

# Mayor and Council Communication

DATE: 09/24/19

M&C FILE NUMBER: M&C 19-0197

LOG NAME: 60CHURCHILLROAD-FLOWLINE

## SUBJECT

Authorize Execution of a Contract with Flow-Line Construction, Inc., in the Amount of \$8,136,955.00 for Churchill Road Water and Sanitary Sewer Improvements, Provide for Project Costs and Contingencies for a Project Total in the Amount of \$8,903,938.00, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt and Adopt Appropriation Ordinance (COUNCIL DISTRICT 2 AND WITHIN THE CITY OF RIVER OAKS)

## RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt for the Churchill Road Water and Sanitary Sewer Improvements; and
2. Adopt the attached Appropriation Ordinance increasing estimated receipts and appropriations in the Water & Sewer Commercial Paper Fund in the amount of \$8,903,938.00 for Churchill Road Water and Sanitary Sewer Improvements; and
3. Authorize the execution of a contract with Flow-Line Construction, Inc., in the amount of \$8,136,955.00 for Churchill Road Water and Sanitary Sewer Improvements (City Project No. 100888).

## DISCUSSION:

This Mayor and Council Communication provides for the construction of a Churchill Road Water and Sanitary Sewer Improvements from White Settlement Road to River Oaks Boulevard. The project provides for the replacement of the existing 12-inch water main in the roadway with a 24-inch water main along with the replacement of deteriorated sanitary sewer mains.

The project was advertised for bid on May 30, 2019 and June 6, 2019 in the Fort Worth Star-Telegram. On August 15, 2019 the following bids were received:

| BIDDER                        | AMOUNT          | TIME OF COMPLETION |
|-------------------------------|-----------------|--------------------|
| Flow-LineConstruction, Inc.   | \$8,136,955.00  | 720 Calendar Days  |
| Woody Contractors, Inc.       | \$8,339,970.00  |                    |
| Jackson Construction, Ltd.    | \$9,020,020.00  |                    |
| Thalle Construction Co., Inc. | \$11,078,275.00 |                    |

In addition to the contract cost, \$588,102.00 (Water: \$452,091.00; Sewer: \$136,011.00) is required for Project Management, inspection and material testing and \$178,881.00 (Water: \$130,455.00; Sewer: \$48,426.00) is provided for project contingency.

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 one-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.

Construction is anticipated to commence in November, 2019 and be completed by November, 2021. This project will have no impact on the Water Department's Operating Budget when complete. The sewer component of the project is part of the Water Department's Sanitary Sewer Overflow Initiative Program.

M/WBE OFFICE: Flow-Line Construction, Inc., is in compliance with the City's BDE Ordinance by committing to four percent MBE participation

and documenting good faith effort. Flow-Line Construction, Inc. 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 six percent.

The project is located in COUNCIL DISTRICT 2 AND WITHIN THE CITY OF RIVER OAKS.

**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 for the Churchill Road Water and Sanitary Sewer Improvements Project. The Water and Sewer Commercial Paper Fund includes authority of \$150,000,000.00 for the purpose of providing interim funding for Water and Sewer Capital Projects. After this transfer, the balance will be \$113,280,068.00 for future capital projects. Funding for the Churchill Road Water and Sanitary Sewer Improvements project is as depicted below:

| FUND                                  | Existing Appropriations | Additional Appropriations | Project Total* |
|---------------------------------------|-------------------------|---------------------------|----------------|
| Water & Sewer Bond 2017A - Fund 56011 | \$653,804.00            | \$0.00                    | \$653,804.00   |
| W&S Commercial Paper - Fund 56017     | \$0.00                  | \$8,903,938.00            | \$8,903,938.00 |
| Project Total                         | \$653,804.00            | \$8,903,938.00            | \$9,557,742.00 |

\* Numbers rounded for presentation purposes.

**Submitted for City Manager's Office by:** Dana Burghdoff 8018

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