



AGENDA MEMORANDUM

First Reading Ordinance for September 22, 2020
Second Reading Ordinance for September 29, 2020

DATE: August 18, 2020

TO: Peter Zaroni, City Manager

FROM: Al Raymond III, AIA, CBO, Director, Development Services
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Amend Water Arterial Transmission and Grid Main Construction and Reimbursement Agreement with MPM Development, LP to increase the total reimbursement amount in the agreement by \$20,562.52

CAPTION:

Ordinance authorizing an amendment to the Water Arterial Transmission and Grid Main Construction and Reimbursement Agreement with MPM Development, LP to extend a Grid Main Line between CR-33 and FM-43; and appropriating \$20,562.52 from the Water Arterial Transmission and Grid Main Trust Fund to reimburse developer. (District 3)

SUMMARY:

MPM Development, LP entered into a water arterial transmission and grid main reimbursement agreement to install a 16-inch and a 12-inch master planned grid main line to extend water service to a planned subdivision named Kings Landing. The developer has requested an amendment to the reimbursement agreement to request reimbursement for additional costs associated with the project.

BACKGROUND AND FINDINGS:

MPM Development, LP requested, and was approved for, a Water Arterial Transmission and Grid Main Construction and Reimbursement Agreement for the installation of 5665 linear feet of 16-inch and 376 linear feet of 12-inch master planned water grid main lines. The approved reimbursement amount for the agreement is \$154,126.23 under Ordinance 032145 dated 06/23/2020.

The developer submitted an amendment request to the water arterial transmission and grid main construction and reimbursement agreement for the additional expense associated with obtaining a performance bond for the project.

During the process of acquiring the performance bond for the project, the applicant became aware that there was not enough money authorized in the agreement to cover the cost of

construction and the cost of the performance bond. As a result, the applicant has submitted a request for an additional \$20,562.52 for this project.

City Council gave direction to staff at the August 13, 2019 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 requested staff return within 75 days and present their recommendations.

Staff conducted detailed research into the trust funds and briefed Council on their background, history and their current operational status as well as briefed Council on the update to the 2019 Alternative Utility Financing Study which ultimately recommended transitioning from trust funds to impact fees. Staff worked with Contracts and Procurement to issue an RFQ to provide Master Plans for the City's water, wastewater, stormwater and roadway infrastructure and to provide an Impact Fee Study. Once evaluations and interviews are completed, the RFQ should be placed on the City Council Agenda for consideration in late July or early August 2020.

ALTERNATIVES:

Deny the request and have the developer pay for the performance bond. The applicant submitted their estimated costs for the project and had an opportunity to review the agreement and reimbursement amount, prior to signature, to ensure the submitted costs and reimbursement amount was sufficient. However, this oversight was not realized until the City requested the developer to provide proof of bond per the terms of the agreement.

FISCAL IMPACT:

If approved, the additional funds requested would be added to the current purchase order (PO) associated with the agreement and would be a debt against the Water Arterial Transmission and Grid Main Trust Fund. The encumbered funds for this project would increase by \$20,562.52 and would raise the total reimbursable amount in the agreement to \$174,688.75. \$154,126.23 is encumbered in the Water Arterial Transmission and Grid Main Fund for this agreement. Currently there are enough funds in the Water Arterial Transmission and Grid Main Trust Fund to cover this additional funding request.

FUNDING DETAIL:

Fund: 4030 Water Arterial Transmission and Grid Main Trust Fund
Organization/Activity: 21805 Water Arterial Transmission and Grid Main Trust
Mission Element: 777
Project # (CIP Only): N/A
Account: 540450 Reimbursement to Developers

RECOMMENDATION:

Staff Recommends approval of the amendment request for this reimbursement agreement. The developer is seeking reimbursement for the additional expense associated with the performance bond requirement per the terms of the agreement. These costs for securing the performance bond are reimbursable under UDC section 8.5.1 as costs associated with the water line project.

LIST OF SUPPORTING DOCUMENTS:

Ordinance (with agreement addendum)
Presentation
Location Map