



# City of Austin

## Recommendation for Action

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**File #:** 26-1271, **Agenda Item #:** 37.

3/26/2026

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### Posting Language

Authorize an amendment to the City's cost participation with the developer United Properties Development, LLC to increase the City's share of the cost to design and construct oversized wastewater interceptors by \$4,422,750, for a total amount not to exceed \$9,500,000, related to Service Extension Request No. 5132R which will provide wastewater service to a proposed mixed-use development located at East Howard Lane and SH 130. Funding: \$9,500,000 is available in the Fiscal Year 2025-2026 Capital Budget of Austin Water.

### Lead Department

Austin Water.

### Fiscal Note

Funding is available in the Fiscal Year 2025-2026 Capital Budget of Austin Water.

### Prior Council Action:

April 18, 2024 - Council authorized a cost reimbursement agreement for an amount not to exceed \$5,077,250.

### For More Information:

Inquiries should be directed to Vicky Addie, Program Coordinator, 512-972-0332, or [Vicky.Addie@austintexas.gov](mailto:Vicky.Addie@austintexas.gov).

### Council Committee, Boards and Commission Action:

March 11, 2026 - Recommended for approval by the Water and Wastewater Commission on a 6-0 vote with three Commissioners absent and one Commissioner off the dais.

### Additional Backup Information:

The Howard Lane Industrial - West project consists of approximately 94 acres of land located north and south of East Howard Lane and west of SH 130 (Property). The Property is located entirely within the City's two-mile extra-territorial jurisdiction, Impact Fee Boundary, Austin Water's service area, the Desired Development Zone, and the Gilleland Watershed. A map of the Property is attached.

United Properties Development, LLC (Applicant) is proposing to develop approximately 398,000 square feet of industrial warehouse space, 8,150 square feet of retail space, 7,700 square feet of restaurant space, and 710 multifamily units. Service Extension Request (SER) No. 5132R was submitted and approved to extend City wastewater service to the Property. Manville Water Supply Corporation will provide retail water service to the Property.

The Applicant has been delegated authority to act on behalf of three adjacent projects (SER-5133R, SER-5260, and SER-5051, the Adjacent Projects) to design and construct the common wastewater improvements required to provide wastewater utility service to each respective project.

The project entails construction of approximately 4,200 feet of 36-inch wastewater interceptor, 4,450 feet of 30-inch wastewater interceptor, and 4,720 feet of 24-inch wastewater interceptor. The proposed wastewater

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improvements will be conveyed to the City for the City's ownership, operation, and maintenance. These wastewater improvements were oversized and required by the City in order to serve additional properties within the Gilleland drainage basin consistent with the City's long range planning goals for this area. The City will reimburse a percentage of the actual cost of construction of the oversized wastewater interceptors.

On April 18, 2024, Council authorized the City and the Applicant to negotiate and execute a Cost Reimbursement Agreement (Agreement) for up to \$5,077,250 for the construction of the oversized wastewater interceptors, as required in SER-5132R. The Agreement was executed on December 19, 2025.

The certified low bid for construction of the oversized wastewater improvements was received by the City on January 22, 2026, and the City's proportionate share is in excess of the Council approved reimbursement amount. This is the maximum reimbursement amount the City will contribute to this project. Actual reimbursement amount will be based on final construction costs. Cost sharing reimbursements benefit the City by achieving upgrades that will benefit multiple immediate projects and provide greater wastewater infrastructure capacity in this area to accommodate future growth. The City's partnership with the private development to construct oversized infrastructure now is the most cost-effective way to advance the City's long range plan, invests at the right time and in pace with development, and protects City customers from repeated construction impacts for future capacity upgrades. This is primarily due to the change in construction methods for one of the trenchless pipe segments and an overall increase in the amount of necessary trenchless construction. Additionally, the original cost estimate was prepared at a preliminary phase of the Project in September 2023 and was based on material and construction costs at that time.

Austin Water is now requesting an overall total reimbursement amount not to exceed \$9,500,000 for hard and soft costs, a \$4,422,750 increase from Council's previously approved reimbursement amount. Hard costs include, but are not limited to, construction and materials. Soft costs include, but are not limited to, preliminary engineering reports, surveying, geotechnical studies, design, and project management. The City's cost participation by project component is as follows:

- For costs of the 24-inch wastewater interceptor (the minimum pipe diameter of 8 inches required to serve the Property to an oversized 24-inch) and appurtenances, the City's maximum participation consists of: (1) hard costs in an amount not to exceed 66 percent of the hard costs of the 24-inch wastewater interceptor and appurtenances, and (2) soft costs in an amount not to exceed 15 percent of the City's hard cost participation amount
- For costs of the 30-inch wastewater interceptor (the minimum pipe diameter of 12 inches required to serve the Property and the Adjacent Projects to an oversized 30-inch) and appurtenances, the City's maximum participation consists of: (1) hard costs in an amount not to exceed 60 percent of the hard costs of the 30-inch wastewater interceptor and appurtenances, and (2) soft costs in an amount not to exceed 15 percent of the City's hard cost participation amount, and
- For costs of the 36-inch wastewater interceptor (the minimum pipe diameter of 15 inches required to serve the Property and the Adjacent Projects to an oversized 36-inch) and appurtenances, the City's maximum participation consists of: (1) hard costs in an amount not to exceed 58 percent of the hard costs of the 36-inch wastewater interceptor and appurtenances, and (2) soft costs in an amount not to exceed 15 percent of the City's hard cost participation amount

The proposed project will be managed through Austin Water staff and is located in zip code 78653, northeast of City Council District 1.