

Mayor and Council Communication

DATE: 10/20/20

M&C FILE NUMBER: M&C 20-0772

LOG NAME: 60WSIII24INWATERM-TNP

SUBJECT

(CD 3) Authorize Execution of an Engineering Agreement in the Amount of \$485,286.00 with Teague Nall and Perkins, Inc., for Design of the Westside III 24-Inch Water Transmission Main Project, Provide for Project Costs for a Total Project Amount of \$1,892,373.00, Adopt Resolution Expressing Official Intent to Reimburse Expenditures and Proceeds of Future Debt and Adopt Appropriation Ordinance

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of an engineering agreement with Teague Nall and Perkins, Inc., in the amount of \$485,286.00 for the Westside III 24-Inch Water Transmission Main Project;
2. Adopt the attached Resolution expressing official intent to reimburse expenditures with proceeds of future debt for the Westside III 24-Inch Water Transmission Main Project; and
3. Adopt the attached Appropriation Ordinance adjusting appropriations in the Water and Sewer Commercial Paper fund by increasing appropriations in the amount of \$1,892,373.00 for the Westside III 24-Inch Water Transmission Main project (City Project No. 102689) and decreasing appropriations in the Unspecified Project (City Project No. UNSPEC) by the same amount.

DISCUSSION:

This Mayor and Council Communication is to authorize the preparation of plans and specifications for the construction of the Westside III 24-Inch Water Transmission Main Project from the intersection of Chapin School Road and I.H. 20 westerly 11,000 feet to a water ground storage tank site.

The proposed scope of services include design for the transmission main, design survey, environmental permitting, easement preparation, subsurface utility engineering, coordination with various agencies and cathodic protection design.

Teague Nall and Perkins, Inc., proposes to provide all the necessary design services for the transmission main for a fee of \$485,286.00. Staff considers the proposed fee to be fair and reasonable for the scope of services proposed.

In addition to the contract amount, \$1,407,087.00 is required for project management, real property acquisition, public outreach and material testing.

This project will have no impact on the Water Department operating budget when complete.

Funding for Westside III 24-inch Water Transmission Main is depicted below:

Fund	Existing Appropriations	Additional Appropriations	Project Total*
W&S Commercial Paper - Fund 56019	\$0.00	\$1,892,373.00	\$1,892,373.00
Project Total	\$0.00	\$1,892,373.00	\$1,892,373.00

*Numbers rounded for presentation purposes.

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 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: Teague Nall and Perkins, Inc., is in compliance with City's BDE Ordinance by committing to 13 percent SBE participation. The City's SBE goal on this project is 12 percent.

The project is located in COUNCIL DISTRICT 3.

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 Westside III 24-inch Water Transmission Main Project. Prior to any expenditure being incurred, the Water Department has the responsibility of verifying the availability of funds.

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