



Recommendation for Action

File #: 21-2563, **Agenda Item #:** 2.

10/14/2021

Posting Language

Authorize negotiation and execution of a cost participation agreement with Milestone Community Builders for the City to reimburse the developer in an amount not to exceed \$6,066,135 for costs associated with the design and construction of an oversized water main and elevated water reservoir related to Service Extension Request No. 4577R to provide water service to a proposed single-family development located at 1300 Lost Creek Boulevard; and approve an ordinance waiving the requirements of Section 25-9-66(B) of the City Code related to such cost participation payment.

Lead Department

Austin Water.

Fiscal Note

Funding is available in the Fiscal Year 2021-2022 Capital Budget of Austin Water.

For More Information:

Inquiries should be directed to Colleen Kirk, 512-972-0266, or colleen.kirk@austintexas.gov <<mailto:colleen.kirk@austintexas.gov>> and the City Manager's Agenda Office at 512-974-2991 or AgendaOffice@austintexas.gov <<mailto:AgendaOffice@austintexas.gov>>.

Council Committee, Boards and Commission Action:

October 6, 2021 - To be reviewed by the Water and Wastewater Commission.

Additional Backup Information:

The Marshall Tract project consists of approximately 37.25 acres of land located at 1300 Lost Creek Boulevard (the "Property"). The Property is located entirely within the City of Austin's (the "City") Full-Purpose Jurisdiction, Impact Fee Boundary, Austin Water's service area for water, the Drinking Water Protection Zone, and the Barton Creek Watershed. A map of the property location is attached.

Milestone Community Builders (the "Applicant") is proposing to develop approximately 50 single-family homes. The Applicant requested that the City provide water utility service to the Property as proposed in Service Extension Request (SER) No. 4577R. Austin Water will provide retail wastewater service to the Property.

In accordance with Chapter 25-9 of the City Code, the City has asked the Applicant to oversize the water main and elevated water reservoir in order to serve additional properties and enhance service to existing customers within the South Lost Creek Boosted water pressure zone consistent with the City's long range planning goals for this area. If approved by City Council, the City will cost participate in this construction project only to the extent of the City's proportionate share of the oversized main and elevator water reservoir.

The proposed oversized improvements include construction of an elevated water reservoir within the Property and approximately 4,000 feet of 16-inch water main from the existing Lost Creek pump station on Quaker Ridge Drive and extending north along Quacker Ridge Drive, east along South Lost Creek Boulevard, and then

north within the Property to the proposed elevated water reservoir.

The City will reimburse the Applicant for an overall total amount not to exceed \$6,066,135 for hard costs and soft costs. Hard costs include, but are not limited to, construction and materials. Soft costs include, but are not limited to, preliminary engineering reports, surveying, geotechnical studies, design, and project management. The City's cost participation by project component is as follows:

- For costs of the 16-inch water main (the minimum pipe diameter of 8-inches required to serve the Property to an oversized 16-inch) and appurtenances, the City's maximum participation consists of: (1) hard costs, in an amount not to exceed 50% of the hard costs of the 16-inch water main and appurtenances, and (2) soft costs, in an amount not to exceed 15% of the City's hard cost participation amount, and
- For costs of the elevated water reservoir (the minimum storage capacity of 100,000 gallons required to serve the Property to an oversized storage capacity of 750,000 gallons), the City's maximum participation consists of: (1) hard costs, in an amount not to exceed 86.7% of the hard costs of the elevated water reservoir and appurtenances, and (2) soft costs, in an amount not to exceed 15% of the City's hard cost participation amount.

The Applicant is requesting a waiver from Austin City Code Section 25-9-66(B) relating to cost participation payments for projects in the Drinking Water Protection Zone. For an SER in the Drinking Water Protection Zone, Section 25-9-66(B) provides that the City's reimbursement its oversizing cost participation occurs in four equal annual installments commencing on March 1 of the second year after the year in which the City accepts the improvements. The proposed ordinance waives the requirements of Section 25-9-66(B) and allows the Applicant to be reimbursed for all of the City's share of costs 90 days after the date the City accepts the improvements - applying the repayment schedule allowed under City Code Section 25-9-66(A) for projects located in the Desired Development Zone. Austin Water is in support of the waiver due to the significant improvement and added resiliency the elevated water reservoir will provide for the existing customers in the South Lost Creek water pressure zone.reservoir will provide for the existing customers in the South Lost Creek water pressure zone.

Other terms of the agreement will require that the Applicant:

- Pay all costs for financing, interest, fiscal security, accounting, insurance, inspections, permitting, easement acquisition, legal services, and other non-reimbursable soft costs associated with the project;
- Conform to the City's design criteria and construction standards;
- Construct all improvements at their cost and, after the City's final approval of the construction, dedicate the facilities to the City for ownership, operation, and maintenance;
- Allow the City to use the project plans and specifications approved by the City to solicit and publish invitations for bids for the construction of the improvements; and
- Follow the City's standard bidding practices and procedures, including the minority-owned business enterprise procurement program found in Title 2 of the City Code, and Texas Local Government Code Chapters 212 and 252.

The proposed project will be managed through Austin Water staff and is located in zip code 78746, in City Council District 8.

Strategic Outcome(s):

Government that Works for All.