



AGENDA INFORMATION SHEET

DEPARTMENT: Capital Projects
ACM: Frank Dixon
DATE: June 16, 2026

SUBJECT

Consider adoption of an ordinance by the City of Denton authorizing the City Manager, or designee, to execute an Advance Funding Agreement for funding under the North Central Texas Council of Governments' Surface Transportation Block Grant Program, providing financial assistance of 80% of the estimated construction costs for the City's Western Blvd. (US 380/University Drive to Jim Christal Road) Project; CSJ 0918-46-358, through the Texas Department of Transportation (TxDOT).

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Enhance Infrastructure, Safety and Mobility

INFORMATION/BACKGROUND

The City of Denton, in coordination with the North Central Texas Council of Governments (NCTCOG), identified two project locations as priority candidates for infrastructure improvements based on historical mobility and safety needs within the city. In September 2024, the City submitted these projects for consideration to the NCTCOG Surface Transportation Block Grant (STBG) program and was subsequently awarded construction funding in August 2025.

The proposed project on Western Boulevard includes the addition of a new travel lane, to create a fully built-out, four-lane roadway with medians, a sidepath, and other safety-focused facilities from US 380 to Jim Christal Road, with a construction cost estimate of \$5,963,284.00.

Through the NCTCOG STBG program, 80% of the construction costs, estimated at \$4,768,000.00, will be reimbursable. The City's required 20% match of construction costs, estimated at \$1,192,000.00 and any change orders and cost overruns, will be funded from the Transportation Engineering - Road Safety Funds. The Advanced Funding Agreement (AFA) also provides an estimated State contribution of \$3,284.00, this is the value of the States' indirect costs related to staff time reviewing plan submittals and ensuring compliance with STBG program requirements.

In April 2025, TxDOT released new AFA guidelines requesting Ordinance/Resolutions no longer describe specific AFA costs within the body of said Ordinance/Resolution; instead listing only State and Local Government (LG) obligated percentages and the City's source of funding.

Staff met with TxDOT staff to gain a better understanding and justification for this change. TxDOT stated recent federal audits revealed that when the indirect state costs percentages are updated each September, it can change the State's staff time percentage and impact the overall estimated project cost. The change to the indirect state costs percentage reflected in the AFA cost estimated table, can require subsequential council authorization to update Ordinances/Resolutions that detail within the body specific costs and/or not to exceed amounts. To prevent this, the State has requested detailed costs not be included within Ordinance/Resolutions associated with AFA's.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On March 3, 2026, City Council approved RFQ 8377-012 with HDR, Inc for the design of Western Boulevard.

RECOMMENDATION

Staff recommends approval of the Ordinance.

ESTIMATED SCHEDULE OF PROJECT

The Western Boulevard project is currently in design, with an anticipated advertising date of December 2026.

FISCAL INFORMATION

As this agreement is a reimbursable agreement; qualifying expenses are submitted to TxDOT, and upon receipt of funds from TxDOT, funds are deposited to Other Government Project Funding account associated with the project. City contribution funding will come from account number 350582402 and any available roadway impact fees collected in the service area if additional funding is necessary.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Ordinance & Advanced Funding Agreement

Respectfully submitted:
Seth Garcia, PMP
Director of Capital Projects

For information concerning this agreement, contact: Kristine Stewart at 940-349-8537.

Legal point of contact: Trerod Hall at 940-349-8336.