



MEMORANDUM

To: City of Seguin Mayor and Council

From: Andy Quittner, City Attorney *Andy Quittner*

Date: June 12, 2019

Re: **Capital Improvement Agreement with Lennar Homes of Texas Land and Construction, Ltd**

Earlier this year, Kelly Leach and Lennar Homes proposed a subdivision of approximately 1450 homes located near Harborth Road and Highway 123. The proposal included a package plant for handling the wastewater produced by the subdivision. The package plant met with significant public objection. As a result, Mr. Leach and Lennar approached the City to see if a sanitary sewer line extension to serve the development was possible.

The City and the developers met several times and negotiated an Agreement that staff believes is beneficial to the City. The Agreement provides that the Lennar will construct, as the north phase, a sanitary sewer line from its subdivision to an existing manhole at Link Road near the new Navarro Middle School. This line will include a lift station and force main to cross Geronimo Creek. The cost will be borne solely by Lennar with the proviso that the City will reimburse Lennar by the assessment of a pro rata share schedule to any person or entity that connects to the line in the 15 years following construction of the line.

The middle phase will consist of Lennar building a 10-inch force main lying parallel to a city force main on Highway 123 from Laubach Road to the Continental Plant.

The third phase will be a new line, to replace a city line that is currently at capacity, from the Continental Plant to IH-10. This line will be oversized to meet the City's needs. The City will participate in the cost of oversizing this line. It should be noted that this line is in the City's five-year capital improvement plan; however, Lennar's schedule requires that the line be constructed on a faster timetable. Lennar anticipates a fast-moving project with an 18-month timeline for completion of all three phases. Lennar also expects to have houses on the ground within the same time frame.

If houses are completed prior to the completion of all the sewer line construction, the City will accept sewage from the homes through a separate pump and haul agreement. The pump and haul agreement will require a TCEQ certified truck, with a manifest that shows the sewage only from the subdivision. Other requirements, such as cost, timing of delivery, and quality will also be included. This will be a new endeavor for the City, but will be temporary – limited to 12 months.

The City will receive impact fees for each connection in the Lennar subdivision. The City will also contact Crystal Clear WSC (the subdivision water provider) to work out an agreement, like the agreement with Springs Hill, for billing City sewer service for the subdivision. The funds received for serving the subdivision, at full build out, should pay for the differential cost of doubling the Geronimo Creek Wastewater Treatment Plan.

Staff recommends approval of the agreement.