

## PUBLIC WORKS COMMITTEE REPORT

March 3, 2010, 1:50 PM

City Council Chambers

**Members Present:** Jason Wiener (chair), Ed Childers, Dick Haines, Lyn Hellegaard, Roy Houseman, Bob Jaffe, Marilyn Marler, Renee Mitchell, Pam Walzer, Jon Wilkins

**Members Absent:** Dave Strohmaier

**Others Present:** Steve King, Kevin Slovarp, Gilbert Larson, Steve Earle, Monte Sipe, Bruce Bender, Gregg Wood, Lloyd Twite

### I. ADMINISTRATIVE BUSINESS

- A. Approval of the minutes of [February 24, 2010](#)—Approved as submitted.
- B. Announcements—Steve King, Public Works Director, stated that they would return in a week or two with detailed information on North Higgins, and that they had opened the bids and are moving ahead. Mountain Water will be starting repair work on March 10 before the main project begins. Council authorized the Mayor to sign contracts for the project, so the bid award won't come through council.
- C. Public Comment on Non-Agenda items—

### II. CONSENT AGENDA ITEMS

1. Award Street Maintenance/Construction Material Contracts ([memo](#)).—Regular Agenda (Brian Hensel) (Referred to committee: 02/22/10) **REMOVE FROM AGENDA**

#### Motions:

- a) Award the bid for road maintenance materials (Project 101-2010-1) to Montana Refining Company for 330 tons of emulsified asphalt CRS-2P at \$470.00/ton for a total of \$155,100 and authorize return of bid bonds.
- b) Award the bid for road maintenance materials (Project 103-2010-3) to Knife River of Missoula, MT, for 5,000 tons of hot mix asphalt at \$43.20/ton for a total of \$ 216,000 and authorize return of bid bonds.
- c) Award the bid for road maintenance materials (Project 104-2010-4) to LS Jensen of Missoula, MT, for 4,000 tons of sand surfacing at \$5.24/ton for a total of \$20,960 and authorize return of bid bonds.
- d) Award the bid for road maintenance materials (Project 105-2010-5) to LS Jensen of Missoula, MT, for 3,000 tons of seal coat aggregate at \$22.00/ton for a total of \$66,000 and authorize return of bid bonds.
- e) Award the bid for road maintenance materials (Project 106-2010-6) to Knife River of Missoula, MT, for 3,000 tons of driveway-grade asphalt at \$54.20/ton for a total of \$162,600 and authorize return of bid bonds and authorize return of bid bonds.
- f) Award the bid for road maintenance materials (Project 107-2010-7) to Knife River of Missoula, MT, for 8,000 tons of Grade "D" asphalt at \$43.20/ton for a total of \$345,600 and authorize return of bid bonds.
- g) Award the bid for road maintenance materials (Project 108-2010-8) to Knife River of Missoula, MT, for 1,000 tons of Drain Aggregate at \$11.00/ton for a total of \$11,000 and authorize return of bid bonds.

Brian Hensel, Street Division Superintendent, stated that this was a purchase they make every year about this time, and that this year there was a reduction in prices for everything except the 3/8 chips.

Mr. Wilkins made the motions to award the bids.

Ms. Walzer asked if there were any alternatives to using the 3/8 aggregate that increased in price and Mr. Hensel replied that there was not.

The motions passed unanimously.

2. Schedule a public hearing on the City of Missoula draft Master Sidewalk Plan ([memo](#)).—Regular Agenda (Jason Weiner) (Referred to committee: 03/01/10) **REMOVE FROM AGENDA**

**Motion:** The committee recommends the City Council schedule a public hearing on April 5th to present and take public comment on the draft Master Sidewalk Plan.

Mr. Wiener stated that the Master Sidewalk Plan was a policy and did not require adoption by the Council, but they were asking for a public hearing to solicit public comment.

Mr. Jaffe asked if changes could be made to the plan. Mr. King stated that it was a flexible plan and they were open to public comment and modifications to the document.

The motion passed unanimously.

