

COUNCIL ACTION FORM

**SUBJECT: COST-SHARING & ENGINEERING SERVICES AGREEMENTS FOR
NORTHERN GROWTH PUBLIC IMPROVEMENTS**

BACKGROUND:

The northern growth area, generally located north of Bloomington Heights Subdivision to 109th Street between the UPRR tracks 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 extension to serve this area be included in the 2012/13 Budget and Capital Improvements Plan. The City will up-front the costs to design and install these improvements, and assessment or connection districts will be established to recover those costs as residential properties and developments connect to these mains.

In addition to the installation of water and sewer mains, Grant Avenue will also need to be paved to residential collector standards through this area. Cost-sharing arrangements for this road were previously negotiated between the three abutting developers and the City itself, which accepted responsibility for the road adjacent to Ada Hayden Heritage Park. This cost sharing was established at 17% for Quarry Estates, 37% for Rose Prairie, and 23% each for Hunziker and the City. Under this arrangement, Rose Prairie accepted responsibility for costs of constructing the street in front of the Sturges property just south of Rose Prairie. Further, the City, Hunziker and Quarry Estates have tentatively accepted responsibility for constructing the street in front of six other residential properties along the road, none of whom desired to be annexed or to pave the street.

As design work commences on the street, it is proposed that these four major parties pay for these engineering costs using the percentages shown above. The owners of the Hunziker, Quarry Estates and Rose Prairie developments have signed agreements confirming this cost sharing. (Two different Hunziker LLCs own the two Hunziker parcels, so there are a total of four different cost-sharing agreements.)

In addition, a proposed engineering services agreement has been negotiated for development of a firmer construction cost estimate for these street improvements. Knowing those costs is a top priority for Hunziker before they are willing to consider a pre-annexation agreement with the City. All three developers agree that this engineering study is important to keep the northern growth effort moving forward in accordance with City Council's direction.

Civil Design Advantage (CDA) of Grimes, Iowa has already performed extensive planning and engineering study level work in this area on behalf of the former owners of

Rose Prairie. They already have a strong understanding of the proposed development areas and proposed infrastructure needs. Thus, DCA would be able to quickly proceed with and complete project design to a final plan stage at a lower fee structure than other firms starting from “square one”. **Because of this, it is being proposed that City Council waive the traditional written professional service solicitation policy and procedures, and enter into an engineering services contract for this work with CDA.**

CDA proposed that this street design be performed for a not-to-exceed price of \$65,000. For the reasons mentioned above, staff feels that this price is very favorable to the City.

In addition to this cost proposal, CDA submitted a companion proposal to perform collective engineering design services for final design of the water and sewer mains to serve this area. Building upon economies of scale and efficiencies for performing a collective design, design of the water and sewer mains could be added to the paving design for \$54,756. This would bring the total contract to \$119,756. CDA has indicated that, should the utility design be delayed until a later date, the estimated fee could rise up to \$62,000 due to cost of remobilizing field crews and the design team.

As was mentioned above, the incremental cost of performing this water and sewer main design would be paid by the City only, and will be recovered later through connection fees.

Design work for all contracted elements will be completed by late fall 2012. This could allow for construction during spring and summer 2013, with the possibility that work could even begin in late 2012.

ALTERNATIVES:

1. Approve the cost sharing agreements with Quarry Estates, Hunziker and Rose Prairie; waive the City’s policy for solicitation of professional services; and enter into a contract with Civil Design Advantage of Grimes, Iowa for design of both Grant Avenue paving and the extension of water main and sanitary sewer in the northern growth area at a cost of \$119,756. In addition, approve \$15,000 from savings in previous General Obligation Bond projects for the City’s portion of the street design work.
2. Approve the cost sharing agreements with Quarry Estates, Hunziker and Rose Prairie; waive the City’s policy for solicitation of professional services; and enter into a contract with Civil Design Advantage of Grimes, Iowa for design of the Grant Avenue paving only, in the amount of \$65,000.
3. Proceed with a traditional solicitation of engineering services.

MANAGER'S RECOMMENDED ACTION:

It is estimated that typical engineering services for this type of work for a firm coming in at the entry level of this type of project would be around \$300,000 for the combined paving and utility work. Utilizing the background work and knowledge already attained by CDA, design work for paving and utility work could be completed under the same contract for substantial savings.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the cost sharing agreements with Quarry Estates, Hunziker and Rose Prairie; waiving the City's policy for solicitation of professional services; and entering into a contract with Civil Design Advantage of Grimes, Iowa for design of Grant Avenue paving, as well as extension of water main and sanitary sewer in the northern growth area, at a combined cost of \$119,756.

Under this alternative, Hunziker, Quarry Estates and Rose Prairie will share the costs for design of the street improvements, while the City will pay the entire cost of designing the water and sewer mains. The City's 23% share of the street design contract is slightly less than \$15,000, and will be paid from savings in previous General Obligation Bond projects. In addition, funding for the \$54,756 to design the water and sewer lines to the north is included in the approved 2012-13 budget.