

City of Fayetteville Item Review Form

2014-0243

Legistar File Number

June 17, 2014

City Council Meeting Date - Agenda Item Only

N/A for Non-Agenda Item

Chris Brown

Submitted By

Development Services

Department

Action Required:

A Resolution to Approve a Payment of \$3.5 Million to the Arkansas State Highway and Transportation Department.

Does this item have a cost? Yes

\$3,500,000.00

Cost of this request

\$28,612,500.00

Category or Project Budget

Transportation Bond Street Impts

Program or Project Name

4520.9555.5809.00

Account Number

\$8,520,036.00

Funds Used to Date

Street Improvements

Program or Project Category

06035.2200

Project Number

\$16,592,464.00

Remaining Balance

Street Sales Tax 2013

Fund Name

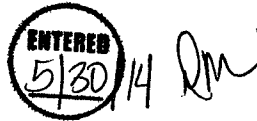
Budgeted Item? Yes

Budget Adjustment Attached?

V20130812

Previous Ordinance or Resolution #

18-11



Original Contract Number:

Comments:

[Signature] 6/2/14

Paul a. Barber 6-2-2014

[Signature] 6-2-2014
[Signature]



CITY COUNCIL AGENDA MEMO

MEETING OF JUNE 17, 2014

TO: Mayor and City Council

THRU: Don Marr, Chief of Staff
Jeremy Pate, Development Services Director

FROM: Chris Brown, City Engineer

DATE: May 30, 2014

SUBJECT: Resolution to Approve a Payment of \$3.5 Million to the Arkansas Highway and Transportation Department

RECOMMENDATION:

Staff recommends approval of the resolution authorizing payment of \$3.5 million to the Arkansas Highway and Transportation Department, as requested by the AHTD. The Transportation Committee reviewed this proposal at the May 27, 2014 meeting and also recommends approval.

BACKGROUND:

The Transportation Bond Program, approved by voters in 2006, consists of approximately \$65.9 million in bonds that are to be repaid by a dedicated sales tax, and approximately \$24.5 million in state and federal funding.

The Highway 112 (Garland Avenue) Project, from North Street to Melmar, is included in the City's Transportation Bond Program, with an original budget of \$5.2 million. The City has a partnership agreement with the Arkansas Highway and Transportation Department (AHTD) that obligates the City to pay 50% of the construction cost, up to \$1.5 million, and all of the right of way acquisition and utility relocation costs. The current estimate for the City's obligation is \$4.2 million.

In 2011, due to a cash flow issue in the bond program, the AHTD allowed the City to defer payment on the Highway 112 project by transferring the City's obligation to a future AHTD project planned at Highway 112 and the I-49 (then I-540) interchange. The City Council by Resolution 18-11 (attached) accepted the AHTD's proposal.

DISCUSSION:

Payment of the City's approximately \$4.2 million obligation was expected to be required in 2013; however, due to delays in the Hwy 112/I-49 interchange project, payment is not expected to be required until mid-2015. This delay has created another problem related to the bond program funds, in that the funds from a bond issue must be spent in a timely manner to avoid potential IRS penalties. Therefore, staff requested that the AHTD invoice the City for a portion of our

obligation so that we can spend these funds that have been allocated to the Highway 112 project.

BUDGET/STAFF IMPACT:

This project is budgeted through the Transportation Bond Program, and adequate funds are available for this payment.

Attachments:

Resolution 18-11

Copy of Letter from AHTD requesting payment.

RESOLUTION NO. _____

A RESOLUTION TO AUTHORIZE A PAYMENT OF \$3,500,000.00 TO THE ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT REPRESENTING AN INITIAL PAYMENT OF THE CITY'S PORTION OF CONSTRUCTION, RIGHT OF WAY ACQUISITION AND UTILITY RELOCATION COSTS RELATED TO THE WIDENING OF HIGHWAY 112

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1. That the City Council of the City of Fayetteville, Arkansas hereby approves a payment of \$3,500,000.00 to the Arkansas State Highway and Transportation Department representing an initial payment of the City's portion of construction, right of way acquisition, and utility relocation costs related to the widening of Highway 112.

