



Recommendation for Action

File #: 23-2428, Agenda Item #: 3.

8/31/2023

Posting Language

Authorize negotiation and execution of an amendment to the cost participation agreement with M/I Homes of Austin, LLC to increase the amount of the City's cost reimbursement for costs associated with the design and construction of an oversized wastewater interceptor, lift station, and force main related to Service Extension Request No. 4038R that will provide wastewater service to a proposed mixed use development located at Slaughter Lane and Thaxton Road in the amount of \$4,538,360 for a total amount not to exceed \$11,335,550.

Lead Department

Austin Water.

Fiscal Note

Funding is available in the Fiscal Year 2022-2023 Capital Budget of Austin Water.

Prior Council Action:

August 22, 2019 - Council authorized the negotiation and execution of a cost reimbursement agreement for an amount not to exceed \$5,388,877 for an oversized wastewater interceptor.

July 29, 2020 - Council authorized an increase to the City's participation in the cost reimbursement agreement for an amount not to exceed \$6,797,190 for an amended service plan including an oversized wastewater interceptor, lift station and force main.

For More Information:

Inquiries should be directed to Blanca Madriz, 512-972-0115, or Blanca.Madriz@austintexas.gov.

Council Committee, Boards and Commission Action:

August 7, 2023 - Recommend by the Water and Wastewater Commission on a 6-0 vote with one absence and four vacancies.

Additional Backup Information:

The 116 Ac Thaxton Road Tract project consists of approximately 116.47 acres of land located north and south of Slaughter Lane and west of Thaxton Road (the "Property"). The Property is approximately 75% within the City of Austin's (the "City") Full-Purpose Jurisdiction and approximately 25% within the City's 2-mile Extra-Territorial Jurisdiction. The Property is entirely within the City's Impact Fee Boundary, Austin Water's service area for water and wastewater, the Desired Development Zone, and the Marble Watershed. A map of the property location is attached.

M/I Homes of Austin, LLC (the "Applicant") is proposing to develop approximately 340 single-family homes, 350 multi-family units, and 30,000 sq. ft. office space. The Applicant requested that the City provide wastewater utility service to the Property as proposed in Service Extension Request (SER) No. 4038R. Austin Water will provide retail water service to the Property as approved in SER No. 4443.

Service Extension Request No. 4038R (SER-4038R) was submitted and approved to extend City wastewater

utility service to the Property. As authorized by City Council on August 22, 2019, and July 29, 2020, the City and Philip Boghosian Living Trust executed a Cost Reimbursement Agreement ("Agreement") on November 6, 2020, for \$6,797,190 of total project costs for the construction of an oversized wastewater interceptor, lift station, and force main, as proposed in SER-4038R. The Agreement was assigned, as allowed in the contract, to the Applicant on November 6, 2020.

Under the Agreement, the Applicant will construct oversized improvements, including approximately 8,000 feet of 30-inch wastewater interceptor, a 3,700 gpm lift station, and approximately 2,570 feet of force main. The proposed wastewater improvements will be conveyed to the City for the City's ownership, operation, and maintenance. These wastewater improvements were oversized and required by the City in order to serve additional properties within the Marble drainage basin consistent with the City's long range planning goals for this area. The City has agreed to reimburse a percentage of the actual project costs associated with the construction of the wastewater interceptor, lift station and force main.

The certified low bid for construction of the oversized wastewater improvements was received by the City on June 1, 2023, and the City's proportionate share is in excess of the Council approved cost reimbursement amount. The bids received exceeded the original cost estimate primarily due to an increase in material and construction costs as a result of the COVID-19 pandemic, and scope changes between the preliminary and final design phases. The original cost estimate was prepared at a preliminary phase of the Project prior to the onset of the COVID-19 pandemic and was based on material and construction costs at that time. Additionally, during the design phase, the project scope was refined as design and construction details were further explored, and significant segments of the proposed interceptor required trenchless installation by tunnelling operations.

Under the proposed amendment to the Agreement, the City will reimburse an overall total amount not to exceed \$11,335,550 for the actual project costs associated with the construction of the oversized wastewater interceptor, lift station, and force main. This amount is a \$4,538,360 increase from the City Council's most recently approved reimbursement amount.

The proposed project will be managed through Austin Water staff and is located in zip code 78747, in City Council District 2.