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**City Council Regular Meeting**

<b>Meeting Date:</b>	05/01/2017		
<b>Recommended by:</b>	Larry Rains	<b>Prepared by:</b>	Larry Rains, City Manager
<b>Finance Director Review:</b>	Celina Morris		
<b>City Attorney Review:</b>	Brett Wallace		
<b>Approved by:</b>	Larry Rains	<b>Date Submitted:</b>	04/25/2017
<b>Type of Action Requested:</b>	Ordinance		

**SUBJECT:**

Ordinance approving the East Side Sewer Line Extension and Water Assurances Agreement and authorizing the City Manager to execute the agreement with AZ Sourcing, LLC to construct a main sewer line east of I-10.

**RECOMMENDATION:**

It is recommended that Mayor and City Council adopt the Ordinance approving the East Side Sewer Line Extension and Water Assurances Agreement and authorize the City Manager to execute the agreement between the City of Casa Grande and AZ Sourcing LLC, which sets forth the provisions to extend the main sewer line to serve the AZ Sourcing property east of I-10 and provide sewer infrastructure for future development in the area east of I-10.

**DISCUSSION:**

In 2014, the Mayor and City Council approved a sewer main line extension agreement with AZ Sourcing LLC that required the City to construct a sewer line to the eastern region of the community. The line would serve both the AZ Sourcing development, as well as future development east of I-10. The agreement required AZ Sourcing to pay for the engineering and design of the sewer line and would pay the city \$4.8 million in 3 separate payments of \$1.6 million each as the 585 acre development was constructed. This proposed agreement will terminate the agreement executed in May, 2014 and would establish new terms and conditions for the construction of the sewer line. However, the line alignment and sizing of this sewer main would remain the same.

Under the terms of the proposed agreement, the City would be responsible for building the initial segment of the line, which would commence on Kortsen Road where the City's existing sewer line terminates. This segment of line would be extended under the interstate to a point east of the interstate, but before Overfield Farms Road. AZ Sourcing would responsible to connect and construct the remaining upsized sewer line along the route to their property line.

Also included in the agreement are provisions to provide AZ Sourcing an offset to Development Impact Fees for them installing polymer manholes at the City's request. These manholes are designed to have an extended useful life that would offset the additional cost from a standard manhole over the life of the asset. The City would be required to finalize the Kortsen segment of the sewer line within 18 months from the date of execution of this agreement. AZ Sourcing would be responsible for completing the Eastside segment within 24 months from the execution of the agreement. AZ Souring would hire and pay for a third party inspector who has

been selected by the City to ensure that workmanship of the engineering design and City's expectations were achieved. AZ Sourcing would provide a sewer connect stub to each property owner dedicating right-of-way along the sewer line corridor. The City would waive the traditional plan review and permitting fees, as we have been actively involved in the engineering design of the sewer line. AZ Sourcing would be required to post financial assurances for their segment of infrastructure should they not be able to complete the project within the time line specified.

The City has previously secured a contractor through the construction manager at risk procurement process (CMAR). Haydon Building Corp. has been actively involved in the pre-construction services and is finalizing a guaranteed maximum price (GMP) proposal that would outline the construction costs for the City's segment under this agreement. It is anticipated the GMP will be finalized in the near term. We anticipate bringing the contract to the Mayor and City Council in the next couple of weeks.

The City continues to work with the property owners along the corridor to secure the required right-of-way for sewer and water infrastructure. Drafts of the maps of dedication are finalized and are currently being reviewed by staff, and legal counsel for the owners have been in contact about the terms of a proposed dedication agreement. Staff anticipates bringing an item to Council concurrently with the Haydon item that would establish the proposed route and authorize staff to execute agreements or take action to acquire the necessary right-of-way.

**FISCAL IMPACT:**

The estimated budget cost of the project is \$3 million. This would include the cost of construction for the City's segment of the sewer line, as well as the funding necessary to offset the costs of the upgraded manholes. The project will be funded through development impact fees and construction sales tax. Both of which are specifically designated for capital infrastructure.

**ALTERNATIVES:**

Reject Recommendation