

**CITY OF GOODYEAR
COUNCIL ACTION REPORT**

SUBJECT: Adopt Resolution 2019-1944 Approving the Second Amendment to the Development Agreement for West Goodyear Sewer and Water Infrastructure and Second Amendment to the Escrow Agreement.	STAFF PRESENTER: Rebecca Zook, Director of Engineering CASE NUMBER: None OTHER PRESENTER: None
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PROPOSED ACTION:

ADOPT RESOLUTION NO. 2019-1944 APPROVING THE SECOND AMENDMENT TO THE DEVELOPMENT AGREEMENT FOR WEST GOODYEAR SEWER AND WATER INFRASTRUCTURE AND THE SECOND AMENDMENT TO THE ESCROW AGREEMENT; AUTHORIZING THE EXECUTION OF THE AMENDMENTS; AND PROVIDING FOR AN EFFECTIVE DATE.

BACKGROUND AND PREVIOUS ACTIONS:

In early 2005, owners of sixteen properties located in the West Goodyear Central Planning Area, which encompasses 3,364 acres and over 8000 residential units to be located west of Citrus Road and south of Van Buren. At the time, the area was not being served by city wastewater or water and there were no plans on the part of the city to provide the infrastructure needed to serve this area.

Over the last ten+ years, a number of council actions involving the adjustment, renegotiation and extensions of the associated development agreements and a Cost Recovery Ordinance for the West Goodyear (WG) area were considered and subsequently approved by the Mayor and Council. The goal of the efforts by both the owners and the city was to stimulate the occurrence of development in the area.

In early January 2017, staff learned that five of the WG property owners (Amber Meadows, Paseo Ridge I & II, Las Ventanas, Pradera and La Jolla Vista) had joined together and agreed to participate in funding key regional water and sewer trunk line extensions in West Goodyear. The cost of the lines was anticipated at nearly \$3.4 Million, however, and as a result of the partnership of the owners, they have effectively spread out the financial burden of building the infrastructure between the 5 property owners. The resultant Development Agreement for West Goodyear Sewer and Water Infrastructure (the "Infrastructure Development Agreement") represented the culmination of the framework for the installation of approximately 3.5 miles of water and sewer trunk lines to serve close to 1900 single family residential units.

In March, 2017, the Mayor and City Council adopted Resolution No. 17-1792, approving the Infrastructure Development Agreement and the form of an Escrow Agreement that was to be entered. Both the Infrastructure Development Agreement and the Escrow Agreement required that the infrastructure improvements identified in the agreements be completed within an 18 month time frame.

In September, 2018 the Mayor and City Council adopted Resolution No. 18-1905, approving an extension for the construction of the regional water and sewer trunk line extensions in West Goodyear from 18 months to 24 months. The Owners have been working with the city on resolving design and construction issues.

STAFF ANALYSIS:

There have been continued challenges during the construction of this project. The Owners, engineers and contractor have been consistently working with the city during the six (6) month extension to resolve the issues per the city requirements. During this time frame, the City discovered that the sewer portion of the project had been constructed with multiple defects in slope, vertical and horizontal alignment. This raised a serious concern that the sewer would not function as designed and would contribute to long term maintenance issues, such as solids build-up and odors. The City utilized the services of a third party Engineering firm to analyze the constructed sewer line and recommend corrective action, if needed. The report produced by the third party confirmed all of the concerns listed above and recommended multiple construction repairs to correct the horizontal and vertical defects. In addition to the repairs, the report recommended an inspection and maintenance program for the system. The recommendation included inspections at regular intervals to monitor the system performance until such a time that the communities that will be served are built out and the system is receiving full flows. If any performance issues are identified, additional cleaning and flushing should be utilized to reduce solids build up and associated odors.

At this time, all construction issues have been resolved and a funding amount has been identified to address the potential maintenance issues identified in the third party report. The City Manager's Office, Public Works and Engineering have collaborated with the Owners on a resolution that is acceptable to the city and allows for the acceptance of the lines. In order to complete the successful construction of the lines and the necessary repairs to certain sections of the lines, the WG property owners wish to extend the project timeframe from 24 months to 28 months, and gain approval for the deposit of one-time funds in the amount of \$200,000 in order to implement a maintenance program that includes inspection and the possibility of flushing and cleaning of the line.

FISCAL ANALYSIS:

A payment in the amount of \$200,000 will be provided to the city for ongoing maintenance and will be placed in the Wastewater Operating fund where future line inspection and if required, cleaning and flushing of the line expenses will occur.

RECOMMENDATION:

Staff recommends approval of Second Amendment to Development Agreement for West Goodyear Sewer and Water Infrastructure Development Agreement and the Second Amendment to Escrow Agreement.

ATTACHMENTS:

Resolution No. 2019-1944

- Exhibit 1 – Second Amendment to Development Agreement for West Goodyear Sewer and Water Infrastructure
- Exhibit 2 – Second Amendment to Escrow Agreement