

# Mayor and Council Communication

**DATE:** 11/12/19

**M&C FILE NUMBER:** M&C 19-0301

**LOG NAME:** 60EVERMAN16IN-TNP

**SUBJECT**

Authorize Execution of an Engineering Agreement with Teague Nall and Perkins, Inc. in the Amount of \$177,630.00 for Design of Everman Parkway 16-inch Water Transmission Main from Future Extension of Hemphill Street to Cameron Hill Point at W. Everman Parkway, Provide for Staff Costs, Property Acquisition and Utility Coordination for a Total Project Amount of \$268,655.00, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt and Adopt Appropriation Ordinance (COUNCIL DISTRICT 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 Everman Parkway 16-inch Water Transmission Main Project;
2. Adopt the attached Appropriation Ordinance increasing estimated receipts and appropriations in the amount of \$268,655.00 for the Everman Parkway 16-inch Water Transmission Main Project in the Water and Sewer Commercial Paper Fund; and
3. Authorize execution of an Engineering Agreement with Teague Nall and Perkins, Inc., in the amount of \$177,630.00 for Design of Everman Parkway 16-inch Water Transmission Main Project (City Project No.102071).

**DISCUSSION:**

This Mayor and Council Communication is to authorize the preparation of plans and specifications for the Everman Parkway 16-inch Water Transmission Main Project from future Hemphill Street to Cameron Hill Point. The proposed project will allow for the connection of the existing 16-inch water main from east to west on future Everman Parkway and provide for increased water delivery in the distribution system.

Teague Nall & Perkins, Inc., proposes to provide all the necessary design services for the Everman Parkway 16-inch Water Transmission Main project for a fee of \$177,630.00. Staff considers the proposed fee to be fair and reasonable for the scope of services proposed.

In addition to the contract amount, \$91,025.00 is required for project management, utility coordination and real property acquisition.

Engineering for the Everman Parkway 16-inch Water Transmission Main project is one component of the overall project that includes project management, real property/easement acquisition, utility coordination, material testing, inspection, construction and contingencies. Design is expected to start in October 2019 and be completed by October 2020. Construction is anticipated to commence in December 2020 and be completed by December 2021.

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.

The Water & 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 \$123,457,335.00 for future capital projects. Funding for the Everman Parkway 16-inch Water Transmission Main project is depicted in the table below:

FUND	Existing Appropriations	Additional Appropriations	Project Total*

W&S Commercial Paper - Fund 56017	\$0.00	\$268,655.00	\$268,655.00
Project Total	\$0.00	\$268,655.00	\$268,655.00

\* Numbers rounded for presentation

This project will have no impact on the Water Department's operating budget.

M/WBE OFFICE: Teague Nall and Perkins, Inc., is in compliance with City's BDE Ordinance by committing to 12 percent SBE participation on this project. The City's SBE goal on this project is 10 percent.

The project is located in COUNCIL DISTRICT 8.

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**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 Everman Parkway 16-inch Water Transmission Main Project. Prior to any expenditure being incurred, the Water Department has the responsibility to validate the availability of funds.

**Submitted for City Manager's Office by:** Dana Burghdoff 8018

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