

Mayor and Council Communication

DATE: 06/23/20

M&C FILE NUMBER: M&C 20-0461

LOG NAME: 60M257P2B-MOUNTAINC

SUBJECT

Authorize the Execution of a Contract with Mountain Cascade of Texas, LLC in the Amount of \$7,142,003.00 for the Sanitary Sewer M257 Upper and Middle Village Creek Parallel Relief Main, Part 2B Project and Provide for Project Costs for a Project Total in the Amount of \$24,592,607.00, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt, and Adopt Appropriation Ordinance (COUNCIL DISTRICTS 2 and 7)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of a contract with Mountain Cascade of Texas, LLC, in the amount of \$7,142,003.00, for the Sanitary Sewer M257 Upper and Middle Village Creek Parallel Relief Main, Part 2B project;
2. Adopt the attached Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds from Future Debt for the Sanitary Sewer M257 Upper and Middle Village Creek Parallel Relief Main, Part 2B project; and
3. Adopt the attached Appropriation Ordinance adjusting appropriations in the Water and Sewer Commercial Paper Fund (W&S Commercial Paper) by decreasing appropriations in the UNSPEC project (City Project No. UNSPEC) in the amount of \$7,929,373.00 and increasing appropriations in the Sanitary Sewer M257 Upper and Middle Village Creek Parallel Relief Main, Part 2B by the same amount (City Project No. C01227)

DISCUSSION:

This Mayor and Council Communication provides for the construction of the Sanitary Sewer Main 257 Upper and Middle Village Creek Parallel Relief Main ("UMVCPRM") Part 2B project. In order to expedite construction of the total footage of UMVCPRM, the project was divided into Parts 2A and 2B. Construction of Part 2A is underway.

Construction of the project was advertised for bid on April 16, 2020 and April 23, 2020 in the *Fort Worth Star-Telegram*. On June 4, 2020 the following bids were received:

Bidder	Amount	Calendar Days
Mountain Cascade of Texas, LLC	\$7,142,003.00	540 Calendar Days
Belt Construction of Texas, LLC	\$7,596,303.00	
S.J. Louis Construction of Texas, Ltd.	\$8,564,098.56	
McKee Utility Contractors, Inc.	\$8,650,336.00	
Thalle Construction Co., Inc.	\$10,037,006.00	
Jackson Construction, Ltd.	\$10,142,527.00	

In addition to the contract cost, \$573,110.00 is required for project management, material testing and inspection, and \$214,260.00 is provided for project contingency.

Construction is anticipated to commence in September 2020 and be completed by February 2022. This project will have no impact on the Water Department's operating budget when complete. This project is part of the Water Department's Sanitary Sewer Overflow Initiative Program.

Funding for the Sanitary Sewer Main 257 Upper and Middle Village Creek Parallel Relief Main, Part 2B project is as depicted below:

Fund	Existing Appropriations	Additional Appropriations	Project Total*
W&S Capital Projects - Fund 56002	\$303,000.00	\$0.00	\$303,000.00
Clean Water SRF - Fund 59602	\$969,090.00	\$0.00	\$969,090.00
Sewer Capital Legacy - Fund 59607	\$3,283,000.00	\$0.00	\$3,283,000.00

W&S Bond 2020A-Fund 56017	\$12,108,144.00	\$0.00	\$12,108,144.00
W&S Commercial Paper - Fund 56019	\$0.00	\$7,929,373.00	\$7,929,373.00
Project Total	\$16,663,234.00	\$7,929,373.00	\$24,592,607.00

*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 and 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. Fund 56019 is the current W&S Commercial Paper fund and the name will change to the bond issuance year (Water & Sewer Bond 20XX) once the debt has been sold and a new fund will be created with the name W&S Commercial Paper fund. 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: Mountain Cascade of Texas, LLC, is in compliance with City's BDE Ordinance by committing to 12 percent MBE participation on this project. The City's MBE goal on this project is five percent.

The project is located in COUNCIL DISTRICTS 2 and 7.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in the Unspecified project within the W&S Commercial Paper fund and 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 SS Main 257 Part 2 Upper and Middle Village Creek Parallel Relief Main, Part 2B project to support the approval of the above recommendations and execution of the contract. Prior to any expenditure being incurred, the Water Department has the responsibility of verifying the availability of funds.

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