PASSED and APPROVED this 17th day of June, 2014.

APPROVED:

ATTEST:

By: _____
LIONELD JORDAN, Mayor

By: _____
SONDRA E. SMITH, City Clerk/Treasurer

ARKANSAS STATE HIGHWAY
AND
TRANSPORTATION DEPARTMENT

Scott E. Bennett
Director
Telephone (501) 569-2000
Voice/TTY 711



P.O. Box 2261
Little Rock, Arkansas 72203-2261
Telefax (501) 569-2400
www.arkansashighways.com

May 26, 2014

The Honorable Lioneld Jordan
Mayor of Fayetteville
113 West Mountain Street
Fayetteville, AR 72701

Re: Job BB0414
F.A.P. IM-NHPP-540-1(262)66
Porter Rd.-Hwy. 112/71B Widening
& Intchng. Impvts. (F)
Washington County

Dear Mayor Jordan:

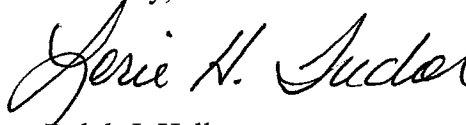
As you are aware, the City has transferred their partnering commitment from Job 040489 to provide \$1.5 million for construction and to pay for the Right-of-Way acquisition and Utility Relocation costs to the referenced project.

The development of right of way plans is nearing completion, and appraisals and acquisitions are scheduled to begin this fall. Utility adjustments should then begin in early-2015. If utility adjustments are completed in a timely manner, the project should be ready to let to contract by mid-2015.

At this time, the Department requests an initial payment in the amount of \$3,500,000.00 from the City for this project. Please submit a check in the amount of \$3,500,000.00 (made payable to the Arkansas State Highway and Transportation Department) to this office.

If you have any questions, please contact Carlos Meredith in our Programs and Contracts Division at (501) 569-2261.

Sincerely,


for Ralph J. Hall
Deputy Director and
Chief Engineer

c: Assistant Chief Engineer-Planning
Programs and Contracts
Transportation Planning and Policy
Fiscal Services (2)
Right of Way
District 4
Job BB0414 'C' File
Mr. Chris Brown, Fayetteville City Engineer

RESOLUTION NO. 18-11

A RESOLUTION TO EXPRESS THE AGREEMENT OF THE CITY COUNCIL TO ACCEPT THE ARKANSAS HIGHWAY AND TRANSPORTATION DEPARTMENT'S OFFER TO TRANSFER SOME OF THEIR MONEY DESIGNATED FOR THE HIGHWAY 112 AND 71B INTERCHANGE PROJECT TO COMPLETE THE GARLAND AVENUE WIDENING AND IMPROVEMENT PROJECT IF THE CITY TRANSFERS ITS GARLAND AVENUE COMMITMENT TO THE HIGHWAY 112 AND 71B INTERCHANGE PROJECT SCHEDULED FOR 2013

WHEREAS, substantial additional funds are needed for the completion of the Garland Avenue widening and improvement project; and

WHEREAS, if these additional funds cannot be supplied, state and federal money committed to this project could be lost; and

WHEREAS, the Arkansas State Highway and Transportation Department through a January 11, 2011 letter to Mayor Jordan (attached) proposes that this additional necessary money could be transferred from the scheduled Highway 112 and Highway 71B interchange if the City agrees to transfer its financial commitment from Garland project to the Highway 112 and Highway 71B interchange project which is scheduled for 2013; and

WHEREAS, such an agreement to transfer the City's financial commitment ensures that federal and state funding pledged to the Garland Avenue project will not be lost.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby agrees to accept the Arkansas Highway and Transportation Department's offer to transfer some of their money designated for the Highway 112 and 71B interchange project in order to complete the Garland Avenue widening and improvement project if the City transfers its Garland Avenue project commitment to the Highway 112 and 71B interchange project scheduled for 2013 and authorizes Mayor Jordan to sign any agreement needed to effectuate this proposal.

