

COUNCIL ACTION FORM

**SUBJECT: 2015/16 WEST LINCOLN INTERSECTION IMPROVEMENTS
(FRANKLIN AVENUE)**

BACKGROUND:

This project is for constructing left-turn lanes and installing redesigned traffic signals at the Franklin Avenue/Lincoln Way intersection. A traffic impact report for the South Fork Subdivision justified these improvements. Since the project was first introduced in the 2014/15 Capital Improvements Plan (CIP), the project scope was expanded to include widening Lincoln Way to a 5-lane section eastward to South Wilmoth Avenue. This was done in response to the City's development agreement with the Aspen Heights housing development being constructed at 205 S. Wilmoth Avenue. In addition, this project also will widen Lincoln Way westward to Marshall Avenue, which will make Lincoln Way a continuous 5-lane section from S. Wilmoth Avenue to Dakota Avenue.

On March 22, 2017, bids for the project were received as follows:

Bidder	Bid Amount
Engineer's Estimate	\$1,835,254
Con-Struct, Inc.	\$1,797,793

Project costs have been divided into three divisions to delineate the financial responsibilities of the parties involved: 1) The City of Ames, 2) the developer of the South Fork Subdivision, and 3) the developer of the Aspen Heights project. After receiving bids, the revised revenues and expenses for this project are estimated to be as follows:

<u>Revenues</u>		<u>Expenses</u>				
Fund	Amount	Activity	West Expansion Division 1	Franklin Intersection Division 2	Aspen Heights Division 3	Subtotal
Road Use Tax	\$160,000	Design	\$43,896	\$76,700	\$58,798	\$179,394
Developer	\$842,876	Land	\$11,080	\$170,108	\$62,122	\$243,310
Iowa DOT TSIP	\$500,000	Construction	\$301,059	\$1,104,475	\$392,259	\$1,797,793
G.O. Bonds	\$900,000	Administration	\$21,075	\$77,314	\$27,459	\$125,848
Total	\$2,402,876	Total	\$377,110	\$1,428,597	\$540,638	\$2,346,345

Contingency = \$56,531 ≈ 9% (City funded construction activities only, Developers pay their own overages)

It should be noted that the financial table above reflects accepted land offers from all effected property owners except for those properties owned by Tomco, LLC., represented by Rick Thompson. Mr. Thompson's properties are located at 3335 Lincoln Way (the Uni Mart) and 3406 Lincoln Way (the Phillips 66). The combined fair-market appraised value (as determined by a third-party professional land appraisal company) for needed portions of the Tomco properties is \$63,272. Mr. Thompson has counter

offered to sell this land to the City for \$134,627, which is 213% over the appraised value. In an effort to achieve an amiable agreement, the current official written offer from the City is \$90,181, which is based upon an estimated mid-point cost of the fair-market value plus a rough estimate for legal and other processing fees that would come with a potential condemnation proceeding. As of April, 6, 2017, the City has also placed a verbal offering at the high-end of that estimate, which is approximately \$102,000 (reflected in table above). To date, Mr. Thompson has rejected all of these offers, mainly citing his displeasure with the recent approval of the South Duff project with Wal-Mart.

ALTERNATIVES:

1. For the 2015/16 West Lincoln Intersection Improvements (Franklin Avenue) project:
 - a. Accept the report of bids.
 - b. Approve the final plans and specifications.
 - c. **Delay award until the City has signed purchase agreements with all affected property owners.**
2. Reject bids and do not proceed with the project at this time.

CITY MANAGER'S RECOMMENDED ACTION:

While the bids should be reported at this meeting, it is appropriate to delay an award of project bid until the land acquisition issues are resolved with Mr. Thompson. This will also allow staff time to analyze alternatives and report back to City Council at a future date.

The developers South Fork Subdivision and Aspen Heights have expectations that this project will be completed in 2017. Therefore, staff's goal is to find a solution in time to complete the project this year. Otherwise, staff will need to work with IDOT to extend the \$500,000 in safety grant money identified for this project while the final two parcels of land are acquired.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as noted above.