

# Mayor and Council Communication

DATE: 10/20/20

M&C FILE NUMBER: M&C 20-0767

LOG NAME: 60FM156-CIRCLEC-KHA

**SUBJECT**

(CD 2 and CD 7) Authorize Execution of Amendment No. 1 in the Amount of \$90,000.00 to an Engineering Agreement with Kimley-Horn and Associates, Inc. for Farm to Market Road 156 from United States Route 81/287 to Watauga Road Water Improvements, Authorize Execution of a Contract with William J. Schultz, Inc. dba Circle C Construction Company, in the Amount of \$2,746,775.00 for the Farm to Market Road 156 from United States Route 81/287 to Watauga Road Water Improvements, Provide for Project Costs for a Project Total in the Amount of \$3,266,525.00, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt and Adopt Appropriation Ordinance

**RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the execution of Amendment No. 1 to City Secretary Contract No. 51434, an engineering agreement with Kimley-Horn and Associates, Inc., in the amount of \$90,000.00 for construction support services for the Farm to Market Road 156 from United States Route 81/287 to Watauga Road Water Improvements project for a revised contract amount of \$490,000.00;
2. Authorize the execution of a contract with William J. Schultz, Inc. dba Circle C Construction Company, in the amount of \$2,746,775.00 for the Farm to Market Road 156 from United States Route 81/287 to Watauga Road Water Improvements project;
3. Adopt the attached resolution expressing official intent to reimburse expenditures with proceeds of future debt for the Farm to Market Road 156 from US 81/287 to Watauga Road Water Improvements project; and
4. Adopt the attached Appropriation Ordinance adjusting appropriations in the Water and Sewer Commercial Paper Fund by increasing appropriations in the amount of \$3,266,525.00 in the Farm to Market Road 156 from United States Route 81/287 Water Improvements project (City Project No. 101682) and decreasing appropriations in the Unspecified project (City Project No. UNSPEC) by the same amount.

**DISCUSSION:**

On September 11, 2018 Mayor and Council Communication (M&C C-28838), the City Council authorized an engineering agreement with Kimley-Horn and Associates, Inc. (City Secretary Contract No. 51434), in the amount of \$400,000.00 for the design of Farm to Market Road (FM)156 from United States Route (US) 81/287 to Watauga Road Water Improvements project.

As part of Amendment No. 1, the engineer will perform construction support services including shop drawings and submittal reviews, change order review and site inspections.

The Texas Department of Transportation (TXDOT) proposes to reconstruct and widen FM 156 (Blue Mound Road) from US 81/287 to Watauga Road. This project has also been identified and specifically listed in Mobility 2040: Metropolitan Transportation Plan for North Central Texas, developed by North Central Texas Council of Governments (NCTCOG). Due to conflicts with the proposed roadway and drainage construction, water main relocations or vault/structure adjustments necessary along the FM 156 corridor at the following crossings: Heritage Trace Parkway, Copper Crossing Drive, Harmon Road, and E. Bailey Boswell Road, Basswood Boulevard and Western Center Boulevard.

Construction of the project was advertised for bid on July 30, 2020 and August 6, 2020 in the *Fort Worth Star-Telegram*. On September 3, 2020 the following bids were received.

BIDDER	AMOUNT	TIME OF COMPLETION
William J. Schultz Inc. dba Circle C Construction Company	\$2,746,775.00	280 Calendar Days
M-Co Construction	\$2,850,393.00	
Mountain Cascade of Texas, LLC	\$2,867,969.00	
Wilson Contractor Services, LLC	\$3,099,570.60	
Jackson Construction, LLC	\$3,789,555.00	

In addition to the contract cost, \$292,411.00 is required for project management, inspection and material testing and \$137,339.00 is provided for project contingency.

This project is anticipated to be included in a future revenue bond issue for the Water & 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 & Sewer Fund will be charged interest that is equivalent to the overall rate of return being earned by the City portfolio (currently approximately 2.3 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 approved the Water Department's Fiscal Year 2020-2024 Five Year Capital Improvement Plan on September 17, 2019. This City Council approved 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 Statements, staff anticipates presenting revenue-supported debt 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 other 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.

Appropriations for the FM 156 from US 81/287 to Watauga Road Water Improvements are as depicted below.

Fund	Esisting Appropriations	Additional Appropriations	Project Total*
WS Capital Project 2019 – Fund 56016	\$810,000.00	\$0.00	\$810,000.00
W&S Commercial Paper – Fund 56019	\$0.00	\$3,266,525.00	\$3,266,525.00
Project Total	\$810,000.00	\$3,266,525.00	\$4,076,525.00

**\*Numbers rounded for presentation.**

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

M/WBE OFFICE: William J. Schultz, Inc. dba Circle C Construction Company is in compliance with the City's BDE Ordinance by committing to zero percent MBE participation and documenting good faith effort. William J. Schultz, Inc. dba Circle C Construction Company identified several subcontracting and supplier opportunities. However, the firms contacted in the areas identified did not respond or did not submit the lowest bids. The City's MBE goal on this project is seven percent.

M/WBE OFFICE: Kimley-Horn Associates – A waiver of the goal for MBE/SBE subcontracting requirements was requested by the Department and approved by the OBD, in accordance with the M/WBE 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 2 and 7.

**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 W&S Commercial Paper Fund for the FM156 WL Relocation project. Prior to any expenditure being incurred, the Water Department has the responsibility of verifying the availability of funds.

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

**Originating Business Unit Head:** Chris Harder 5020

**Additional Information Contact:** John Kasavich 8480