PASSED and APPROVED this 18th day of January, 2011.

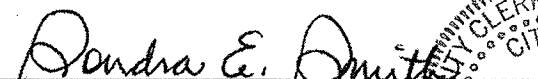
APPROVED:

ATTEST:

By:


LIONELD JORDAN, Mayor

By:


SONDRA E. SMITH, City Clerk/Treasurer





www.accessfayetteville.org

THE CITY OF FAYETTEVILLE, ARKANSAS
DEPARTMENT CORRESPONDENCE

CITY COUNCIL AGENDA MEMO

Council Meeting of January 18, 2011

To: Mayor and City Council
Thru: Don Marr, Chief of Staff
Jeremy Pate, Development Services Director *JP*
From: Chris Brown, City Engineer *CB*
Date: January 11, 2011

Subject: A Resolution to Express the Agreement of the City Council to Accept the Arkansas Highway and Transportation Department's Offer to Complete the Garland Avenue Widening and Improvement Project if the City Transfers its Garland Avenue Commitment to the Highway 112 and Hwy 71B Interchange Project Scheduled for 2013

PROPOSAL

The Transportation Bond Program, approved by voters in 2006, consists of approximately \$65.9 million in bonds that are to be repaid by a dedicated sales tax, and approximately \$24.5 million in state and federal funding. Because of the pay back capacity of the sales tax dedicated for this program, the bonds were scheduled to be issue in 3 phases: \$24.5 million in 2006, \$9.5 million in 2009, and the balance of \$31.9 million in 2014.

The Highway 112 (Garland Avenue) Project, from North Street to Melmar, is included in the City's Transportation Bond Program, with a budget of \$5.2 million. The City has a partnership agreement with the Arkansas Highway and Transportation Department (AHTD) that obligates the City to pay 50% of the construction cost, up to \$1.5 million, and all of the right of way acquisition and utility relocation costs.

We recently received a letter from AHTD (dated November 12, 2010) requesting a commitment from the City to move forward with the project, so that right of way could be completed, and utility relocations underway, by September 2011. In the letter, AHTD indicates that the construction cost estimate has increased to \$3.9 million from \$3 million, and offers to cover the additional \$900,000 in costs if the City can meet the right of way acquisition deadline of September 2011 so that their construction funds can be obligated in their 2011 fiscal year.

In order for the City to comply with this request, the full \$5.2 million allocated for this project would be needed by September 2011. In accordance with a schedule established in 2007, funding for the project is split over the last two bond issues, which means that the project will not be fully funded until the 3rd bond issue in 2014. Therefore, we have a funding gap on this project until 2014.

This funding gap issue was communicated to AHTD, and they have responded with a proposal that will allow the Highway 112 project to proceed without delay, while allowing the City to defer payment of the funds we agreed to pay on the project until September 2013. Under this arrangement, the City's obligation under the Highway 112 project will be transferred to another project, identified by AHTD as Job 040584, Highway 112 and Hwy 71B Interchanges Interim Impvts., with payment due on this project by September 2013.

RECOMMENDATION

Staff recommends approval of a resolution agreeing to the proposal presented by AHTD.

BUDGET IMPACT

The estimated budget impact totals \$5.2 million. Currently, \$1.5 million is available in the Bond Program; funding source(s) of the remainder are to be determined by 2013, but include a small Bond Issue through the Transportation Bond Program.

RESOLUTION NO. 102-06

A RESOLUTION EXPRESSING THE WILLINGNESS OF THE CITY OF FAYETTEVILLE TO PARTICIPATE IN PARTIAL FUNDING OF THE PROPOSED WIDENING OF HIGHWAY 112 FROM HIGHWAY 112 SPUR NORTH.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1. That the City Council of the City of Fayetteville, Arkansas, hereby expresses its willingness to participate in the partial funding of the proposed widening of Highway 112 from Highway 112 Spur north (Wedington Drive to Melmar Street).

