



AGENDA MEMORANDUM

Public Hearing and First Reading Ordinance for City Council (03/22/2022)
Second Reading Ordinance for City Council (03/29/2022)

DATE: February 09, 2022

TO: Peter Zaroni, City Manager

FROM: Al Raymond, Director Development Services
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Approval of a Water Arterial Transmission and Grid Main Construction and Reimbursement agreement appropriating trust funds for Cypress Point, LLC for construction of a proposed residential subdivision located on FM 2444 at CR 43, Caroline's Heights Unit 1

CAPTION:

Ordinance authorizing a Water Arterial Transmission Grid Main Construction and Reimbursement Agreement ("Agreement") for up to \$471,488.10 with Cypress Point Capital, LLC ("Developer") for the construction of a water arterial transmission grid main line for a proposed residential and commercial development located South of Farm Road 2444 on County Road 43 with a completion date of within 24 months; transferring \$76,510.32 from the Sewer Trunk System Trust and \$79,036.81 from the Water Distribution Main Trust to the Water Arterial Transmission & Grid Main Trust Fund to reimburse \$471,448.10 the developer in accordance with the agreement.

SUMMARY:

Cypress Point Capital, LLC is required to install 3,153 linear feet of 12-inch PVC Pipe waterline extension to provide adequate water to the proposed residential subdivision development named Caroline's Heights Unit 1. The proposed subdivision will include 29 single family homes.

BACKGROUND AND FINDINGS:

Per UDC Section 8.5.1.C in the event that the arterial transmission and grid main system are not in place when required for development, the developer may install that portion themselves to meet the Water Distribution System Standards, Water Transmission Master Plan, and Fire Suppression Rating Schedule. Under Section 8.5.1.C.B the developer shall be reimbursed from funds available from the Water Arterial Transmission and Grid Main Trust Fund for the portion installed by the developer up to a maximum of that which is required to meet standards.

The Developer, Cypress Point Capital, LLC has requested reimbursement through a reimbursement agreement for a planned residential subdivision named Caroline's Heights Unit 1, an 18.720-acre tract of land, located on FM 2444 at CR43. Caroline's Heights Unit 1 Plat was approved by Planning Commission on November 10, 2021. The residential development is outside city limits.

The Grid Main Extension consists of installing 3153 liner feet of 12-inch PVC. The allowable

reimbursement is \$484,907.78 construction costs less the acreage fee credit of \$13,459.68 for an allowable reimbursement amount of \$471,448.10. The term of the agreement is 24 months.

The project is eligible for reimbursement from the Water Arterial Transmission and Grid Main Trust per UDC Section 8.5.1.C. This water line extension will tie into the 12- inch water line that runs east to west of Staples Street (FM 2444) and is consistent with Water Distribution System Standards, Water Transmission Master Plan, and Fire Suppression Rating Schedule.

City Council may, after a public hearing, transfer monies from one trust fund to the other in order to better carry out the purposes of the United Development Code 8.5.1.A.7 and 8.5.2.A.7.

Within the next few weeks, staff will be bringing forward a policy revision that recommends trust fund dollars only be used for projects within the city limits.

ALTERNATIVES:

This project will improve and facilitate development in the area. An alternative to utilizing trust funds to construct the Water Arterial Transmission Grid Main improvements would be to construct the improvements with a city-initiated CIP project. This option would most likely delay the construction until the required funding for the improvements could be programmed into the CIP budget and would most likely impact the developer's ability to build out the planned subdivision in a timely manner.

FINANCIAL IMPACT:

The total estimated project cost for the Water Arterial Transmission and Grid Main Construction is \$484,907.78, less the \$13,459.68 lot/acreage fee credit, the maximum allowable reimbursement is \$471,448.10. A transfer of \$76,510.32 from the Sewer Trunk System Trust and \$79,036.81 from the Water Distribution Main Trust Fund will be transferred to the Water Arterial Transmission and Grid Main Trust for a total of \$471,448.10 will be appropriated for this reimbursement agreement.

If approved by Council, updated balance would be a total \$390,517.59 after the project is obligated as of January 31, 2022.

	Water Arterial Transmission & Grid Main Trust	Water Distribution Main Trust	Sanitary Sewer Trunk System Trust	Sanitary Sewer Collection Line Trust
	lot & acreage fees	pro-rata fees	lot & acreage fees	pro-rata fees
	75% surcharge	25% surcharge	75% surcharge	25% surcharge
Balance @ 9/30/21	545,781.63	53,870.02	4,366,883.34	283,821.30
Total after transfers/deposits	844,011.59	21,534.63	4,429,892.44	365,962.32
Total Outstanding Reimbursements	(773,347.48)	(833.66)	(3,389,653.70)	(198,682.21)
Payments made in current fiscal yr.	43,672.19	4,168.31	745,368.29	115,157.55
Balance Available including Jan. deposits	26,991.92	16,532.66	294,870.45	52,122.56

Funding Detail:

Fund: 40300 Water Arterial Transmission & 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

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

Fund: 4220 Sewer Trunk System Trust Fund
Organization/Activity: 21800 Sewer Trunk System Trust
Mission Element: 777
Project # **(CIP Only): N/A**
Account: 540450 Reimbursement to Developers

RECOMMENDATION:

Staff recommends approval. The project is in accordance with UDC Section 8.5.1.C.

LIST OF SUPPORTING DOCUMENTS:

Ordinance (with exhibit)
Presentation
Certification of Funds
Location Map