

A G E N D A



Recommendation for Committee Action

Audit and Finance Committee	Item ID	49629	Agenda Number	8.
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Meeting Date:	8/26/2015	Department:	Austin Water Utility
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Subject

Consider and develop recommendations relating to an ordinance authorizing negotiation and execution of an amended water cost reimbursement agreement with CLUB DEAL 120 WHISPER VALLEY, L.P., and CLUB DEAL 116 INDIAN HILLS TX, L.P., for the design and construction of water mains in an amount not to exceed \$21,200,000. This ordinance would supersede ordinances 20100527-006, 20100826-004, 20130117-015, and 20140807-013.

Amount and Source of Funding

There is no unanticipated fiscal impact. This change does not require any additional funding for the agreement.

Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	May 27, 2010- Council approved an ordinance authorizing negotiation and execution of a cost reimbursement agreement. August 26, 2010- Council approved an ordinance authorizing negotiation and execution of an amended and restated cost reimbursement agreement. January 17, 2013- Council approved an ordinance authorizing negotiation and execution of amended cost reimbursement agreement. August 7, 2014- Council approved an ordinance authorizing negotiation and execution on an amended and restated cost reimbursement agreement. August 19, 2015: Referred by the Public Utilities Committee
For More Information:	Bart Jennings, 512-972-0118; Denise Avery, 512-972-0104
Boards and Commission Action:	Recommended by the Water and Wastewater Commission on a 6-2-1-0 vote with Commissioners Kellough and Maia voting against and Commissioner Turrieta recused. Recommendation Number 20150812-D11. To be reviewed by the Public Utilities Committee on August 19, 2015.
MBE / WBE:	
Related Items:	

Additional Backup Information

Club Deal 120 Whisper Valley, Limited Partnership owns approximately 2,066 acres ("Whisper Valley") and Club Deal 116 Indian Hills, Limited Partnership owns approximately 240 acres ("Indian Hills") (collectively, "Developer" and the "Property") generally located south of the City of Manor and north of FM 969 within the City's

extraterritorial jurisdiction and the City's Desired Development Zone as shown on the attached map. The Developer plans to construct single-family, multi-family, and commercial development within the Property that will require an estimated 9,900 units of wastewater service LUEs (Living Unit Equivalents). In August 2010, City Council approved the creation of the Whisper Valley public improvement district ("PID") for the Property and a cost reimbursement agreement ("Agreement") for the construction of water mains.

A PID assessment payment in the amount of approximately \$5.5 million was due to the City from the Developer on July 1, 2015. The Developer, to date, has not made the assessment payment.

The proposed change to the Agreement potentially resolves the issue of the outstanding assessment payment by modifying the reimbursement schedule of payments to the Developer. Currently the Agreement requires the City to pay 50% of eligible reimbursement costs for the design and construction of the water mains within 90 days of the City's final acceptance of the infrastructure and the remaining 50% one year later. The proposed change will have the City pay 100% of eligible reimbursement costs within 90 days of the City's conditional acceptance of each City-approved phase of water infrastructure. The City's payment to the Developer following conditional acceptance of the water mains will be in an amount sufficient for the Developer's payment to the City of the outstanding assessment. This change does not require any additional funding for the Agreement.

Major terms of the Agreement that will remain unchanged include:

- Developer has agreed not to seek any additional cost reimbursement from the City for the water mains. Any costs over the authorized City Council funding amount will be paid by the Developer without City reimbursement.
- Reimbursing the City (Austin Water) a percentage of sales proceeds from the lots.
- Paying all applicable City fees including capital recovery fees.

The total amount of authorized funds for the soft and hard costs for the design and construction of the water mains remains at \$21,200,000.