

City of Mesquite, Texas

Legislation Text

File #: 20-4887, Version: 1

A resolution approving a Water Transportation and Emergency Interconnection Agreement with Kaufman County Municipal Utility District No. 12 and BDMR Development, LLC, to provide temporary treated water to the Polo Ridge Ranch development situated on approximately 805.79 acres of land located south of FM 740, west of FM 2757 and north of Kelly Road in Kaufman County, Texas, and within the corporate limits of the City of Mesquite, Texas, and authorizing the City Manager to finalize, execute and administer the agreement on behalf of the City.

On March 5, 2018, the City Council approved a Development Agreement with BDMR Development, LLC (Developer) to participate in the financing of up to \$35 million in public infrastructure improvements for a 1,007 lot single-family residential development on 805.79 acres in Kaufman County, known as Polo Ridge Ranch (Development). As part of the agreement, the Developer agreed to voluntary annexation of the property and this occurred on December 16, 2019.

The City will be the retail water provider for the Development, but construction of the City's large diameter water transmission main that will extend water service to this area along IH-20 has been delayed due to ongoing negotiations with property owners to acquire necessary easements and a 10-acre tract for a three million gallon ground storage tank and pump station. This water line and pump station will not be completed until early 2022.

The City issued \$14.5 million in special assessment revenue bonds (PID bonds) on July 1, 2019, and the Developer has already obtained a grading permit to begin rough grading and utility work. In order to construct streets and pad sites for phase one of the Development, the Developer will need construction water. Therefore, on April 17, 2020, the Developer executed an amendment to the Development Agreement whereby the Developer agreed to assist the City in obtaining temporary treated water from Kaufman Municipal Utility District No. 12 (District), at no cost to the City, and assist the City in negotiating a water "wheeling" agreement with the District. In 2005, the District constructed a 24-inch water transmission line to serve the Heartland development and this water line parallels, for the most part, the alignment of the proposed City water line up to the location of the proposed pump station. The City also provides the District wholesale water through this District 24-inch water line. A meter would be installed at an interconnection point to measure the amount of wholesale water used by the Developer and that amount would then be deducted from the wholesale amount charged to the District. The Developer would pay the City for the amount of water used.

Negotiations with the District concluded on June 25, 2020, and this proposed Water Transportation and Emergency Interconnection Agreement (Wheeling Agreement) would allow the City to access water from the District 24-inch water line until such time that construction of the City's large diameter transmission line is completed and the City can begin serving the Development through the large diameter transmission line. The District's obligation to transport water to the Development would terminate the earlier of December 31, 2025, or the date the City's large diameter transmission line is operational. The term of the Wheeling Agreement, however, is 30 years, as the interconnection facilities will remain in place after use and will serve as a backup in the event an emergency should anything happen to either the City or District water transmission liners.

The District Board approved the proposed Wheeling Agreement at their July 15, 2020, Board meeting, and now requires City Council approval before becoming effective.

Financial Implications

This Wheeling Agreement has no financial impact to the City. The Developer will pay for the construction of the interconnection facilities, water meter and any treated water consumed. The estimated cost for the interconnection facilities and meter were also budgeted in the first phase of PID bonds issued and the Developer will be reimbursed from PID bond proceeds.

Recommended/Desired Action

Staff recommends approval of the resolution.

Attachment(s)

Resolution

Service Location Map

Drafter

Ted Chinn

Head of Department

Ted Chinn