

# Mayor and Council Communication

**DATE:** 06/16/20

**M&C FILE NUMBER:** M&C 20-0435

**LOG NAME:** 60TRADITION WINDING MEADOW DR SEWER OVERSIZING

**SUBJECT**

Authorize Execution of an Amendment to City Secretary Contract Number 53652, a Community Facilities Agreement with HT HWY 114 Development LP with City Participation in an Amount Not to Exceed \$492,204.00 for Oversizing Sewer Mains in the Vicinity West of FM 156 and Highway 114 to Serve Tradition Central Development and Anticipated Future Growth in North Fort Worth, Adopt Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds of Future Revenue Bond Issuance for the Water and Sewer Fund for City Participation and Adopt Appropriation Ordinance (COUNCIL DISTRICT 7)

**RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the execution of an amendment to City Secretary Contract Number 53652, a Community Facilities Agreement with HT HWY 114 Development LP with city participation in an amount not to exceed \$492,204.00 for oversizing sewer mains in the vicinity west of FM 156 and SH 114 to serve Tradition Central Development and anticipated future growth in north Fort Worth (City Project Number 102307);
2. Adopt the attached resolution expressing official intent to reimburse expenditures with proceeds of future debt to include funding for CFA-Winding Meadows Drive project; and
3. Adopt the attached appropriation ordinance adjusting appropriations in the Water & Sewer Commercial Paper Fund by decreasing appropriations in the UNSPEC project (City Project No. UNSPEC) in the amount of \$492,204.00 and increasing appropriations in the CFA bucket (City Project No. P00001) by the same amount to fund the CFA-Winding Meadows Drive project.

**DISCUSSION:**

HT HWY 114 Development LP (Developer) is constructing the Tradition Central Development (Development) located north of Highway 114 and west of Interstate 35W on FM 156. The Developer executed a Community Facilities Agreement (CFA) with the City for the construction of public infrastructure for Winding Meadows Drive phase of the project (City Secretary Contract Number 53652). After execution of the CFA, the Developer requested to increase the size of the sewer mains in the CFA and the Water Department would like to cost participate to oversize a proposed 18-inch sewer main to a 24-inch sewer main and to oversize a 15-inch sewer main to a 24-inch sewer main. The oversized sewer mains will serve the Tradition Central Development and anticipated future growth in north Fort Worth. Tradition-Winding Meadows Drive Project assigned City Project No. 102307 Accela System Record IPRC19-0207. The City will not participate in cost of inspection and material testing fees. In accordance with Chapter 212, Subchapter C of the Texas Local Government Code, the City's participation in the contract is exempt from competitive bidding requirements because the contract is for oversizing public improvements being constructed by the developer, the developer will execute a performance bond to cover the total project cost, including all of the City's cost participation, and the City's cost participation will be determined in accordance with the City's CFA Unit Price Ordinance. The City's cost participation in the construction and oversizing of the sewer mains is estimated to be in an amount not to exceed \$492,204.00 as shown in the table below:

A. Construction	Developer Cost	City Cost	Total Cost
1. Water	\$3,133,610.00	\$0.00	\$3,133,610.00
2. Sewer	\$661,888.00	\$410,170.00	\$1,072,058.00
Contingency 20%	\$759,100.00	\$82,034.00	\$841,134.00
B. TPW Construction			
1. Street	\$3,264,236.50	\$0.00	\$3,264,236.50
2. Storm Drain	\$1,176,421.00	\$0.00	\$1,176,421.00
3. Street Lights Installed by Developer	\$337,362.00	\$0.00	\$337,362.00
4. Signals	\$0.00	\$0.00	\$0.00
C. Inspection Fees	\$67,375.00	\$0.00	\$67,375.00
D. Administrative Material Testing	\$33,369.00	\$0.00	\$33,369.00

E. Water Testing Lab Fee	\$1,740.00	\$0.00	\$1,740.00
Total Project Fees	\$14,213,121.00	\$492,204.00	\$14,705,325.00

The reimbursement of the participation, excluding inspection and material testing fees, is not a lump-sum amount and may be less than the stated amount depending upon the actual quantities and unit prices from the Notice of Final Completion package, commonly referred to as the Green Sheet package.

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 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 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.

This development is located in Council District 7.

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**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 (56019) CFA Bucket project which in turn will fund the CFA- Winding Meadows Drive Project. Prior to any expenditure being incurred, the Water Department has the responsibility to validate the availability of funds.

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

**Originating Business Unit Head:** Chris Harder 5020

**Additional Information Contact:** Soon Wong 8369