

AGENDA



Thursday, November 18, 2010

**Austin Water Utility
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 2

Subject: Authorize the negotiation and execution of a developer agreement with Land Accelerator, LLC to reimburse costs to construct oversized 24-inch and 36-inch water transmission mains and appurtenances related to Service Extension Request No. 2955 to provide water service to the Formula 1 United States Austin, Texas development located at 7700 Elroy Road for a total reimbursement not to exceed \$5,373,734.

Amount and Source of Funding: Funding is available in the Fiscal Year 2010-2011 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 with the requirement that the applicant complies with the Third Party Agreement, if applicable. Related to Item #3.

The Formula 1 United States Austin, Texas development, consisting of approximately 903 acres of land located south and west of Elroy Road, east of McAngus and north of FM 812 Road (the "Property") within the City of Austin's 2-mile and 5-mile extraterritorial jurisdictions, is proposed to include the facilities necessary for the Formula 1 race course, as well as ancillary development such as commercial retail, restaurant and hotel. Land Accelerator, LLC (the "OWNER") requested that the Austin Water Utility ("AWU") provide water utility service to the Property as proposed in Service Extension Request No. 2955. The Property is within the Council approved Impact Fee Boundary, Utility Service Area, City of Austin Water Certificate of Convenience and Necessity (CCN) area, the Desired Development Zone and the Dry Creek Watershed.

In accordance with Chapter 25-9 of the City Code, the City has asked the Owner to oversize the water lines in order to serve other properties in the area, as well as improving water pressure and fire flow for the area. In addition, AWU determined that the proposed oversized water improvements are necessary in accordance with City of Austin long range planning goals for this area.

Under the proposed agreement, the City will reimburse the Owner in accordance with the applicable provisions of Chapter 25-9 of the City Code for costs incurred to construct oversized water improvements. The proposed improvements include:

PHASE ONE:

- For Phase One, approximately 850 feet of oversized 36-inch water line from the existing 36-inch water line in Elroy Road at Ross Road, east along Elroy Road to McAngus Road and then approximately 6,450 feet of oversized 24-inch water line east along Elroy Road to the proposed main entrance of the Property; and

PHASE TWO:

- For Phase Two, approximately 9,850 feet of "looped" oversized 24-inch water line through the subject tract from the proposed Phase One 24-inch water line to the 8-inch water line in FM 812 RD south of the subject tract;

In accordance with Chapter 25-9 of the City Code, the City will reimburse the Owner for an overall total amount not to exceed \$5,373,734. The breakdown of cost reimbursement by project component is:

PHASE ONE:

- The City will reimburse the Owner for Phase One costs of the oversized 36-inch water transmission main and appurtenances up to an amount not to exceed \$507,078.00 consisting of: (1) up to \$440,938 towards the hard costs, and (2) for soft costs, an amount equal to 15% of the City's hard cost reimbursement not to exceed \$66,141.

- The City will reimburse the Owner for Phase One costs of the oversized 24-inch water transmission main and appurtenances up to an amount not to exceed \$2,317,969 consisting of: (1) up to \$2,015,625 towards the hard costs, and (2) for soft costs, an amount equal to 15% of the City's hard cost reimbursement not to exceed \$302,344.

- Total for Phase One: The City will reimburse the Owner for Phase One total costs up to an amount not to exceed \$2,825,047 consisting of: (1) up to \$2,456,563 towards the hard costs, and (2) for soft costs, an amount equal to 15% of the City's hard cost reimbursement not to exceed \$368,485.

PHASE TWO:

- The City will reimburse the Owner for Phase Two costs of the oversized 24-inch water transmission main and appurtenances up to an amount not to exceed \$2,548,688 consisting of: (1) up to \$2,216,250 towards the hard costs, and (2) for soft costs, an amount equal to 15% of the City's hard cost reimbursement not to exceed \$332,438.

- Total for Phase Two: The City will reimburse the Owner for Phase Two total costs up to an amount not to exceed \$2,548,688 consisting of: (1) up to \$2,216,250 towards the hard costs, and (2) for soft costs, an amount equal to 15% of the City's hard cost reimbursement not to exceed \$332,438.

Other terms of the agreement with the Owner will provide that the Owner will:

- Bear all costs for financing, interest, fiscal security, accounting, insurance, inspections, permitting, easement acquisition and legal services associated with the project;

- Conform to the City's design criteria and construction standards;

- Construct all improvements at their cost and, after approval of construction, dedicate the facilities to the City for ownership, operation, and maintenance;

- Allow AWU to use the project plans and specifications approved by AWU's 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 and Female-Owned Business Enterprise Procurement Program found in Title 2 of the City Code, and Chapters 212 and 252 of the Texas Local Government Code.