



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action approving a resolution directing the City Manager to submit an Amendment to the Chapter 377 Project Funding Agreement between the Fair Oaks Ranch Municipal Development District and the City of Fair Oaks Ranch to include the full construction cost of the Community Center Project and authorizing the execution of all applicable documents by the City Manager

DATE: June 5, 2025

DEPARTMENT: Administration

PRESENTED BY: Kelsey Delgado, Project Manager
Clayton Hoelscher, Procurement Manager

INTRODUCTION/BACKGROUND:

On September 25, 2020, the City of Fair Oaks Ranch ("City") and the Fair Oaks Ranch Municipal Development District ("MDD") entered into a Chapter 377 Project Funding Agreement for the development of a Community Center (previously referred to as Civic Center). On July 20, 2023, an amendment to the agreement was executed to provide for the following:

- A three-year extension (1,095 days) from the date the Amendment is fully executed
- An increase in the Maximum Grant Amount to \$1.2 million

From June 2023 through January 2025, City staff and Lopez Salas Architects, Inc. (LSA) worked through the design phase for the Community Center. Notable milestones include:

- November 16, 2023: LSA presented the draft schematic floor plan to the City Council. During that workshop, Councilmembers requested several changes which were incorporated, and the revised schematic floor plan was presented on February 15, 2024.
- February 27, 2024: The City held a townhall meeting to share information about the Community Center project and initiated a survey to obtain feedback on three potential exterior roof options. The majority of respondents favored the Gable Roof option which was approved by the City Council on April 18th. This decision enabled LSA to move from the schematic to the design development phase.
- January 16, 2025: LSA presented highlights from the 100% design development plans which included exterior elevations, building sections, roof plan, floor finish, ceiling plan, and proposed interior and exterior materials. LSA also updated the project schedule and estimated construction cost of \$2,452,260 (\$460 per square foot).

With the design plans complete, the City advertised an RFP for the Community Center from February 28 through April 3, 2025. The City received 13 proposals with price points ranging from \$2.62 to \$3.85 million. An evaluation board composed of City staff, a Council member, and an additional MDD board member reviewed the proposals to select an offeror that provided the best

value to the City. Of the 13 proposals, the board interviewed two contractors and the board selected Crawford Henrichson & Crawford (CHC) Construction as the highest ranked offeror based on price, company experience, project team and project approach.

City Staff worked with CHC to value engineer portions of the project to lower the price point without altering the overall look of the Community Center. Changes included HVAC system and operable wall system alternatives and removing the betterment allowance line item. The final negotiated cost is \$2,463,722.81, which is nearly identical to past construction cost estimates.

Staff is seeking City Council approval to submit a second amendment (**Exhibit A**) to the Project Funding Agreement, to include the full cost of construction. A copy of the first amendment (**Exhibit B**) and the original agreement (**Exhibit C**) are attached for reference. In response to the project's original grant application on August 19, 2020, the MDD reported the Community Center project complied with applicable statutes, fell within the MDD Project Category List, fit the MDD goals and objectives and would provide benefits to the community. Throughout the design and procurement phase, the project has not changed significantly and still meets that original evaluation.

Should the City Council approve this resolution, staff anticipate presenting the amendment to the MDD on June 17 for consideration. Staff also anticipate presenting the amendment and construction contract to City Council on June 19 or a future meeting for consideration.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Supports Project 2.4.5 of the Strategic Action Plan to Align and update the Community Center Agreement between the City and MDD and Project 3.5.5 to Plan and construct a Community Center.
- The use of MDD funds to reimburse the City for costs associated with the construction of the Community Center represents the use of sales tax proceeds, not property tax revenue

LONGTERM FINANCIAL & BUDGETARY IMPACT:

MDD grant funds are sourced from sales tax proceeds. Leveraging alternative funding sources such as MDD grant funding reduces the City's reliance of property tax revenue.

LEGAL ANALYSIS:

The resolution has been approved as to form.

RECOMMENDATION/PROPOSED MOTION:

I move to approve a resolution directing the City Manager to submit an amendment to the Chapter 377 Project Funding Agreement between the Fair Oaks Ranch Municipal Development District and the City of Fair Oaks Ranch to include the full construction cost of the Community Center Project in the amount of \$2,463,722.81 and authorizing the execution of all applicable documents by the City Manager.