



AGENDA MEMORANDUM

Action Item for the City Council Meeting of June 28, 2022

DATE: June 28, 2022

TO: Peter Zanoni, City Manager

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Updated Developer Participation Agreement with MPM Development, LP

CAPTION:

Motion authorizing the City Manager to negotiate and execute a pilot program that includes a 10 year warranty and a participation agreement for the use of Roller Compact Concrete in the King's Landing Subdivision with MPM Development, LP to reimburse the developer up to \$1,570,206.65 including \$321,426 previously paid under the previous participation agreement for the City's share of the cost to construct Iron Throne Drive and Drogon Street. (District 3).

SUMMARY:

MPM Development, LP is developing a new residential subdivision and is required to construct new C-1 collector streets. The new streets will be named Iron Throne Drive and Drogon Street. The City had entered into a developer participation agreement that requires MPM to oversize the planned streets from C-1 collectors to C-3 collectors. In addition, the agreement includes plans to construct the roadways out of reinforced concrete in order to reduce street maintenance costs and increase the streets' longevity. Under the original agreement, the cost to the City for utilizing reinforced concrete and oversizing the new streets from C-1 to C-3 collectors is \$1,570,206.65

Since the execution of the agreement, MPM, LP has submitted a request for the City to consider replacing the reinforced concrete option in the original contract with Roller Compacted Concrete (RCC).

The staff has reviewed this request and, given the fact RCC has not been proven in Corpus Christi, believes that safeguards would have to be included in a new agreement to protect the City's interests. These safeguards would include:

- Establishing an RCC pilot program that would limit the use of RCC to the King's Landing development only.
- Requiring the developer to afford the City a 10-year warranty where:
 - Years 1 -7 of the warranty would be backed by a surety bond and hold the developer responsible for all defects and maintenance.
 - Years 8 – 10 of the warranty would address defects only and be backed by a developer's guarantee with no bond.

After 3 – 5 years, the City can assess the material and determine if it would be appropriate to expand the use of RCC beyond the King's Landing development.

The City Manager has reviewed the developer's request and the the staff's recommendations. In response, the City Manager is seeking authority to negotiate and execute a replacement agreement utilizing an RCC option as the developer desires to lay the streets on or shortly after July 4, 2022. The next council meeting after June 28, 2022 is not until July 19, 2022.

BACKGROUND AND FINDINGS:

The developer, MPM Development, LP, has requested reimbursement through a developer participation agreement for the oversizing construction of two new C-3 collector streets named Iron Throne Drive and Drogon Street respectively. The new streets are being constructed in conjunction with a residential subdivision named King's Landing Unit 1.

The developer is only responsible for the cost of the portion of each street up to that of a residential collector street (C-1) standard. However, the developer has agreed to oversize the new streets to C-3 collectors as prescribed in the current Urban Transportation Plan (UTP). According to the Unified Development Code (UDC), the project would be eligible for reimbursement for the City's request to oversize portions of the new streets.

The City entered into a Developer Participation Agreement with MPM Development, LP on May 20, 2020. That agreement expired May 19, 2022, and was extended on June 14, 2022. Since extending the agreement, the developer has requested the City considering entering into a new contract that will utilize RCC instead of reinforced concrete. Other than changing the materials, the new agreement will cover the same construction scope.

The oversized portion of the street is eligible for reimbursement of the construction costs per UDC Section 8.4 and Texas Local Government Code 212.07. The total one-time cost for the oversizing portion of the new street will not exceed the previously approved amount of \$1,570,206.65

ALTERNATIVES:

The alternatives are to not replace the prior agreement with a new Developer Participation Agreement. That may delay and otherwise impact the quality of the proposed development.

FISCAL IMPACT:

The \$1,570,206.65 in funding for this developer participation agreement come from funds that have been earmarked during a City Bond initiative to improve existing or construct new City streets and other related improvements. Of the previous agreement amount \$321,426 has already

been expended. The 2016 Bond has sufficient funds available to reimburse developers through participation agreements for the construction of new streets, other related improvements, and improvements to existing deteriorated streets in order to bring them up to current standards.

This project will construct a new City street with curb and gutter as part of the development of the planned subdivision named King's Landing Unit 1. The planned streets are being oversized along with other improvements, at the City's request, to allow for greater access to the planned subdivision in accordance with the Urban Transportation Plan. This request is a one-time cost associated with the development of the project.

Funding Detail:

Fund: 3702 (Developer Participation Bond 2016)
Organization/Activity: 202269-3702-EXP
Mission Element: 052
Project # (CIP Only): 20269 (Iron Throne Drive & Drogon Street)
Account: 550910

RECOMMENDATION:

Authorize the City Manager to negotiate and execute a pilot program for a Roller Compacted Concrete Roadway Improvements Developer Participation Agreement with MPM Development, LP and reimburse the developer up to \$1,570,206.65 for the City's share of the cost to construct Iron Throne Drive and Drogon Street utilizing Roller Compacted Concrete. (District 3).

LIST OF SUPPORTING DOCUMENTS:

Prior Resolution
Presentation
Location Map