

**TOWN OF PRESCOTT VALLEY  
REQUEST FOR COUNCIL ACTION  
Date: October 27, 2016**

**SUBJECT:** Construction Agreement 20” Water Line Relocation

**SUBMITTING DEPARTMENT:** Utilities

**PREPARED BY:** Neil Wadsworth, Utilities Director

**AGENDA LOCATION:** Comments/Communications , Consent , Work/Study ,  
New Business , Public Hearing , Second Reading

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**ATTACHMENTS:** a) Construction Agreement

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**SUMMARY/BACKGROUND:** Universal Homes Construction, LLC is the successor-in-interest to the entity which entered into a Development Agreement with the Town on December 16, 1999 for development of Granville. Subsection 6.5 of the Development Agreement provided that the Town’s development fees and utility system capacity charges at the time would be fixed for a period and that certain credits would apply for improvements constructed by the developer. In particular, the developer would receive a dollar-for-dollar credit against the Water Capacity Charge for all amounts expended for “design and installation and overhead” of “any improvements to the water system, other than the installation of water lines within individual subdivisions.” Those would include “arterial water lines, storage tanks, oversized transmission lines that serve additional properties, or any other enhancement to the water plant and delivery system.” The credits would apply when building permits were purchased and the developer and the Town would agree ahead of time on the work to be completed (and the credits to be applied) based on engineers’ estimates. Over time, the developer and the Town have reached various agreements with regard to financing required public improvements per the Development Agreement (including financing of necessary arterial water lines).

The October 2004 Water Master Plan for the Southwest Phase of Granville showed an existing 16” water line from the Tank Farm that went north (and then east) until it connected with a line leading to three of the Town’s water wells. Granville needed another 12” water line for this area which could also be accommodated if the 16” line were replaced with a 20” line. The Plan proposed that a new 20” line be placed in right-of-way for extension of Prescott East Highway and a new Granville Fairway (with the original 16” line being abandoned in place and the easement vacated so lots could be platted over it). Sometime between 2004 and 2007, a portion of the new 20” water line was placed in the Granville Fairway right-of-way from a point on the original 16” line (where the extension of Prescott East Highway and Granville Fairway would meet) to a line in Tuscany Way. Because the new 20” line was categorized as an “arterial”, the Development Agreement required that credits for the cost be applied to the Town’s Water Capacity Charge.

When Granville Fairway was recently constructed in the platted right-of-way, that portion of the 20” line located under a significant wash would have been left under box culverts and significant fill (making it inaccessible for maintenance) if the line were not raised during construction. Because the line now belonged to the Town as a major water arterial, it was the Town’s responsibility to raise it. Therefore, the Town Manager verbally arranged with the developer to raise the line during the course of its construction of Granville Fairway, based on a bidding exception under ARS §34-201(D) (which allows such direct agreements for construction if the cost is no greater than \$150,000 in FY 1994-95, adjusted by the GDP

deflator...\$228,255 today). The expected cost was \$110,000. The line has now been raised as part of the road construction, and Granville has now requested that it be reimbursed for the actual cost of \$105,035.

This proposed Construction Agreement provides for reimbursement of construction costs after the construction has been completed, inspected, and accepted.

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**OPTIONS ANALYSIS:** The Town Council may approve this Construction Agreement OR delay approval until additional information is provided.

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**ACTION OPTION:** Motion to approve this Construction Agreement for reimbursement of the actual costs of relocating the described 20" water arterial line, **OR** Motion not to approve this Agreement.  
**VOTE.**

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**RECOMMENDATION:** Staff recommends approving this Construction Agreement.

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**FISCAL ANALYSIS:** The anticipated cost of having the developer relocate this line as part of constructing the new Granville Fairway was included in the Utilities Department FY 2016-17 budget and is available for the reimbursement.

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**REVIEWED BY:**

Management Services Director \_\_\_\_\_

Town Clerk \_\_\_\_\_

Town Attorney \_\_\_\_\_

Town Manager \_\_\_\_\_

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**COUNCIL ACTION:**

Approved  Denied  Tabled/Deferred  Assigned  Assigned to \_\_\_\_\_