

**COUNCIL ACTION FORM**

**SUBJECT:** NORTH GROWTH AREA UTILITY EXTENSION

**BACKGROUND:**

Since 2009 the City has been working with developers, land owners and current residents within the northern growth area to plan for the installation of public infrastructure to serve this area. The northern growth area, generally located north of Bloomington Heights Subdivision to 190<sup>th</sup> Street between George Washington Carver Avenue and Ada Hayden Heritage Park, has been identified by the Council for residential development.

To facilitate this growth, Council directed that the water main and sanitary sewer main extensions to serve the area along Grant Avenue be included in the 2012/13 Capital Improvements Plan (CIP) and Budget. The 2014/15 CIP also includes the street paving of Grant Avenue.

The City will up-front the costs to design and install each of these improvements. Utility connection districts will be established to recover the utility costs as developments are platted and as existing homesteads connect to these mains. Street construction costs will be shared and recovered through a separate special assessment district. The annexation agreements previously signed between the City and the three developers (Rose Prairie, Quarry Estates and Hunziker) confirmed these financing arrangements. Construction (temporary) and permanent easements for the utility and roadway (Grant Avenue) projects are continuing to progress through negotiations. City Council will be updated as the negotiations continue.

**Available project funding for water improvements** are summarized below:

Engineering Services Water Design (Developers)	\$ 24,330
2012/2013 General Obligation Bonds (Water Utility Abated)	\$ 703,000
Unobligated G.O. Bonds (12/13 CyRide Route Pavement Imp)	<u>\$ 125,000</u>
Total Water Improvement Funding	\$ 852,330

**The costs associated with water improvements** include the following:

Engineering and Construction Administration	\$ 108,146
Civil Design Advantage (Engineering Services)	\$ 24,330
Base Water Main Construction (Estimated)	<u>\$ 662,379</u>
Total Estimated Water Improvement Base Costs	\$ 794,855

The unobligated G.O. Bonds shown are program savings from specific projects that have been final accepted by Council. There are no other planned locations for these savings. The Sanitary Sewer fund projects are savings realized from completed project by Water & Pollution Control Department that were going to be returned back to the fund balance with final budget amendments for use on other projects.

**Available project funding for sanitary sewer improvements** are summarized below:

Engineering Services Sewer Design (Developers)	\$ 30,500
General Obligation Bonds (Sewer Utility Abated)	\$ 698,000
Unobligated G.O. Bonds (12/13 CyRide Route Pavement Imp)	\$ 249,828
Unobligated G.O. Bonds (12/13 Downtown Pavement Imp)	\$ 285,996
Sanitary Sewer Funds (vertical turbine pump replacement)	\$ 115,000
Sanitary Sewer Funds (blower replacement project)	<u>\$ 205,000</u>
Total Sewer Improvement Funding	\$ 1,584,324

**The costs associated with sanitary sewer improvements** include the following:

Engineering and Construction Administration	\$ 134,854
Civil Design Advantage (Engineering Services)	\$ 30,500
Base Sanitary Sewer Main Construction (Estimated)	<u>\$1,322,147</u>
Total Estimated Sewer Improvement Base Costs	\$1,487,501

As the detailed design and land owner coordination has progressed, the estimated project cost has increased from \$1,401,000 to \$2,282,356, or an additional \$881,356. The following factors contributed to this increase:

- Approximately \$103,000 is estimated for the extension of sanitary sewer to the south Hunziker-owned parcel. This extension was not a part of the original cost estimate as Hunziker was anticipating crossing private property and not becoming a part of a connection district. Negotiations with the private property owner were unsuccessful and therefore Hunziker is now requesting to be a part of a connection district.
- Approximately \$100,000 is due to the need to bore the sanitary sewer under Harrison Road in order to keep the street open to traffic for the adjacent neighborhood.
- The remaining cost increase is due to a required material change because of varying depths of the sanitary sewer. This involves changing from 15" plastic main to 16" ductile iron main. This heavier pipe material is needed to protect the main from overburden soil pressure for deeper installations to avoid the need for a lift station, as well as to protect the main from shallow installation depths at other locations to maintain gravity flows.

The project includes three bid alternates – one for installation of individual water services to the residential home owners, one for the installation of the water main stubs to Quarry Estates, and one for the sanitary sewer service stubs for the residents at the

south end of the project. **These bid alternates will only be constructed based on available project funding or individual agreements with property owners.**

Bid Alternate "1" (Water Service Stubs)	\$ 12,652.50
Bid Alternate "2" (Water Main Stubs)	\$ 43,076.25
Bid Alternate "3" (Sanitary Sewer Service Stubs)	\$ 5,250.00

The costs associated with the water main and sanitary sewer main installation will be recovered over time through the connection district ordinances that are currently in the process of being established. On March 18, 2014, the City Council initiated the process to implement the appropriate connection districts.

**ALTERNATIVES:**

1. Approve moving ahead with the North Growth Area Utility Extension Project by establishing April 16, 2014, as the date of letting and April 22, 2014 as the date for report of bids.
2. Direct staff to work with the design engineer to explore revisions to the project that might reduce the overall cost of the project.

**MANAGER'S RECOMMENDED ACTION:**

The City Council is aware that there is insufficient land currently available for single-family home development. By moving forward with this project at this time, the water and sanitary sewer main installation can occur during the 2014 construction season. Hence, the installation of these utilities will be completed ahead of the roadway improvement scheduled to be bid this summer with construction beginning this fall and with completion in the summer of 2015. These improvements will facilitate the development of residentially zoned land in the north growth area.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the North Growth Area Utility Extension by establishing April 16, 2014, as the date of letting and April 22, 2014 as the date for report of bids.