

COUNCIL ACTION FORM

**SUBJECT: 2012/13 WEST LINCOLN WAY INTERSECTION IMPROVEMENTS
(LINCOLN WAY AND DOTSON DRIVE)**

BACKGROUND:

This project is for constructing turn lanes and installing traffic signals at the Dotson Drive/Lincoln Way intersection. A traffic impact report for South Fork Subdivision justified these improvements. Increased traffic flow from South Fork Subdivision necessitates left-turn lanes at the Lincoln Way approaches to the Dotson Drive intersection to accommodate heavy-turning movements. Turn lanes on Lincoln Way will mitigate left-turning, rear-end, and right-angle traffic accidents at this intersection.

On Tuesday, February 12, 2013, City Council awarded the construction contract to Manatt's, Inc., for \$549,699. An existing agreement (approved by Council on December 18, 2012) requires the Developer and the City to share equally in the construction cost of these improvements. A Traffic Safety Improvement Grant of \$500,000 has been awarded by the Iowa Department of Transportation to be used toward construction of this project. **With the low bid of \$549,699, this leaves approximately \$49,700 to be split equally between the City (\$24,850) and the Developer (\$24,850)**, in accordance with the agreement. The Developer's share had previously been secured with a Letter of Credit (LOC) in the amount of \$125,000 from Pinnacle Properties Ames, LLC. Considering the Developer's share of \$24,850, along **with a contingency of approximately 20%, the noted LOC may be reduced to \$30,000.**

ALTERNATIVES:

1. Reduce the LOC from Pinnacle Properties Ames, LLC to \$30,000.
2. Retain the current LOC in the amount of \$125,000.

MANAGER'S RECOMMENDED ACTION:

The Developer currently has a LOC on file with the City in the amount of \$125,000. Based on favorable bids, **the Developer's current obligation is projected at just under \$25,000**, making the current LOC excessive. Applying a contingency of approximately 20%, **the LOC may be reduced to \$30,000.** The noted agreement provides that for any unforeseen reason the final project amount comes in over this amount, **the Developer must still reimburse the City for their actual 50% share**, beyond the \$500,000 grant amount.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby reducing the LOC from Pinnacle Properties Ames, LLC to \$30,000.