



Recommendation for Action

File #: 22-1443, Agenda Item #: 2.

3/24/2022

Posting Language

Authorize the negotiation and execution of an amendment to the cost reimbursement agreement with William Lyon Homes for costs associated with the design and construction of an oversized water main and appurtenances related to Service Extension Request No. 4116R3 that will provide water service to a proposed single-family development located at 6001 Kellam Road in an amount not to exceed \$973,340 for a total reimbursement amount not to exceed \$1,500,000.

Lead Department

Austin Water.

Fiscal Note

Funding is available in Austin Water's Capital Budget.

Prior Council Action:

May 23, 2019 - Council authorized the negotiation and execution of a cost reimbursement agreement for an amount not to exceed \$526,660.

For More Information:

Inquiries should be directed to City Manager's Agenda Office at 512-974-2991 or

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Council Committee, Boards and Commission Action:

March 9, 2022 - Recommended by the Water and Wastewater Commission on a 9-0 vote with Commissioner Turrieta off the dais and one recusal.

Additional Backup Information:

The "71 East - 428 Acre Tract" project is located at 6001 Kellam Road (the "Property"). The Property is located entirely within the City of Austin's (the "City") 2-mile Extra-Territorial Jurisdiction, Impact Fee Boundary, Austin Water's service area for water and wastewater, the Desired Development Zone, and the Dry South Watershed. A map showing the property location is attached. William Lyon Homes (the "Applicant") is proposing to develop approximately 1,550 single-family homes.

Service Extension Request No. 4116R2 (SER-4116R2) was submitted and approved to extend City water utility service to the Property. As authorized by City Council on May 23, 2019, the City and the Applicant executed a Cost Reimbursement Agreement (the "Agreement") on March 26, 2021 for \$526,660 of total project costs for the construction of an oversized 24-inch water main and appurtenances as proposed in SER-4116R2.

Under the agreement, the Applicant will construct approximately 5,615 feet of 24-inch water main and convey the water improvements to the City for the City's ownership, operation, and maintenance. The Applicant will construct the project in two phases, with Phase 1 including approximately 4,350 feet of 24-inch water main. These water improvements were oversized and required by the City in order to serve additional properties within the Central South water pressure zone consistent with the City's long range planning goals for this area. The City agreed to reimburse a percentage of the actual project costs associated with the construction of the water main.

The certified low bid for construction of Phase 1 of the oversized water improvements was received by the City on October 21, 2021, and the City's proportionate share is in excess of the Council approved reimbursement amount. The bids received exceeded the original cost estimate primarily due to an increase in material and construction costs as a result of the COVID-19 pandemic. The original cost estimate was prepared at a preliminary phase of the Project prior to the onset of the COVID-19 pandemic and was based on material and construction costs at that time.

Under the proposed amendment to the Agreement, the City will reimburse an overall total amount not to exceed \$1,500,000 for the actual project costs associated with the construction of Phase 1 and future Phase 2 of the oversized water main. This amount is a \$973,340 increase from the City Council's previously approved reimbursement amount.

The proposed project will be managed through Austin Water staff and is located in zip code 78617, adjacent to City Council District 2.

Strategic Outcome(s):

Government that Works for All.