

Mayor and Council Communication

DATE: 02/08/22

M&C FILE NUMBER: M&C 22-0101

LOG NAME: 60WSGEN&EMERPLANA2-FNI

SUBJECT

(CD 3, CD 6, CD 8 and CD 9) Authorize Execution of Amendment No. 2 to an Engineering Agreement with Freese & Nichols, Inc., in the Amount of \$1,585,391.00, for Additional Services to the Westside Water Treatment Plant Generators and Emergency Preparation Plan for Power Generation at the North and South Holly Water Treatment Plants Project, Adopt Attached Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt, and Adopt Attached Appropriation Ordinance

RECOMMENDATION:

It is recommended that City Council:

1. Authorize execution of Amendment No. 2 to an engineering agreement with Freese & Nichols, Inc., in the amount of \$1,585,391.00, for additional services to the Westside Water Treatment Plant Generators and Emergency Preparation Plan for Power Generation at the North and South Holly Water Treatment Plants project for revised contract amount of \$2,818,518.00;
 2. Adopt the attached resolution expressing official intent to reimburse expenditures with proceeds from future debt for the Westside Water Treatment Plant Generators and Emergency Preparation Plan for Power Generation at the North and South Holly Water Treatment Plants project; and
 3. Adopt the attached appropriation ordinance adjusting appropriations in the Water and Sewer Commercial Paper Fund in the amount of \$1,585,391.00, by increasing appropriations in the Westside Water Treatment Plant Generators and Emergency Preparation Plan for Power Generation at the North and South Holly Water Treatment Plants project (City Project No. 103410) and decreasing appropriations in the Unspecified project (City Project No. UNSPEC) by the same amount.
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DISCUSSION:

The February 2021 Deep Freeze caused power failures to Eagle Mountain Water Treatment Plant (EMWTP), the Westside Water Treatment Plant (WSWTP) and affected the North and South Holly Water Treatment Plants, along with power supply and freezing issues at some pump stations. In response to the power outages, the Water Department implemented a series of projects to minimize the effects of future power failures and/or freezing temperatures on Water Facilities. In addition, the State of Texas enacted a law, Senate Bill 3 (SB3), requiring the submittal of an Emergency Preparedness Plan by March 1, 2022.

On June 22, 2021, Mayor and Council Communication (M&C 21-0480) authorized an engineering agreement with Freese and Nichols, Inc. (City Secretary Contract No. 55946) in the amount of \$1,215,325.00 for the Westside Water Treatment Plant Generators and Emergency Preparation Plan for Power Generation at the North and South Holly Water Treatment Plants project.

The original scope of service included the following: Preparation of the required SB 3 Emergency Preparedness Plan by March 1, 2022 for responding to extended electric power failures; Design and preparation of construction documents for the installation of emergency electric generators at the Westside Water Treatment Plant; and Study and prepare a plan for emergency power at the North and South Holly Water Treatment Plants.

The agreement was subsequently revised by Amendment No. 1 in the amount of \$17,802.00 administratively authorized November 4, 2021 to provide for additional coordination and review of ONCOR's design load sheet for an electrical service connection on the west property line of the Eagle Mountain Water Treatment Plant.

Amendment No. 2 will allow for design, bid, and construction phase services for backup power including electrical switchgear and generators in order to maintain functionality of these assets in the event of future deep freezes at the following Water Department pump stations: Alta Mesa , Edwards Ranch , Eastside and Como. The amendment will also provide construction phase services for the installation of Westside Water Treatment Plant Backup Generators project.

Freese & Nichols, Inc. proposes to perform the additional services for a fee not to exceed \$1,585,391.00. Staff considers the fee to be fair and reasonable for the services proposed.

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. 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. Under federal law, debt must be issued within approximately three years in order for these expenses to be reimbursable. Adoption of the attached resolution does not obligate the City to sell bonds, but preserves the ability of the City to reimburse itself from tax-exempt bond proceeds.

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 until revenue bonds are issued. The current remaining balance is \$49,056,750.00. After this transfer of \$1,585,391.00, the

balance will be \$47,471,359.00 for future capital projects.

Funding for the WS Generators and Emergency Preparation Plan project is depicted below:

FUND	Existing Appropriations	Additional Appropriations	Project Total*
W&S Commercial Paper – Fund 56020	\$1,320,325.00	\$1,585,391.00	\$2,905,716.00
Project Total	\$1,320,325.00	\$1,585,391.00	\$2,905,716.00

*Numbers rounded for presentation purposes.

Business Equity – Freese & Nichols, Inc. agrees to maintain its initial M/WBE commitment of eight percent that it made on the original agreement and extend and maintain that same M/WBE commitment of eight percent to all prior amendments up to and inclusive of this Amendment No. 2. Therefore, Freese & Nichols, Inc. remains in compliance with the City’s M/WBE Ordinance and attests to its commitment by its signature on the Acceptance of Previous M/WBE Commitment form executed by an authorized representative of its company.

The project is located in Council Districts 3, 6, 8 and 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in the Unspecified-All Funds 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 WS Gen & Emer Prep Plan project to support the approval of the above recommendation and execution of the contract. Prior to any expenditure being incurred, the Water Department has the responsibility to validate the availability of funds.

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Expedited