MEMORANDUM

TO: Board of Trustees

THROUGH: Steven J. Pinkerton
General Manager

FROM: Bradley A. Johnson, P.E.
Director of Asset Management

SUBJECT: Review and authorize an Interlocal Agreement with the State of Nevada Department of Transportation for Utility Relocation as part of the State Route 28 Shared Used Path and Safety/Stormwater Enhancements Project, review and authorize the transfer of 27,000 square feet (sf) of Class 6 potential land coverage from the Championship Golf Course to NDOT to satisfy the District's costs associated with utility relocation as part of the SR-28 Project, and authorize Staff to sign the agreement upon review by General Counsel and Staff

STRATEGIC PLAN: Long Range Principle #5 – Assets and Infrastructure

DATE: June 17, 2016

I. RECOMMENDATION

That the Board of Trustees makes a motion to:

1. Authorize an Interlocal Agreement with the State of Nevada Department of Transportation (NDOT) for utility relocation as part of the State Route 28 Shared Used Path and Safety/Stormwater Enhancements Project (SR-28 Project).

2. Authorize the transfer of 27,000 square feet (sf) of Class 6 potential land coverage from the Championship Golf Course to NDOT to satisfy the District's costs associated with utility relocation as part of the SR-28 Project.

3. Authorize Staff to sign the agreement upon review by General Counsel and Staff.

II. DISTRICT STRATEGIC PLAN

Long Range Principle #5 – Assets and Infrastructure – The District will practice perpetual asset renewal, replacement, and improvement to provide safe and superior long term utility services and recreation activities.

- The District will maintain, renew, expand, and enhance District infrastructure to meet the capacity needs and desires of the community for future generations.

- The District will comply with regulatory requirements and industry standards.

III. BACKGROUND

NDOT is undertaking a multi-year project, called the State Route 28 Shared Used Path and Safety/Stormwater Enhancements Project (SR-28 Project), to construct a multi-use trail between Incline Village and Sand Harbor State Park as well as a number of other safety and stormwater enhancements along State Route 28. Included in the SR-28 Project is the construction of new parking lots in the SR-28 right-of-way (ROW) in front of the Ponderosa Ranch as well as a tunnel beneath SR-28 at Tunnel Creek and Hidden Beach. In order to allow construction of these improvements, the District's 16-inch Effluent Export Pipeline, a four inch sanitary sewer forcemain, and a number of sanitary sewer manholes must be relocated to avoid conflict with the new facilities. As these utilities are located in the State ROW under permit with NDOT, the District must adjust the utilities to comply with the requirements of the SR-28 Project. Additionally, under the terms of the NDOT occupancy permit, the District is responsible for all costs and logistics associated with the utility relocation.

Given NDOT's aggressive construction schedule for the SR-28 Project, NDOT has approached the District with a proposal to incorporate the utility relocation into the SR-28 Project's design and construction. Additionally, given that NDOT does not have enough banked potential land coverage to allow construction of

the new parking lots, NDOT is proposing the District provide 27,000-sf of Class 6 potential land coverage in lieu of direct payment for the utility relocations.

Under the proposed Interlocal Agreement, the District would provide NDOT with 27,000-sf of Class 6 potential land coverage and NDOT would provide all design, construction management, special inspection and testing, and be responsible for all costs including any change orders during construction. The District would have to provide construction inspection of the specialty utility work which would be completed by the District's Engineering Division Staff.

The 27,000-sf of Class 6 potential land coverage would be transferred from the District's Championship Golf Course property which currently has 950,593-sf of Class 4 and 6 potential land coverage available. Unlike the surplus land coverage transfer to the Nevada Land Bank, authorized by the Board of Trustees at the March 30, 2016 meeting, for sale on the open market in partnership with the Nevada Division of State Lands (NDSL); this transfer will be a direct transfer between the District and NDOT for services in lieu of cash payment and therefore NDSL and the Nevada Land Bank will not be a party in the transaction.

The SR-28 Project is scheduled to begin in August 2016 with the Tunnel Creek/Hidden Beach tunnel and Ponderosa Ranch parking lots (and associated District utility relocations) planned as the first phase of work. The proposed Interlocal Agreement is a critical step in allowing the work to proceed as planned.

IV. BID RESULTS

NDOT publically bid the SR-28 Project via the Construction Manager at Risk (CMAR) alternative project delivery method and has awarded a contract to Granite Construction. Under CMAR, a contractor is selected prior to completion of final design based on a number of factors including qualifications, past project experience, and proposed compensation to complete the work. As final design is not yet complete on the project, final total project costs have not been established.

V. FINANCIAL IMPACT AND BUDGET

The cost of IVGID utility relocations associated with the SR-28 Project have been preliminarily estimated at $300,000 which does not include design engineering, construction management, special inspection and testing, or any potential change orders associated with completion of the work. Design engineering, construction management, and special inspection and testing on a project of this complexity can easily exceed $120,000. Change orders are typically budgeted at ten percent of construction cost: $30,000.

The total direct utility relocation cost to the District is estimated at $450,000. This cost assumes the utility relocation is completed by NDOT's contractor during completion of the SR-28 Project. NDOT has the authority to require the District to relocate the utilities separately and in advance of the start of the SR-28 Project work. Doing so could easily double the project costs to the District.

In lieu of direct payment of utility relocation project costs, the proposed Interlocal Agreement allows the District to transfer 27,000-sf of Class 6 potential land coverage to NDOT for use on the project. Doing so alleviates the District of any risk associated with cost escalation from increased complexity of work, unforeseen conditions, and project change orders. Class 6 potential land coverage has been sold by the District at prices ranging from $10/sf to $24/sf depending on the size of the transfer. This equates to a total value of the 27,000-sf that ranges from $270,000 to $648,000.

VI. ALTERNATIVES

Not authorize the Interlocal Agreement. Doing so would force NDOT to require the District to relocate the utilities affected by the SR-28 Project at direct cost to the District.

VII. COMMENTS

The proposed Interlocal Agreement is a multi-agency partnership opportunity to ensure the completion of a public amenity that will provide direct recreational benefit to the residents and guests of Incline Village and Crystal Bay.

VIII. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.