

Mayor and Council Communication

DATE: 04/07/20

M&C FILE NUMBER: M&C 20-0157

LOG NAME: 60WWDIVERSIONCO2-MOUNTAINC

SUBJECT

Authorize Execution of Change Order No. 2 in the Amount of \$732,427.27 and the Addition of 100 Calendar Days to a Contract with Mountain Cascade of Texas, LLC for the Wastewater Diversion from East of Eagle Mountain Lake Drainage Basin to Big Fossil Creek Drainage Basin Project, Authorize Acceptance of Funds from D.R. Horton - Texas, LTD in the Amount of \$165,635.00 to Provide a Share of Construction Costs for the Project, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt and Adopt Appropriation Ordinances (COUNCIL DISTRICTS 2 and 7)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the acceptance of funds from D.R. Horton - Texas, LTD, in the amount of \$165,635.00;
 2. Adopt the attached Appropriation Ordinance increasing estimated receipts and appropriations in the Water and Sewer Community Facility Agreement Fund in the amount of \$165,635.00 for the purpose of providing funding for the Wastewater Diversion from Eagle Mountain Lake Drainage Basin to Big Fossil Creek Drainage Basin Force Main and Gravity Main Sewer project (City Project No. C01309);
 3. Adopt the attached Appropriation Ordinance increasing estimated receipts and appropriations in the Water & Sewer Commercial Paper Fund in the amount of \$567,113.00 from available funds for the Wastewater Diversion from Eagle Mountain Lake Drainage Basin to Big Fossil Creek Drainage Basin Force Main and Gravity Main Sewer project;
 4. Adopt the attached Resolution Expressing Official Intent to Reimburse Expenditures with proceeds of Future Debt for the Wastewater Diversion from Eagle Mountain Lake Drainage Basin to Big Fossil Creek Drainage Basin Force Main and Gravity Main Sewer project; and
 5. Authorize execution of Change Order No. 2 in the amount of \$732,747.27 and the addition of 100 additional calendar days to City Secretary Contract No. 52094 with Mountain Cascade of Texas, LLC for the Wastewater Diversion from Eagle Mountain Lake Drainage Basin to Big Fossil Creek Drainage Basin Force Main and Gravity Main Sewer project.
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DISCUSSION:

On December 27, 2018, the City of Fort Worth (City) administratively executed a Community Facilities Agreement (CFA) with D.R. Horton - Texas, LTD (Developer) for the construction of public infrastructure improvements (City Secretary Contract No. 51714) for a project generally described as Twin Mills Phase 4 which includes the construction of Park Drive from Old Decatur Road westerly approximately 1,650 linear feet to existing concrete pavement.

On March 5, 2019, Mayor and Council (M&C C-29052) authorized a contract with Mountain Cascade of Texas, LLC, in the amount of \$7,497,947.00 (City Secretary Contract No. 52094) for the Wastewater Diversion from Eagle Mountain Lake Drainage Basin to Big Fossil Creek Drainage Basin Force Main and Gravity Main Sewer project (WWDiversion). The contract was subsequently revised by Change Order No. 1 which provided for 50 additional calendar days on the project for additional work, administratively authorized December 5, 2019.

The WWDiversion project included a 36-inch gravity sanitary sewer which was to be constructed on open land that would later become Park Drive. However, after awarding the contract for the WWDiversion project, it was discovered that a portion of Park Drive from the existing pavement eastward had recently been constructed by the Developer under the CFA. Staff requested and the Developer agreed to cease construction for the areas in conflict with the 36-inch gravity sewer line and an agreement was negotiated wherein the Developer would reduce its CFA obligation to construct and instead pay the City the cost for the uncompleted work which the City would complete after the sewer main installation. To this effect, the Developer is providing \$165,635.00 towards this Change Order No. 2. In addition to those costs, Change Order No. 2 includes the cost to relocate a gas line that was found to be in conflict with the gravity sewer main.

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 the 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 2.8 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 2020-2024 Five Year Capital Improvement Plan on September 17, 2019. 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.

Funding for the Wastewater Diversion from Eagle Mountain Lake Drainage Basin to Big Fossil Creek Drainage Basin Force Main and Gravity Main Sewer project is as depicted in the table below:

Fund	Existing Appropriations	Additional Appropriations	Project Total*
W&S Capital Project - Fund 56002	\$85,000.00	\$0.00	\$85,000.00
Water & Sewer Bond 2017A - Fund 56011	\$1,133,155.00	\$0.00	\$1,133,155.00
WS Capital Project 2019 - Fund 56016	\$8,403,638.00	\$0.00	\$8,403,638.00
W&S Community Facilities Agreement Fund 56008	\$0.00	\$165,635.00	\$165,635.00
Water Capital - Fund 59601	\$5,207.00	\$0.00	\$5,207.00
Sewer Capital Legacy - Fund 59607	\$232,000.00	\$0.00	\$232,000.00
Water & Sewer Commercial Paper Fund 56017	\$0.00	\$567,113.00	\$567,113.00
Project Total	\$9,859,000.00	\$732,748.00	\$10,591,748.00

*Numbers rounded for presentation purposes.

M/WBE OFFICE: Mountain Cascade of Texas, LLC, is in compliance with City's BDE Ordinance by committing to an additional 54 percent MBE participation on this change order.

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, execution of the change order and adoption of the attached appropriation ordinances, funds will be available in the Water & Sewer Commercial Paper (W&S Commercial Paper) Fund for the future growth in the Wastewater Diversion from Eagle Mountain Lake Drainage Basin to Big Fossil Creek Drainage Basin Force Main and Gravity Main Sewer project and that funds will be deposited into the Water & Sewer Community Facilities Agreement (W&S Community Facilities Agmt) Fund. The Water Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City. 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

Originating Business Unit Head: Chris Harder 5020

Additional Information Contact: Lawrence Hamilton 2626