

Mayor and Council Communication

DATE: 03/03/20

M&C FILE NUMBER: M&C 20-0136

LOG NAME: 60HANNA RANCH DESIGN AGREEMENT AMEND 1

SUBJECT

Authorize Execution of Amendment No.1 in the Amount of \$158,251.34 to the Design Procurement Agreement with Legends of Hanna Ranch Ltd. for Additional Engineering Design Services and Infrastructure Plan Review of Sewer Rehab of Sanitary Sewer M-329 Extending West to Wichita Street, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds from Future Debt and Adopt Appropriation Ordinance (COUNCIL DISTRICT 8)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize Execution of Amendment No.1 in the amount of \$158,251.34 to the Design Procurement Agreement with Legends of Hanna Ranch Ltd., for a total revised amount of \$617,292.64, for additional engineering design services and Infrastructure Plan Review (IPRC) for sewer rehab of sanitary sewer M-329 extending west to Wichita St, from manhole northeast of street intersection of Thompson Street & E. Trammel Ave to manhole at street intersection of Wichita Street and Lee Street for the Hanna Ranch M-329 and M-295 Replacement project (City Project No. 102152);
2. Adopt the attached Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds for Future Debt for the Hanna Ranch M-329 and M-295 Replacement project; and
3. Adopt Appropriation Ordinance increasing estimated receipts and appropriations in the Water and Sewer Commercial Paper Fund (56017) in the amount of \$158,252.00, from available funds, for the Hanna Ranch M-329 and M-295 Replacement project.

DISCUSSION:

On June 25, 2019 (M&C C-29177), the City Council authorized execution of a design procurement agreement with Legends of Hanna Ranch Ltd., in the amount of \$458,771.30 for design project, project management and real property staff cost. The replacement and upsizing of public sewer mains M-295 and M-329 located in the Village Creek basin southeast of I-35 and E. Altamesa Blvd provide additional capacity for future growth within the basin.

Amendment No. 1 will fund costs associated with Engineering services for additional sewer design and IPRC Plan Review Fees for increased project limits for M-329 extended west to Wichita Steet, from the manhole northeast of the intersection of Thompson Street & E. Trammel Ave to the manhole at the intersection of Wichita Street and Lee Street for the Hanna Ranch M-392 and M-295 Replacement project. \$150,451.34 is allocated for additional engineering services and \$7,800 allocated for IPRC plan review fees for a total amount of \$158,251.34

This project is anticipated to be included in a future revenue bond issue for the Water and Sewer Fund. Because these costs are nessessary towards the overall construction of the capital project and will be capitalized as part of the project costs, they are eligible for debt financing. Available cash within the Water and Sewer portfolio and the City's portfolio along with the 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 2.28 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 2019-2023 Five Year Capital Improvement Plan on September 18, 2018. 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. Upon completion of the design, the construction of project will be publicly bid. Staff will present an M&C to the City Council seeking approval for the City to enter into a Community Facility Agreement with City Participation for the construction of the project. Funding for the infrastructure Improvements for public sewer main M-295 and M329 project is as depicted below:

FUND	Existing Appropriations	Additional Appropriations	Project Total*
W&S Commercial Paper-Fund 56017	\$483,775.00	\$158,252.00	\$642,027.00

* Numbers rounded for presentation purposes.

This project is in COUNCIL DISTRICT 8

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 & Sewer Commercial Paper (W&S Commercial Paper) Fund for additional engineering design services for sewer rehab for the future growth of the Hanna Ranch M-295 Replacement project. Prior to any expenditure being incurred, the Water Department has the responsibility to validate the availability of funds.

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