

Mayor and Council Communication

DATE: 09/17/19

M&C FILE NUMBER: M&C 19-0166

LOG NAME: 603MGDPHT-ARCHERWC

SUBJECT

Authorize Execution of Amendment No. 6 in the Amount of \$88,642.00 to City Secretary Contract No. 48498 an Engineering Agreement with Freese and Nichols, Inc., for Inspection Services for the Pump and Hydropneumatic Tank at Eagle Mountain Water Treatment Plant Project, for a Revised Contract Amount of \$774,131.00; Authorize Execution of a Contract with Archer Western Construction, LLC, in the Amount of \$1,023,700.00 for Construction of a 3 Million Gallons per Day Pump and Hydropneumatic Tank at Eagle Mountain Water Treatment Plant, Provide for Project Costs for a Project Total in the Amount of \$7,470,788.00, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt and Adopt Appropriation Ordinance (COUNCIL DISTRICT 7)

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 3 Million Gallon per Day (MGD) pump and hydropneumatic tank at Eagle Mountain Water Treatment Plant project; and
2. Adopt the attached Appropriation Ordinance increasing estimated receipts and appropriations in the Water & Sewer Commercial Paper Fund in the amount of \$1,273,329.00 for 3MGD pump and hydropneumatic Tank at Eagle Mountain Water Treatment Plant project; and
3. Authorize the execution of Amendment No. 6 in the amount of \$88,642.00 to City Secretary Contract No. 48498, an Engineering Agreement with Freese and Nichols, Inc., for inspection services for the 3MGD pump and hydropneumatic Tank at Eagle Mountain Water Treatment Plant project; and
4. Authorize the execution of a contract with Archer Western Construction, LLC, in the amount of \$1,023,700.00 for construction of a 3MGD pump and hydropneumatic tank at Eagle Mountain Water Treatment Plant (City Project No. 100277).

DISCUSSION:

This Mayor and Council Communication provides for the construction of the 3 Million Gallons per Day pump and hydropneumatic tank at Eagle Mountain Water Treatment Plant project. The proposed pump and tank will provide for increased capacity and delivery reliability to existing and future customers in the vicinity of the Eagle Mountain Water Treatment Plant.

On December 13, 2016, (M&C C-28046), the City authorized an engineering agreement in the amount of \$386,311.00 with Freese and Nichols, Inc. for the installation of a 24-inch water line, hydro-pneumatic tank and pressure regulating station in order to create a high pressure zone to provide water service for developments located along the upper elevation ridge lines located north of the Eagle Mountain Water Treatment Plant. The agreement was subsequently revised by Amendment No. 1 in the amount of \$6,963.00 administratively authorized February 28, 2017, Amendment No. 2 in the amount of \$34,592.00 authorized by M&C C-28316 on August 1, 2017, Amendment No. 3 in the amount of \$43,182.00 administratively authorized October 25, 2017, Amendment No. 4 in the amount of \$165,429.00 authorized May 15, 2018 by M&C C-28684 and Amendment No. 5 in the amount of \$49,012.00 administratively authorized January 24, 2019.

Development activity now requires that the pumping and storage capacity be further increased to this newly created high pressure zone within the water system. This Mayor and Council Communication provides for the installation of a 3MGD rated pump and motor, along with piping, valves electrical and a second hydropneumatic tank at the Eagle Mountain Water Treatment Plant.

Amendment No. 6 will allow Freese and Nichols, Inc., ("FNI") to provide inspection services during construction of the project. 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 May 30, 2019 and June 6, 2019 in the [Fort Worth Star-Telegram](#). On July 11, 2019 the following bids were received:

BIDDER	AMOUNT	TIME OF COMPLETION
Archer Western Construction, LLC	\$1,023,000.00	395 Calendar Days
Felix Construction Company	\$1,225,740.00	
Gracon Construction Inc.	\$1,290,000.00	

In addition to the contract cost, \$109,802.00 is required for Project Management, inspection and material testing and \$51,185.00 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 one-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 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.

Construction is anticipated to commence in October, 2019 and be completed by October, 2020. This project will have no impact on the Water Department's Operating Budget when complete.

M/WBE OFFICE: Archer Western Construction, LLC, is in compliance with the City's BDE Ordinance by committing to six percent MBE participation on this project. The City's MBE goal on this project is five percent.

FNI: A waiver of the goal for MBE/SBE subcontracting requirements was requested by the Department and approved by the MWBE Office in accordance with the MWBE Ordinance, because the MWBE Waiver is based on the sole source information provided to the MWBE Office by the managing department's project manager.

The project is located in COUNCIL DISTRICT 7.

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 for the 3MGD pump and hydropneumatic tank at Eagle Mountain Water Treatment Plant Project. 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 \$122,184,006.00 for future capital projects. Funding for the 3MGD pump and hydropneumatic tank at Eagle Mountain Water Treatment Plant project is as depicted below:

FUND	Existing Appropriations	Additional Appropriations	Project Total*
W&S Community Facilities Agmt - Fund 56008	\$868,323.00	\$0.00	\$868,323.00
Water & Sewer Bond 2017A- Fund 56011	\$5,329,136.00	\$0.00	\$5,329,136.00
W & S Commercial Paper - Fund 56017	\$0.00	\$1,273,329.00	\$1,273,329.00
Project Total	\$6,197,459.00	\$1,273,329.00	\$7,470,788.00

*Numbers rounded for presentation purposes.

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