



## AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting August 27, 2019  
Second Reading Ordinance for the City Council Meeting September 17, 2019

**DATE:** July 24, 2019  
**TO:** Peter Zanoni, City Manager  
**FROM:** Nina Nixon-Mendez, Director, Development Services  
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Agreement and appropriating funds for NP Homes LLC for the construction of a Water Distribution Main Extension Construction and Reimbursement Agreement

### **CAPTION:**

Ordinance authorizing a Water Distribution Main Extension Construction and Reimbursement Agreement with NP Homes LLC to extend lines from Rand Morgan Road and McNorton Road for a planned residential subdivision, for a term not to exceed six months from the execution of the agreement; appropriating \$40,537.20 from the Water Distribution Main Trust Fund to reimburse developer. (District 1)

### **SUMMARY:**

The Ordinance authorizes a contract with NP Homes LLC to construct distribution lines from Rand Morgan Road and McNorton Road in the amount of \$40,537.20 for a term not to exceed six months from the execution of the agreement. The water lines are required to provide water and fire protection service to a planned residential community named Tuloso Reserve unit 1 located at 1752 Rand Morgan Road. The property is 13.716 acres and is zoned RS 4.5.

### **BACKGROUND AND FINDINGS:**

NP Homes LLC., plans to install 109 linear feet of 8-inch and 230 linear feet of 6-inch water distribution main line extensions within city limits to serve a planned residential community property located at 1752 Rand Morgan Road. The new water distribution lines are required in order to provide adequate water and fire protection service to the planned residential subdivision. The 109-foot long, 8-inch water line will connect to an existing 16-inch water transmission and arterial grid main line installed in a utility easement along Rand Morgan Road. The 109 linear feet of 8-inch water line will be installed by boring under Rand Morgan Road. The 230 linear feet of 6-inch water distribution line will connect to an existing 6-inch water distribution main line that is located under McNorton Road. This water line will extend from McNorton Road, via a utility easement secured by the developer, to the subdivision property.

The developer has requested a Reimbursement Agreement in accordance with UDC Section 8.5.1 Water Trust Fund. Distribution mains are mains of 12 inches inside diameter, or smaller,

connected to the supply mains that provide fire protection and domestic service. The Distribution Mains Trust Fund is used to reimburse developers for constructing distribution mains and oversizing distribution mains off-site.

The project is consistent with Utilities Department water distribution and fire suppression standards by creating a looped system to support water quality for 106 single-family home lots (66 in phase I and 40 in phase 2) in the planned subdivision and will support future development of the property to the north of the subdivision along Rand Morgan Road.

City Council gave direction to staff at the August 13, 2019 City Council meeting to reexamine the trust funds and to provide recommendations on policies that govern the priority, order, reimbursement rate and fees charged by the trust funds. City Council directed staff to return within 75 days and present their recommendations.

### **ALTERNATIVES:**

Based upon the current UDC language in section 8.5.1 Water Trust Fund the developer requested reimbursement for the installation of water distribution lines that will serve the planned subdivision. If the request were to be denied and the developer had to assume the costs associated with the installation of the water lines to serve the property, the project may become cost prohibitive. The development maybe delayed until an alternative to the Utilities Trust Fund as a means to offset infrastructure construction costs is approved, or until there is an increased demand for new homes and the additional costs incurred by the developer can be recouped through an increase in home prices.

### **FISCAL IMPACT:**

The Water Distribution Main Trust Fund has a balance of \$506,323,40. Approval of this reimbursement agreement will leave the water distribution main trust fund with an available balance of \$465,786.20. The expenditure for this project is a one-time cost and is not associated with any other projects. The water distribution main trust fund receives monthly deposits generated from prorata and surcharge fees charged during the platting process.

### **Funding Detail:**

Fund:	4030 Water Distribution Trust Fund
Organization/Activity:	21806 Water Distribution Main Trust
Mission Element:	777
Project # (CIP Only):	N/A
Account:	540450 Reimbursement to Developers

### **RECOMMENDATION:**

Staff recommends approval of the Water Distribution Main Line Extension Construction and Reimbursement Agreement with NP Home LP for the installation of an 8-inch and a 6-inch water distribution main line to provide water and fire protection service to the planned residential subdivision named Tuloso Reserve Unit 1.

### **LIST OF SUPPORTING DOCUMENTS:**

Presentation  
Ordinance with exhibit  
Location Map