

Mayor and Council Communication

DATE: 06/23/20

M&C FILE NUMBER: M&C 20-0464

LOG NAME: 60VCWRF THICKENING - EAGLEANDFNI

SUBJECT

Authorize Execution of Amendment No. 1, in the Amount of \$738,000.00, to an Engineering Agreement with Freese & Nichols, Inc. for the Village Creek Water Reclamation Facility Sludge Thickening Improvements, Authorize Execution of a Contract with Eagle Contracting Limited Partnership in the Amount of \$17,480,000.00 for Village Creek Water Reclamation Facility Sludge Thickening Improvements, Provide for Project Costs for a Project Total in the Amount of \$20,955,907.00, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt, and Adopt Appropriation Ordinance (COUNCIL DISTRICT 5)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of Amendment No. 1 to City Secretary Contract No. 49500, an Engineering Agreement with Freese & Nichols, Inc., in the amount of \$738,000.00 for construction support services for the Village Creek Water Reclamation Facility Sludge Thickening Improvements project for a revised contract amount of \$2,547,500.00 (City Project No. C02647);
2. Authorize the execution of a contract with Eagle Contracting Limited Partnership in the amount of \$17,480,000.00 for the Village Creek Reclamation Facility Sludge Thickening Improvements project;
3. Adopt the attached Resolution expressing official intent to reimburse expenditures with proceeds from future debt for the Village Creek Reclamation Facility Sludge Thickening Improvements project; and
4. Adopt the attached Appropriation Ordinance adjusting receipts and appropriations in the Water and Sewer Commercial Paper (W&S Commercial Paper) Fund by decreasing estimated receipts and appropriations in the Unspecified project (City Project No. UNSPEC) in the amount of \$19,146,407.00 and increasing estimated receipts and appropriations in the Village Creek Water Reclamation Facility Thickener Process Improvement project for sludge thickening improvements.

DISCUSSION:

The Village Creek Water Reclamation Facility ("VCWRF"), a 166 million gallons per day (MGD) plant, comprised of primary, secondary and tertiary treatment, chlorine disinfection, and de-chlorination. The VCWRF produces anaerobically digested biosolids, which are processed at the Biosolids Dewatering and Processing Facility.

The VCWRF currently uses three solids thickening processes; Gravity Thickeners ("GT") to thicken the primary solids from the primary clarifiers, Dissolved Air Flotation Thickeners ("DAFTs") to thicken the solids from the Aeration Basins/Final Clarifiers and Gravity Belt Thickeners ("GBTs") to thicken the solids from the high rate clarifiers. The existing GTs and DAFTs equipment are old, require a great deal of maintenance, are inefficient in producing required levels of treatment, use a high amount of energy and are sensitive to changes in flow characteristics. The proposed construction contract includes the installation of new rotary drum thickeners (RDTs) to thicken solids from the primary clarifiers and high-rate clarifier, the installation of new gravity belt thickeners GBTs and modification of the existing GBTs to thicken secondary solids, modification of two gravity thickeners into primary solids holding tanks, and retirement of the DAFTs.

On August 25, 2015 (M&C C-27433), the City Council authorized an Engineering Agreement with Freese & Nichols, Inc. (CSC No. 47018), in the amount of \$295,113.00, for study, evaluation and conceptual design of thickening processes at VCWRF. On August 1, 2017 (M&C C-28317), the City Council authorized an Engineering Agreement with Freese & Nichols, Inc., (CSC No. 49500), in the amount of \$1,809,500.00 to evaluate and design the Sludge Thickening Processes at the VCWRF.

As part of Amendment No. 1, the Engineer will perform basic construction support services including shop drawings and submittals reviews, change order review, record drawings and update plant operational preparation.

Construction of the project was advertised for bid on April 16, 2020 and April 23, 2020 in the *Fort Worth Star-Telegram*. On May 21, 2020 the following bids were received:

| Bidder | Base Bid | Base Bid with Alternate | Contract Time |
|--|-----------------|-------------------------|-------------------|
| Eagle Contracting <i>Limited Partnership</i> | \$17,480,000.00 | \$17,503,000.00 | 730 Calendar Days |
| Alltech Engineering | \$31,055,948.00 | No Bid | |

In addition to the contract cost, \$622,507.00 is required for project management and inspection and \$305,900.00 is provided for project contingency.

Construction is anticipated to commence in August 2020 and be completed by December 2022. This project will have no impact on the Water Department operating budget when complete.

Funding for VCWRF Sludge Thickening Improvements is depicted below:

| Fund | Existing Appropriations | Additional Appropriations | Project Total* |
|---|-------------------------|---------------------------|------------------------|
| 2017 Water & Sewer Revenue Bonds Capital Project Fund 56007 | \$315,113.00 | \$0.00 | \$315,113.00 |
| Water & Sewer DPN Fund 56011 | \$2,109,500.00 | \$0.00 | \$2,109,500.00 |
| WS Capital Project 2020A Fund 56019 | \$0.00 | \$19,146,407.00 | \$19,146,407.00 |
| Project Total | \$2,424,613.00 | \$19,146,407.00 | \$21,571,020.00 |

*Numbers rounded for presentation purposes.

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 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 Statements, 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.

M/WBE OFFICE: Eagle Contracting LP is in compliance with the City's BDE Ordinance by committing to 10 percent MBE participation on this project. The City's MBE goal on this project is nine percent.

M/WBE OFFICE: Freese & Nichols, Inc. is in compliance with the City's BDE Ordinance by committing to 15 percent SBE participation on this Amendment No. 1. The City's goal on the Amendment No. 1 is seven percent.

The project is located in COUNCIL DISTRICT 5, VCWRF services all COUNCIL DISTRICTS, Mapsco 90J, 90Q, and 90S.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies 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 the VCWRF Thickener Process Improvement project to support the approval of the above recommendation and execution of the amendment to the engineering agreement and construction contract. Prior to an expenditure being incurred, the Water Department has the responsibility of verifying the availability of funds.

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