

Mayor and Council Communication

DATE: 09/24/19

M&C FILE NUMBER: M&C 19-0204

LOG NAME: 60VCDBM325P2-MCKEEUC

SUBJECT

Authorize Execution of Amendment No. 9 in the Amount of \$242,055.00 to an Engineering Agreement with Dannenbaum Engineering Corporation, for Village Creek Drainage Basin Main 325 Parallel Relief Sewer, Part 2, for a Revised Contract Amount of \$1,809,114.28, Authorize Execution of a Contract with McKee Utility Contractors, Inc., in the Amount of \$13,188,447.00 for Village Creek Drainage Basin Main 325 Parallel Relief Sewer, Part 2, Provide for Project Costs for a Project Total in the Amount of \$14,314,152.00, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt and Adopt Appropriation Ordinance (COUNCIL DISTRICTS 6 AND 8)

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt for the Village Creek Drainage Basin Main 325 Parallel Relief Sewer, Part 2; and
2. Adopt the attached Appropriation Ordinance increasing estimated receipts and appropriations in the Water & Sewer Commercial Paper Fund in the amount of \$14,314,152.00 for Village Creek Drainage Basin Main 325 Parallel Relief Sewer, Part 2; and
3. Authorize the execution of Amendment No. 9 in the amount of \$242,055.00 to City Secretary Contract No. 28006, an Engineering Agreement with Dannenbaum Engineering Corporation, for assistance during construction and additional design services for Village Creek Drainage Basin Main 325 Parallel Relief Sewer, Part 2 (City Project No. C01333); and
4. Authorize the execution of a contract with McKee Utility Contractors, Inc., in the amount of \$13,188,447.00 for Village Creek Drainage Basin Main 325 Parallel Relief Sewer, Part 2 (City Project No. C01333).

DISCUSSION:

The proposed sewer main is necessary for additional wastewater conveyance capacity to meet existing demands and future growth in south Fort Worth and the City of Crowley. The City of Crowley will reimburse the City of Fort Worth for their portion of the project costs at the completion of the project based on the percentage of the total pipeline capacity requested by the City of Crowley.

On July 30, 2002, (M&C C-19172), the City authorized an engineering agreement in the amount of \$721,899.76 with Dannenbaum Engineering Corporation, for Sanitary Sewer Main 257 and 325 and Middle and Upper Village Creek Parallel Relief Alignment Study and Design. In order to expedite design and construction, the agreement was divided into Parts 1 & 2. The agreement was subsequently revised by the following amendments: Amendment No. 1 in the amount of \$111,800.52 authorized January 20, 2004 (M&C C-19936), Amendment No. 2 in the amount of \$329,406.00 authorized November 27, 2007 (M&C C-22535), Amendment No. 3 in the amount of \$96,825.00 authorized June 9, 2009 (M&C C-23578), Amendment No. 4 in the amount of \$60,835.00 authorized March 22, 2011 (M&C C-24794), Amendment No. 5 in the amount of \$149,012.00 authorized February 14, 2017 (M&C C-28110), Amendment No. 6 in the amount of \$63,751.00 administratively authorized October 11, 2017, Amendment No. 7 in the amount of \$21,860.00 administratively authorized August 9, 2018 and Amendment No. 8 in the amount of \$11,670.00 administratively authorized November 20, 2018.

Amendment No. 9 will provide compensation for additional design services on the Part 2 project and assistance during construction. Staff considers the proposed fee to be fair and reasonable for the scope of services proposed.

Construction of the project was advertised for bid on June 20, 2019 and June 27, 2019 in the [Fort Worth Star-Telegram](#). On August 2, 2019 the following bids were received:

BIDDER	AMOUNT	TIME OF COMPLETION
McKee Utility Contractors, Inc.	\$13,188,447.00	650 Calendar Days
S. J. Louis Construction of Texas, Ltd.	\$17,303,537.86	

Oscar Renda Contracting, Inc.	\$18,007,377.25	
Mountain Cascade of Texas, LLC	\$18,574,455.00	
Thalle Construction Company	\$20,583,527.96	

In addition to the contract cost, \$657,352.00 (Sewer: \$597,083.00; Water: \$60,269.00) is required for Project Management, inspection and material testing and \$226,298.00 (Water: \$33,496.00; Sewer: \$192,802.00) is provided for project contingency.

