



## MEMORANDUM TO VENICE CITY COUNCIL

**THROUGH CHARTER OFFICER:** Edward Lavalley, City Manager

**E-SIGN:**

**FROM:** Javier Vargas, Utilities Director, and R. David Jackson, Assistant City Attorney

**DEPARTMENT:** Utilities Department

**DATE:** January 28, 2025

**MEETING DATE:** Tuesday, February 11, 2025

**SUBJECT / TOPIC:** First Amendment to Interlocal Agreement with the Rustic Oaks Community Development District regarding construction of Knights Trail Road Force Main

**BACKGROUND INFORMATION:** Meritage Homes of Florida, Inc. ("Meritage") is currently developing a residential project within the City of Venice, northeast of Interstate 75 in the vicinity of Rustic Road (the "Project"). On February 14, 2023, the City and Meritage entered into a Utility Upsizing and Reimbursement Agreement ("Agreement") under which Meritage would construct and upsize certain infrastructure in order to provide adequate wastewater service for the Project, as well as anticipated future development in the area. In addition, the Agreement contemplated the City's plans to construct an additional 16-inch force main along Knights Trail Road that will eventually provide service to the Project and other anticipated future development in the area (the "Knights Trail Road Force Main"). The Agreement specified that the City would reimburse Meritage for costs associated with the construction of the Knights Trail Road Force Main, subject to the parties entering into an addendum to the Agreement. Subsequently, Meritage requested that the Rustic Oaks Community Development District (the "CDD") be permitted to perform Meritage's obligations under the Agreement regarding the Knight Trail Road Force Main and the City and Meritage negotiated an addendum to the Agreement that would provide for the CDD to assume Meritage's obligations, subject to the City and the CDD entering into an Interlocal Agreement setting forth the terms and conditions of the CDD's obligation to construct the Knight's Trail Road Force Main and the City's obligation to reimburse the CDD for the construction.

On December 12, 2023, the City and the CDD entered into an Interlocal Agreement under which the CDD assumed Meritage's obligation to construct the Knight's Trail Road Force Main. As provided for under the terms of the Interlocal Agreement, the CDD solicited competitive bids in accordance with Florida law and awarded a contract to the lowest responsive and responsible bidder, TLC Diversified, Inc. (the "Contractor"). Under the terms of the Interlocal Agreement, the City was to make payments directly to the Contractor on behalf of the CDD for the construction of the Knight's Trail Road Force Main. However, since the City's contractual relationship is with the CDD and not the Contractor, it has subsequently been determined that the Interlocal Agreement should be amended to reflect that Meritage shall make payments directly to the Contractor, on behalf of the CDD, and the City shall reimburse the CDD for said payments. This is reflected in the proposed First Amendment to the Interlocal Agreement.

The Knights Trail Road Force Main is necessary to be completed because it serves as the transmission main for the Knights Trail Road Lift Station, which is already under construction by Meritage pursuant to the Agreement. The Knights Trail Road Lift Station and the Knights Trail Road Force Main will serve the Project, as well as several future developments along the Knights Trail Corridor, which are currently in various stages of development. The wastewater infrastructure in this area has limited capacity and these improvements were identified by the City's Northeast Service Area Wastewater Master Plan as necessary to serve the customers in this area.

The First Amendment to the Interlocal Agreement has been negotiated with District Counsel for the Rustic Oaks Community Development District and, if approved by the City Council, it is anticipated that the CDD's Board of Supervisors will consider approval of this First Amendment to the Interlocal Agreement at its next meeting. Accordingly, the First Amendment to the Interlocal Agreement between the City and the CDD is provided for approval by the City Council and execution by the Mayor.

**SUPPORTS STRATEGIC PLAN:** Goal Four: Upgrade and Maintain City Infrastructure and Facilities

**COUNCIL ACTION REQUESTED:** For Council Adoption by Consent Motion

Original(s) attached: First Amendment to Interlocal Agreement Between the City of Venice and the Rustic Oaks Community Development District

Cc: Kelly M. Fernandez, City Attorney  
Kelly Michaels, City Clerk  
James Clinch, Assistant City Manager