CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

DATE: February 20, 2018

ITEM:

Resolution – Approval of West Des Moines Water Works Joint Administrative Policy Construction Cost Reimbursement for Water Infrastructure on City Projects
0010-085

FINANCIAL IMPACT:

West Des Moines Water Works will reimburse the City as outlined in the policy for water infrastructure construction associated with City projects.

BACKGROUND:

The City and West Des Moines Water Works (WDMWW) frequently collaborate on public road and sewer improvement projects. These City improvement projects often affect existing and proposed water infrastructure. Where possible, City projects accommodate the installation, relocation, repair, and adjustment of this water infrastructure. After the City project is accepted City Staff prepare an invoice for water related work to be reimbursed by WDMWW. These invoices range from hundreds to millions of dollars. On occasion the amount of reimbursement has been disputed. Staff from the City and WDMWW agreed a formal policy establishing the criteria and procedure for construction cost reimbursement would be beneficial to both parties.

A joint meeting of the Finance & Administration Council Subcommittee and WDMWW Finance & Audit Committee occurred on July 26, 2017. The committees recommended establishing five (5) different reimbursement scenarios as described below:

1. Requested Work (100% WDMWW cost): Requested modification or construction of water infrastructure by WDMWW to realize efficiency in design and construction costs.

2. Minor/Incidental Water Work (100% City cost): Includes valve box adjustment, valve box replacement, vertical adjustment of fire hydrants, and relocation of fire hydrants to facilitate the City public improvement project.

3. Major Water Work (50% WDMWW/50% City cost): Includes horizontal or vertical relocation of water mains, installation of new water mains, and abandonment of water mains. Valves and fire hydrants associated with a relocated water main will be considered Major Water Work.

4. Design Change Conflicts (100% City cost): City and WDMWW staff plan the location of water infrastructure expansion based on the best available information for road, sewer, and other alignments at the time. The final design may change from the planned location putting water infrastructure in conflict with a public improvement. Design Change Conflicts include adjustment, relocation, installation, and abandonment of all water infrastructure installed at a location determined by the City in advance of a public improvement.

5. Special Projects (by agreement): The City may request a significant increase of water infrastructure in an effort to secure large industry or other development. These projects costs could exceed capital improvement funds available to WDMWW. In these cases, the City and WDMWW may enter into project specific agreements outlining the funding for this infrastructure.

OUTSTANDING ISSUES:

The West Des Moines Water Works Board of Trustees will approve the joint administrative policy at the February 20, 2018 regular board meeting.

RECOMMENDATION:

City Council Adopt:

- Resolution Approving West Des Moines Water Works Joint Administrative Policy.

Lead Staff Member: Brian J. Hemesath, P.E., Interim City Engineer

STAFF REVIEWS

Department Director	Brian J. Hemesath, P.E., Interim City Engineer
Appropriations/Finance	Tim Stiles, Finance Director
Legal	Richard Scieszinski, City Attorney
Agenda Acceptance	

PUBLICATION(S) (if applicable)

Published In	
Dates(s) Published	

SUBCOMMITTEE REVIEW (if applicable)

Committee	Finance & Administration		
Date Reviewed	July 26, 2017		
Recommendation	Yes	No	Split

RESOLUTION APPROVING WEST DES MOINES WATER WORKS JOINT ADMINISTRATIVE POLICY

WHEREAS, the City of West Des Moines and West Des Moines Water Works frequently collaborate on public improvement projects; and,

WHEREAS, City projects may affect existing and/or proposed water infrastructure requiring installation, relocation, modification, repair, or adjustment; and,

WHEREAS, the cost of water infrastructure associated with City improvement projects is a joint responsibility of the City and West Des Moines Water Works; and,

WHEREAS, the City of West Des Moines and West Des Moines Water Works have developed a joint policy outlining the criteria and procedure for reimbursement of construction costs for water infrastructure on City improvement projects; and,

WHERAS, adoption of the West Des Moines Water Works Joint Administrative Policy for Construction Cost Reimbursement for West Des Moines Water Works Infrastructure on City Projects will provide uniformity and efficiency throughout the City.

therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA, the West Des Moines Water Works Joint Administrative Policy for Construction Cost Reimbursement for West Des Moines Water Works Infrastructure on City Projects is hereby adopted and approved.

