



City of Austin

Recommendation for Action

File #: 26-2717, **Agenda Item #:** 45.

1/22/2026

Posting Language

Authorize negotiation and execution of a cost participation agreement with Lennar Homes of Texas, Inc. for the City to reimburse the developer an amount not to exceed \$568,225 for design and construction costs associated with a water main and appurtenances related to Service Extension Request No. 5002 that will provide water service to a proposed single-family development located in the City's extraterritorial jurisdiction on FM 812, east of Highway 183 and west of FM 973. Funding: \$568,225 is available in the Capital Budget of Austin Water.

Lead Department

Austin Water.

Fiscal Note

Funding is available in the Capital Budget of Austin Water.

For More Information:

Inquiries should be directed to Vicky Addie, Program Coordinator, 512-972-0332, or Vicky.Addie@austintexas.gov.

Council Committee, Boards and Commission Action:

January 14, 2026 - To be reviewed by the Water and Wastewater Commission.

Additional Backup Information:

The Wong Tract project consists of approximately 123 acres of land located on FM 812, east of Highway 183 and west of FM 973 (Property). The Property is located entirely within the City's two-mile extraterritorial jurisdiction, Impact Fee Boundary, Austin Water's service area, the Desired Development Zone, and the Cottonmouth and North Fork Watersheds. A map of the Property location is attached.

Lennar Homes of Texas, Inc. (Owner) is proposing to develop approximately 774 single-family homes and an amenity center. The Owner requested that the City provide water utility service to the Property as proposed in Service Extension Request (SER) No. 5002. Austin Water will also provide retail wastewater service to the Property as proposed in SER No. 5003.

In accordance with City Code Chapter 25-9, the City has asked the Owner to oversize the water main to serve additional properties within the Central South water pressure zone consistent with the City's long-range planning goals for this area. If approved by City Council, the City will cost participate in this construction project only to the extent of the City's proportionate share of the oversized main.

The proposed oversized improvements include construction of approximately 4,570 feet of 16-inch water main from the existing 6-inch water main in FM 812, northwest along FM 812 to the existing 16-inch water main also located in FM 812.

The City will reimburse the Owner for an overall total amount not to exceed \$568,225 for hard costs and soft

costs. 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 16-inch water main (the minimum pipe diameter of 12-inches required to serve the Property increased to an oversized 16-inch) and appurtenances, the City's maximum participation consists of: (1) hard costs in an amount not to exceed 25 percent of the hard costs of the 16-inch water main and appurtenances, and (2) soft costs in an amount not to exceed 15 percent of the City's hard cost participation amount.

To serve the Property, the Owner will additionally be required to construct, at its own cost:

- Approximately 4,745 feet of 16-inch water main from the proposed oversized 16-inch water main in FM 812 south and southeast through the Property to the existing 24-inch transmission main in FM 812
 - This water main is also oversized, but the Owner has elected not to request cost participation for this portion of the proposed improvements.

Other terms of the agreement require that the Owner complete the following:

- Pay all costs for financing, interest, fiscal security, accounting, insurance, inspections, permitting, easement acquisition, legal services, and other non-reimbursable soft costs associated with the project;
- Conform to the City's design criteria and construction standards;
- Construct all improvements at their cost and, after the City's final approval of the construction, dedicate the facilities to the City for ownership, operation, and maintenance;
- Allow the City to use the project plans and specifications approved by the City to solicit and publish invitations for bids for the construction of the improvements; and
- Follow the City's standard bidding practices and procedures, including the minority-owned business enterprise procurement program found in Title 2 of the City Code and Texas Local Government Code Chapters 212 and 252.

The proposed project will be managed through Austin Water staff and is located in in the City's extraterritorial jurisdiction in zip code 78719, near City Council District 2.