This project is anticipated to be included in a future revenue bond issue for the Water and Sewer Fund. Available cash within the Water and Sewer portfolio and the City's portfolio along with the appropriation authority authorized under the Callable Commercial Paper Program (CP) will be used to provide interim financing for this project until debt is issued. To the extent resources other than the Water and Sewer portfolio are used to provide interim financing, the Water and Sewer Fund will be charged interest that is equivalent to the overall rate of return being earned by the City portfolio (currently approximately one-percent annually). Should the City's portfolio not support the liquidity needed to provide an interim short-term financing source, another funding source will be required, which could mean issuance of securities under the CP Program or earlier issuance of Water and Sewer revenue bonds than is currently planned. Once debt associated with this project is sold, bond proceeds will be used to reimburse the Water and Sewer portfolio and the City's portfolio in accordance with the attached Reimbursement Resolution.

The City Council adopted the Water Department's Fiscal Year 2019-2023 Five Year Capital Improvement Plan on September 18, 2018. This City Council adopted plan includes this specific project, with funding identified through the CP program to be reimbursed with future revenue bonds. In accordance with the provisions of the Financial Management Policy Statement, Staff anticipates presenting revenue-supported debt issuances to the City Council for consideration within the next three years. This debt must be issued within approximately three years to provide reimbursement for these expenses. If that does not occur, the costs will no longer be reimbursable by issuing tax-exempt debt and the funding source will have to be made whole through budgetary methods. Adoption of this resolution does not obligate the City to sell bonds, but preserves the ability to reimburse the City from tax-exempt bond proceeds.

Construction is anticipated to commence in November, 2019 and be completed by September, 2021. This project is part of the Water Department's Sanitary Sewer Overflow Initiative Program. This project will have no impact on the Water Department's Operating Budget when complete.

M/WBE OFFICE: McKee Utility Contractors, Inc., is in compliance with the City's BDE Ordinance by committing to five percent MBE participation on this project. The City's MBE goal on this project is five percent.

Dannenbaum Engineering Corporation MWBE: A waiver of the goal for MBE/SBE subcontracting requirements was requested by the Department and approved by the OBD, in accordance with the MWBE or BDE Ordinance, because the purchase of goods or services is from sources where subcontracting or supplier opportunities are negligible.

The project is located in COUNCIL DISTRICTS 6 AND 8.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the Water & Sewer Commercial Paper Fund for the Village Creek Drainage Basin M325 Parallel Relief Sewer, Part 2 Project. The Water and Sewer Commercial Paper Fund includes authority of \$150,000,000.00 for the purpose of providing interim funding for Water and Sewer Capital Projects. After this transfer, the balance will be \$98,965,916.00 for future capital projects. Funding for the Village Creek Drainage Basin M325 Parallel Relief Sewer, Part 2 project is as depicted below:

FUND	Existing Appropriations	Additional Appropriations	Project Total*
Water and Sewer Bond 2017A - Fund 56011	\$2,275,012.00	\$0.00	\$2,275,012.00
W&S Capital Proj 2018 - Fund 56014	\$1,431,441.00	\$0.00	\$1,431,441.00
Clean Water SRF - Fund 59602	\$60,835.00	\$0.00	\$60,835.00

Sewer Capital Legacy - Fund 59607	\$197,500.00	\$0.00	\$197,500.00
W&S Commercial Paper - Fund 56017	\$0.00	\$14,314,152.00	\$14,314,152.00
Project Total	\$3,964,788.00	\$14,314,152.00	\$18,278,940.00

*** Numbers rounded for presentation**

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