3. Consider the Second Amended Agreement between the City of Missoula, Maloney Properties, LLC, and Lloyd A. Twite Family Partnership, related to Miller Creek Road Improvements ([memo](#)). – Regular Agenda (Monte Sipe)  
**REMOVE FROM AGENDA**

**Motion: The committee recommends that City Council approve the Second Amended Agreement between the City of Missoula, Maloney Properties, LLC, and Lloyd A. Twite Family Partnership, related to Miller Creek Road Improvements.**

Mr. King stated that the funding agreement was one of three items to discuss to allow the project to move forward. They spent two years on right-of-way (ROW) acquisition, and they have fully secured all the ROW necessary for the project. Mr. Slovarp added that they concluded all ROW negotiations without having to acquire any parcels through the condemnation process. Mr. King stated that they made dozens of accommodations for driveways, landscaping, retaining walls and so on during ROW acquisition. Utility relocation is in progress now. The County has a public hearing on sewer installation in their ROW scheduled for March 10, which is a required part of their process. Separately, there is a federal earmark project for \$535,000 for curb and sidewalk on Lower Miller Creek Road to Linda Vista Boulevard. They will hold a neighborhood meeting later in the month. The County has been collecting money for the Miller Creek traffic mitigation fund for many years, and that money will go to this project. There is also money from the developers, Maloney and Twite. The existing agreement was amended in December 2009 and contained several clauses for various scenarios, and the agreement should be updated now that the bids are open and the actual cost of construction is known. The original amendment had a cost estimate of 3.121 million dollars, which included \$250,000 of contingency, resulting in a net project cost estimate of 2.871 million dollars. The agreement identified financial obligations of 2.647 million, and 1.5 million of that was from Twite and Maloney. Of that, \$400,000 was subject to developer credits and repayments including a repayment factor to be repaid by the transportation mitigation fund, which comes to about 6.5% interest over 12 years. The December agreement included an unfunded balance of \$223,998, which was not clearly presented to the committee at that time. Options to deal with that balance include waiting on the project, changing the design to remove \$200,000, or having City crews do a major portion of the work. However, they had good bids and it makes more sense to have a private contractor do it. They have sewer funds in the project, and it would be difficult to justify using additional money from that fund. They could use transportation impact fee funds to make up the unfunded balance. The current agreement has a provision that cost savings will be equally shared between the City, Twite, and Maloney, meaning the City would have to credit the developers back \$400,000. The current recommended agreement would reduce that savings portion \$150,000 for each developer, rather than \$200,000 in the original agreement. Now they have the actual costs for the project, \$2,567,342. Staff recommend reducing the developer obligation with the repayment factor from \$400,000 to \$100,000 and providing additional project funding with the current transportation impact fee fund balance. Funding from outside sources would be \$2,347,000 and there would be \$220,000 of traffic impact fee funds to balance the project budget. Miller Creek area transportation impact fees will be committed to this project for the foreseeable future with that option. The current balance of the transportation impact fee fund is \$965,000. The money would need to go through the budget process for 2011. This is a three million dollar project with years of engineering and requires cooperation from Maloney, Twite, and the City. He recommended approval of the amended agreement.

In response to questions from Mr. Wiener, Mr. King stated that there was an unfunded balance of \$224,000, which requires either cash or changes to the project. If the project had come in at the 3.1 million in the original contract, they would have needed \$400,000 in transportation fees. Mr. Slovarp added that the 3.1 million included estimates and contingencies, which have been removed now that the actual bid is completed. Mr. King stated that the December agreement had uncertainty in it, and the parties interpreted it differently. The amended agreement provides absolute clarity. Mr. Bender stated that the savings paid to the developers was negotiated down from \$200,000 each to \$150,000 each. Approximately \$100,000 of the transportation impact fee would be for contingencies and may not be needed. Of the 2.6 million dollar project, 1.6 million is coming from the developers in prepaid county fees, and approximately 1 million is from prepaid city fees. The \$200,000 from the transportation impact fee fund comes from other parts of the community. The City will recover those funds, but it may take approximately 20 years to pay it back.

Ms. Walzer asked if the February 26, 2009 cost estimate was final and whether there were other partners involved in the development. Mr. King stated that the February cost estimate was final and it should have read 2010. The

master plan in the neighborhood contains more development than is planned in the current agreement, and eventually the City will have a net income from the neighborhood. Mr. Bender stated that the master plan allows for 1,400 additional homes in Miller Creek, and 1,000 of those are pre-paid in the agreement. The remaining 400 will pay back the transportation impact fee fund and may net up to \$400,000, but it will likely take over 20 years to get there.

In response to questions from Mr. Jaffe, Mr. King stated that each developer will be contributing \$600,000 in pre-paid traffic impact fees. Of that, \$50,000 for each developer is subject to a 2.1 repayment factor. The estimate is that it will take about 12 years for them to recoup that money. They will receive credits for traffic impact fees for the \$550,000 first. They will pay \$1,800 or the actual traffic impact fee at the time, whichever is higher. The county fund is contributing 1.1 million dollars.

Ms. Mitchell asked how the developers got a 6.5% interest rate. Mr. King stated the developers would have to borrow the money to contribute to the project and may not get it back until 2020. The interest is for their costs to borrow the money.

