

# Mayor and Council Communication

DATE: 12/15/20

M&C FILE NUMBER: M&C 20-0981

LOG NAME: 60NHWTP FILTER MODIFICATIONS

**SUBJECT**

(CD 9) Authorize Execution of an Engineering Agreement with Freese and Nichols, Inc. in the Amount of \$138,999.00 to Provide the Necessary Design, Bid and Construction Services for the North Holly Water Treatment Plant Filters Modifications Project, 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 the execution of an engineering agreement with Freese and Nichols, Inc. in the amount of \$138,999.00 to provide the necessary design, bid and construction services for the North Holly Water Treatment Plant Filters Modifications project;
2. Adopt the attached Resolution expressing official intent to reimburse expenditures with proceeds of future debt for the North Holly Water Treatment Plant Filters Modifications 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 \$138,999.00 for the North Holly Water Treatment Plant Filters Modifications project (City Project No. 103049) and decreasing appropriations in the Unspecified project (City Project No. UNSPEC) by the same amount.

**DISCUSSION:**

The North Holly Water Treatment Plant is a conventional sedimentation/filtration facility with a design treatment capacity of 80 million gallons per day (MGD). The granular filters were installed in 2001 as part of a plant expansion, and are a critical treatment component of the plant process. As part of this work, the Engineer will evaluate the performance of the filters, make recommendations on performance improvements, which will be incorporated into engineering plans and specifications in order to be constructed.

Appropriations for project funded as depicted below:

FUND	Existing Appropriations	Additional Appropriations	Project Total
W&S Commercial Paper - Fund 56019	\$0.00	\$138,999.00	\$138,999.00
Project Total	\$0.00	\$138,999.00	\$138,999.00

\*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 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 2021-2025 Five-Year Capital Improvement Program on September 22, 2020. 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 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 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.

M/WBE OFFICE - 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.

This project is located in CITY COUNCIL DISTRICT 9.

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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 W&S Commercial Paper Fund for the NHWTP Filter Modification 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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