



ACTION ITEM REPORT

Item Title: Consideration and ACTION to participate in costs and or delay fees for The Woods development due to a change in the lift station and force main requirements.

Recommendation:

The Woods development is proposed on the north side of Highway 100 near FM 803. There will be over 800 homes with over 15 acres of commercial development. During the design phase for wastewater services, it was realized utilizing existing infrastructure was not possible due to existing and proposed flows already committed to the Whipple Lift Station and the force main from there to the wastewater plant. This requires the new lift station that will be built for this development as well as the surrounding areas, to have much larger and different pumps and motors to assure flows will make it to the wastewater plant. It also requires a new force main over a mile long to be installed.

The original cost for utilizing the Whipple Lift Station by upgrading pumps and installing a force main from the development to the Whipple Lift Station was estimated to be \$1,100,000. This amount was utilized in costs projections and violability. With the change to a 10-inch force main and larger pumps, the estimate is an additional \$1,100,000 for a total of \$2,200,000. This will cover The Woods 245 acres plus an additional 74 acres for other development. The cost share would be \$1,689,600 for the developer and \$510,400 for the City.

Looking at the area around this immediate area, it will probably be developed in the not too distant future. With that in mind, I believe it is important to plan now for the development of a total of 208 acres instead of 74 acres. To do that, we would have to increase the 10-inch force main to a 12-inch force main and increase the pumps to 105 horse power costing an additional \$500,000, a total of \$2,700,000. This will cover The Woods 245 acres plus and additional 208 acres for other development. The cost share would be \$1,460,700 for the developer and \$1,239,300 for the City.

The City does not have that money available. In the original project costs for the development, the City agreed to pay through the TIRZ \$498,412 for the sewer line to the Whipple Lift Station and \$569,852 for part of the Lift Station, for a total of \$1,068,264. The additional funds that would be committed to the TIRZ on the City's part would be \$171,036. As the development occurs and the developer gets paid at a later date as property values with lots and homes come on the tax roll instead of farm land that has very little taxable value. In order to make it work, the developer is needing to defer some of the costs from Phase 1 to Phase 2 since there is so much costs that have to be done as part of Phase 1.

Option 1: City accept the increased amount of \$1,239,300 to plan for future development. The City can recover this cost over time as other development occurs in the area at an amount of \$5,958.17 per acre. As this money is received it would go back into the TIRZ.

Option 2: Allow the developer to delay the sidewalks for Phase 1 until Phase 2 is done. This will free up funds for the developer to pay for the extra costs they have to absorb. The drawback is that it could set a precedent. However, these area extreme circumstances in this case (a mile-long force main) that others would not have. This will save the developer about \$250,000 in Phase 1 that they will do in Phase 2.

Option 3: Development fees will be about \$15,000 and connection fees will be \$350 per lot for 151 lots for a total of \$52,850, grand total of \$67,850. The developer is asking that these fees be diverted to Phase 2 as well.

Option 4: Phase 1 opens up a considerable amount of commercial property along Highway 100. The area is 250 feet by over 1,000 feet. Quite a few businesses will be able to locate there. With that in mind, if the City would like, the CDC can be approached to provide some funding. If that is considered, I would recommend up to \$200,000.

The developer has asked me to bring these options for you to consider.