

# Mayor and Council Communication

DATE: 12/03/19

M&C FILE NUMBER: M&C 19-0358

LOG NAME: 60SCREEKROP2A-SJLLAN

## **SUBJECT**

Authorize Execution of Amendment No. 5 in the Amount of \$96,100.00 to an Engineering Agreement with Lockwood, Andrews & Newnam, Inc., for Sycamore Creek Interceptor Improvements, Phase 2A, for a Revised Contract Amount of \$1,936,424.00, Authorize Execution of a Contract with S.J. Louis Construction of Texas, Ltd., in the Amount of \$5,362,348.85 for Sycamore Creek Interceptor Improvements, Phase 2A, Provide for Project Costs for a Project Total in the Amount of \$5,983,328.00, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt and Adopt Appropriation Ordinance (COUNCIL DISTRICT 8)

## **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 Sycamore Creek Interceptor Improvements, Phase 2A;
2. Adopt the attached Appropriation Ordinance increasing estimated receipts and appropriations in the Water & Sewer Commercial Paper Fund in the amount of \$5,983,328.00 for Sycamore Creek Interceptor Improvements, Phase 2A;
3. Authorize the execution of Amendment No. 5 in the amount of \$96,100.00 to City Secretary Contract No. 45280, an Engineering Agreement with Lockwood, Andrews & Newnam, Inc., for inspection assistance during construction for Sycamore Creek Interceptor Improvements, Phase 2A (City Project No. C02200); and
4. Authorize the execution of a contract with S.J. Louis Construction of Texas, Ltd., in the amount of \$5,362,348.85 for Sycamore Creek Interceptor Improvements, Phase 2A (City Project No. C02200).

## **DISCUSSION:**

On November 19, 2013 (M&C C-26567), the City Council authorized an engineering agreement in the amount of \$575,828.00 with Lockwood, Andrews & Newnam, Inc., for Sycamore Creek Interceptor Improvements, Phase 2A. In order to expedite design and construction, the agreement was divided into Phases 1, 2A, 2B and 3. The agreement was subsequently revised by the following amendments: Amendment No. 1 in the amount of \$168,311.00 authorized September 9, 2014 (M&C C-26964), Amendment No. 2 in the amount of \$839,715.00 authorized August 23, 2016 (M&C C-27884), Amendment No. 3 in the amount of \$215,030.00 authorized June 5, 2018 (M&C C-28712) and Amendment No. 4 in the amount of \$41,440.00 administratively authorized October 10, 2019.

Amendment No. 5 will provide compensation for inspection assistance during construction of Phases 2A and 2B. Staff considers the proposed fee to be fair and reasonable for the scope of services proposed.

Construction of the project was advertised for bid on August 22, 2019 and August 29, 2019 in the [Fort Worth Star-Telegram](#). On October 3, 2019 the following bids were received:

Bidder	Amount	Time of Completion
S.J. Louis Construction of Texas, Ltd.	\$5,362,348.85	365 Calendar Days
Mountain Cascade of Texas, LLC	\$6,569,199.00	
Thalle Construction Company	\$6,068,292.85	

In addition to the contract cost, \$364,009.00 is required for Project Management, inspection and material testing and \$160,870.00 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 1.56% 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.

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 \$39,010,913.00 for future capital projects. Funding for the Sycamore Creek Interceptor Improvements, Phase 2A project is as depicted below:

Fund	Existing Appropriations	Additional Appropriations	Project Total*
Water and Sewer Commercial Paper Fund 56016	\$3,670,725.00	\$0.00	\$3,670,725.00
Sewer Capital Legacy - Fund 59607	\$1,859,579.00	\$0.00	\$1,859,579.00
W&S Commercial Paper - Fund 56017	\$0.00	\$5,983,328.00	\$5,983,328.00
Project Total	\$5,530,304.00	\$5,983,328.00	\$11,513,632.00

**\* Numbers rounded for presentation**

Construction for Phase 2A is anticipated to commence in January, 2020 and be completed by January, 2021. This project is part of the Water Department's Sanitary Sewer Overflow Initiative Program. This project will have no impact on the Water Department's Operating Budget when complete.

M/WBE OFFICE: S.J. Louis Construction of Texas, Ltd., is in compliance with the City's BDE Ordinance by committing to seven percent MBE participation on this project. The City's MBE goal on this project is seven percent.

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

The project is located 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 Fund (W&S Commercial Paper) to provide construction services for the future growth in the Sycamore Creek Interceptor Improvements, Phase 2A 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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