Mr. Wiener referred to paragraph three in the existing agreement and stated that the savings would be distributed among parties after the project was completed. He also asked if there would be further amendments to the project and stated he wanted to avoid backfilling the project from City coffers. Mr. King stated that portion was not clearly written and was part of the ambiguity they wanted to get rid of. He stated that he had confidence in the plans and specifications as well as the budget. There is a \$100,000 backstop for unforeseen items within the scope of the project as well.

Mr. Jaffe stated that he was not comfortable with any contract amendments being the City's obligation and stated that they were asking the developers to make an investment to make their projects more sellable and the interest obligation wasn't necessary. Mr. King stated that developer costs were capped and finite, and it was the City's responsibility to control project costs. The road that is there now is a problem, and there is durable value in sidewalks, boulevards, and drainage with the project, beyond the developers' needs. The project is good for the neighborhood and the developers.

Mr. Wiener stated that the main item of the agreement was that the new cost estimate reduced the repayment to the developers from \$200,000 each to \$150,000 each.

Mr. Jaffe made the motion to approve the project.

Steve Earle, speaking as a Miller Creek resident, stated that the infrastructure in the area needed vast improvement, and he supported the project as a taxpayer. As the General Manager of Mountain Line, he stated that Mr. Twite has agreed to help them establish park and ride locations in the area and start a vanpool, which they hope may blossom into a fixed route commuter service there.

Mr. Childers thanked everyone for working on the project.

The motion passed unanimously.

4. Consider Amendment No. 4 of the Agreement for Engineering Services to WGM Group, Inc., for Miller Creek Road Improvements ([memo](#)). – Regular Agenda (Monte Sipe) **REMOVE FROM AGENDA**

**Motion: The committee recommends the City Council approve and authorize the Mayor to sign Amendment No. 4 of the Agreement for Engineering Services to WGM Group, Inc., for Miller Creek Road Improvements in the amount of \$42,069.**

Mr. Slovarp stated that this was contract amendment 4 for WGM and the amount was for \$42,069. It closes out all the preliminary design and engineering. All that remains is construction engineering services, where they will be out onsite working with the contractor. Engineering services for the project included irrigation design changes, funding agreements, additional storm drainage analysis, additional utility coordination, incorporating County design standards on Upper Miller Creek Road, and revising the design to comply with the Manual on Uniform Traffic Control Devices, which changed in the middle of the project. Additional work included staking for additional storm drainage, irrigation piping, and items required to close deals on right-of-way acquisition.

Ms. Hellegaard made the motion to approve the contract.

The motion passed unanimously.

5. Award the bid for Project 05-033, Miller Creek Road Improvements ([memo](#)).—Regular Agenda (Monte Sipe) (Referred to committee: 02/08/10) [\*\*REMOVE FROM AGENDA\*\*](#)

**Motion:** The committee recommends the City Council award the bid for Project 05-033, Miller Creek Road Improvements to LS Jensen for the sum of \$2,009,884.08 and authorize the return of all bid bonds.

Mr. Slovarp stated that they received bids from LS Jensen and Knife River and both were lower than the original engineering estimate. Approximately 1.7 million dollars of the project is for the road, and about \$310,000 is directly associated with the sewer work. LS Jensen is a quality, local contractor, and Mr. Slovarp recommended awarding the bid.

Mr. Jaffe made the motion to award the bid.

The motion passed unanimously.

Mr. Haines stated that he had put together a lot of contracts, some worth a lot more money than this one, but none were more complex than this and he thanked everyone for their work on it.

### **III. HELD AND ONGOING AGENDA ITEMS**

1. Discussion on the sizes of grease interceptors for the restaurant industry ([Grease Interceptor PowerPoint](#)) ([memo](#)).—Regular Agenda (Stacy Rye and Bob Jaffe) (Referred to committee: 04/21/08)
2. Consider restructuring the city's Sewer Loan Program along the lines of the recently approved change to the Sidewalk & Curb Loan Fund.—Regular Agenda ([Chapter 3.16 – Sidewalk & Curb Loan](#)) ([Chapter 3.18 Sewer Loan](#)) ([Ordinance 3344](#)) (Ed Childers) (Referred to committee: 06/26/06)
3. Interlocal Agreement between the City of Missoula and the County of Missoula related to the Reserve Street / Mullan Road Intersection Improvements Project. ([memo](#)) Regular Agenda (Gregg Wood) (Referred to committee: 01/11/10)
4. Review infrastructure conditions at the locations of serious and fatal traffic accidents: 2007-2009 ([memo](#)).—Regular Agenda (Jason Wiener) (Referred to committee: 01/25/10)

### **IV. ADJOURNMENT**

Respectfully Submitted,

Jessica S. Miller  
Office Manager  
City Public Works Department