



Legislation Text

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TO: Mayor Collins and Town Council Members

FROM: Kevin Burke, Town Manager
Paul Mood, P.E., Town Engineer
Jeremy Knapp, Engineering Services Analyst

DATE: March 8, 2018

DEPARTMENT: Engineering

AGENDA TITLE:

Authorize the Town Manager to enter into a contract with Arizona Trench Company for trenching, installation of underground conduits, pull boxes and equipment pads for District 30 Overhead to Underground Conversion Project in an amount of \$659,196 and authorize payment of \$159,757 to Arizona Public Service and \$113,286.63 to CenturyLink upon completion of District 30 in Fiscal Year 2019 and authorize a budget transfer from FY2017-18 CIP Project 2016-14.1 Lincoln Drive - Ritz Related Roadway Improvements to CIP Project 2016-02 APS District 30 to fund the town's portion of the project.

Town Value(s):

- Primarily one-acre, residential community
- Limited government
- Creating a sense of community
- Partnerships with existing schools and resorts to enhance recreational opportunities
- Improving aesthetics/creating a brand
- Preserving natural open space

Undergrounding Overhead Power Lines Improves Community Aesthetics by Eliminating Visual Clutter in our Viewsheds

Council Goals or Statutory Requirements:

RECOMMENDATION:

Approval of the necessary contracts and budget transfer to complete APS District 30 Overhead to Underground Conversion project.

SUMMARY STATEMENT:

The Town has a long standing history of working with Arizona Public Service (APS) to complete overhead to underground powerline conversions. Since 1988, the Town and APS have completed 36 districts, removed over 74 miles of lines, removed almost 2,000 poles, and invested over \$42 million.

The final undergrounding district is District 30.

The Town's longstanding agreement for funding undergrounding of overhead electrical lines with APS includes APS paying 45% of the trenching cost, installation of conduits and cable. The Town shares with APS 55% of the underground cost (trenching, conduits wires and appurtenances). Additionally, the Town provides trenching, conduits and pull boxes for CenturyLink and pays them their cost for engineering, wire and labor. The Town also pays for the cost of trenching for Cox Communications. At the February 22, 2018 study session, Council asked about the background for which these companies don't pay to underground their utility lines. Attached please find a tariff sheet from the Arizona Corporation Commission exempting CenturyLink from payment.

Undergrounding District 30 is located east of Scottsdale Road, between Jackrabbit Road and Vista Drive (see Attachment A and B). The district is unique in that it borders the City of Scottsdale on three sides and had failed to reach the resident funding contribution during multiple attempts to fund the project. The main reason the project failed to meet the resident contribution requirements was due to the fact that many of our residents would still be able to see APS lines in Scottsdale adjacent to their properties. Town staff approached the City of Scottsdale and requested their participation in this project similar to the Town's participation. This was rejected due to an equity concern for similarly situated neighborhoods throughout Scottsdale. Town staff approached APS, requesting they extend the Town's Undergrounding Agreement to the adjacent City of Scottsdale properties in order to complete this district, APS agreed. In February of 2015 Town Council Directed staff to proceed with attempting to reach the resident funding contribution limits again, including those properties within the City of Scottsdale that abut the lines.

The estimate prepared by APS for this project, which was utilized to budget the project in the Town's CIP, turned out to be considerably below actual low-bid costs for several reasons. These include increased costs for electrical conversions and trenching as well as an estimating error. To help offset additional costs, APS has offered to cover an additional percentage of the project as shown in the attached PowerPoint Presentation (Attachment H).

This district includes 56 properties, 30 of which are within the Town of Paradise Valley and 26 are within the City of Scottsdale. Town residents contributed, on average, the voluntary \$1,500 contribution, meeting the town's threshold of \$34,500. Scottsdale residents were required to contribute, on average, \$7,323 per lot, for a total of \$79,994, which they did. In many cases, several Town and Scottsdale residents paid much more than the average contribution listed in order to ensure the project would move forward.

On January 4th, 2018, the Town received competitive bids for the Town's portion of the work. The bid results (Attachment C) are as follows:

Bidder	Bid Amount
Arizona Trench Company	\$ 659,196.00
MGI	\$ 715,300.00
Team Fishel	\$ 884,943.52
Doublejack	\$ 1,005,895.00
Beecroft	\$ 1,108,500.00

Based on their qualifications, experience, and price, it is recommended that Arizona Trench Company be awarded the trenching contract (Attachment D) in the amount of \$659,196.

