



17-1191

**TITLE:** Consider/Discuss/Act on a Resolution Authorizing the City Manager to Enter into an Escrow and Utility Impact Fee Credit Agreement with HRC WCD Partners, L.P. for the Construction of the Stover Creek Interceptor Sewer

**COUNCIL GOAL:** Direction for Strategic and Economic Growth

**MEETING DATE:** December 5, 2017

**DEPARTMENT:** Development Services/Engineering

**CONTACT:** Michael Hebert, PE, Assistant Director of Engineering

**RECOMMENDED CITY COUNCIL ACTION:**

- Approval of the Resolution

**ITEM SUMMARY:**

- This Resolution authorizes the City Manager to enter into an agreement with HRC WCD Partners, L.P. for the construction of the Stover Creek Interceptor Sewer.
- This sewer is to be installed along Stover Creek from its current terminus near the intersection of Wilmeth Road and future Ridge Road (CR 124 and CR 161) to Bloomdale Road. The location is shown on the attached location map.
- The City of McKinney has a current Capital Improvements Program (CIP) project to partner with the development community to construct a sewer line in Stover Creek. This CIP project has been approved since 2009.
- A portion of the sewer (Phase I) was constructed in 2016 through a partnership with the Wilmeth-Ridge development.
- The proposed Highland Lakes developer desires to partner with the city to extend the sewer to Bloomdale Road as shown on the attached exhibit.
- This agreement authorizes the City of McKinney to bid the project based on plans designed by the developer's engineer. Costs for the design were borne by the developer.
- After the bid, the developer will be required to escrow (with the City) his portion of the construction cost plus 25% for any unanticipated costs.

- All easements are to be acquired by the developer at no cost to the City. In the event it becomes necessary to use the City's power of eminent domain, acquisitions will be handled by the City. The use of eminent domain associated with this portion of the Stover Creek Sewer was approved by City Council action in May 2016.
- The city's participation in the project is capped at \$1.24 million, which is available in the CIP. Any additional costs shall be borne by the developer.
- The developer will receive sewer impact fee credits for the Highland Lakes Development. These impact fees have a value of approximately \$450,000 assuming one-inch water meters are used.
- The City is to retain any pro rata from future developers along the route of the project. Pro rata is to be calculated per City ordinances and has a potential value of approximately \$900,000.
- Another condition of the agreement is that the developer is required to provide easements to other potential (upstream) developers who require sewer easements through the Highland Lakes property, thus opening up additional areas for development.

#### **BACKGROUND INFORMATION:**

- Extension of this sewer has been planned since the original agreement with the Highland Lakes developer was signed in late 2005. The line was not constructed at that time due to the downturn in the economy shortly thereafter.
- The original facilities agreement from 2005 required the City to use best efforts to work with NTMWD to construct the sewer through the Upper East Fork Interceptor System (UEFIS).
  - The UEFIS is primarily used to parallel or replace existing major sewer interceptors. Lines have been built/paralleled along Wilson Creek, Honey Creek, and the East Fork of the Trinity River.
  - The UEFIS has only had enough funds for these construction projects and, for many years, has not been used to extend any new lines in McKinney's sewer system.
  - NTMWD (preliminarily) estimates they will spend approximately \$132 million in the next 9-10 years for sewer capacity improvements in McKinney.
  - For this reason, a CIP was created by the City in an effort to partner with developers for the construction of the Stover Creek Interceptor.
- The developer and the City have been in intermittent negotiations for several years in an attempt to reach a mutually beneficial agreement.
- The developer is now ready to proceed with the project and provide significant financial support towards the construction of the line.
- This sewer potentially opens up approximately 1,700 acres of developable property within current City limits.

#### **FINANCIAL SUMMARY:**

- Funds are available in the Capital Improvements Program project WW8116 for

the City's participation (\$1.24 million) in the sewer installation. The City's cost in this project is capped at \$1.24 million.

- Developer participation will be all design (\$220,000), easement acquisition, project management costs and an estimated \$930,000 for construction, and any project cost overruns.

**BOARD OR COMMISSION RECOMMENDATION:**

- N/A

**SUPPORTING MATERIALS:**

[Resolution](#)

[Stover Creek Sewer Agrmt - Signed by Developer](#)

[Drainage Area - Stover Creek Basin](#)

[Location Map - Stover Creek Interceptor](#)