

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 190th Street between George Washington Carver Avenue and Ada Hayden Heritage Park, has been identified by City Council for residential development.

To facilitate this growth, City 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 street paving of Grant Avenue.

The City will cover the up-front costs to design and install these water and sanitary sewer improvements. Utility connection districts have been 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 process. The annexation agreements previously signed between the City and the three developers (Rose Prairie, Quarry Estates, and Hunziker) confirmed these financing arrangements.

Eighteen of the necessary 21 temporary construction easements have been acquired. The remaining three are with developers, and two of these are with the same developer. Two of the necessary three permanent easements have been acquired. Acquisition of the remaining easement is presently delayed, since the Rose Prairie property is in the process of being sold. These permanent easements are not required for the installation of the utilities in this project, but are required for the future roadway work. There is every indication that the finalization of these temporary and permanent easements will be in place prior to work commencing in the easement areas.

On April 22, 2014, staff reported bids on the project as follows:

Engineer's Estimate	\$2,282,356.00
J&K Contracting, Inc.	\$1,909,379.80

Two other bids were received, but were determined to be non-responsive. That determination did not affect the low bid received.

Funding and projected costs for the water and sanitary sewer segments of this project are summarized below, and illustrate how sufficient funding is available for both elements:

Project funding for water improvements:

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)	\$ 125,000
Total Water Improvement Funding	\$ 852,330

Costs associated with water improvements:

Engineering and Construction Administration	\$ 108,146.00
Civil Design Advantage (Engineering Services)	\$ 24,330.00
Base Water Main Construction (as-bid)	\$ 628,712.12
Total Estimated Water Improvement Base Costs	\$ 761,188.12

Project funding for sanitary sewer improvements:

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)	\$ 205,000
Total Sewer Improvement Funding	\$ 1,584,324

Costs associated with sanitary sewer improvements:

Engineering and Construction Administration	\$ 134,854.00
Civil Design Advantage (Engineering Services)	\$ 30,500.00
Base Sanitary Sewer Main Construction (as-bid)	\$1,280,667.67
Total Estimated Sewer Improvement Base Costs	\$1,446,021.67

It should be noted that the unobligated G.O. Bonds shown above are program savings from specific projects that previously received final acceptance by Council. There are no other planned uses for these savings. The Sanitary Sewer Fund project are savings realized from a completed projects in the Water & Pollution Control Department.

The project also included three bid alternates – one for installation of individual water services to the residential homeowners, one for the installation of the water main stubs to Quarry Estates, and one for sanitary sewer service stubs for the residents at the south end of the project. **These bid alternates should only be awarded at this time if Council decides that these costs are justified to be included in this contract. As an alternative, individual agreements with property owners/developers could be**

reached to incorporate these alternates into the contract via change order. The agreements would call out for the property owners/developers to reimburse the City for these costs. Should the owners/developers opt not to accept these bid alternates, this work will be required to be directional bored at a later date so that any new pavement is not adversely affected and impacts to traffic in the area are minimized.

Bid Alternate "1" (Water Service Stubs)	\$18,136
Bid Alternate "2" (Water Main Stubs)	\$34,412
Bid Alternate "3" (Sanitary Sewer Service Stubs)	\$10,400

ALTERNATIVES:

1. Award the North Growth Area Utility Extension Project base bid to J&K Contracting, Inc. of Ames, Iowa, in the amount of \$1,909,379.80 with no alternates.
2. Award the North Growth Area Utility Extension Project base bid to J&K Contracting, Inc. of Ames, Iowa, in the amount of \$1,909,379.80 with all three alternates.
3. Award the North Growth Area Utility Extension Project base bid to J&K Contracting, Inc. of Ames, Iowa, in the amount of \$1,909,379.80 with any combination of alternates.
4. Reject all the bids and direct staff to pursue modifications to the project.

MANAGER'S RECOMMENDED ACTION:

The City Council has noted that there is insufficient land currently available in the community 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. This will allow the installation of these utilities to be completed ahead of the roadway improvements scheduled to be bid later this summer, with roadway construction beginning this fall and completion during the summer of 2015. By awarding this project now, these improvements will facilitate the development of residentially zoned land in the City's Northern Growth Area.

Given the fact that none of the property owners along Grant Avenue have expressed a desire for the City to install the stubs now and agreed to pay for the cost themselves, the acceptance of Alternates 1, 2, & 3 does not appear to be warranted at this time. **Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 thereby awarding the North Growth Area Utility Extension Project to J&K Contracting, Inc. of Ames, Iowa in the amount of \$1,909,379.80 with no alternates.**

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. The City Council approved the third reading and passage of the ordinance to create the appropriate connection districts on May 6th.