

# Mayor and Council Communication

**DATE:** 06/23/20

**M&C FILE NUMBER:** M&C 20-0460

**LOG NAME:** 60LALS-BARCANDFNI

**SUBJECT**

Authorize Execution of Amendment No. 4 in the Amount of \$392,668.00 to an Engineering Agreement with Freese and Nichols, Inc. for the Lake Arlington Lift Station and Force Main Project, Authorize Execution of a Contract with Bar Constructors, Inc. in the Amount of \$10,077,693.00 for the Lake Arlington Force Main Project and Provide for Project Costs for a Project Total in the Amount of \$20,371,235.00, Adopt a Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Debt, and Adopt Appropriation Ordinance (COUNCIL DISTRICT 5)

**RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize execution of Amendment No. 4 to City Secretary Contract No. 50312, an Engineering Agreement with Freese and Nichols, Inc. in the amount of \$392,668.00, for construction support services for the Lake Arlington Lift Station and Force Main project for a revised contract amount of \$20,371,235.00 (City Project No. 100995);
2. Authorize execution of a contract with Bar Constructors, Inc., in the amount of \$10,077,693.00, for the Lake Arlington Force Main project;
3. Adopt the attached Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds from Future Debt for Lake Arlington Lift Station and Force Main project; and
4. Adopt the attached Appropriation Ordinance adjusting appropriations in the Water & Sewer Commercial Paper (W&S Commercial Paper) Fund by decreasing appropriations in the UNSPEC project (City Project No. UNSPEC) in the amount of \$11,064,526.00 and increasing appropriations in the Lake Arlington Lift Station and Force Main project by the same amount.

**DISCUSSION:**

On January 30, 2018 Mayor and Council Communication (M&C C-28566) the City Council authorized the execution of an engineering agreement with Freese and Nichols, Inc., in the amount of \$3,099,361.00 for the preparation of plans and specifications for the Lake Arlington Lift Station and Force Main Project.

The agreement was subsequently revised by Amendment No. 1 in the amount of \$229,755.00 authorized March 19, 2019 (M&C C-29067), Amendment No. 2 in the amount of \$366,044.00 authorized June 25, 2019 (M&C C-29178) and Amendment No. 3 in the amount of \$211,344.00 authorized March 3, 2020 (M&C 20-0137).

Amendment No. 4 will provide construction support phase services including inspection, project submittal reviews, change order review, record drawings, and lift station start up.

Construction of the project was advertised for bid on April 9, 2020 and April 16, 2020 in the *Fort Worth Star-Telegram*. On May 14, 2020 the following bids were received:

Bidder	Base Bid	Contract Time
Bar Constructors, Inc.	\$10,077,693.00	487 Calendar Days
Crescent Constructors, Inc.	\$10,573,000.00	
Felix Construction Company	\$10,764,021.00	
Gracon Construction, Inc.	\$11,763,810.00	

In addition to the contract cost, \$392,611.00 is required for project management and inspections, and \$201,554.00 is provided for project contingency.

Construction is anticipated to commence in August 2020 and be completed by December 2021. 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 Lake Arlington Lift Station and Force Main project is depicted in the table below.

Fund	Existing Appropriations	Additional Appropriations	Project Total*
W&S Capital Project 2018 - Fund 56014	\$9,306,709.00		\$9,306,709.00

WS Capital Project 2020A - Fund 56019		\$11,064,526.00	\$11,064,526.00
Project Total	\$9,306,709.00	\$11,064,526.00	\$20,371,235.00

\*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. 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: Bar Constructors, Inc. is in compliance with the City's BDE Ordinance by committing to nine percent MBE participation on this project. The City's MBE goal on this project is six percent. Additionally, Bar Constructors, Inc. is a certified M/WBE firm.

MWBE OFFICE: Freese and Nichols, Inc. - A waiver of the goal for MBE/SBE subcontracting requirements was requested by the Department and approved by the OBD, in accordance with the MWBE or DBE ordinance, because the purchase of goods or services is from sources where subcontracting or supplier opportunities are negligible.

The project is located in COUNCIL DISTRICT 5 and CITY OF KENNEDALE.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the Water & Sewer Commercial Paper (W&S Commercial Paper) Fund for the Lake Arlington Lift Station and Force Main (Lake Arlington, FM, LS and SS) project to support the approval of the above recommendation and execution of the amendment to the engineering agreement and construction contract. Prior to an expenditure being incurred, the Water Department has the responsibility of verifying the availability of funds.

**Submitted for City Manager's Office by:** Dana Burghdoff 8018

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