

Mayor and Council Communication

DATE: 08/24/21

M&C FILE NUMBER: M&C 21-0622

LOG NAME: 60ADDITIONALGASBIOSOLIDS-HALFF

SUBJECT

(CD 5) Authorize Execution of an Engineering Agreement with Halff Associates, Inc. for \$316,680.00 for the Design of Additional Gas Service for Proposed Biosolids Facility, Adopt Attached Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt, and Adopt Attached Appropriation Ordinance

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of an Engineering Agreement with Halff Associates, Inc. in the Amount of \$316,680.00 for the Design of Additional Gas Service for Proposed Biosolids Facility;
2. Adopt the attached resolution expressing official intent to reimburse expenditures with proceeds of future debt for the design of Additional Gas Service for Proposed Biosolids Facility project; and
3. Adopt the attached appropriation ordinance adjusting receipts and appropriations in the Water and Sewer Commercial Paper Fund by increasing appropriations in the amount of \$441,711.00 in the Additional Gas Service for Proposed Biosolids Facility project (City Project No. 103011) and decreasing appropriations in the Unspecified project (City Project No. UNSPEC) by the same amount.

DISCUSSION:

Biosolids produced at the Village Creek Water Reclamation Facility (VCWRF) are thickened and anaerobically digested prior to being pumped to the City's Biosolids Management and Beneficial Reuse Facility for dewatering. Biogas produced by the digesters is sold to MAS Energy or flared when MAS Energy does not accept the gas. This project provides the necessary design to allow for the construction of a biogas pipeline from VCWRF to the Biosolids Management and Beneficial Reuse facility to allow the gas to be utilized as a supplemental source of fuel for the new biosolids dryer.

Halff Associates, Inc. proposes to provide the necessary design for a fee of \$316,680.00. Staff considers the proposed fee to be fair and reasonable for the scope of services proposed.

In addition to the contract amount, \$125,031.00 is required for project management, real property acquisition, utility coordination, and material testing.

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. 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. Under federal law, debt must be issued within approximately three years in order for these expenses to be reimbursable. Adoption of the attached resolution does not obligate the City to sell bonds, but preserves the ability of the City to reimburse itself from tax-exempt bond proceeds.

Funding for the Additional Gas Service for Proposed Biosolids Facility project, are as depicted below.

Funding	Existing Appropriations	Additional Appropriations	Project Total
W&S Commercial Paper Fund 56020	\$0.00	\$441,711.00	\$441,711.00
Project Total	\$0.00	\$441,711.00	\$441,711.00

Business Equity: Halff Associates, Inc. is in compliance with the City's DBE Program by committing to 10 percent participation on this project. The City's goal on this project is 10 percent.

The project is located in COUNCIL DISTRICT 5.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in the UNSPEC project within the W&S Commercial Paper Fund and 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 Additional Gas Service for Proposed Biosolids Facility project to support the approval of the above recommendation and execution of the agreement. Prior to any expenditure being incurred, the Water Department has the responsibility of verifying the availability of funds.

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