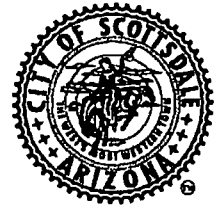


CITY COUNCIL REPORT



Meeting Date: January 27, 2026
General Plan Element: *Public Services and Facilities*
General Plan Goal: *Provide city service facilities to meet the needs of the community*

ACTION

Adopt Resolution No. 13588 to approve Contract No. 2026-018-COS – Sewer Development Agreement with RA2 – Townhomes at Legacy, LLC (the “Developer”), to accept a single lump sum payment to the city to fund a capacity increase of downstream sewer infrastructure.

BACKGROUND

RA2 – Townhomes at Legacy, LLC (the “Developer”) is conducting land development at the northwest corner of Legacy Boulevard and N. 76th Street, which is known as “The Legacy North Development”. The project encompasses approximately 18.52 net acres and is divided into two parcels. The north parcel, known as Legacy North Townhomes, is approximately 5.78 net acres and contains multiple townhomes totaling 108 dwelling units. The south parcel, known as Legacy North Apartments, is approximately 12.73 net acres and contains various multifamily residential buildings totaling 325 dwelling units as well as 10,959 square feet of leasing and amenity space. The approved plans for the south parcel (Legacy North Apartments) included a single 82,000-gallon pool, however, the north parcel (Legacy North Townhomes) did not include any pool in the approved plans.

Developer has requested to revise approved plans for north parcel (Legacy North Townhomes) and include a new 408 square foot pool building and pool within the previously approved landscape area. The addition of the pool building and pool will create an additional 100 gallons per minute (gpm) of sewer flow (pool backwash) to existing Crossroads Sewer Lift Station.

The City has adopted an Infrastructure Improvements Plan (IIP) which includes project WW IIP-031 (IIP-031”), Crossroads Sewer Lift Station, to increase the existing capacity from 1 million gallons per day (mgd) to 5.4 mgd to accommodate flows from future growth in the area based on the 2022 Integrated Water Resources Masterplan. Construction is scheduled to begin in 2027.

The Crossroads lift station capacity included in project IIP-031 is not sufficient to handle the additional sewer flows contemplated by the Developer’s revised plan. To ensure that the Crossroads lift station can accommodate the sewer flows from subject Legacy development, Developer desires to make a single lump sum payment to the City for the estimated total costs of increasing the capacity of the IIP-031 lift station (the “Improvement Costs”).

Action Taken Resolution No. 13588 approved on consent

ANALYSIS & ASSESSMENT

Recent Staff Action

City has worked with the Developer regarding the limitations of the existing sewer system, and the requirements for development of sewer infrastructure to serve the revised planned Legacy North Townhomes development. City will deposit Developer’s payment in an account to be used to increase the capacity of the IIP-031 lift station.

RESOURCE IMPACTS

Available funding

No funding is required for the execution of this Sewer Development Agreement.

Staffing, Workload Impact

No additional resources are required. Existing staff are available to complete efforts identified in this report.

Future Budget Implications

No future expenditure of City funds is required for the execution of this Sewer Development Agreement. Funds will be deposited into a sewer/reclamation “security deposits payable” account.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution No. 13588 to approve Contract No. 2026-018-COS – Sewer Development Agreement allowing RA2 – Townhomes at Legacy, LLC (the “Developer”) to accept a single lump sum payment to fund a capacity increase of downstream sewer infrastructure.

RESPONSIBLE DEPARTMENT(S)

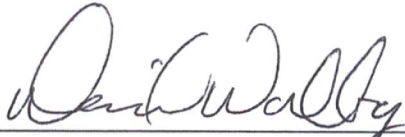
Water Resources Division in coordination with City Attorney’s Office.

STAFF CONTACT (S)

Rezaur Rahman, Water Resources Principal Engineer
(480) 312-5636, RRahman@Scottsdaleaz.gov

APPROVED BY

City Council Report | Request for Authority to Enter into Reimbursement Agreement with Private Developer



David Walby, Water Resources Assistant Senior Director
(480) 312-7931, DWalby@Scottsdaleaz.gov

1/12/26

Date



Greg Caton, City Manager
(480) 312-7759, GCaton@Scottsdaleaz.gov

1/12/26 14:32 MST

Date

ATTACHMENTS

1. Resolution No. **13588**
2. Sewer Development Agreement **2026-018-COS**

RESOLUTION NO. 13588

A RESOLUTION OF THE CITY OF SCOTTSDALE, ARIZONA,
AUTHORIZING THE MAYOR TO EXECUTE SEWER DEVELOPMENT
AGREEMENT NO. 2026-018-COS WITH RA2 – TOWNHOMES AT
LEGACY, LLC.

