public right-of-way or easements for a total not to exceed 15% of the 25% and 50% of the actual construction costs of the 16-inch water main and appurtenances up to a maximum of \$123,251, whichever is less, for a total not to exceed \$944,925. The Owner will bear all other costs for financing, interest, fiscal security, accounting, insurance, inspections, permitting, easement acquisition and legal services associated with this construction. The City will reimburse the Owner for the 4 and 8-inch increase in pipe diameter that brings the pipe diameter to a total of 16-inches. The 4-inches are 25% of the 16-inch pipe and the 8-inches are 50% of the 16-inch pipe.

The City will reimburse the Owner for the actual construction costs of the 24-inch water main and appurtenances constructed within public right-of-way or easements for a total not to exceed \$3,903,900, and the costs for engineering, design and project management of the 24-inch water main and appurtenances within public right-of-way or easements for a total not to exceed 15% of the actual construction costs of the 24-inch water main and appurtenances up to a maximum of \$585,585, whichever is less, for a total not to exceed \$4,489,485. The Owner 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 Owner will construct water improvements beyond those needed to serve only the proposed development, the Owner 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 24-inch water main in Living Unit Equivalents (LUEs) by \$345.00 per LUE (24-inch water main at peak hour has a capacity of 3,204 LUEs), resulting in a maximum reimbursement amount not to exceed \$1,105,380. This action waives the requirements of Section 25-9-61, thereby allowing the reimbursement of the actual construction costs of the 24-inch water main up to a maximum of \$3,903,900.
- 2) Section 25-9-62 relating to the amount of cost participation. Under this Section, the amount of cost participation for over-sizing the water main is computed by multiplying \$3.00 by each inch in diameter that the water main is oversized (12-inch water main to a 16-inch main and 8-inch water main to a 16-inch main), by the length of water main constructed within public right-of-way or easements which would result in a reimbursement amount not to exceed \$226,200. This action waives the requirements of Section 25-9-62, thereby allowing the reimbursement of 25% and 50% of the hard costs of the 16-inch water main up to a maximum of \$821,674.
- 3) Section 25-9-63 relating to the amount of cost reimbursement. Under this Section, reimbursement cannot exceed the amount established in 25-9-61 and 25-9-62, and the amount of cost reimbursement is only for the actual construction costs. This action waives the requirements of Section 25-9-63, thereby allowing the maximum reimbursement set by Section 25-9-61 and 25-9-62 to be exceeded and allowing for reimbursement of the costs for engineering, design and project management of the 24-inch water main up to a maximum of \$585,585, and \$123,251 for the 16-inch water main.
- 4) Section 25-9-67 relating to cost reimbursement payments. Under this Section, cost reimbursement payments are to be made in one (1) payment on March 1 of the second year following the year in which the water improvements are accepted. This action waives the requirements of Section 25-9-67, thereby allowing the cost reimbursement payment in one (1) payment 90-days after final acceptance of each phase of the 16 and 24-inch water mains as described.

The Owner will conform to the City of Austin design criteria and construction standards in all respects. The Owner 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 Owner agrees to meet the M/WBE utilization goals or demonstrate a good faith effort to meet the goals for consultants as established by Resolution 20071108-127, Third-Party Agreements.

The Owner also 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 of the City Code, as amended, and Chapters 212 and 252, Texas Local Government Code, as amended.