

MEMORANDUM

TO: Claire Powell, City Manager

FROM: David Salmon, P.E., City Engineer

VIA: Jim Proce, ICMA-CM, Assistant City Manager

DATE: January 6, 2025

SUBJECT: **Approval of an Interlocal Cooperation Agreement with Denton County Texas Related to Funding of Design, Right-of-Way, and Construction for McKenzie-Hembry Neighborhood Rehabilitation Phase 2; and Authorization for the Mayor to Execute the Agreement.**

BACKGROUND

The McKenzie-Hembry Phase 2 neighborhood rehabilitation project includes reconstruction of streets utilities and drainage on Lone Oak Street, Allen Street, Hardy Street, Willow Street, Birch Street, Sycamore Street and Ash Street. The project will include sidewalks and concrete streets. Funding for the design and construction of the McKenzie-Hembry Phase 2 neighborhood rehabilitation project totaling \$5,200,000 was included in the Denton County TRIP-22 bond program to cover roughly 70% of the project cost. The City included \$2,067,180 in the City's 2024 Bond Program to cover the City's portion of the project funding. To date, Denton County has sold \$1,000,000 in debt for the project with the remaining debt being sold in a future bond sale. The City sold \$2,067,180 in debt for the subject project in 2024. The available funding is sufficient to perform design and begin the right-of way acquisition for the McKenzie-Hembry Phase 2 project. The subject agreement defines Denton County and City of Lewisville responsibilities regarding design, construction and funding of the McKenzie-Hembry Phase 2 neighborhood rehabilitation project.

The McKenzie-Hembry Phase 2 project is following the McKenzie-Hembry Phase 1 project. The McKenzie-Hembry Phase 1 project design is complete, and staff is acquiring the right-of-way for the project prior to bidding construction. Phase 1 streets include McKenzie Street, Hembry Street and Mesquite Street. Construction of Phase 1 is expected to begin in 2025 pending right-of-way acquisition.

ANALYSIS

The purpose of this project is to reconstruct streets, utilities, and drainage in the McKenzie-Hembry neighborhood. The streets are in poor condition and have no curb and gutter or sidewalks. The utilities are over 40 years old and are at the end of their useful life. The subject agreement obligates Denton County to reimburse the City up to \$1,000,000 for design, right-of-way, and construction costs associated with the McKenzie-Hembry Phase 2 neighborhood rehabilitation project. The agreement will be amended later once Denton County sells the remaining debt for the project

Subject: McKenzie-Hembry Phase 2 Neighborhood Rehabilitation Project – Denton County
Funding Agreement. January 6, 2025
Page 2 of 2

authorized in the TRIP-22 bond program. The City will be responsible for cost overruns. Once the subject agreement is approved by the Denton County Commissioners' Court, City staff will select a design consultant to begin the project design.

CITY STAFF'S RECOMMENDATION

That the City Council approve the agreement as set forth in the caption above and authorize the Mayor to execute the agreement.