

MEMORANDUM

To: Mayor and City Council Members
Douglas Faseler, City Manager

From: Rick Cortes
Assistant City Manager

Subject: Capital Improvements Agreement for Sanitary Sewer Services

Date: March 27, 2018

City staff is requesting authorization to enter into a Capital Improvement Agreement with Scrappy Development LLC to provide a mechanism to insure that City sanitary sewer services are available to the developer's property and to properties in the surrounding area. The project will consist of an 10" sanitary sewer line approximately 4,800 linear ft. running along "Little Mill Creek" from Rudeloff Rd. to the southern edge of the proposed development shown on the attached **Exhibit 2**, with an option to oversize the line to 18" at the City's direction.

Pursuant to the agreement, the developer will be responsible to contract and pay for all third-party engineering services needed for project costs including, without limitation, the preliminary design, final design, bidding, the surveying, construction administration, and warranty inspection phases for the Project. Please note that engineering services engaged by the developer must be from a professional engineer registered in the State of Texas.

The developer will also be responsible for project costs, including construction costs, and costs for the acquisition of permanent and temporary sewer line easements. The City will pay the developer the increase in the cost of the Project associated with the oversizing, consisting of the increase in the construction cost and any additional engineering fees directly associated with the oversizing.

As part of this agreement, the City will reserve, for a period of ten (10) years after the Acceptance Date (the "Reservation Period") sewer capacity for the Developer's property. The City will issue to the Developer on the Acceptance Date a certain number of Living Unit Equivalent (LUE) as determined by the approved Preliminary Plat (the "Reserved Capacity").

The City also agrees to allow the Developer or the current owner of the Developer's property to connect to the sewer line to the extent of any Adjusted Reserved Capacity remaining at the time of request. Furthermore, the City agrees to verify that sufficient capacity remains in the Project, after deducting the total Reserved Capacity for the Developer Property, to serve any request to connect to the sewer line by the owners of any other property, before approving the request. The City agrees to deny the request if the request exceeds the remaining capacity. The City may provide alternative means for wastewater service for persons whose service requests are denied, in any

ASSISTANT CITY MANAGER'S OFFICE

manner that does not reduce the amount of the Adjusted Reserve Capacity for the Developer Property.

The City will also assist in the acquisition of all easements needed for the completion of the Project, and the Developer will reimburse the City for such costs to obtain such easements. Additionally, when necessary the City will exercise its eminent domain authority to acquire easements needed for the Project. Please note that the Developer will pay for all easement costs associated with these acquisitions.

As part of this agreement, the City will reimburse the Developer for all project expenses through impact fee credits and payment of impact fees collected by other users of the Project on Developer Property. Impact fee credits are based upon Section 102-364 of the City's Ordinance and the impact fee assessed at the time a final plat is recorded. Developer understands and agrees that impact fee credits may not fully compensate Developer for the costs of the Project.

Staff recommends approval and will be available to answer Council questions at your convenience.