



City of Austin

Recommendation for Action

File #: 24-5880, Agenda Item #: 3.

10/10/2024

Posting Language

Authorize an amendment to the City's cost participation with the developer, Milestone Community Builders, to increase the City's share of the cost to design and construct an oversized water main and an elevated water reservoir by \$5,504,291, for a total amount not to exceed \$11,570,426, as approved by Council for Service Extension Request No. 4577R, which will provide water service to a proposed single-family development located at 1300 Lost Creek Boulevard.

Lead Department

Austin Water.

Fiscal Note

Funding is available in the Fiscal Year 2024-2025 Capital Budget of Austin Water.

Prior Council Action:

October 14, 2021 - Council authorized a cost reimbursement agreement and waived, by Ordinance No. 20211014-002, City Code Section 25-9-66(B) (*Cost Participation Payment*) allowing reimbursement 90 days after completion.

For More Information:

Inquiries should be directed to Heather Cooke, Chief Administrative Officer, 512-972-0083, or heather.cooke@austintexas.gov.

Council Committee, Boards and Commission Action:

September 11, 2024 - Recommended by the Water and Wastewater Commission on a 6-0 vote with Chair Turrieta, Commissioner Musgrove and Commissioner Sion absent and two vacancies.

Additional Backup Information:

The Marshall Tract project consists of approximately 37.25 acres of land located at 1300 Lost Creek Boulevard (Property). The Property is located entirely within the City's full-purpose jurisdiction, Impact Fee Boundary, Austin Water's service area for water, the Drinking Water Protection Zone, and the Barton Creek Watershed. A map of the Property is attached.

Milestone Community Builders (Applicant) is proposing to develop approximately 49 single-family homes. Service Extension Request (SER) No. 4577R was submitted and approved to extend City water service to the Property. Austin Water will also provide retail wastewater service to the Property, as approved in SER No. 4578R.

On October 14, 2021, Council authorized the City and the Applicant to negotiate and execute a Cost Reimbursement Agreement (Agreement) for up to \$6,066,135 for the construction of an oversized 16-inch water main and a 750,000 gallon elevated water reservoir, as required in SER-4577R. Additionally, Council passed Ordinance No. 20211014-002 waiving City Code Section 25-9-66(B) (*Cost Participation Payment*), which governs when the City must pay its share of an improvement within the Drinking Water Protection Zone,

to allow the City to pay its share of the cost 90 days after the date the City accepts the improvements, which is the same as the payment schedule under Section 25-9-66(A) for projects located in the Desired Development Zone.

The project entails construction of approximately 4,000 feet of 16-inch water main and a 750,000-gallon elevated water reservoir. The proposed water improvements will be conveyed to the City for the City's ownership, operation, and maintenance. These water improvements were oversized and required by the City in order to serve additional properties and enhance service to existing customers within the South Lost Creek Boosted Water Pressure Zone consistent with the City's long range planning goals for this area. The City will reimburse a percentage of the actual cost of construction of the oversized main and elevated water reservoir.

The certified low bid for construction of the oversized wastewater improvements was received by the City on April 4, 2024, and the City's proportionate share is in excess of the Council approved reimbursement amount. This is primarily due to an increase in material and construction costs as a result of the COVID-19 pandemic. The original cost estimate was prepared at a preliminary phase of the Project during the pandemic and was based on material and construction costs at that time. Construction costs have continued to increase due to ongoing supply chain issues and materials shortages.

Austin Water is now requesting an overall total reimbursement amount not to exceed \$11,570,426 for hard and soft costs, a \$5,504,291 increase from Council's previously approved reimbursement amount. Hard costs include, but are not limited to, construction and materials. Soft costs include, but are not limited to, preliminary engineering reports, surveying, geotechnical studies, design, and project management. The City's cost participation by project component is as follows:

- For costs of the 16-inch water main (the minimum pipe diameter of 8-inches required to serve the Property to an oversized 16-inch diameter) and appurtenances, the City's maximum participation consists of: (1) hard costs in an amount not to exceed 50 percent of the hard costs of the 16-inch water main and appurtenances, and (2) soft costs in an amount not to exceed 15 percent of the City's hard cost participation amount.
- For costs of the elevated water reservoir (the minimum storage capacity of 69,800 gallons required to serve the Property to an oversized storage capacity of 750,000 gallons), the City's maximum participation consists of: (1) hard costs in an amount not to exceed 90.7 percent of the hard costs of the elevated water reservoir and appurtenances, and (2) soft costs in an amount not to exceed 15 percent of the City's hard cost participation amount.

The proposed project will be managed through Austin Water staff and is located in zip code 78746, in City Council District 8.