



AGENDA INFORMATION SHEET

DEPARTMENT: Development Services

CM/DCM/ACM: Cassey Ogden

DATE: May 5, 2026

SUBJECT

Consider adoption of an ordinance of the City of Denton authorizing the execution of a cost sharing agreement between the City, Cole Ranch Development LP, Cole Ranch Improvement District No. 1 of Denton County, HR 3200, LP, and Hunter Ranch Improvement District No. 1 of Denton County, for the construction of a sewer line; authorizing an escrow agreement and the expenditure of funds for the City's allocated share of improvement costs; and providing an effective date.

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Enhance Infrastructure and Mobility.

BACKGROUND

Cole Ranch is a 3,169-acre master-planned development west of I-35 West and east of Robson Ranch. The development is located within the city limits and is designated as a Master Planned Community District under the Denton Development Code. The development's buildout is expected to occur over 40 years and is anticipated to include:

- 5,900 single-family units
- 3,200 multifamily units
- 120 commercial acres
- 256 industrial acres

The City and the developers and districts for both Cole and Hunter Ranches are entering into this agreement to increase the capacity of wastewater improvements for the Hickory Creek Interceptor in anticipation of future development in the area. Specifically, the City wishes to participate in the cost of the wastewater line to expand its utility system and ensure adequate service to regional customers. Consistent with recent regional infrastructure negotiations, the agreement is based on a Project Allocation methodology using flow percentages rather than traditional incremental "oversizing" costs. The methodology used to determine "benefits received" is based on the pro rata share of design capacities for each segment of the interceptor allocated to various stakeholders. This includes flow percentages from the Cole Property, the Hunter Ranch Property, and the City. Hunter Ranch is a formal party to this agreement as the Hunter Developer is currently improving the Hunter Property and requires adequate wastewater facilities.

The total project cost includes both hard construction costs and soft costs such as design, engineering, and construction management. Based on the current flow share calculations for the 48-inch sanitary sewer line, the City's project allocation share is 60% of the overall line. Additionally, Cole Ranch will be providing a 50-foot easement and the City has requested an extra 10 feet of easement width with the City

bearing the full cost of the additional easement area, estimated at approximately \$239,764. The project will be funded through a City Escrow Account, with an initial deposit of 50% of the City's share due within 30 days of the effective date. The remaining 50% is anticipated to be funded following the City's next capital improvement bond issuance and must be completed no later than December 31, 2026. The District will submit quarterly withdrawal requests to the City Designee, accompanied by an accounting of payments and a calculation of the allocation share for that period. If the City Council chose not to move forward, the developer would be required to build a line sized only for the development, which would eventually necessitate the City constructing a parallel line at a significantly higher future cost and incurring maintenance costs on two separate lines.

The City derives significant strategic benefits from this line, as the City's oversizing of the line removes the need for a parallel line as contemplated by the Wastewater Master Plan and future wastewater infrastructure is planned to provide service to northern Hickory Creek Basin through this Hickory Creek Sewer Interceptor.

If the City Council chose not to move forward with the cost-sharing agreement, the developer would be required to build the line at a size required for the development which would necessitate the City constructing a parallel line at an approximate cost of \$18 million in 10-15 years to meet the demand of the region and would incur maintenance costs on two separate lines in the future.

RECOMMENDATION

Staff recommends approval of the Hickory Creek Interceptor Cost Sharing Agreement.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

February 12, 2019 – Resolution of support and escrow agreement ordinance approved by City Council

April 7, 2020 – Consent resolution, Project Agreement, and Operating Agreement approved by City Council

February 18, 2025 – First Amendment to the Cole Ranch Operating and Project Agreements approved by City Council

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Ordinance

Respectfully submitted:
Charlie Rosendahl
Director of Development Services