

**To the Mayor and Members of the City Council****April 18, 2023**

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**SUBJECT: FORT WORTH CENTRAL CITY STORMWATER AND WATER
PROJECT COSTS AND REIMBURSEMENT PLAN**

This report is provided to update City Council on the Fort Worth Central City (FWCC) Stormwater and Water Relocation projects, the cost escalation seen with the recent bids, staff's plan to fund these projects, and the agreement with Tarrant Regional Water District (TRWD) for reimbursement of eligible costs. In accordance with the inter-agency agreement for programmatic funding that was memorialized in an Interlocal Cooperation Agreement in 2013, the Transportation and Public Works Department, Stormwater Division, and Water Department are advancing the relocation of existing drainage and water infrastructure that are necessary precursors to the U.S. Army Corps of Engineer's (USACE) Fort Worth Central City Flood Control Project, and are currently on the USACE's critical path schedule. These relocations are required to be complete before the future Trinity River bypass channel construction can commence.

Since 2003, the City has been a partner with Tarrant County, TRWD, the USACE and other parties in the planning and implementation of the Central City Flood Control Project. This includes the letting and managing of the relocation of existing City infrastructure that is in conflict with components of the future flood control project. Those required relocations include the following remaining Stormwater and Water/Sewer projects:

Stormwater

- Grand Avenue
- Main Street Outfall
- Cemetery Outfall and Houston Street
- Bazaar Outfall
- Viola Outfall
- Greenleaf Outfall
- University

Water

- Part 5 Beach Street
- Part 10 and 11 Bypass Channel Segment A
- Part 13 Bypass Channel Segment D
- Part 14 Bypass Channel Segment C
- Part 23 Bypass Channel Segment D
- Part 24 University Drive
- Part 25 Clear Fork Isolation Gate

TRWD Reimbursement

The above-described relocation projects are eligible for Trinity River Vision Tax Increment Financing District #9 (TIF) funding pursuant to the Trinity River Vision TIF project plan. As the TIF does not currently generate sufficient funding to advance these precursor local projects on schedule, TRWD agreed through the 2013 Interlocal Cooperation Agreement to provide certain interim funding to the City for these local expenses. Before now, those funds have been provided as reimbursement of eligible project costs at completion of individual contracts.

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TRWD has recently agreed to reimburse the City for FWCC-necessitated expenses on an annual basis, rather than at contract completion, including for contracts already underway. Annual reimbursements will provide the City with more timely replenishment of funds, minimizing impacts to other planned capital projects. In accordance with the Interlocal Cooperation Agreement, TRWD intends to continue fully reimbursing all eligible local project expenses. In addition, for the purpose of ensuring a common understanding regarding reimbursement expectations, TRWD and the City exchange a signed letter describing eligible/ineligible expenses, expected reimbursement amount, and timing for each FWCC-related contract issued by the City.

Grand Avenue Storm Drain Relocation Project

The Grand Avenue Storm Drain Relocation Project received bids on March 23rd, 2023, with the low bid coming in at \$22.8M. The initial estimate for this project was around \$10M. This is the second time staff bid this project, with both times resulting in comparable bids. Anticipating that bids may continue to come in over budget, the Stormwater Division and Water Department have developed a strategy, in coordination with TRWD, to fund these current and future projected construction costs.

Stormwater Funding Strategy

With the USACE's receipt of \$403M in 2022, and another \$20M just last month, the design and construction of the Fort Worth Central City project is upon us. In its commitment to support this important project and partnership, the City has prioritized relocating necessary utilities on the USACE's critical path schedule, understanding there will be impacts to other capital projects. The reimbursement and funding strategy is intended to minimize those impacts to the extent possible.

To fund Grand Avenue and future FWCC Stormwater relocation projects, staff has developed the following strategy:

- When presenting to the Mobility Infrastructure Transportation Committee on March 21, 2023, the bond delivery goals presented were based on \$10M of our FY23 Stormwater revenue bond going toward FWCC drainage projects. However, based on the recent Grand Avenue bid, we are now estimating that approximately \$15.6M of the \$40.25M revenue bond will need to go toward the FWCC drainage projects.
- The initial total estimated budget we developed for the above FWCC drainage projects was \$22.9M as of May 2022.

