

# Mayor and Council Communication

DATE: 09/22/20

M&C FILE NUMBER: M&C 20-0700

LOG NAME: 60VCWRF GRIT AND LIFT STATIONA5-CDM

**SUBJECT**

(CD 5) Authorize Execution of Amendment No. 5 in the Amount of \$699,217.00 to an Engineering Agreement with CDM Smith, Inc. for the Process Evaluation and Engineering Design of the Village Creek Water Reclamation Facility Grit Facility & South Influent Pump Station Project for a Total Revised Contract Amount of \$4,047,869.00, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt and Adopt Appropriation Ordinance

**RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize execution of Amendment No. 5 in the amount not to exceed \$699,217.00, to City Secretary Contract No. 49049, an Engineering Agreement with CDM Smith, Inc., for process evaluation and engineering design of the Village Creek Water Reclamation Facility Grit Facility & South Influent Pump Station project for a revised contract amount of \$4,047,869.00 (City Project No. 100075);
2. Adopt the attached Resolution expressing official intent to reimburse expenditures with proceeds of future debt for the Village Creek Water Reclamation Facility Grit Facility and South Influent Pump Station; and
3. Adopt the attached Appropriation Ordinance adjusting appropriations in the Water and Sewer Commercial Paper Fund by increasing appropriations in the Village Creek Water Reclamation Facility Grit Facility and South Influent Pump Station project (City Project No. 100075) in the amount of \$759,217.00 and decreasing appropriations in the Unspecified project (City Project No. UNSPEC) by the same amount.

**DISCUSSION:**

On May 2, 2017, by Mayor and Council Communication (M&C) C-28213, the City Council authorized an engineering agreement with CDM Smith, Inc. (City Secretary Contract No. 49049), in the amount of \$1,570,965.00 to evaluate and design the grit removal process at the Village Creek Water Reclamation Facility Grit Facility (VCWRF). The agreement was subsequently revised by Amendment No. 1, authorized September 18, 2018 (M&C C-28857), in the amount of \$885,755.00 for the design of the South Influent Pump Station (PS), associated sewer, force main and ancillary improvement. Amendment No. 2 was administratively authorized February 7, 2019 in the amount of \$71,993.00 for physical modeling to investigate the grit facility influent splitter box configuration and the tie-in to the Headworks facility. Amendment No. 3 was authorized April 7, 2020 (M&C 20-0159) in the amount of \$114,939.00 for physical modeling for the South Flow Pump Station, additional odor control design and Grit Influent Splitter Box water jet system modifications. Amendment No. 4 was authorized May 19, 2020 (M&C 20-0346) in the amount of \$705,000.00 for construction support services for construction of the new grit facility at VCWRF.

This Amendment No. 5 includes additional services for the proposed South Influent Pump Station. The additional services to be provided include screen evaluation and design, odor control evaluation, emergency diversion design, structural rehabilitation design, gate improvements, flood plain permit and geotechnical investigation.

CDM Smith, Inc., proposes to perform the additional services for a fee not to exceed \$699,217.00. In addition to the amendment amount, \$60,000.00 is required for project management.

Funding for the Village Creek Water Reclamation Facility Grit Facility & South Influent Pump Station Project is depicted below:

Fund	Existing Appropriations	Additional Appropriations	Project Total*
Water & Sewer Bond 2017A - Fund 56011	\$1,870,965.00	\$0.00	\$1,870,965.00
WS Capital Project 2019 - Fund 56016	\$1,035,755.00	\$0.00	\$1,035,755.00
Water & Sewer Bond 2020A - Fund 56017	\$27,552,151.00	\$0.00	\$27,552,151.00
W&S Commercial Paper - Fund 56019	\$0.00	\$759,217.00	\$759,217.00
Project Total	\$30,458,871.00	\$759,217.00	\$31,218,088.00

\*Numbers rounded for presentation purposes.

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

This project is anticipated to be included in a future revenue bond issue for the Water & 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 & 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 approved the Water Department's Fiscal Year 2020-2024 Five-Year Capital Improvement Plan on September 17, 2019. This City Council approved 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 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 - CDM Smith, Inc., is in compliance with the City's BDE Ordinance by committing to 11 percent SBE participation on the Amendment No. 5. The City's goal on this Amendment No. 5 is six percent.

This project serves the entire City and is located in COUNCIL DISTRICT 5.

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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 W&S Commercial Paper Fund for the VCWRF Grit Fac & S Influent PS project to support the execution of the amendment to the engineering contract. Prior to an expenditure being incurred, the Water Department has the responsibility of verifying the availability of funds.

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

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