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## CITY COUNCIL CONSIDERATION ITEM

### CITY OF FAIR OAKS RANCH

July 6, 2023

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AGENDA TOPIC: Consideration and possible action approving a resolution authorizing the execution of an Amendment to the Chapter 377 Project Funding Agreement between the Fair Oaks Ranch Municipal Development District (“MDD”) and the City of Fair Oaks Ranch (“City”) for development of a civic center, and execution of all applicable documents by the City Manager

DATE: July 6, 2023

DEPARTMENT: Administration

PRESENTED BY: Scott M. Huizenga, Interim City Manager

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#### **INTRODUCTION/BACKGROUND:**

At its regular business meeting on July 2, 2020, the City Council authorized the submission of a funding application to the MDD for construction of a civic center. The City Manager formally submitted the application to the MDD on July 15, 2020.

At its regular meeting on July 15, 2020, the MDD formed a subcommittee to perform the initial evaluation of the city’s grant application. At a meeting on August 19, 2020, the subcommittee reported that the project:

- Complied with statute and the MDD Project Category List
- Fit the MDD goals and objectives
- Was assessed as having low levels of risk for project execution and sustainable operations
- Would provide benefits to the community

Based on those findings, the MDD Board authorized the President and Treasurer to negotiate a Grant Award Agreement with the City. The Agreement was approved by the MDD Board on September 16, 2020, and by the City Council on September 17, 2020. The original Agreement had an expiration date of 1,095 days from the original date of execution and allowed for a construction duration of 1,095 days from the original date of execution. Due to the expiration of the original timeframe approaching, there is a need to amend the original Agreement. This Amendment captures the following:

- References to the square footage are amended from 3,000-4,000 square feet to 3,000-5,000 square feet.
- The construction duration is increased by an additional 1,095 days from the date the Amendment is fully executed.
- The expiration date is increased by an additional 1,095 days from the date the Amendment (**Exhibit B1**) is fully executed.
- The Grant Award is increased to \$1.2 million.

The purpose of this agenda item is for the City Council to consider amending the original Grant Award Agreement as detailed above. The original Agreement is included for reference as **Exhibit A**.

**POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

- Supports Priority 3.5 of the Strategic Action Plan to Enhance and Ensure Continuity of Reliable City Facilities.
- The use of MDD funds to reimburse the City for cost associated with the construction of a civic center represents the use of sales tax proceeds to develop an asset that should provide enduring value to the citizens of Fair Oaks Ranch.
- The remittance of the Grant Award Payment by the MDD to the City will continue to be governed by the terms and conditions of the existing agreement, inclusive of this amendment.

**LONG-TERM FINANCIAL & BUDGETARY IMPACT:**

The City will utilize General Fund reserves or short-term financing to fund the construction of the civic center as programmed in the adopted budget. Acceptance of the grant award ensures the City's General Fund Reserve will be reimbursed and made whole upon completion of the project.

**LEGAL ANALYSIS:**

The proposed project is an authorized project pursuant to Local Government Code Chapter 377. The original agreement was prepared with the assistance of the City Attorney, and the amendment was reviewed as to form.

**RECOMMENDATION/PROPOSED MOTION:**

I move to approve a resolution authorizing the execution of an Amendment to the Chapter 377 Project Funding Agreement between the Fair Oaks Ranch Municipal Development District and the City of Fair Oaks Ranch for development of a civic center, and execution of all applicable documents by the City Manager.