



COUNCIL COMMITTEE REPORT

Public Utilities Committee

Date: May 20, 2015

Agenda Item #: 3

Agenda Item: 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.

Vote: Approved unanimously 3-0 with Council Member Garza absent.

Original Sponsors/Department: Austin Water

Summary of Discussion:

Bart Jennings, Manager of Business Strategy at Austin Water delivered a presentation related to staff's request of Council to increase the amount of the City's participation in the cost reimbursement agreement with Century Land Holdings II, LLC. The project will oversize City wastewater infrastructure that will be constructed as part of the 196-acre Pearson Place single- and multi-family development. The additional amount that staff is requesting is \$646,807.24, for a total contract amount not to exceed \$2,778,484.43.

During the presentation, Mr. Jennings discussed –

- The City requires oversizing of infrastructure by developers to meet long-range plans or to address capacity issues. He noted that oversizing was requested as part of the Pearson Place wastewater service extension request to serve the entire wastewater drainage basin.
- The City's policies in regards to cost-sharing by the City when the City requests oversizing of infrastructure by a developer, and the formulas used to determine the amount that the City will reimburse; for example,
 - As prescribed in a 2013 ordinance, if the City requests a 12-inch line when an 8-inch line would suffice for a development, the City will reimburse 33% of the hard construction costs and up to 15% of that percentage for certain soft costs.
- The history of the Pearson Place project in regards to the cost-sharing agreement; past 2009 construction estimates and actual bids (2014); and changes in the scope of the project particularly as it relates to protecting or mitigating any potential damage to

voids/open spaces and water flow features not anticipated but encountered during excavation activities.

- In sum, the net difference between the previous total amount approved by Council in 2009 for the City's share and the proposed new total amount is \$646,807.24, which is the amount requested of Council presently.

After the presentation, committee members exchanged in discussion with Mr. Jennings and a representative of the applicant, Jeff Howard, about the following:

- Changes in the scope and/or cost of the project, and what prompted them.
- A State law passed during the 2005 session that mandated that cities pay a roughly proportionate share for oversizing requests (Local Government Code Section 212.904).
- The percentage that the City contributes in a cost-sharing agreement, and how that relates to construction costs.
- The various ways that cost-participation can be determined. For example, using actual cost as a basis versus capacity; and past research conducted by the City in 2008 and associated public processes that led Austin Water to propose the existing cost-sharing arrangement approved previously by Council.
- The status of the development, which was estimated to be complete in approximately 60 to 90 days.
- The status of Neenah Road in the area.
- Twenty-four-inch wastewater lines versus the 8-, 12- and 15-inch lines discussed in the presentation.
 - It was noted that at 24 inches, the project becomes more like a City capital project as opposed to one that can be accommodated through an oversizing request.

Public Comments: No one signed up to speak on the item.

Direction: None provided.

Recommendation: A motion to recommend the item to Council was approved on Council Member Kitchen's motion and seconded by Council Member Troxclair on a 3-0 vote. Council Member Garza was absent.