



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action approving a resolution authorizing a Utility Service Agreement between the City of Fair Oaks Ranch, Texas and AD Acquisitions, LLC regarding water and wastewater services for an 80.69-acre parcel of land at 29850 Ralph Fair Road, a portion of the Corley Tract, and execution of all applicable documents by the City Manager

DATE: May 1, 2025

DEPARTMENT: Public Works

PRESENTED BY: Grant Watanabe, P.E., Director of Public Works and Engineering Services

INTRODUCTION/BACKGROUND:

The 80.69-acre parcel of land at 29580 Ralph Fair Road is a portion of a 160-acre undeveloped tract, known as the Corley Tract, within the City of Fair Oaks Ranch. The current zoning for this property includes Neighborhood Residential, Mixed Use Village, and Logistics. Importantly, this tract is not located within any entity's Certificate of Convenience and Necessity (CCN), which is also referred to as a certificated service area.

On August 30, 2024, Athena Domain, LLC, on behalf of owner Century Oaks, LLC, submitted a formal request for incorporation of the parcel into the City's Water and Wastewater CCN. Staff conducted an analysis of the developer's proposed Master Development Plan (**Exhibit A**), which consists of 20 single-family residential units, 216 townhomes, and four Mixed Use Village lots, to calculate estimated water consumption and wastewater generation. The City currently contracts with the Guadalupe-Blanco River Authority (GBRA) to reserve 1,850 acre-feet of which 1,344 acre-feet is currently delivered to City water plants for distribution. The remaining reserved amount is adequate to serve the proposed development, fulfill existing Water Supply Agreement commitments, and other potential developments over the next decade and beyond. In addition, the wastewater treatment plant is capable of serving the proposed development and other future developments without exceeding the TCEQ permitted capacity.

On October 17, 2024, the City Council approved a resolution to incorporate the 80.69-acre parcel into the City's water and wastewater CCN, contingent on the approval of a Master Development Plan reflecting a maximum of 139 LUEs (water) and 137 LUEs (wastewater), in alignment with the City's Water, Wastewater and Reuse Master Plan.

On December 5, 2024, the City Council, upon recommendation from the Planning and Zoning Commission, approved the Master Development Plan with a condition that the developer enter into a Utility Service Agreement with the City to memorialize the number of units, LUEs, related fees and any cost-sharing arrangements for off-site infrastructure necessary to serve the development.

The Utility Service Agreement (USA) is attached as **Exhibit B**. A summary of the terms and conditions is provided below:

- Term:
 - Seven (7) years, unless extended by mutual agreement between the City and Developer
 - If development starts within seven (7) years, the term automatically extends to 15 years or the date of conveyance of all lots, whichever occurs earlier
- Water Capacity
 - City shall provide water service for 139 LUEs
 - Builders shall pay the current impact fee of \$8,670.33 per LUE at the time construction permits are pulled for each residential unit or commercial building (total of \$1,205,175.87)
 - Developer shall pay the City a one-time water replacement charge (\$57,475) at the time of Phase 1 Final Plat approval to offset the cost of obtaining future water supply
 - Developer shall pay a monthly water reservation fee if the Phase 1 Final Plat is not submitted within 18 months of the effective date of the agreement to cover the City's cost of reserving water from GBRA.
 - Developer is responsible for costs associated with on-site water infrastructure
- Wastewater Capacity
 - City shall provide wastewater service for 137 LUEs
 - Builders shall pay the current impact fee of \$6,068.64 per LUE at the time construction permits are pulled for each residential unit or commercial building (total of \$831,403.68)
 - Developer is responsible for all costs associated with on-site wastewater infrastructure
- Off-site Infrastructure
 - Developer is responsible for all costs to extend the 8-inch water main and 8-inch sewer main from The Arbors to the development
 - Developer is responsible for all costs to upgrade the Cojak Circle manhole and install a new 12-inch sewer main between the manhole and WWTP
 - Developer and City to cost-share construction of a new 12-inch water main from the Elmo Davis water plant to the development (25% Developer and 75% City)
- CCN Incorporation
 - Upon execution of the USA, the City shall complete all required steps to file with the Public Utility Commission of Texas to incorporate the parcel into its CCNs

The USA is expected to benefit both the City and Developer. For the Developer, it secures water and wastewater service for the proposed development since the parcel is not located in any entity's CCN. For the City, the full cost of the Cojak Circle manhole and sewer upgrade project, and a portion of the cost to extend water infrastructure to the eastern side of the City will be covered by the Developer. The City budgeted \$650,000 for the Cojak Circle project which can be redirected towards the large WWTP Phase 1 Expansion project, and the 12-inch water main from Elmo Davis will increase system resiliency by looping the water system so that the Arbors and other nearby areas are served by at least two distribution lines and not subject to a single point of failure.

Should the USA be approved, advertisement for the Dietz Elkhorn Road (East) Reconstruction project will be postponed for approximately three months while the Developer completes

construction documents for the 12-inch water main project. Both projects will be joint-bid and awarded to the same contractor to ensure coordination of construction activities. This approach avoids trenching through the new road to install the water line shortly after it is constructed.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

- Supports Priority 2.1 of the Strategic Action Plan to Manage the Physical Development of the City in accordance with the Comprehensive Plan. The proposed development complies with all zoning regulations and permitted uses for the property.
- Supports Project 3.1.15 of the Strategic Action Plan to Evaluate and Ensure Water Supply Availability and Continuity in accordance with adopted Master Plans

LONGTERM FINANCIAL & BUDGETARY IMPACT:

Should the USA be approved, the full cost of the Cojak Circle manhole and sewer upgrade project, and a portion of the cost to extend water infrastructure to the eastern side of the City will be covered by the Developer. The Developer will also pay the City a one-time water replacement charge (\$57,475) and may cover the City's cost to reserve water under the GBRA contract.

LEGAL ANALYSIS:

The City Attorney has reviewed the resolution and Utility Service Agreement and approved it as to form.

RECOMMENDATION/PROPOSED MOTION:

I move to approve a resolution authorizing the execution of a Utility Service Agreement between the City of Fair Oaks Ranch, Texas and AD Acquisitions, LLC regarding water and wastewater services for an 80.69-acre parcel of land at 29850 Ralph Fair Road, a portion of the Corley Tract, and execution of all applicable documents by the City Manager.