

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From:

Co-Submitter: Brad Hill

Date: 09/25/2019

Meeting Date: 10/01/2019



TITLE:

Consideration and Approval of (Confirming) Payment: Reimbursement payment to Vintage Partners (VP) & Woody Mountain LLC for the installation of new public sewer line. (Sewer line reimbursement as agreed to in the 2016 Council approved Development Agreement with Vintage Partners).

STAFF RECOMMENDED ACTION:

Council to approve reimbursement to VP & Woody Mountain LLC in the full amount of \$1,588,046.50.

Executive Summary:

In accordance with development agreement with Vintage Partners (VP) & Woody Mountain LLC the City agreed to reimburse VP & Woody Mountain LLC for the installation of a new regional sewer line along Thompson street and Kaibab Street. The installation of the sewer line will allow the City to provide for growth on the westside of Flagstaff. The new sewer line was installed by VP & Woody Mountain LLC in fiscal year 2020 and was accepted into the City of Flagstaff municipal sewer collection system on August 1, 2019. This new sewer line will allow for growth and infill for existing parcels on the west side of the City. The total reimbursement cost for installing this new sewer interceptor amounted to \$1,588,046.50. The reimbursement for this project was budgeted in the Water Services Enterprise Fund in FY 2020 in the amount of \$900,000. The remaining \$688,046.50 will be funded from unused portion of the Phase 1 Westside Sewer Interceptor project which has been carried over from FY2019.

Financial Impact:

The Water Services Division has \$900,000 budgeted in the Water Services Enterprise Fund in account # 203-08-375-3417-0-4463 for reimbursing Vintage Partners for installing this regional sewerline. The remaining reimbursement funding is available in account 203-08-375-3377-0-4463 in amount \$581,000 (Westside Sewer Phase 1) and account # 203-08-375-3286-0-4463 in amount of \$107,000 (Rio De Flag Sewer relocations).

Policy Impact:

None

Connection to Council Goal, Regional Plan and/or Team Flagstaff Strategic Plan:

City's participation in the installation of this sewer line supports the Council Goals in the following areas:

COUNCIL GOALS:

3) provide sustainable and equitable public facilities, services and infrastructure systems in an efficient and effective manner to serve all population areas and demographics.

REGIONAL PLAN:

This project supports the policies and goals of the regional plan as outlined below;

Goal ED.3. Regional economic development partners support the start-up, retention, and expansion of existing business enterprises. This project allows for the expansion of Flagstaff's largest commercial employer (WL Gore) and provides for workforce and affordable housing within the Timber Sky development.

Has There Been Previous Council Decision on This:

The Development Agreement was approved by Council on November 15, 2016 and is attached. The subsequent Amendment #3 to the Development Agreement was approved by Council on September 18, 2018 and is also attached. This Amendment # 3 to the Development Agreement included Section 8.5.1.1 for the reimbursement for the construction of Westside Sewer Interceptor Phase 2 along Thompson and Kaibab Streets to allow for additional growth and infill.

Options and Alternatives:

- 1.) Approve (confirm) payment.
- 2.) Not approve (deny) payment

Background and History:

The Westside Interceptor Improvements were split into Phase 1 and Phase 2. The Phase 1 portion of improvements along Clay Avenue Wash were completed by the City of Flagstaff in 2018. The Phase 2 portion of improvements involved the replacement of undersized 8-inch sewer line, along Thompson and Kaibab streets. The scope of work included the installation of approximately 3,000 feet of 18 inch and 21-inch sewer interceptor from manhole 2A-422 through manhole 2A-360. This line runs from Thompson and Shellie Drive to Kaibab Lane.

The existing 8" line is undersized, is an operational bottleneck and must be up sized to 18". Over sizing is required to support council approved growth on the west side of Flagstaff. This project is required to handle projected growth and infill on the West Side. Projects affected include WL Gore Manufacturing expansion, Railroad Springs Unit 5-Crestview Estates, and Timber Sky development to be served by City sewer collection system.

On August 8, 2018 the Purchasing Section posted an Invitation for Bids (IFB) solicitation for construction on the PlanetBids website and advertised the IFB in the Arizona Daily Sun on August 8 and 15, 2018. There were a total of four (4) bids received on August 29, 2018. City Staff reviewed of all bids received and determined Eagle Mountain Construction to the lowest responsive responsible bidder. Eagle Mountain Construction's bid documentation was then turned over to Vintage Partners to contract with them for constructing the project.

Key Considerations:

The total reimbursement cost for installing the Westside Sewer Phase 2 project amounted to \$1,588,046.50. A copy of the reimbursement cost allocation prepared by Turner Engineering was reviewed and approved by Water Services management and staff members and is attached.

Funding for reimbursing Vintage Partners for installing this sewer line is available in Account# -08-375-3417-0-4463. Partial project funding is budgeted in FY 2020 with the remainder to occur in FY 2021 when additional funding is available.

This is a 100% growth related capital project that is paid for by new customer capacity Buy-in Fees. It is not rate funded project.

Community Benefits and Considerations:

During construction of the project, conditions were encountered that were outside the bid scope of work. As a result, additional costs were incurred that were unavoidable and outside the contract scope of work. These additional costs are detailed in the attached change orders. All change orders were reviewed and approved by City Staff prior to payment by developer to contractor.

Community Involvement:

The completion of the new sewer interceptor provides for additional growth of WL Gore facilities to occur on the westside of Flagstaff as well as for future development and infill opportunities.

Expanded Options and Alternatives:

Inform/Consult

The reimbursement of Westside Sewer Interceptor Phase 2 was discussed during the FY 2020 proposed budget and Capital Improvement program meetings with City Council members. This sewer line is replacing a bottleneck in the City Sewer Collection system and was also previously discussed during 2015 Rate Adjustment Public Hearings.

Public Hearings before the Water Commission and City Council are conducted in conjunction with any Rate Study. The installation of the Westside Sewer Interceptor along Thompson and Kaibab was included in the 10 year Capital Improvement Program contained in the 2015 Rate Adjustments.

Attachments: [Development Agreement -Original](#)
 [Development Agreement 3rd Amendment](#)
 [Westside Sewer Interceptor-Phase 2 Reimbursement](#)
 [Construction Contract with Eagle Mountain](#)
 [Change Order #1-Eagle Mountain](#)
 [Change Order #2-Eagle Mountain](#)
 [Change Order #3-Eagle Mountain](#)
 [Final Review Letter](#)