

# Mayor and Council Communication

**DATE:** 02/18/20

**M&C FILE NUMBER:** M&C 20-0096

**LOG NAME:** 60M34SSIP1-CIRCLECRJN

**SUBJECT**

Authorize Execution of a Contract with William J. Schultz dba Circle C Construction Company, in the Amount of \$5,745,825.00 for Mains 34, 100, D100 Drainage Areas Sanitary Sewer Improvements, Part 1, Provide for Project Costs for a Project Total in the Amount of \$6,697,010.00, Authorize Execution of Amendment No. 3 in the Amount of \$192,000.00 to an Engineering Agreement with RJN Group, Inc. for Mains 34, 100, D100 Drainage Areas Sanitary Sewer System Evaluation Study and Improvements for a Revised Contract Amount of \$1,081,238.02 and Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt and Adopt Appropriation Ordinance (COUNCIL DISTRICT 9)

**RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the execution of a contract with William J. Schultz Inc., dba Circle C Construction Company, in the amount of \$5,745,825.00 for the Mains 34, 100, D100 Drainage Areas Sanitary Sewer Improvements, Part 1 project (City Project No. C02397);
2. Authorize the execution of Amendment No. 3 to City Secretary Contract No. 29961, an Engineering Agreement with RJN Group, Inc. in the amount of \$192,000.00 for assistance during construction of the Mains 34, 100, D100 Drainage Areas Sanitary Sewer System Improvements, Part 1 project for a revised contract amount of \$1,081,238.02;
3. Adopt the attached Appropriation Ordinance increasing estimated receipts and appropriations in the Water & Sewer Commercial Paper Fund in the amount of \$6,697,010.00 for the Mains 34, 100, D100 Drainage Areas Sanitary Sewer Improvements, Part 1 project; and
4. Adopt the attached Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt for the Mains 34, 100, D100 Drainage Areas Sanitary Sewer Improvements, Part 1 project.

**DISCUSSION:**

The Sanitary Sewer Main 34, Main 100 and D100 Drainage Areas Sanitary Sewer Improvements, Part 1 project consists of the replacement of deteriorated water or sanitary sewer mains as indicated on the following streets and alleys located in the Downtown Central Business District:

Street	From	To	Scope
Burnett Street	W. 6th Street	W. 7th Street	Sewer
Houston Street	W. 7th Street	W. 8th Street	Sewer
Commerce Street	234 feet South of the 15th Street/Commerce Street intersection	Northerly 834 feet	Sewer
Grove Street	E. 4th Street	E. 7th Street	Sewer/Water
Monroe Street	W. 10th Street	Texas Street	Water
E. 5th Street	Grove Street	Jones Street	Sewer/Water
Henderson Street Crossing	Henderson Street West of right-of-way line	Henderson Street East of right-of-way line	Sewer
W. 7th Street	W. 7th Street West of right-of-way line	Westerly 20 feet	Sewer
Fahey Street	Fahey Street West of right-of-way line	Westerly 80 feet	Sewer
Alley between Monroe Street and Taylor Street	W. 10th Street	W. 13th Street	Sewer
Alley between Houston Street and Main Street	W. 2nd Street	W. 3rd Street	Sewer
Alley between			

Calhoun Street and Jones Street	E. 12th Street	E. 14th Street	Sewer
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Construction of the project was advertised for bid on November 21, 2019 and November 28, 2019 in the Fort Worth Star-Telegram. On December 19, 2019 the following bids were received:

BIDDER	AMOUNT	TIME OF COMPLETION
William J. Schultz Inc., dba Circle C Construction Company	\$5,745,825.00	400 Calendar Days

In addition to the contract cost, \$568,424.00 (Sewer: \$452,421.00; Water: \$116,003.00) is required for project management, inspection and material testing and \$190,761.00 (Water: \$45,964.00; Sewer: \$144,797.00) is provided for project contingency.

The Transportation & Public Works Department will pave all affected roadways after the completion of this project.

On March 23, 2004 (M&C C-20006) the City Council authorized an engineering agreement in the amount of \$740,698.02 with RJN Group, Inc. for Mains 34, 100, D100 Drainage Area Sanitary Sewer System Evaluation Study and Improvements. The agreement was subsequently revised by Amendment No. 1 in the amount of \$18,600.00 administratively authorized March 6, 2015, and Amendment No. 2 in the amount of \$129,940.00 authorized August 14, 2018 (M&C C-28795).

Amendment No. 3 will provide inspection assistance during construction. Staff considers the proposed fee to be fair and reasonable for the scope of services proposed.

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% 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 Water and Sewer revenue bonds earlier 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 approved plan includes this specific project, with funding identified through the CIP 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.

Funding for the Main 4, 100, D100 Drainage Areas Sanitary Sewer Improvements, Part 1 Improvements project:

Fund	Existing Appropriations	Additional Appropriations	Project Total*
W&S Capital Fund 56002	\$146,941.00	\$0.00	\$146,941.00
Sewer Capital Fund - Legacy 59607	\$160,227.00	\$0.00	\$160,227.00
Water & Sewer Commercial Paper Fund 56017	\$0.00	\$6,697,010.00	\$6,697,010.00
<b>Project Fund</b>	<b>\$307,168.00</b>	<b>\$6,697,010.00</b>	<b>\$7,004,178.00</b>

\*Numbers rounded for presentation.

This project will have no impact on the Water Department's operating budget when completed.

Construction is anticipated to commence in March 2020 and be completed by August 2021. This project is part of the Water Department's Sanitary Sewer Overflow Initiative Program.

M/WBE: William J. Schultz, Inc., dba Circle C Construction Company is in compliance with the City's BDE Ordinance by committing to zero percent MBE participation and documenting good faith effort. William J. Schultz, Inc. dba Circle C Construction Company identified several subcontracting and supplier opportunities. However, the firms contacted in the areas identified did not respond or did not submit the lowest bids. The City's MBE goal on this project is eight percent.

RJN Group, Inc.: A waiver of the goal for MBE/SBE subcontracting requirements was requested by the Department and approved by the MWBE Office in accordance with the MWBE Ordinance, because the purchase of goods and services is from sources where subcontracting or supplier opportunities are negligible.

The project is located in COUNCIL DISTRICT 9.

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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 & Sewer Commercial Paper Fund (W&S Commercial Paper) for the future growth in the Main 34, 100, D100 Drainage Areas Sanitary Sewer Improvements, Part 1 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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**Additional Information Contact:** John Kasavich 8480