



AGENDA MEMORANDUM

Public Hearing and First Reading Ordinance for May 19, 2020
Second Reading Ordinance for June 9, 2020

DATE: April 15, 2020

TO: Peter Zaroni, City Manager

FROM: Al Raymond, Director, Development Services
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Ordinance Authorizing the Transfer of Funds to the Sanitary Sewer Trunk Main Trust Fund

CAPTION:

Ordinance authorizing the transfer of \$590,000.00 from the Sanitary Sewer Collection Line Trust Fund, \$310,000.00 from the Water Distribution Main Trust Fund and \$375,000.00 from the Water Arterial Transmission and Grid Main Trust Fund to the Sanitary Sewer Trunk Main Trust Fund to meet the funding obligation for a Wastewater Force Main and Lift Station Construction and Reimbursement Agreement with Tamez Development approved by Council on February 18, 2020.

SUMMARY:

The purpose of this ordinance is to transfer funds from the Collection line Trust, Distribution Line Trust and Grid Main trust to the Trunk Main Trust Fund. Per UDC Section 8.5.1 Water Trust Fund and 8.5.2 Wastewater Trust Fund, the 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 this Unified Development Code.

BACKGROUND AND FINDINGS:

The transfer of \$590,000.00 from the Sanitary Sewer Collection Line Trust Fund, \$310,000.00 from the Water Distribution Main Trust Fund and \$375,000.00 from the Water Arterial Transmission and Grid Main Trust Fund to the Sanitary Sewer Trunk Main Trust Fund is required in order to meet the funding obligation for a Wastewater Force Main and Lift Station Construction and Reimbursement Agreement with Tamez Development that was approved by City Council by Ordinance 032024 on February 18, 2020.

Ordinance 03024 approved the transfer of \$500,000.00 into the Sanitary Sewer Trunk Main Trust fund for the approved reimbursement agreement. This transfer amount was based upon a monthly trust fund balance report provided by finance department. The Trunk Main Trust Fund had a reported available balance of \$1,601,751.94, per the December 2019 Trust Funds balance

report. The funds transfer authorized in the ordinance would have provided enough funding for the \$1,965,620.00 requested for the reimbursement agreement plus a remaining balance to fund a pending reimbursement agreement from this fund.

Finance Department conducted a financial reconciliation of the Trust Funds in February 2020 and on April 13, 2020 and it became apparent during the establishing of a purchase order for the executed reimbursement agreement, that the available balance in the Sanitary Sewer Trunk Main Trust Fund, including the approved funds transfer by Council under Ordinance 032024, was not enough to meet the funding obligation for the reimbursement agreement. It was determined that the transfer of additional funds into the Sanitary Sewer Trunk Main Trust Fund was required to meet the financial obligation of the reimbursement agreement.

ALTERNATIVES:

Do not authorize the transfer of funds to the Sanitary Sewer Trunk Main Trust Fund and have the developer wait for reimbursement under UDC section 8.5.2 as the fund balances increases with the payment of developer lot and acreage fees, and pro-rata fees. This option will have an adverse effect on the completion timeline and of lift station project authorized council.

FISCAL IMPACT:

The total requested transfer amount is \$1,275,000.00: \$590,000.00 from the Sanitary Sewer Collection Line Trust Fund, \$310,000.00 from the Water Distribution Main Trust Fund and \$375,000.00 from the Water Arterial Transmission and Grid Main Trust Fund to the Sanitary Sewer Trunk Main Trust Fund.

The transfer of funds is a one-time action. The Utility Trust Funds receive monthly deposits generated from Lot and Acreage Fees, Pro-rata Fees and Surcharge Fees that are collected during the platting and issuance of water and wastewater service taps. Over time the fees collected and deposited will replenish the Trust Funds and enable other developer-initiated water and wastewater infrastructure projects to be reimbursed.

Funding Detail:

Fund: 4030 Water Arterial Transmission & Grid Main Trust Fund
Organization/Activity: 209010 Water Arterial Transmission & 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: 209020 Water Distribution Main Trust
Mission Element: 777
Project # (CIP Only): N/A
Account: 540450 Reimbursement to Developers

Fund: 4220 Sanitary Sewer Trunk Main Trust Fund
Organization/Activity: 250410 Sanitary Trunk Main Trust
Mission Element: 777
Project# (CIP Only): N/A
Account: 540450 Reimbursement to Developers

Fund: 4220 Sanitary Sewer Collection Line Trust Fund
Organization/Activity: 250420 Sanitary Sewer Collection Line Trust

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

RECOMMENDATION:

Staff recommends approval of the transfer of funds in order to meet the financial obligation under Ordinance 032024 that authorized a Wastewater Force Main and Lift Station Construction and Reimbursement Agreement with Tamez Development. The request is in accordance with UDC Section 8.5.1 Water Trust Fund and 8.5.2 Wastewater Trust Fund.

LIST OF SUPPORTING DOCUMENTS:

Ordinance (with exhibit)
Presentation
Certification of Funds
Location Map