



AGENDA MEMORANDUM

Public Hearing First Reading Ordinance for October 27, 2020
Second Reading Ordinance for November 10, 2020

DATE: September 21, 2020

TO: Peter Zaroni, City Manager

FROM: Al Raymond, Director, Development Services
AlRaymond@cctexas.com
(361) 826 - 3276

Agreement and appropriating funds for the Peterson Properties, Ltd for a Wastewater Lift Station Construction and Reimbursement Agreement

CAPTION:

Ordinance authorizing a Wastewater Lift Station Construction and Reimbursement Agreement with Peterson Properties, Ltd to construct wastewater lift station for a planned commercial development located on Westpoint Road and Highway 358 with a completion date within 24 months; transferring \$520,000 from the Water Arterial Transmission and Grid Main Trust Fund, and \$40,000 from the Water Distribution Main Trust Fund to the Wastewater Trunk System Trust Fund; and appropriate \$712,412.82 from the Wastewater Trunk System Trust Fund to reimburse the Developer per the agreement. (District 3)

SUMMARY:

Peterson Properties, Ltd is required to construct a wastewater lift station, force main, and wastewater collection line in order to provide wastewater service for a planned commercial subdivision named Westpoint Crossing Unit 2, Block 2, Lot 1. The installation of the new wastewater utilities will extend service to the planned commercial subdivision. The developer has requested a reimbursement agreement in accordance with UDC Section 8.5.2 Wastewater Trust Fund.

BACKGROUND AND FINDINGS:

Peterson Properties, Ltd plans to install a lift station, 75 linear feet of 8-inch force main line, and 110 linear feet of 10-inch collection line in order to provide wastewater service to a planned commercial subdivision that will be constructed within City limits along Westpoint Road and Highway 358. The planned subdivision property encompasses approximately 6.91 acres with a proposed Community based outpatient clinic to be constructed on the property. The proposed lift station will extend wastewater service to approximately 483 acres of property in the surrounding area, is in accordance with the wastewater master plan, and is in the Greenwood Wastewater Service Area 5. The property in this service area is predominately Zoned IL and CG-2 and nearly all the land is undeveloped.

Wastewater Lift Stations and Force Main Lines that are required and comply with the wastewater master plan are eligible for reimbursement under UDC Sections 8.5.2.E.3 and 8.5.2.E.4 respectively. The Sanitary Sewer Trunk System Trust Fund is used to reimburse developers for the construction of these types of improvements.

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 directed 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 September or early October 2020.

ALTERNATIVES:

Based upon the current UDC language in section 8.5.2 Wastewater Trust Fund the developer requested reimbursement for the installation of a wastewater lift station, force main line, and master planned collection line that 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 master planned the wastewater lines and lift station, the project may become cost prohibitive. Another alternative is to identify the project as a capital improvement project to be constructed by the city, establish public improvement taxing district (PID), or impact fees to fund the installation of new utilities infrastructure in this area. This alternative may delay this project in the short term but would establish a viable long-term funding option for the installation wastewater utilities infrastructure to this property.

FISCAL IMPACT:

The total amount requested for the reimbursement agreement is \$712,412.82. The four Trust Funds have a combined estimated available balance of \$1,059,899.27 as of August 31, 2020. This balance does not consider agreements that are pending and are scheduled for City Council consideration ahead of this agreement request. The approval of this agreement will leave the Trust Funds with an available balance of approximately \$25,000 based upon the 8/31/20 Trust Fund balance report provided by the Finance Department.

The expenditures for this project are a one-time cost and are not associated with any other projects. The Utility Trust Funds receive monthly deposits generated from Lot and Acreage Fees, Pro-rata Fees and Surcharge Fees that are charged during the platting process. Over time the fees collected and deposited will replenish the Trust Funds and enable other developer-initiated water infrastructure projects to be reimbursed.

Sections 8.5.1.C.4 and 8.5.2.I of the UDC authorizes the redistribution of monies between the four trust funds, after a public hearing, in order to reimburse the developer for projects that exceed the current balance in any single trust fund.

Funding Detail:

Fund: 4220 Sanitary Sewer Trunk Main Trust Fund
Organization/Activity: 21800 Sanitary Sewer Trunk Main Trust

Mission Element: 777
Project # **(CIP Only)**: N/A
Account: 540450 Reimbursement to Developers

Fund: 4030 Water Arterial Transmission and Grid Main Trust Fund
Organization/Activity: N/A
Mission Element: N/A
Project # **(CIP Only)**: N/A
Account: 209010

Fund: 4030 Water Distribution Main Trust Fund
Organization/Activity: N/A
Mission Element: N/A
Project # **(CIP Only)**: N/A
Account: 209020

RECOMMENDATION:

The request is in accordance with UDC Section 8.5.2 Wastewater Trust Fund and the wastewater masterplan. The installation of this wastewater lift station, force main, and collection line will provide wastewater service to the planned development location and will help foster the development of the vacant property in the area surrounding the applicant's property. Staff recommends approval of the applicant's request.

LIST OF SUPPORTING DOCUMENTS:

Ordinance (with exhibit)
Presentation
Location Map