

# Mayor and Council Communication

**DATE:** 12/15/20

**M&C FILE NUMBER:** M&C 20-0983

**LOG NAME:** 60NSIV24INWATERMP1B-HALFF

**SUBJECT**

(CD 7) Authorize Execution of an Engineering Agreement in the Amount of \$530,314.00 with Halff Associates, Inc., for Design of the Northside IV 24-inch Water Transmission Main, Phase 1B Project, Provide for Project Costs for a Total Project Amount of \$1,965,799.00, Adopt Resolution Expressing Official Intent to Reimburse Expenditures and Proceeds of Future Debt and Adopt Appropriation Ordinance

**RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize execution of an engineering agreement with Halff Associates, Inc., in the amount of \$530,314.00 for the Northside IV 24-inch Water Transmission Main, Phase 1B project;
2. Adopt the attached Resolution expressing official intent to reimburse expenditures with proceeds of future debt for the Northside IV 24-inch Water Transmission Main, Phase 1B project; and
3. Adopt the attached Appropriation Ordinance adjusting appropriations in the Water and Sewer Commercial Paper Fund by increasing appropriations in the amount of \$1,965,799.00 for the Northside IV 24-inch Water Transmission Main, Phase 1B project (City Project No. 102687) and decreasing appropriations in the Unspecified project (City Project No. UNSPEC) by the same amount.

**DISCUSSION:**

This Mayor and Council Communication (M&C) is to authorize the preparation of plans and specifications for the construction of Northside IV 24-inch Water Transmission Main, Phase 1B project from the Business US 287/Heritage Trace Parkway intersection to a location near the Business US 287/Bonds Ranch Road intersection.

The proposed scope of services include design for the transmission main, design survey, geotechnical investigation, easement preparation, coordination with various agencies, and cathodic protection design.

Halff Associates, Inc., proposes to provide all the necessary design services for the transmission main for a fee of \$530,314.00. Staff considers the proposed fee to be fair and reasonable for the scope of services proposed.

In addition to the contract amount, \$1,435,485.00 is required for project management, real property acquisition, public outreach, and material testing.

This project will have no impact on the Water Department operating budget when complete.

Funding for Northside IV 24-inch Water Transmission Main, Phase 1B is depicted below:

Fund	Existing Appropriations	Additional Appropriations	Project Total*
W&S Commercial Paper - Fund 56019	\$0.00	\$1,965,799.00	\$1,965,799.00
Project Total	\$0.00	\$1,965,799.00	\$1,965,799.00

\*Numbers rounded for presentation purposes.

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 .079 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.

This project includes funding identified through the CP program to be reimbursed with future revenue bonds. 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 the attached resolution does not obligate the City to sell bonds, but preserves the ability to reimburse the City from tax-exempt bond proceeds.

M/WBE OFFICE: Halff Associates, Inc., is in compliance with the City's BDE Ordinance by committing to thirty seven percent SBE participation. The City's SBE goal on this project is twelve percent.

The project is located in COUNCIL DISTRICT 7.

---

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that funds are currently available in the Unspecified - ALL FUNDS project within the W&S Commercial Paper Fund and 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 NS IV 24" Water Main PH 1A/1B project to support the approval of the above recommendations and execution of the agreement. Prior to an 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:** Suzy Abbe 8209