



AGENDA INFORMATION SHEET

DEPARTMENT: Capital Projects

ACM: Frank Dixon

DATE: June 8, 2026

SUBJECT

Consider recommending adoption of an ordinance of the City of Denton, a Texas Home-Rule Municipal Corporation, authorizing the City Manager, or their Designee, to execute an Amended and Restated Water and Wastewater Utilities Oversize Cost Participation Agreement with Meritage Homes of Texas, LLC, for the design and construction of a 30” wastewater main, 1.9 MGD lift station, wastewater force main, gravity wastewater main, and 12” potable water main; providing for the expenditure of funds therefore; and providing an effective date (Meritage Homes of Texas, LLC, in the amount not-to-exceed amount of \$8,988,869.36).

BACKGROUND

The original Agreement dated 5 March 2024, states that the Developer agrees to design, construct and install required facilities and fund Eight Million Seven Hundred Thirty-Three Thousand Two Hundred One and 28/100 Dollars (\$8,733,201.28) of the construction and install the Required Facilities. The City agreed to make payments to Developer for all Oversizing Costs in an amount not to exceed Seven Million Five Hundred Fifty-Three Thousand Three Hundred Twenty-Seven and 43/100 Dollars (\$7,553,327.43), or 86.5% of the total estimated costs to design, construct and install the Required Facilities. The Required Facilities were required to be completed by the Developer; reviewed and inspected by the City; and approved and accepted by the City.

This Amendment retains the construction, City review, and City inspection components of the original agreement and is intended to capture and cover the final completed design and costs associated with the entire project. The original agreement was based off an incomplete design of the facilities and a Preliminary Opinion of Cost which did not include any geotechnical testing or reports. This Amendment provides a completed design of all facilities to include geotechnical testing and reports, updated scope of work for each facility, and the actual and contractual cost of the Required Facilities and Oversized Facilities. The amendment increases the City’s contribution by \$1,435,541.93; majority of the cost changes are associated with the Lake Ranch Interceptor but includes changes to the other facilities. The Lake Ranch Interceptor project includes the construction of a siphon box. During excavation and constructability reviews, existing subsurface soil conditions were found to be unsuitable for the originally designed installation method due to stability concerns. As a result, the design was revised, and the planned dry auger bore installation was changed to Horizontal Directional Drilling (HDD). This modification was necessary to mitigate geotechnical risks, maintain structural integrity, and ensure the safe and successful installation of the interceptor infrastructure. This agreement will assist the City in its

efforts to ensure the provision of water and wastewater services to the growing developments in the area.

RECOMMENDATION

Staff recommends approval of the ordinance.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On March 5, 2024, City Council approved the Oversized Participation Agreement with Allied Development, LLC. (Ordinance 24-0001).

ESTIMATED SCHEDULE OF PROJECT

The Developer is anticipating it to be completed in Q1 2027.

FISCAL INFORMATION

The City's financial obligation of \$8,988,869.36 is funded from accounts 640548545.1360.401000 and 630600523.1360.401000.

EXHIBITS

- Exhibit 1 – Agenda Information Sheet
- Exhibit 2 – Utilities Oversize Cost Participation Agreement
- Exhibit 3 – Ordinance

Respectfully submitted:
Seth Garcia, PMP
Director of Capital Projects

For information concerning this acquisition, contact: Shawn Messick, 940-349-8390.

Legal point of contact: Marcella Lunn at 940-349-8339