

## **CITY COUNCIL AGENDA MEMORANDUM**

### **SUBJECT**

Resolution authorizing execution of an amendment to a utility extension agreement between the City and developer CP V SHERWOOD, LLC to compensate the developer for the incremental cost increase between a 12-inch diameter sewer pipeline and the 15-inch diameter sewer pipeline to be installed in Bel-Red Road between 148th Avenue NE and NE 20th Street, as well as the depreciated value of the existing 8-inch pipeline to be replaced, in an amount not to exceed \$1,262,207.20.

### **FISCAL IMPACT**

Amending this utility extension agreement commits the City to pay up to \$1,262,207.20 to CP V SHERWOOD, LLC. This agreement will be funded from the Utility's Sewer Renewal and Replacement Fund (CIP Plan No. S-96). Sufficient funds have been budgeted to fund this work in the 2015-2021 Utilities CIP Budget.

### **STAFF CONTACT**

Nav Otal, Director, 452-2041

Paul A. Bucich, Assistant Director of Engineering, 452-4596

*Utilities Department*

### **POLICY CONSIDERATION**

#### Utilities Department policies:

The Utility shall invest resources as necessary to construct, maintain and renew sewer system infrastructure and equipment such that Utility customers are provided consistent, reliable service.

#### Utilities Department practice:

Replace deteriorated sewer pipe throughout the service area.

#### City contracting policies:

The City's procurement policy, updated January 1, 2015, supports open, fair, and transparent procurement of services in accordance with the City Code and state law. Because the amount of this contract exceeds \$90,000, Council approval is required.

### **BACKGROUND**

The proposed off-site sewer extension agreement with CP V SHERWOOD, LLC for the Hyde Square development will involve replacing an existing sewer line in BelRed Road. The developer's plans to redevelop a retail center into multi-family units will trigger the need to upsize an existing public sewer pipeline to handle the increased wastewater flows. In order to accommodate flows from the new complex, the developer is required to replace approximately 1,600 linear feet (lf) of existing 8-inch diameter sewer pipe with 12-inch diameter sewer pipe in Bel-Red Road from 148th Avenue NE to NE 20th Street. Beyond this needed increase, an engineering evaluation by Utilities staff determined that a minimum 15-inch diameter pipe will be required to accommodate all future development in this area. In order to prepare for this future development, the City is proposing to enter into a cost sharing agreement with the developer to install the 15-inch pipeline now, in lieu of having to upsize the line with a separate

project in the future. The City's contribution to the project will cover the incremental increase in size, as well as pay for a portion of the construction cost to account for the renewal of the existing 50-year-old concrete pipe. Based on cost allocation calculations, the incremental increase in cost for the larger pipe diameter and the depreciated value of the existing pipeline to be replaced, the City's share is fifty-two percent (52%) of total project cost.

If the City were to design and construct this 15-inch pipeline the total cost would be up to \$1.8 million for construction and at least \$350,000 for engineering and administrative costs. Through this amendment with the developer, the City's cost will be close to half the cost of replacing this sewer main in the future with an independent project. The Utility ratepayers benefit through this coordination by sharing in the cost of design, permitting, outreach, and highly difficult traffic control in BelRed Road and 148<sup>th</sup> Avenue NE. Further, though a more subjective intangible benefit, the public will benefit by eliminating the nuisance of an additional utility project in the future to upsize the 12-inch sewer.

### **EFFECTIVE DATE**

If adopted, this Resolution will become effective immediately upon adoption.

### **OPTIONS**

1. Adopt Resolution authorizing the City Manager to execute an amendment to a utility extension agreement between the City and developer CP V SHERWOOD, LLC to compensate the developer for the incremental cost increase between a 12-inch diameter sewer pipeline and the 15-inch diameter sewer pipeline to be installed in Bel-Red Road between 148<sup>th</sup> Avenue NE and NE 20<sup>th</sup> Street, as well as the depreciated value of the existing 8-inch pipeline to be replaced, in an amount not to exceed \$1,262,207.20.
2. Do not adopt the resolution and provide alternate direction to staff.

### **RECOMMENDATION**

Option No. 1.

### **MOTION**

Move to adopt Resolution No. 9111, authorizing execution of an amendment to a utility extension agreement between the City and developer CP V SHERWOOD, LLC to compensate the developer for the incremental cost increase between a 12-inch diameter sewer pipeline and the 15-inch diameter sewer pipeline to be installed in Bel-Red Road between 148<sup>th</sup> Avenue NE and NE 20<sup>th</sup> Street, as well as the depreciated value of the existing 8-inch pipeline to be replaced, in an amount not to exceed \$1,262,207.20.

### **ATTACHMENTS**

CIP Project Description

Proposed Resolution No. 9111

### **AVAILABLE IN COUNCIL DOCUMENT LIBRARY**

Amendment to a Utility Extension Agreement