In addition to trenching and conduit install by Arizona Trench Company, the Town also has to pay a portion of the APS Conversion which totals \$159,757 (Attachment E).

Per our Franchise Agreement with CenturyLink, The Town is also obligated to pay CenturyLink in an amount of \$113,286.63 (Attachment F) for the conversion of their overhead facilities in the area. This cost includes design engineering for CenturyLink Improvements, manpower necessary to install the new wire, and for the wire itself.

Item	Cost
Conversion Trenching - Arizona Trench Company	\$ 659,196.00
Payment to APS for Facility Conversion	\$ 159,757.00
Payment to CenturyLink for Facility Conversion	\$ 113,286.63
Sub Total	\$ 932,239.63
Less Residents Contributions	\$ 114,494.00
Town Cost	\$ 817,745.63

At the February 22, 2018 Town Council Meeting, Mayor and Council directed town staff to do the following:

1. Break down project costs by municipality (i.e. Town of Paradise Valley, City of Scottsdale)
2. Pursue additional cost reduction by:
 - a. De-scoping the project
 - b. Approaching CenturyLink and/or Cox
 - c. Approaching APS
 - d. Approaching the City of Scottsdale
 - e. Spreading the cost over additional years

The total project cost breakdown by municipality is \$942,971.23 within the Town of Paradise Valley and \$734,227.40 within the City of Scottsdale.

De-scoping the project is a possibility but would require returning resident contributions, resoliciting contributions based on the new scope, redesigning the project and re-bidding all of the work. This would delay the entire project into next fiscal year and assumes the residents would contribute to the project again under a different scope.

Approaching CenturyLink and/or Cox. Cox does not owe any payments in the project. Staff approached CenturyLink about contributing to the project. The request for financial participation was denied. CenturyLink provided reference to the ACC tariff exempts their financial participation in such projects (see attached). However, Centurylink has agreed to defer receipt of their \$113,286.63 payment until the project is completed or July 1, 2018, whichever is later (strategy e.). This places this cost in the Town's next fiscal year and reduces the transfer need in this fiscal year.

Town staff also approached APS, as did Council, about greater financial participation in the project due to the estimating error and cost overrun. APS declined any additional participation but did agree to defer receipt of their \$159,757 payment until project completion or July 1, 2018, whichever is later (strategy e).

The total cost overrun that is the responsibility of the Town equals \$297,446.63. With the deferral of \$113,286.63 by CenturyLink and the deferral of \$159,757 by APS, the total additional amount needed in the current fiscal year is \$24,403.37.

Town staff approached the City of Scottsdale regarding the remaining \$25,000. City staff agreed to offset Town of Paradise Valley fees and expenses currently owed to cover fees and expenses associated with operating in roads, easements and rights of way.

These three approaches erase the \$297,447 funding deficit in this current fiscal year.

BUDGETARY IMPACT:

Approval of this agenda item will cost the town \$932,239.63.

The amount budgeted for this project was \$634,793 in FY2016-17 which was never spent on the project. The cash is still available for this project; but the approved budget authority was not carried forward into this year. Of the budgeted \$634,793, \$114,494 came from previously received District 30 property owner contributions.

In order to balance the CIP projects budgets between the three fiscal years (FY2016-17, FY2017-18, and FY2018-19), a transfer of budget authority (Exhibit G) of \$659,793 (\$634,793+\$25,000) is necessary from FY2017-18 CIP Project 2016-14.1 Lincoln Drive - Ritz Related Roadway Improvements. A majority of that roadway project has been delayed until FY2018-19. As a priority, this amount will be reinstated with the proposed FY2018-19 Budget to the Lincoln Drive - Ritz Related Roadway Improvements Project to make the project whole and fully funded. Other projects slotted for FY2018-19 are subject to adjustments, contingent upon available resources and spending limitations.

ATTACHMENT(S):

- Attachment A - District 30 Map
- Attachment B - District 30 Photos
- Attachment C - Bid Tabulation
- Attachment D - Arizona Trench Company Contract
- Attachment E - Arizona Public Service Price Breakdown
- Attachment F - CenturyLink Price Breakdown
- Attachment G - Resolution 2018-08 Budget Transfer Request
- Attachment H - PowerPoint Presentation
- Attachment I - Resolution 577
- Attachment J - Resolution 813
- Attachment K - FY18 CIP Project by Department