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- On April 6, 2023, the USACE approved moving the Cemetery Outfall Structure out the above list of FWCC drainage projects and placed it into the bypass channel scope. This reduced the scope of one of the City's projects significantly.
- Based on updated estimates for the remaining drainage projects to be constructed by the City and considering the recent Grand Avenue bid, we are estimating an updated total Stormwater FWCC cost between \$53.8M and \$60.5M.
- Due to the need to fund the Grand Avenue construction project in April 2023 to maintain the USACE's critical path schedule, Staff has identified Stormwater projects from which funding can be harvested since the FY23 revenue bond funding will not be available until June 15, 2023. Some of the funding will come from residuals of completed projects, and not need to return to the projects. Additional funding will be harvested from projects that will need the funding returned to them so they can be advertised for construction.
- To keep the FWCC Grand Avenue project moving forward, funding will be taken from the following projects:
 - Shore View and Bomber HROM by \$200,000.00 (City Project No. 103051),
 - Westcliff Drainage project by \$488,000.00 (City Project No. C01669),
 - Fairmount at Morphy project by \$1,015,065.00 (City Project No. 103058),
 - Quail Road HROM project by \$198,106.00 (City Project No. 103053),
 - Cunningham Rd HROM project by \$546,503.00 (City Project No. 104018),
 - SW Hazardous Rd Overtopping project by \$4,622,710.77 (City Project No. P00120),
 - Haltom Rd HROM project \$350,826.25 (City Project No 103887),
 - Total Channel Restoration Bond project \$1,233,313.33 (City Project No P00136);
 - FWCC University project by \$1,384,000.00 (City Project No. 103263),
 - Central Arlington Heights (CAH) Voluntary Acq project \$2,250,000.00 (City Project No 101262),
 - FWCC Viola project \$1,830,000.00 (City Project No 103264);
- The Main Street Outfall FWCC drainage project will also need to be awarded before the FY23 revenue bond funding is available so approximately \$10.9M will also need to be harvested from Stormwater projects to meet the USACE's critical path schedule.
- Once the FY23 revenue bond funding is received, the remainder of funding not going toward FWCC drainage projects, \$24.65M, will be used to advance the highest priority stormwater projects until the City receives reimbursement from TRWD. This includes allocating \$3M toward developing several large-scale flood mitigation projects to mitigate flooding problems to homes and businesses. This will give Stormwater the ability to apply for construction funding sources where fleshed out, developed projects are needed for application
- Once received from TRWD, the reimbursement funding will be reallocated to projects intended to be delivered as a part of the 5-year Stormwater revenue bond program.

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The Water Utility uses its Callable Commercial Paper (CP) program to provide appropriation authority for capital projects identified in its Capital Improvement Program. This authority enables the utility to award capital contracts that ultimately will be financed by longer term revenue bonds. Once revenue bonds are issued, the CP authority is restored, to be used for new projects. On February 14, 2023 (M&C 23-0105) the City Council approved an increase in the CP authority from \$150 million to \$225 million. This increase will provide additional authority that the utility will use to award its FWCC contracts; however, rather than issuing revenue bonds each year, the TRWD will provide annual reimbursements of actual costs prior to fiscal year-end, at the City's request, to restore the authority. This process allows the FWCC projects to move forward without issuing debt and provides the best value to the utility's ratepayers.

Next Steps

The Stormwater Division is moving forward with the April 25, 2023, M&C for the FWCC Grand Avenue Storm Drain Relocation Project due to the USACE's critical path schedule. We are also working with the Finance Department and the City's Financial Advisors to explore alternative funding mechanisms including the creation of a new Commercial Paper Program for the Stormwater Fund. Similar to the Water and Sewer Commercial Paper Program, this financing tool could provide additional appropriation authority and necessary liquidity to facilitate Fort Worth Central City Projects while reducing project delays to Stormwater projects. The process to establish a new commercial paper program would take approximately two months.

Questions about this Informal Report can be directed to Jennifer Dyke, TPW Assistant Director of Stormwater Management at 817-392-2714 and Jan Hale, Water Deputy Director, at 817-392-8438.

**David Cooke
City Manager**