

A G E N D A



Recommendation for Committee Action

| | | | | |
|----------------------------|---------|-------|---------------|----|
| Public Utilities Committee | Item ID | 44571 | Agenda Number | 3. |
|----------------------------|---------|-------|---------------|----|

| | | | |
|---------------|-----------|-------------|----------------------|
| Meeting Date: | 5/20/2015 | Department: | Austin Water Utility |
|---------------|-----------|-------------|----------------------|

Subject

Consider and develop recommendations relating to an amendment to the cost reimbursement agreement with CENTURY LAND HOLDINGS II, LLC. to increase the City's cost reimbursement in the amount of \$646,807.24 for a total contract amount not to exceed \$2,778,484.43.

Amount and Source of Funding

Funding is available in the Fiscal Year 2014-2015 Capital Budget of Austin Water.

Fiscal Note

A fiscal note is attached.

| | |
|--|--|
| Purchasing Language: | |
| Prior Council Action: | May 21, 2009- Council authorized the negotiation and execution of a cost reimbursement agreement. |
| For More Information: | Phillip Jaeger, 512-972-0232; Denise Avery, 512-972-0104 |
| Council Committee, Boards and Commission Action: | May 13, 2015- Approved by the Water and Wastewater Commission on a 5-0-0-2 vote with Commissioners Moriarty and Ohueri absent. |
| MBE / WBE: | |
| Related Items: | |

Additional Backup Information

Pearson Place is a single and multi-family development consisting of approximately 196 acres of land generally located south of Avery Ranch Boulevard at Double Eagle Pass (the "Property") within the City of Austin's full purpose jurisdiction. Service Extension Request Number 2814 (SER-2814) was submitted and approved to extend City wastewater utility service to the Property. As authorized by City Council on May 21, 2009, the City and Pearson Place at Avery Ranch, Ltd. executed a Cost Reimbursement Agreement ("Agreement") on February 19, 2013 for \$2,131,677.19 for the oversized portion of the construction costs of the lift station, force main and 12-inch and 24-inch gravity wastewater mains and appurtenances as proposed in SER-2814. The Agreement was assigned, as allowed in the contract, to the current developer, Century Land Holdings II, LLC, on July 9, 2014.

Under the Agreement, Century Land Holdings II, LLC, as the assignee of the original developer, will construct an 1,100 gpm lift station, approximately 3,500 feet of force main, approximately 1,500 feet of 12-inch gravity wastewater main and approximately 2,500 feet of 24-inch gravity wastewater main and convey the wastewater improvements to the City for the City's ownership, operation, and maintenance. These wastewater improvements were oversized and required by the City in order to serve additional properties within the Lake Creek drainage basin in accordance with the City's long range planning goals for this area. The City agreed to reimburse a percentage of the actual hard costs and 15% of the reimbursable hard costs for soft costs associated with the construction of the lift station, force main and gravity wastewater mains.

The certified low bid for construction of the oversized wastewater improvements received by the City on April 17,

2014 was \$3,517,671.00. Based on this actual hard construction cost, the proportional share of the hard costs for the oversized wastewater improvements would amount to \$2,473,974.48 and the proportional share for soft costs would be approximately \$371,096.17, for a total proportional project cost of \$2,845,070.65.

The approved City reimbursement not-to-exceed amount at the time was based on 2009 construction cost estimates. When bids were opened approximately 5 years later in 2014, the bids exceeded the original cost estimate primarily due to an increase in material and construction costs. The difference between the 2009 City Council's authorized not-to-exceed amount and the actual proportional oversized project cost per the 2014 bid amount is \$713,393.46. The internal subdivision construction schedule was dependent on the oversized off-site wastewater improvements. Century Land Holdings II, LLC decided, at their own risk of not being reimbursed by the City for any amounts exceeding the 2009 City Council's previously authorized amount, to commence construction prior to seeking City Council approval for the additional reimbursement.

To reduce project costs, the project scope was modified to remove approximately 635 feet of 24-inch gravity wastewater main, reduce jack and bore lengths and eliminate a few other items. This resulted in a reduction in the hard construction cost and associated soft cost by approximately \$629,731.95.

During the course of construction, numerous issues have arisen that have resulted in additional project costs. The most costly issue has been mitigation costs for voids (open space) and water flow features discovered in bedrock during excavation activities. These features were not found in the initial borings and geotechnical reviews by the developer's engineer. Four voids have been encountered and extensive mitigation efforts employed to preserve the voids and water flow features while maintaining utility integrity and preventing pollution. Void mitigation efforts have proceeded in accordance with City and State environmental regulations and design criteria. All void mitigation efforts have been closely coordinated with Watershed Protection Department and Texas Commission on Environmental Quality. The City's proportionate share of the void mitigation and other additional project hard and soft costs encountered during construction is approximately \$563,145.73.

Under the proposed amendment to the Agreement, the City will reimburse an overall total amount not to exceed \$2,778,848.43 for the City's proportional share of the actual hard costs and soft costs associated with the construction of the oversized lift station, force main and gravity wastewater mains. This amount is a \$646,807.24 increase from the City Council's previously approved proportional reimbursement amount.

Summary of Dollar Amounts:

| | |
|---|----------------|
| Previous amount approved by City Council (2009 estimate) | \$2,131,677.19 |
| Proportional project cost per 2014 bids | \$2,845,070.65 |
| Difference between 2009 estimate and 2014 bids | \$713,393.46 |
| Reduction in hard and soft costs by modifications to project scope | (\$629,731.95) |
| Additional void mitigation costs and other additional project hard and soft costs encountered during construction | \$563,145.73 |
| New requested total amount of City cost participation (sum of all costs and reductions) | \$2,778,484.43 |
| Difference between new requested amount and original approved amount | \$646,807.24 |