Section 2. That the City Council of the City of Fayetteville, Arkansas, hereby expresses its willingness to pay 50% of the construction cost for this project up to a maximum of \$1,500,000.00, and 100% of costs associated with right-of-way acquisition and utility adjustments .

PASSED and APPROVED this 6th day of June, 2006.

APPROVED:

ATTEST:

By:


DAN COODY, Mayor

By:


SONDRA SMITH, City Clerk



ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT

Dan Flowers
Director
Phone (501) 569-2000 Fax (501) 569 2400



P.O. Box 2261
Little Rock, Arkansas 72203-2261
WWW.ARKANSASHIGHWAYS.COM

January 11, 2011

The Honorable Lioneld Jordan
Mayor of Fayetteville
113 West Mountain
Fayetteville, AR 72701

Dear Mayor Jordan:

Reference is made to our recent discussion regarding the City's partnering commitment for improvements to Highway 112 extending north of the North Street/Highway 112 Spur intersection in Fayetteville (Job 040489).

While we cannot proceed with the project and allow the City to defer payment until Fiscal Year (FY) 2013, we are willing to proceed with the project in FY 2011 using Federal-aid funds and State match and transfer the City's commitment to Job 040584, Hwy. 112 & Hwy. 71B Interchanges Interim Impvts. (Fayetteville). This project is currently scheduled for FY 2013 and is estimated to cost approximately \$11.8 million (construction only). The City's partnering commitment for Job 040584 would be for the actual cost of right of way acquisition and reimbursable utility adjustments plus the \$1.5 million commitment for construction on Job 040489.

If transferring the City's current partnering commitment on Job 040489 to Job 040584 is acceptable, please advise and we will prepare the necessary agreements to confirm this commitment.

If you have any questions, please advise.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Frank Vozel', is written over a horizontal line.

Frank Vozel
Deputy Director and
Chief Engineer

c: Commissioner Dick Trammel
Director
Assistant Chief Engineer-Planning
Assistant Chief Engineer-Design
Right of Way
Roadway Design
Programs and Contracts
District 4
Chris Brown, City Engineer

ARKANSAS STATE HIGHWAY RECEIVED
AND
TRANSPORTATION DEPARTMENT NOV 15 2010
CITY OF FAYETTEVILLE
MAYOR'S OFFICE

Dan Flowers
Director
Phone (501) 569-2000 Fax (501) 569-2400



P.O. Box 2261
Little Rock, Arkansas 72203-2261
WWW.ARKANSASHIGHWAYS.COM

November 12, 2010

The Honorable Lioneld Jordan
Mayor of Fayetteville
113 West Mountain
Fayetteville, AR 72701

Dear Mayor Jordan:

Reference is made to your September 9, 2010 letter requesting an updated cost estimate for the proposed reconstruction and widening of Highway 112 in Fayetteville.

In accordance with my September 28, 2010 response to you, plan revisions and an updated cost estimate have been made. The construction cost is now estimated to be approximately \$3.9 million.

In your letter you noted that the City has committed to pay for all right of way and utility costs and for \$1.5 million of the construction costs. The Department has committed to pay for preliminary and construction engineering and \$1.5 million for construction. Therefore, in order to complete the entire project, approximately \$900,000 of additional funds will be needed for construction. The Department is willing to fund this additional amount provided the City acquires the right of way and begins the utility relocation by September 1, 2011. This will allow us to include the project in the FY 2011 construction program. If this is acceptable to the City, the right of way process can begin.

If you have any questions or need additional information, please contact Phil McConnell at (501) 569-2301.

Sincerely,

Frank Vozei
Deputy Director and
Chief Engineer

c: Commissioner Dick Trammel
Director
Assistant Chief Engineer-Design
Assistant Chief Engineer-Planning
Roadway Design
Right of Way
Environmental

