City of Austin

Recommendation for Action

File #: 26-3082, **Agenda Item #:** 66. 11/19/2026

Posting Language
Authorize negotiation and execution of a cost participation agreement with Z Modular for the City to reimburse the developer an amount not to exceed $1,850,000 for design and construction costs associated with oversizing a water main and appurtenances related to Service Extension Request No. 4998R3 that will provide water service to a proposed mixed-use development in the City's extraterritorial jurisdiction located at 7308 N FM 973 near the intersection with State Highway 130. Funding: $1,850,000 is available in the Capital Budget of Austin Water.

Lead Department
Austin Water.

Fiscal Note
$1,850,000 is available in the Capital Budget of Austin Water.

For More Information:
Inquiries should be directed to Vicky Addie, Program Coordinator, 512-972-0332, or Vicky.Addie@austintexas.gov.

Council Committee, Boards and Commission Action:
November 10, 2026 - Recommended by the Water and Wastewater Commission on a 6-0 vote with Commissioner Trilli off the dais, three absences, and one vacancy.

Additional Backup Information:
The Winding Trails East and West project consists of approximately 260 acres of land located at 7308 N FM 973 near the intersection with State Highway 130 (Property). The Property is located entirely within the City's two-mile extraterritorial jurisdiction, the Impact Fee Boundary, Austin Water's service area, the Desired Development Zone, and the Central Water Pressure Zone. A map of the Property location is provided.

Z Modular (Applicant) is proposing to develop approximately 1,254 multi-family units, 195,000 sq. ft. of office space, 205,000 sq. ft. of retail space, 87,500 sq. ft. of restaurant space, a 16,500 sq. ft. event center, 115 hotel rooms, and 14 acres of space dedicated for sports fields. The Applicant requested that the City provide water utility service to the Property as proposed in Service Extension Request (SER) No. 4998R3. Austin Water will provide retail wastewater service to the Property as proposed in SER No. 4999R3.

In accordance with City Code Chapter 25-9 (*Water and Wastewater*), the City has asked the Applicant to oversize the water main to serve additional properties within the Central water pressure zone consistent with the City's long-range planning goals for this area. If approved by Council, the City will cost participate in this construction project only to the extent of the City's proportionate share of the oversized water main.

The proposed oversized improvements include construction of approximately 4,650 feet of 24-inch water main from Decker Lake Road and extending east along Decker Lake Road to State Highway 130 and then northeast along State Highway 130 to the Property.

The City will reimburse the Applicant for an overall total amount not to exceed $1,850,000 for hard costs and soft costs. Hard costs include, but are not limited to, construction and materials. Soft costs include, but are not limited to, preliminary engineering reports, surveying, geotechnical studies, design, and project management.

The City's cost participation by project component is as follows:

- For costs of the 24-inch water main (the minimum pipe diameter of 16-inches required to serve the Property to an oversized 24-inch) and appurtenances, the City's maximum participation consists of: (1) hard costs, in an amount not to exceed 33% of the hard costs of the 24-inch water main and appurtenances, and (2) soft costs, in an amount not to exceed 15% of the City's hard cost participation amount.

To serve the Property, the Applicant will additionally be required to construct, at their own cost, approximately 9,650 feet of 16-inch water main from Decker Lake Road extending north along N FM 973 to the Property and then southeast through the Property to the proposed 24-inch water main along State Highway 130.

Other terms of the agreement will require that the Applicant:

- Pay all costs for financing, interest, fiscal security, accounting, insurance, inspections, permitting, easement acquisition, legal services, and other non-reimbursable soft costs associated with the Project;
- Conform to the City's design criteria and construction standards;
- Construct all improvements at their cost and, after the City's final approval of the construction, dedicate the facilities to the City for ownership, operation, and maintenance;
- Allow the City to use the project plans and specifications approved by the City to solicit and publish invitations for bids for the construction of the improvements; and
- Follow the City's standard bidding practices and procedures, including the requirements of Texas Local Government Code Chapter 252 (*Purchasing and Contract Authority of Municipalities*) and the minority-owned business enterprise procurement program found in City Code Title 2 (*Administration*).

The proposed project will be managed through Austin Water staff and is located in the City's extraterritorial jurisdiction in zip code 78724, near District 1.

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