WHEREAS, A.R.S. § 9-500.05 authorizes the City to enter into development agreements with persons having an interest in real property located in the City; and

WHEREAS, RA2 – Townhomes at Legacy, LLC ("Developer") is developing land at the northwest corner of Legacy Boulevard and N. 76th Street, which is known as "The Legacy North Development" and has requested to revise its approved plans to include a new 408 square foot pool building and pool; and

WHEREAS, the addition of the pool building and pool will create an additional 100 gallons per minute (gpm) of sewer flow (pool backwash) to Crossroads Sewer Lift Station; and

WHEREAS, the City is scheduled to begin construction of the approved WW IIP-031 ("IIP-031"), Crossroads Sewer Lift Station in 2027; and

WHEREAS, the lift station capacity included in IIP-031 is not sufficient to handle the additional sewer flows contemplated by the Developer's revised plan; and

WHEREAS, in order to ensure timely modification of IIP-031 to ensure that the lift station can accommodate the flows from Developer's revised plan, Developer desires to make a single lump sum payment to the City of the estimated total costs of increasing the capacity of the IIP-031 lift station; and

WHEREAS, it is in the best interest of the City and owner to enter into Sewer Development Agreement No. 2026-018-COS to accept Developer's payment to allow the City to increase the capacity of the IIP-031 lift station; and

WHEREAS, the City shall deposit Developer's payment in sewer/reclamation account to be used to help fund increased capacity of the IIP-031 lift station.

NOW, THEREFORE, LET IT BE RESOLVED, by the Council of the City of Scottsdale, as follows:

Section 1. That Mayor is authorized and directed to execute Sewer Development Agreement No. 2026-018-COS to accept payment by Developer to fund increased capacity of the IIP-031 lift station.

Section 2. The City Council hereby authorizes the City Manager or his designee to execute any other documents and take such other actions as are necessary to carry out the intent of this resolution.

Section 3. That the City Clerk is hereby directed to record Development Agreement No. 2026-018-COS with the Maricopa County Recorder within ten (10) days of its execution by all parties.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Arizona, this _____ day of January, 2026.

ATTEST:

CITY OF SCOTTSDALE, an Arizona
municipal corporation

By: _____
Ben Lane, City Clerk

By: _____
Lisa Borowsky, Mayor

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY



Luis E Santaella, Interim City Attorney
By: Karen Tyler, Principal Assistant City Attorney

WHEN RECORDED RETURN TO:

CITY OF SCOTTSDALE
ONE STOP SHOP RECORDS
7447 East Indian School Road, Suite
100 Scottsdale, AZ 85251

City Contract No. 2026-018-COS

Resolution No.: 13588

**SEWER DEVELOPMENT
AGREEMENT**

This Development Agreement (“**Agreement**”) is entered into as of January ____, 2026 (the “**Effective Date**”), by and between **RA2 – Townhomes at Legacy LLC**, a Delaware limited liability company, having its principal place of business at 3337 Susan Street, Suite 250, Costa Mesa, CA 92626 (which, together with its permitted successors and assigns, is hereinafter referred to as “**Developer**”) and the **City of Scottsdale**, Arizona, a municipal corporation (which, together with any successor, public body, or officer designated by or pursuant to law, is hereinafter referred to as the “**City**”). Developer and the City are each referred to herein as a “**Party**” and collectively as the “**Parties**.”

RECITALS

A. Developer represents and warrants that it is the owner in fee of real property described on **Exhibit A** (the “**Property**”), attached hereto and incorporated by this reference.

B. Arizona Revised Statutes (“**A.R.S.**”) § 9-500.05 authorizes the City to enter into a development agreement with a landowner or any other person having an interest in real property located in the City.

C. Chapter 49 of the Scottsdale City Code requires new developments to pay their proportionate share of the costs incurred by the City for providing necessary public services to new developments.

D. Developer is conducting land development at the northwest corner of Legacy Boulevard and N. 76th Street, which is known as “**The Legacy North Development**”. The project encompasses approximately 18.52 net acres and is divided into two parcels. The north parcel, known as Legacy North Townhomes, is approximately 5.78 net acres and contains multiple townhomes totaling 108 dwelling units. The south parcel, known as Legacy North Apartments, is approximately 12.73 net acres and contains various multifamily residential buildings totaling 325 dwelling units as well as 10,959 square feet of leasing and amenity space. The approved plans for the south parcel (Legacy North Apartments) included a single 82,000-gallon pool, however, the north parcel (Legacy North Townhomes) did not include any pool in the approved plans.

E. Developer has requested to revise approved plans for north parcel (Legacy North Townhomes) and include a new 408 square foot pool building and pool within the previously approved landscape area. The addition of the pool building and pool will create an additional 100 gallons per minute (gpm) of sewer flow (pool backwash) to Crossroads Sewer Lift Station.

