

Mayor and Council Communication

DATE: 09/15/20

M&C FILE NUMBER: M&C 20-0673

LOG NAME: 60VCWRF GRIT AND THICKENING RPR-FNI

SUBJECT

(CD 5) Authorize Execution of a Professional Services Agreement with Freese and Nichols, Inc., in the Amount of \$1,117,000.00, for Resident Engineering and Construction Inspection Services for the Village Creek Water Reclamation Facility Grit Facility & South Influent Pump Station and the Thickening Process Improvements Projects Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt, and Adopt Appropriation Ordinances

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of a professional services agreement with Freese and Nichols, Inc., in the amount of \$1,117,000.00 for resident engineering and construction inspection services for two projects: Village Creek Water Reclamation Facility Grit Facility & South Influent Pump Station in the amount of \$550,172.00 and Village Creek Water Reclamation Facility Thickening Process Improvements in the amount of \$566,828.00;
2. Adopt the attached Resolution Expressing Official Intent to reimburse expenditures with proceeds from future debt for the Village Creek Water Reclamation Facility and Thickening Process Improvements projects;
3. Adopt the attached Appropriation Ordinance adjusting appropriations in the Water & Sewer Commercial Paper fund by increasing appropriations in the Village Creek Water Reclamation Facility Grit Facility & South Influent Pump Station project (City Project No. 100075) in the amount of \$620,172.00 and decreasing appropriations in the Unspecified project by the same amount; and
4. Adopt the attached Appropriation Ordinance adjusting appropriations in the Water & Sewer Commercial Paper Fund by increasing appropriations in the Village Creek Water Reclamation Facility Thickening Process Improvements project (City Project No. C02647) in the amount of \$636,828.00 and decreasing appropriations in the Unspecified project (City Project No. UNSPEC) by the same amount.

DISCUSSION:

The Village Creek Water Reclamation Facility (VCWRF) is a 166 million gallons per day (MGD) plant, comprised of primary, secondary and tertiary treatment, chlorine disinfection and de-chlorination. The VCWRF produces anaerobically digested biosolids, processed at the Biosolids Dewatering and Processing Facility.

On May 19, 2020 Mayor and Council Communication (M&C) 20-0346, the City Council authorized a construction contract with Crescent Constructors, Inc. (City Secretary No. (CS No.) 54099), and Engineering Amendment No. 4 to CS No. 49049 with CDM Smith, Inc., for the VCWRF grit removal project. On June 23, 2020 (M&C 20-0464), the City Council authorized a construction contract with Eagle Contracting, LP (CS No. 54148), and Amendment No. 1 to CS No. 49500 with Freese & Nichols, Inc. for the VCWRF sludge thickening improvements project.

As both of these large contracts are starting construction at approximately the same time, with a third construction project (South Influent Lift Station) to follow at the treatment plant, it was decided to combine the resident engineering and construction inspection of these projects into one contract for overall inspection control and project efficiencies. A Request for Qualification (RFQ) for the three construction projects was requested from interested engineering firms in April 2020, and Freese & Nichols, Inc. ("FNI") was selected.

As part of this contract, FNI will perform construction inspection services, by providing a part time Resident Engineer (RE) and full time Resident Project Representative (RPR) for two of the three construction projects as the third project has not been advertised for bid. The agreement is expected to be amended in the future to include the third project.

In addition to the contract cost, \$140,000.00 (City Project No. 100075: \$70,000.00; City Project No. C02647: \$70,000.00) is required for project management and inspection by City staff.

Funding for the VCWRF Grit Facility & South Influent Pump Station and VCWRF Thickening Process Improvements projects are depicted respectively 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	\$620,172.00	\$620,172.00
Project Total	\$30,458,871.00	\$620,172.00	\$31,079,043.00

Fund	Existing Appropriations	Additional Appropriations	Project Total*
Water & Sewer Bond 2015A - Fund 56007	\$315,113.00	\$0.00	\$315,113.00
Water & Sewer Bond 2017A - Fund 56011	\$2,109,500.00	\$0.00	\$2,109,500.00
W&S Commercial Paper - Fund 56019	\$19,146,407.00	\$636,828.00	\$19,783,235.00
Project Total	\$21,571,020.00	\$636,828.00	\$22,207,848.00

*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 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.

MWBE OFFICE: Freese and Nichols, Inc., is in compliance with the City's BDE Ordinance by committing to 13 percent SBE participation on this project. The City's goal on this project is 13 percent.

The projects are located in COUNCIL DISTRICT 5 and serves ALL COUNCIL DISTRICTS.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the W&S Commercial Paper fund for the VCWRF VCWRF Grit Fac & S Influent PS and the VCWRF Thickener Process Improv projects to support the execution of the professional services contract. Prior to an expenditure being incurred, the Water Department has the responsibility of verifying the availability of funds.

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