PASSED AND APPROVED this **20th** day of **February, 2018.**

_____
Steven K. Gaer, Mayor

ATTEST:

_____
Ryan T. Jacobson, City Clerk

CITY OF WEST DES MOINES AND WEST DES MOINES WATER WORKS

JOINT ADMINISTRATIVE POLICY

Construction Cost Reimbursement for West Des Moines Water Works Infrastructure on City Projects

1.0 Purpose

1.1 This policy documents the procedure the City uses to recover costs from West Des Moines Water Works (WDMWW) for modification and/or extension of water infrastructure related to City construction projects.

2.0 Scope

2.1 This policy applies to all City initiated public improvement projects including, but not limited to, road, sanitary sewer, storm sewer, park, trail, sidewalk, and public building construction within right-of-way, property, and easements held by the City.

2.2 This policy does not alter or supersede any rights granted by easement to the City or WDMWW.

3.0 Policy

3.1 The City and WDMWW mutually benefit from coordination in planning, design, and construction of City public improvement projects.

3.2 City public improvement projects may include adjustment, modification, relocation, replacement, or extension of water infrastructure.

3.3 The costs associated with construction of water infrastructure are allocated as follows:

3.3.1 Requested Work

3.3.1.1 WDMWW may request modification or construction of water infrastructure be included as part of a City project to realize efficiency in design and construction costs.

3.3.1.2 WDMWW will reimburse the City for 100% of as constructed item costs for Requested Work including, but not limited to, the pro rata share of design, construction staking, and traffic control costs.

3.3.2 Minor/Incidental Water Work

3.3.2.1 Minor water infrastructure work includes valve box adjustment, valve box replacement, vertical adjustment of fire hydrants, and relocation of fire hydrants to facilitate the City public improvement project.

3.3.2.2 The City will be responsible for 100% of costs associated with Minor Water Work.

3.3.3 Major Water Work

3.3.3.1 Major Water Work includes horizontal or vertical relocation of water mains, installation of new water mains, and abandonment of water mains. Valves and fire hydrants associated with a relocated water main will be considered Major Water Work.

3.3.3.2 WDMWW will reimburse the City for 50% of as constructed item costs for Major Water Work including, but not limited to, the pro rata share of design, construction staking, and traffic control costs. The City will be responsible for 50% of costs for Major Water Work.

3.3.4 Design Change Conflicts

3.3.4.1 City and WDMWW staff plan the location of water infrastructure expansion based on the best available information for road, sewer, and other alignments at the time. The final design may change from the planned location putting water infrastructure in conflict with a public improvement. Design Change Conflicts include adjustment, relocation, installation, and abandonment of all water infrastructure installed at a location determined by the City in advance of a public improvement.

3.3.4.2 The City will be responsible for 100% of costs associated with Design Change Conflicts.

3.3.5 Special Projects

3.3.5.1 From time to time the City may request a significant increase of water infrastructure in an effort to secure large industry or other development. These projects costs could exceed capital improvement funds available to WDMWW. In these cases, the City and WDMWW may enter into project specific agreements outlining the funding for this infrastructure.

3.3.5.2 It is anticipated these agreements would be negotiated between the City and WDMWW at the time of the project

3.4 Payment

3.4.1 During project closeout, the City will prepare an itemized invoice for the design and construction costs associated with water infrastructure for WDMWW review.

3.4.2 The City will invoice WDMWW for its share of the total cost of water infrastructure work as outlined in Section 3.3 of this policy.

3.4.3 Payment is due in full within 30 days of date of receipt, unless alternative arrangements are agreed to by both parties.

3.4.4 Sales Tax

3.4.4.1 The City will issue sales tax exemption certificates for public improvement projects involving water infrastructure.

3.4.4.2 If sales tax is required to be paid by the contractor as part of the contract documents, any sales tax reimbursement from the State of Iowa shall be prorated based on percentage of total contract cost for water infrastructure items.

Distributed to City Manager, WDMWW General Manager, and all Department Directors. Posted to the West Des Moines Intranet _____.

Authorized by the City Council effective February 20, 2018.

Approved by WDMWW Board of Trustees effective _____.