F. The City approved WW IIP-031 (“**IIP-031**”), Crossroads Sewer Lift Station, to up size the capacity from 1 million gallons per day (mgd) to 5.4 mgd and add dual 18-inch diameter force mains to accommodate flows from future growth in the area based on the 2022 Masterplan. Construction is scheduled to begin in 2027.

G. The added lift station capacity included in IIP-031 is not sufficient to handle the additional
18765198

sewer flows contemplated by the Developer's revised plan.

H. In order to ensure timely modification of IIP-031 to ensure that the lift station can accommodate the flows from Developer's revised plan, Developer desires to make a single lump sum payment to the City of the estimated total costs of increasing the capacity of the IIP-031 lift station (the "Improvement Costs").

I. The City is willing to accept such a lump sum payment and amend IIP-031 to increase the capacity to 5.5 mgd.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, representations, mutual covenants, promises and undertakings in this agreement, the Parties agree as follows:

SECTION 1. PAYMENT REQUIREMENTS

1. Recitals. The recitals set forth above are hereby incorporated by this reference.
2. Improvement Cost Determination. The Improvement Costs are One Hundred Seven Thousand, Four Hundred Thirty-Six Dollars and Zero Cents (\$107,436.00). The total payment, which includes a 5% administrative fee, is One Hundred Twelve Thousand, Eight Hundred Seven Dollars and Eighty Cents (\$112,807.80). This amount has been determined by the City's Water Resources Planning & Engineering Director, or designee, based upon estimates more fully itemized in **Exhibit B**, attached hereto and incorporated by this reference, and is accepted by Developer.
3. Payment Due Date. Having determined the Improvement Costs, the single lump sum payment must be paid to the City within ten (10) days after the recordation of this agreement. Any payments due on a Saturday, Sunday, or an Arizona legal holiday shall be due on the next succeeding business day.
4. Money Management. The monies received by the City shall be placed in a separate fund and accounted for separately and, shall only be used by the City for the purpose of completing IIP-031, Crossroads Lift Station, at a future date as determined by the City.

SECTION 2. COMPLIANCE WITH LAW

5. Laws, Regulations, and Rules. Developer shall perform all obligations under this Agreement in accordance with all federal, state, county, and local laws, ordinances, regulations, or other rules or policies as are now in effect or may hereafter be adopted or amended.
6. Choice of Law. This Agreement shall be construed in accordance with the laws of the State of Arizona. The parties agree that venue for any action commenced in connection with this Agreement shall be proper only in a court of competent jurisdiction located in Maricopa County Arizona and that parties hereby waive any right to object to such venue.
7. Limited Severability. If any court of competent jurisdiction declares any portion or portions of this Agreement invalid, the remaining provisions hereof shall remain in full force and effect provided that the purpose and intent of the parties in entering into this Agreement is met.
8. Action or Suit. This Agreement may be enforced by either party in a court of law or equity and the prevailing party may be entitled to recover any costs and expenses including reasonable attorneys' fees. Nothing herein shall prevent or prohibit the City from enforcing this Agreement through such other non-judicial means as may be permitted by law, including, but not limited to, the withholding of building permits.

SECTION 3. GENERAL PROVISIONS

9. Time of Essence. Time is of the essence in this Agreement.

10. **Construction.** In this Agreement, whenever the context so requires, the masculine gender includes the feminine and neuter, and the singular number includes the plural.

11. **Runs with the Land.** This Agreement shall run with the land and inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns.

12. **Amendments.** Any amendment to this Agreement shall be in writing.

13. **No Third-Party Beneficiaries.** There are no third-party beneficiaries to this Agreement and no person nor entity not a party hereto shall have any right or cause of action hereunder.

14. **No Partnership.** Nothing contained in this Agreement shall create any partnership, joint venture, or agency relationship between the parties.

15. **Modification or Termination.** This Agreement and any amendment or cancellation of this Agreement must be recorded in its entirety in official records of the Maricopa County Arizona Recorder's Office no later than ten (10) days after the City and Developer execute such Agreement amendment or cancellation.

16. **Assignment.** The rights and obligations of Developer may be transferred or assigned in whole or in part by a written instrument to any subsequent owner or person having an interest in all or any portion of the property pursuant to which the transferee expressly accepts and assumes the rights and obligations of Developer.

