

# Mayor and Council Communication

**DATE:** 09/15/20

**M&C FILE NUMBER:** M&C 20-0672

**LOG NAME:** 60NORTHPOINTE NS4 24-INCH WATER MAIN

**SUBJECT**

(CD 7) Authorize Execution of a Design Procurement Agreement with Lennar Homes of Texas Land and Construction, LTD. with City Participation in the Amount of \$139,156.00 for the Engineering Design of a 24-Inch Water Main in the Vicinity West of Old Decatur Road and US-287 Business to serve the Northpointe Development and Anticipated Future Growth in Northwest Fort Worth, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Revenue Bond Issuance for the Water and Sewer Fund and Adopt Appropriation Ordinance

**RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the execution of a design procurement agreement with Lennar Homes of Texas Land and Construction, LTD. with City participation in the amount of \$139,156.00 for the engineering design of a 24-Inch water main in the vicinity west of Old Decatur Road and US-287 Business to serve the Northpointe Development and anticipated future growth in Northwest Fort Worth;
2. Adopt the attached resolution expressing official intent to reimburse expenditures with proceeds of future debt for the Northpointe Northside 4 24-inch water line project; and
3. Adopt the attached appropriation ordinance adjusting receipts and appropriations in the Water and Sewer Bond 2020A Fund by decreasing receipts and appropriations in the Unspecified project (City Project No. UNSPEC) in the amount of \$704,156.00 and increasing receipts and appropriations in the Community Facility Agreement Bucket project (City Project No. P00001) by the same amount to fund the Northpointe Northside 4 24-inch water line project.

**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is for the City to participate with Lennar Homes of Texas Land and Construction, LTD. (Developer) in the engineering design cost for 10,210 linear feet of a 24-inch water main in the vicinity west of Old Decatur Road and US-287 Business. The Developer's proposed project requires an 8-inch water main for the Northpointe Development on Heritage Trace Boulevard west of Old Decatur Road (Project). The City desires to oversize 7,700 linear feet of the 8-inch water main to a 24-inch water main beginning at Park Drive to the east property line of Northpointe Phase IB. The City's portion of the cost to design this segment of the main shall be 95.4% and the Developer's portion of the cost shall be 4.6%. The remaining 2,510 linear feet of the proposed 24-inch water main will be designed at 100% City's Cost. The estimated fee for the City's portion of the engineering design, topographic survey, easement documentation preparation, subsurface utility exploration (SUE), and construction documents is \$139,156.00, the engineering design will be reviewed through the City's Infrastructure Plan Review process.

Project Cost Breakdown	
Lennar Homes of Texas Land and Construction ,LTD Participation	\$ 6,710.00
City of Fort Worth Participation	\$ 139,156.00
<b>Total Engineering Cost</b>	<b>\$ 145,866.00</b>
Land Acquisition	\$565,000.00
<b>Total Project Cost</b>	<b>\$710,866.00</b>

In addition to the amount of \$139,156.00 needed for the design agreement, \$565,000.00 is required for property acquisition, permit coordination and staff costs for a total cost of \$704,156.00. The City intends to construct the project but the developer will have the right to choose to construct the project prior to the City beginning construction. If the City constructs the Project, an M&C will be submitted to the City Council for approval to establish a water main capacity charge for the water 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 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 2.3 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 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 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.

This project is located in CITY COUNCIL DISTRICT 7

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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 and Sewer Capital Project 2020A (WS Capital project 2020A) Fund CFA Bucket project which in turn will fund the Northpointe NS4 24-inch water line 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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