

Agenda Report

TO: CITY COUNCIL

DATE: MAY 24, 2004

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION TO INCREASE THE NOT TO EXCEED AMOUNT OF CONTRACTS 18,389, 18,390 AND 18,391 WITH HENKELS & MCCOY, INC. TO PROVIDE FOR THE UNDERGROUNDING OF UTILITY LINES OWNED BY ALTRIO COMMUNICATIONS.

RECOMMENDATION

It is recommended that the City Council increase the not to exceed amount of contracts 18,389, 18,390 and 18,391 with Henkels & McCoy Inc. as follows:

1. Increase contract number 18,389 by \$215,399, thereby increasing the not to exceed amount from \$1,149,101 to \$1,364,500 for the construction of an underground conduit system in Avenue 64 from Colorado Blvd., to 350 feet south of Nithsdale Road;
2. Increase contract number 18,390 by \$238,890, thereby increasing the not to exceed amount from \$1,063,942 to \$1,302,832 for the construction of an underground conduit system in Avenue 64, 350 feet south of Nithsdale Road to the south city limits;
3. Increase contract number 18,391 by \$131,285, thereby increasing the not to exceed amount from \$889,255 to \$1,020,540 for the construction of an underground conduit system in La Loma Road from Avenue 64 to San Rafael Avenue.

BACKGROUND

The City has a continuing program to place all overhead utilities underground. The placing of utility lines underground improves system reliability by reducing the exposure to weather and other elements as well as enhancing the aesthetic quality of the environment.

On December 9, 1996, the City Council approved the establishment of Underground Utility District 96-1. This district provides for the installation of underground conduit systems in La Loma Road and Avenue 64.

Typically, and as is the case in this instance, when multiple utilities such as power, telephone, and cable television are affected by the creation of an underground district the respective agencies have found it economical to select a single contractor to perform the work, and to share the cost on a prorated basis. This approach has the additional benefit of minimizing inconvenience to residents, as all the work is performed at one time.

Two different specifications for this work, one covering Avenue 64 and the other La Loma Road were issued in October 2003. As a result of the bid process, on November 3, 2003 the City Council awarded contracts to Henkels & McCoy Inc., the lowest responsive bidder on both projects. As outlined in the staff report accompanying the recommendation, other participating utilities including, SBC Telephone, Charter Communications and Altrio Communications were also to contract with Henkels & McCoy Inc., for their respective portions of the work.

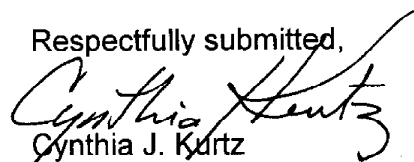
Subsequently, Altrio Communications indicated that it did not have the financial resources to participate in the joint construction project. In response, a number of options were considered including undergrounding all affected utilities with the exception of Altrio's, thus leaving aboveground poles in place, or terminating Altrio's access into the City altogether and removing the aboveground utility poles. Each of these options was considered undesirable, as the former would not result in the complete removal of utility poles, and the latter poses legal difficulties, as it may interfere with Altrio's property rights and customer service.

Staff is recommending that the project move forward as originally contemplated, with the City temporarily underwriting the cost of undergrounding Altrio's system. Champion Broad Band is in the process of acquiring Altrio. Pursuant to the City's franchise agreement with Altrio Communications, approval of the transfer from Altrio to Champion is subject to the City's approval. Champion has been notified that such approval will be contingent upon the company satisfying a number of obligations which, should Council approve the staff recommendation, include reimbursement to the City for the cost of undergrounding Altrio's facilities.

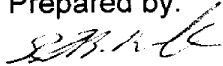
FISCAL IMPACT

The proposed action will increase the combined not to exceed amount of contracts 18,389, 18,390 and 18,391 by \$585,574. Sufficient funds are available in the Capital Improvement Budget, Account Number 74999, Avenue 64 - La Loma Road - street lighting and electrical system undergrounding, Colorado Boulevard to south city limits and Avenue 64 to San Rafael Avenue. Reimbursement of these funds will be made condition of the franchise agreement with Champion Broad Band.

Respectfully submitted,


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Approved by:



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