

Mayor and Council Communication

DATE: 12/15/20

M&C FILE NUMBER: M&C 20-0982

LOG NAME: 60NHWTPSBSRCON3-BARCON

SUBJECT

(CD 9) Authorize Execution of Change Order No. 3 in the Amount of \$162,698.57 and the Addition of 150 Calendar Days to the Contract with Bar Constructors, Inc., for North Holly Water Treatment Plant Sedimentation Basin Sludge Removal System Replacement for a Revised Contract Amount of \$7,712,290.86, 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 execution of Change Order No. 3 in the amount of \$162,698.57 and the addition of 150 calendar days to City Secretary No. 52222 with Bar Constructors, Inc., for the North Holly Water Treatment Plant Sedimentation Basin Sludge Removal System Replacement project for a revised contract amount of \$7,712,290.86. (City Project No. C02328);
2. Adopt the attached Resolution expressing official intent to reimburse expenditures with proceeds of future debt for the North Holly Water Treatment Plant Sedimentation Basin Sludge Removal System Replacement 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 \$162,699.00 for the North Holly Water Treatment Plant Sedimentation Basin Sludge Removal System Replacement project (City Project No. C02328) and decreasing appropriations in the Unspecified project (City Project No. UNSPEC)

DISCUSSION:

On April 9, 2019 (M&C C-29090), the City Council authorized a contract in the amount of \$7,528,000.00 with Bar Constructors, Inc., for the North Holly Water Treatment Plant Sedimentation Basin Sludge Removal System Replacement project. The contract was subsequently revised by Change Order No. 1 in the amount of \$10,762.50 administratively authorized February 14, 2020 that provided revised mechanical drawings to reflect actual field measurements of the sedimentation basins and Change Order No. 2 in the amount of \$10,829.79 administratively authorized March 19, 2020 that provided for six plug valves in the sludge valve vault.

Change Order No. 3 will provide for the replacement of the six existing deteriorated gate valves located in sedimentation basins 5, 6 and 7 at the plant. Staff considers the proposed fee to be fair and reasonable for the scope of services proposed.

Funding for the North Water Treatment Plant Sedimentation Basin Sludge Removal System Replacement project as depicted below:

| Fund | Existing Appropriations | Additional Appropriations | Project Total* |
|---------------------------------------|-------------------------|---------------------------|-----------------------|
| W&S Capital Project 2018 - Fund 56014 | \$786,000.00 | \$0.00 | \$786,000.00 |
| W&S Bond 2020A - Fund 56017 | \$8,307,069.00 | \$0.00 | \$8,307,069.00 |
| W&S Commercial Paper - Fund 56019 | \$0.00 | \$162,699.00 | \$162,699.00 |
| Project Total | \$9,093,069.00 | \$162,699.00 | \$9,255,768.00 |

*Numbers rounded for presentation.

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 0.79 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 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 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.

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.

The project is located in COUNCIL DISTRICT 9.

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 North Holly Sedimentation Basin project. Prior to any expenditure being incurred, the Water Department has the responsibility of verifying the availability of funds.

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