

City of Fort Worth, Texas

# Mayor and Council Communication

DATE: 04/13/21 M&C FILE NUMBER: M&C 21-0286

LOG NAME: 60SS M-295 M-329 HANNA RANCH REPLACEMENT

SUBJECT

(CD 8) Authorize Execution of a Community Facilities Agreement with Legends of Hanna Ranch, Ltd., with City Participation in the Amount Not to Exceed \$7,574,786.00, for Replacing Public Sanitary Sewer Mains M-295 and M-329, Located in Village Creek Basin, Adopt Attached Resolution Expressing Official Intent to Reimburse Expenditures with Proceeds from Future Debt and Adopt Attached Appropriation Ordinance

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of a community facilities agreement with Legends of Hanna Ranch, Ltd., with City participation in the amount not to exceed \$7,574,786.00, for replacing public sanitary sewer mains M-295 and M-329;
2. Adopt the attached resolution expressing official intent to reimburse expenditures with proceeds of future debt for the Community Facilities Agreement – Sanitary Sewer Mains M-295 and M-329 project; and
3. Adopt the attached appropriation ordinance adjusting appropriations in the Water and Sewer Commercial Paper Fund by increasing appropriations in the amount of \$8,711,004.00 in the Community Facilities Agreement Bucket programmable project (City Project No.P00001), and decreasing appropriations in the Unspecified project (City Project No. UNSPEC) by the same amount for the purpose of funding the Community Facilities Agreement – Sanitary Sewer Mains M-295 and M-329 project (City Project No. 102152).

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is for the City to participate with Legends of Hanna Ranch, Ltd (Developer), for replacing and oversizing public sanitary sewers M-295 and M-329, which provide service to the City of Fort Worth as well as the City of Everman in the Village Creek basin. The project will replace a fifty year-old sanitary sewer main and provide additional capacity for future growth within the basin. This project is included in the Sanitary Sewer Overflow Agreement with the Texas Commission on Environmental Quality (TCEQ).

The Developer is constructing the Hanna Ranch Development (Development) located southeast of Interstate Highway (IH) 35W and E. Altamesa Blvd. The Development requires 0.69 millions of gallons per day (MGD) sewer capacity, which will be provided as part of the sewer main replacements in the project. The Developer has agreed to construct the project as part of the Development. The City will cost participate in the construction at 94.25% and the Developer will be responsible for 5.75%. In addition, the City has identified another portion of sanitary sewer main M-329 in need of replacing, this will be covered by the City at 100%. The overall project is assigned IPRC20-0005, Unit 1 is the portion that has 94.25% City cost participation, and Unit 2 is covered 100% by the City. The Developer will reimburse the City for 5.75% of the cost of all easements necessary for the project prior to being entitled to receive a notice to proceed to construction from the City for the project.

This sewer project will be publicly bid. The City participation in the construction cost of the replacement of these sewer mains is estimated to be in an amount not to exceed \$7,574,786.00 as shown in the table below. Payments to the Developer are estimated to be \$7,236,489.66 for construction cost and \$144,728.80 for material testing. The remaining City participation in the estimated amount of \$193,616.77 will cover the City's portion of inspection fees and administrative material testing fees.

Unit 1			
94.25% City / 5.75% Dev	Developer Cost	City Cost	Total Cost
Construction Costs	\$363,559.34	\$5,959,211.81	\$6,322,771.15
Construction Fees:			
A. Construction Inspection Fee	\$8,593.37	\$140,856.63	\$149,450.00
B. Admin Material Testing Fee	\$943.86	\$15,471.14	\$16,415.00

<b>Estimated Material Testing Cost</b>	\$7,271.19	\$119,184.24	\$126,455.43
Total Cost Unit 1	\$380,367.76	\$6,234,723.82	\$6,615,091.58
<b>Unit 2</b>			
<b>100% City</b>	<b>Developer Cost</b>	<b>City Cost</b>	<b>Total Cost</b>
Construction Costs	\$0.00	\$1,277,227.85	\$1,277,227.85
<b>Construction Fees:</b>			
A. Construction Inspection Fee	\$0.00	\$34,300.00	\$34,300.00
B. Admin Material Testing Fee	\$0.00	\$2,989.00	\$2,989.00
<b>Estimated Material Testing Cost</b>	\$0.00	\$25,544.56	\$25,544.56
Total Cost Unit 1	\$0.00	\$1,340,061.41	\$1,340,061.41
<b>Total</b>			
	<b>Developer Cost</b>	<b>City Cost</b>	<b>Total Cost</b>
Total Cost Unit 1	\$380,367.76	\$6,234,723.82	\$6,615,091.58
Total Cost Unit 2	\$0.00	\$1,340,061.41	\$1,340,061.41
Contingency (15%)	\$0.00	\$1,136,217.78	\$1,136,217.78
<b>*Total Project Cost</b>	<b>\$380,367.76</b>	<b>\$8,711,003.01</b>	<b>\$9,091,370.77</b>

\*Numbers will be rounded up for accounting purposes.

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 & 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 the 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, the 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.

Funding for the CFA-SS Mains M-295 and M-329 as depicted in the table below:

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Fund	Existing Appropriations	Additional Appropriations	Project Total*
Water & Sewer Bond 2020A Fund 56017	\$929,602.00	\$0.00	\$929,602.00
Water & Sewer Commercial Paper Fund 56019	\$0.00	\$8,711,004.00	\$8,711,004.00
Project Total	\$929,602.00	\$8,711,004.00	\$9,640,606.00

\*Numbers rounded for presentation purposes.

Business Equity: Offerors are strongly encouraged to comply with the intent of the City's Business Diversity Enterprise Ordinance to utilized Minority Business Enterprises or Small Business Enterprises on the City-funded portion of the Community Facility Agreement.

This project is located in COUNCIL DISTRICT 8.

**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 resolution and appropriation ordinance, funds will be available in the W&S Commercial Paper Fund for the CFA Bucket programmable project to fund the CFA-S.S. Mains M-295 and M-329 project and support the approval of the above recommendations and execution of the community facilities agreement. 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

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

**Additional Information Contact:** Soon Wong 8369

Expedited