



Legislation Text

File #: 21-16, **Version:** 1

112th Avenue Project Update & Authorization of Amendment to Cost Share Agreement to Address Payment of Parking Lot Land Costs

Request: The City Manager requests authorization to negotiate and execute an amendment to the Cost Share Agreement for 112th Avenue - Phase 1 with Reunion Metropolitan District to provide for the City's payment of the land cost for the golf course parking lot expansion in the amount of \$143,800 from the project's remaining funds.

Background:

Pursuant to Resolution 2019-115 (November 4, 2019), the City Council approved a Cost Share Agreement between the City and the Reunion Metropolitan District ("Reunion") to allow Reunion to design and construct improvements to 112th Avenue - Phase 1 (from Chambers Road to Parkside Drive) and to construct an expansion to the City's golf course parking lot. The agreement established cost allocations and other obligations, including property acquisition. A copy of the Cost Share Agreement is attached in the packet.

The Cost Share Agreement allocates to the City all costs for the construction of the golf course parking lot expansion. The cost of property acquisition is not specifically identified as a cost allocated to the City. The agreement generally allocates the property acquisition to the parties based a description of land in an exhibit and assigns costs of such acquisition to the party designated. In Exhibit D, which defines obligations for property acquisition, the agreement labels the land needed for golf course parking lot expansion as a Reunion acquisition, among other properties. Reunion has indicated that, when the agreement was negotiated and executed, it understood that it would be acquiring the property due to its relationship with the developer and landowner but did not expect or understand that it would be responsible for the cost of the land for a city-operated parking facility to serve the city's golf course. Reunion asserts that allocation of the land cost for the parking lot was a mistake or oversight and did not reflect the parties' intent.

On behalf of Reunion, Clayton Properties Group II, Inc. acquired the property (1.14 acres) from the landowner at the cost of \$143,800, through its existing option agreement. Clayton derived that value based on their current property purchase agreement with Fulenwider.

Reunion successfully concluded the project in 2020, with only seasonal landscaping remaining. The City's cost share under the agreement was \$5,442,726. There is adequate funds remaining available in the project's contingency account to cover the cost of the property purchase.

Justification: The City Manager requests authorization to modify the Cost Share Agreement to clarify the payment of parking lot costs for the following reasons:

1. Because Reunion delivered the project with adequate money remaining in the contingency account to cover the land cost.
2. Payment by the City for the land cost would reflect Reunion's understanding of the agreement by

which it constructed 112th Avenue and a City parking lot. Resolution of the issue would allow for immediate City ownership and operation of the lot.

3. Payment by the City would avoid allocating costs of the City parking lot to Reunion residents.

4. Payment by the City would reinforce the positive working relationship between the City and Reunion Metropolitan District.

Staff Responsible/Presenting: Roger Tinklenberg, Interim City Manager

Financial Impact: \$143,800 paid from the project contingency.

Recommended Motion: I move to authorize the interim City Manager to negotiate and execute an amendment to the 112th Avenue Cost Share Agreement to provide for the City's payment of land costs for the parking lot expansion in the amount of \$143,800.