17. **Notices.** All notices, filings, consents approvals and other communications provided or herein or given in connection herewith shall be made in writing and delivered personally or sent by registered certified United States Postal Service mail to:

City of Scottsdale
Attention: Water Resources Planning & Engineering Director
9379 E San Salvador Drive
Scottsdale, AZ 85258

Copy to:

Scottsdale City Attorney's Office
3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

RA2 –Townhomes at Legacy LLC
Attention: Timothy J. O'Brien
3337 Susan Street, Suite 250
Costa Mesa, CA 92626

Copy to:

Schultz & Wright, LLP
Attention: Anne Keeler Wright
525 Middlefield Rd., Suite 150
Menlo Park, CA 94025

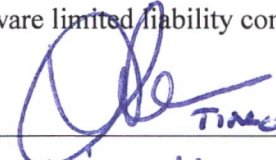
18. **Counterparts.** This Agreement may be executed in duplicate originals, each of which is deemed to be an original. This Agreement, including the Exhibits listed in Section 2 which are incorporated herein by this reference, constitutes the entire understanding and Agreement of the Parties.

19. Headings. The description headings of the Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

20. Due Authority. Each Party acknowledges and warrants that (i) it is fully authorized and empowered to execute this Agreement by and through the individuals executing below, and (ii) this Agreement (and each undertaking of such Party contained herein) constitutes a valid, binding and enforceable agreement of such Party, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

RA2 – TOWNHOMES AT LEGACY LLC,
a Delaware limited liability company

By:  TIMOTHY O'BRIEN
Its: Senior Managing Director

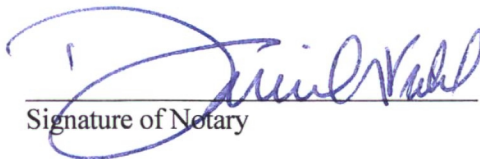
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

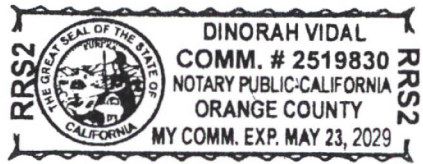
STATE OF CALIFORNIA)
)
COUNTY OF Orange)

On January 7, 2024 before me, Dinorah Vidal, a notary public, personally appeared Timothy O'Brien, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

 (Seal)
Signature of Notary



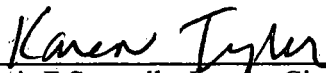
CITY OF SCOTTSDALE, an Arizona
municipal corporation

Lisa Borowsky, Mayor

ATTEST:

Ben Lane, City Clerk

APPROVED AS TO FORM:



Luis E Santaella, Interim City Attorney
By: Karen Tyler, Principal Assistant City Attorney

Exhibit A

LEGAL DESCRIPTION

All that certain real property in the County of Maricopa, State of Arizona, described as follows:

THAT PORTION OF SECTION 26, TOWNSHIP 4 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LOT 1, FINAL PLAT NWC MILLER ROAD & LEGACY BOULEVARD, RECORDED APRIL 23, 2025, AT INSTRUMENT NO. 20250228810, BOOK 1855, PAGE 42, OFFICIAL RECORDS MARICOPA COUNTY.

Exhibit B

Estimate of Sewer Improvement Costs

The City approved WW IIP-031 ("IIP-031"), Crossroads Sewer Lift Station is scheduled to begin in 2027. City has not started the design of the Crossroads East Lift Station (LS) expansion and therefore, information on "to be designed projected peak pumping capacity" is unavailable. City will use the original 2020 design parameters of the Crossroads LS for peak pumping capacity calculations. This peaking factor will be used for sewer improvement cost calculation for the pool addition.

- Original 2020 Design Parameter of Crossroads LS:
 - Average flow = 1 mgd (= 694 gpm) with peak pumping capacity = 1,922 gpm
 - Peaking factor for diurnal flow = $1,922/694 = 2.77$
 - City will use a peaking factor of 2.77 for improvement cost estimation
- Future Expanded Lift Station Design per IIP-031:
 - Average flow = 5.4 mgd
 - Future pumping capacity = $5.4 \times 694 \times 2.77 = 10,381$ gpm
 - Expansion of LS from 2020 design = $10,381 - 1,922 = 8,459$ gpm
 - Additional sewer flow (pool back wash) to LS due to addition of the pool = 100 gpm
 - Revised pumping capacity expansion due to addition of the pool = $8,459 + 100 = 8,559$ gpm
- Improvement Cost Calculation:
 - Projected IIP-031 cost = \$18,176,000 for 8,459 gpm expansion
 - Expansion cost per gpm = $\$18,176,000/8,459 = \$2,148.72$ /gpm
 - Total cost for 100 gpm expansion = $\$2,148.72 \times 100 = \$214,872$
 - City of Scottsdale Water Division has granted one time 50% waiver on the fee for the sewer improvements cost incurred by the pool addition*.
 - * Cost for expansion with 50% waiver = $\$214,872 \times 50\% = \$107,436$
 - City of Scottsdale Water Division will add 5% administrative fee for this sewer improvement cost*.
 - * Administrative fee (5%) = $\$107,436 \times 5\% = \$5,371.80$
 - **Total Payment for Pool Addition = $\$107,436 + \$5,371.80 = \underline{\underline{\$112,807.80}}$**