



Recommendation for Action

File #: 23-3048, **Agenda Item #:** 3.

10/19/2023

Posting Language

Authorize negotiation and execution of an amendment to the cost participation agreement with Meritage Homes of Texas, LLC for costs associated with the design and construction of an oversized wastewater interceptor and appurtenances related to Service Extension Request No. 4239 to increase the amount by \$1,334,000 for a total amount not to exceed \$2,565,397.

Lead Department

Austin Water.

Fiscal Note

Funding is available in the Fiscal Year 2022-2023 Capital Budget of Austin Water.

Prior Council Action:

April 25, 2019 - Council authorized the negotiation and execution of a cost reimbursement agreement for an amount not to exceed \$1,231,397 for an oversized wastewater interceptor.

For More Information:

Inquiries should be directed to Blanca Madriz, 512-972-0115, or Blanca.Madriz@austintexas.gov.

Council Committee, Boards and Commission Action:

October 11, 2023 - To be reviewed by the Water and Wastewater Commission.

Additional Backup Information:

The Turner's Crossing project consists of approximately 468.55 acres of land located on the northeast and southeast corners of S SH-45 and N Turnersville 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 Rinard Watershed. A map of the property location is attached.

Meritage Homes of Texas, LLC (the "Applicant") is proposing to develop approximately 1,400 single-family homes, 525 multi-family units, 188,000 sq. ft. retail space, 25,000 sq. ft. restaurant space, and 5,000 sq. ft. office space. Austin Water will provide retail water and wastewater service to the Property.

Service Extension Request No. 4239 (SER-4239) was submitted and approved to extend City wastewater utility service to the Property. As authorized by City Council on April 25, 2019, the City and the Applicant executed a Cost Reimbursement Agreement ("Agreement") on June 22, 2020, for \$1,231,397 of total project costs for the construction of an oversized wastewater interceptor, as proposed in SER-4239. The Agreement was amended on July 7, 2021, to allow construction of the Project in two phases.

Under the Agreement, the Applicant will construct oversized improvements in two phases, including a total of approximately 5,450 feet of 24-inch wastewater interceptor. The proposed wastewater improvements will be conveyed 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 Rinard drainage basin consistent with the City's long range planning goals for this area. The City has agreed to reimburse a percentage of the actual project costs associated with the construction of the wastewater interceptor.

Certified low bid for Phase 1 of the Project was received by the City on September 17, 2020, and construction was completed on June 21, 2022. The certified low bid for construction of Phase 2 of the Project was received by the City on June 22, 2023, and the City's proportionate share is in excess of the remaining balance of the Council approved cost 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, and scope changes between the preliminary and final design phases. 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. Additionally, during the design phase, the project scope was refined as design and construction details were further explored, including significant segments of the proposed interceptor requiring trenchless installation and at greater depths.

Under the proposed amendment to the Agreement, the City will reimburse an overall total amount not to exceed \$2,565,397 for the actual project costs associated with the construction of the oversized wastewater interceptor. This amount is a \$1,334,000 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 78610, near City Council Districts 2 and 5.