

## CIP EXPENSE DETAIL

**DATE OF COUNCIL CONSIDERATION:**  
**CONTACT DEPARTMENT(S):**

10/20/11  
Austin Water Utility

**SUBJECT.** Authorize an amendment to the Cost Reimbursement Agreement with NORTH I-35 BUSINESS PARK, L.P. to increase the City cost reimbursement for construction costs to a total amount not to exceed \$326,000.00 for construction of a 24-inch water main and appurtenances to provide water service to the Schultz 45 Acre Tract located on the west side of IH-35 North approximately 1,900 feet north of the IH-35 North and Wells Branch Parkway intersection.

### CURRENT YEAR IMPACT:

<b>Department:</b>	<b>Austin Water Utility</b>
Project Name:	Schultz 45ac Trct Wtr Ser#2289
Fund/Department/Unit:	3960 2207 2047
Funding Source:	Commercial Paper
 Current Appropriation:	 332,000.00
Unencumbered Balance:	326,480.08
Amount of This Action:	(326,000.00)
Remaining Balance:	<u>480.08</u>
  Total Amount of this Action	  <u><u>326,000.00</u></u>

**ANALYSIS / ADDITIONAL INFORMATION:** The Schultz 45 Acre Tract is a proposed mixed-use development west of IH-35 North approximately 1,900 feet north of the IH-35 North and Wells Branch Parkway intersection ("Property"), within the City of Austin's 2-mile extraterritorial jurisdiction. Service Extension Request Number 2289 (SER-2289) was submitted and approved to extend City water utility service to the Property. As authorized by City Council on January 15, 2004, the parties executed a Cost Reimbursement Agreement ("Agreement") on February 16, 2009 for \$216,000.00 of the construction costs of the 24-inch water main and appurtenances as proposed in SER-2289. The Agreement was assigned to an affiliate of the original developer, Schultz Real Estate and Investments, LLC, on July 13, 2011.

Under the Agreement, Schultz Real Estate and Investments, LLC as assignee of the original developer, will construct approximately 450 feet of 24-inch water main from the existing 24-inch water main on the east side of IH-35 North, between FM 1825 and IH-35, west across IH-35 North to the western right-of-way of IH-35 North. The proposed oversized 24-inch water main improvements have been identified as a required water improvement to supply water to the west side of IH-35 North. The City agreed to reimburse the actual hard construction costs of the 24-inch water main, including change orders associated with the approved plans, up to \$216,000.00. The developer bears all "soft" costs for engineering, design, project management, financing, accounting, and legal services associated with the construction.

The certified low bid for construction of the 24-inch water line and appurtenances received by the City on August 18, 2011 exceeded the approved City reimbursement of \$216,000.00. The original not-to-exceed amount was based on 2004 construction cost estimates. Bids exceeded the original cost estimate primarily due to increases in material costs.

Under the proposed amendment to the Agreement, the City will reimburse up to \$326,000.00 in actual hard construction costs of the 24-inch water main and appurtenances. That amount includes contingency.