



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
[www.cityofdenton.com](http://www.cityofdenton.com)

---

## AGENDA INFORMATION SHEET

**DEPARTMENT:** Transportation

**CM/ DCM/ ACM:** Mario Canizares

**DATE:** May 1, 2018

### **SUBJECT**

Consider adoption of an ordinance of the City of Denton, Texas authorizing the City Manager, or his designee, to reimburse One Hundred Forty-Nine Thousand Three Hundred Dollars (\$149,300) to Denton Med Trans, LLC for site grading and main sewer line installation for Airport development site improvements; authorizing expenditure of funds and an effective date. The Council Airport Committee recommends approval (2-0).

### **BACKGROUND**

The City entered into a lease agreement on November 1, 2016, with Denton Med Trans, LLC for the development of the Med Trans corporate offices and helicopter training facility (Exhibit 2). The developer was interested in fast-tracking construction to facilitate an opening that corresponded with a September 2017 industry event. The previous Airport Director worked closely with the developer to assist in the development process to initiate construction in order to meet the aggressive schedule.

On January 11, 2018, Denton Med Trans, LLC provided a written reimbursement request in accordance with the lease agreement (Exhibit 3). The lease agreement contained a provision requiring the City to provide site grading (Exhibit 4). In order to facilitate the development schedule, the lessee indicated that they proceeded with verbal approval by the previous Airport Director to complete the site grading. According to the lessee, they received four bids to conduct the work and selected the most cost-effective submittal. The reimbursement request for the site grading was \$109,300, which based on the site survey contours and final grading plan, was determined to be reasonable by the City's Engineering Department.

The lease stated utilities were adjacent to the parcel (within 200'), however, during the development review process it was determined that an 8" sewer main line extension was required by the City. While this work would normally be completed by the Airport for on-airport development parcels, it appears there was a communication disconnect between City Departments, therefore, Development Service required completion by the developer (tenant). The reimbursement request for the sewer main line extension was \$59,200. Based on similar sewer line construction activities, Staff negotiated with the lessee to come to an acceptable resolution of \$40,000, given that the lessee would have had some costs associated with the installation of a sewer service line.

Through the coordinated efforts with the lessee and other City departments, that given the unusual circumstances, the adoption of an ordinance (Exhibit 5) approving the Airport reimburse the amount of \$149,300 from the Airport's unallocated capital funds it is recommended.

To avoid similar situations in the future, Airport staff has coordinated with the City's Development Review team to ensure that Airport staff is included in all meetings and requirements associated with Airport

development. This will allow Staff an opportunity to coordinate a resolution at the time a development situation arises.

### **OPTIONS**

1. Approve the proposed ordinance expending \$149,300 from Airport funds to settle the reimbursement request.
2. Provide Staff with additional direction on amounts and funding sources to settle the reimbursement request.
3. Take no action at this time.

### **RECOMMENDATION**

Council Airport Committee recommends Option 1, settling the reimbursement request using Airport funds in the amount of \$149,300.

### **PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

April 13, 2018 - Council Airport Committee recommended approval of Option 1, 2-0.

### **FISCAL INFORMATION**

The funding will come from available Gas Well funds allocated for Airport capital improvement projects.

### **STRATEGIC PLAN RELATIONSHIP**

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

**Related Key Focus Area: Economic Development**

**Related Goal: 1.1 Manage financial resources in a responsible manner**

### **EXHIBITS**

1. Agenda Information Sheet
2. Site Map
3. Reimbursement Request Letter dated January 11, 2018
4. Denton Med Trans LLC Lease excerpts
5. Ordinance

Respectfully submitted:  
Scott Gray  
Airport Manager