

AGENDA



Thursday, January 28, 2010

**Austin Water Utility
RECOMMENDATION FOR COUNCIL ACTION**
Item No. 4

Subject: Authorize the negotiation and execution of an amendment to the existing Cost Reimbursement Agreement with PIONEER AUSTIN DEVELOPMENT, LTD., to increase the amount of City cost reimbursement for the construction of a 16-inch water main and appurtenances in amount not to exceed 25% of the actual construction costs ("hard costs") or \$93,574.38 whichever is less, for a new maximum "hard" construction cost amount not to exceed \$818,574.38.

Amount and Source of Funding: Funding is available in the amount of \$93,574.38 in the Fiscal Year 2009-2010 Capital Budget of the Austin Water Utility.

Fiscal Note: A fiscal note is attached.

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

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

Prior Council Action: February 28, 2002 - Council approved Resolution No. 020228-56. July 28, 1998 - Council approved Resolution No. 980708-11.

Pioneer Austin Development, Ltd. is developing a mixed use development (single and multi-family, school and park) on 304 acres of land located east of Dessau Road and north of Walnut Creek (the "Property") inside the corporate limits of Austin. Pioneer Austin Development, Ltd., (the "Owner") previously submitted Service Extension Request Number 1825, requesting the extension of City water utility service to the Property, which is within the Desired Development Zone and the Walnut Creek Watershed. The City Council originally approved the negotiation and execution of a cost reimbursement agreement with the Developer, on July 28, 1998, with City cost reimbursement not to exceed \$725,000 for the actual hard construction costs for construction of a 24-inch water main to serve the Property and the area. Under the terms and conditions of the original Agreement, the Agreement expired on the second anniversary date. The City Council then reapproved cost reimbursement for the 24-inch water improvements on February 28, 2002. The 24-inch water improvements constructed to date have been completed in three phases. The first phase was started in 2003 and completed in 2004, second phase was started in 2004 and completed in 2005, and the third phase was started in late 2005 and accepted by the City on April 16, 2007. The City reimbursed the Owner for the 24-inch segment of the third phase on February 5, 2009.

During the design of the third phase, the City determined that a "looped" water system was needed. The construction plans approved for this phase included the 24-inch water main already approved for cost reimbursement plus approximately 3,380 linear feet of 16-inch water line. Prior to the public bidding of the third phase of the water improvements, the Owner requested cost participation for the 16-inch water improvements.

The Owner brought this request back to the Utility's attention in late 2008, prior to the scheduled reimbursed date for the Phase Three Water Improvements. The Owner and the Utility are now seeking approval for cost participation for the over-sizing of the 16-inch water main and appurtenances. The City has determined that a 12-inch water main could have provided the water supply needed for the "looped"

water system. The 16-inch water main will provide water service to a larger area south of Pioneer Crossing.

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") of the 16-inch water main up to a maximum of \$93,574.38, whichever is less per the payment schedule already approved under the existing Cost Reimbursement Agreement. The City will reimburse the Owner for the 4-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. With the reimbursement for the 16-inch water main, the City's maximum reimbursement for "hard" construction costs for the 24-inch and 16-inch water mains is not to exceed \$818,574.38.

The Owner 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 the construction of the 16-inch water main.