

Mayor and Council Communication

DATE: 06/22/21

M&C FILE NUMBER: M&C 21-0480

LOG NAME: 60WSGEN&EMERPLAN-FNI

SUBJECT

(CD 3 and CD 9) Authorize Execution of an Engineering Agreement with Freese & Nichols, Inc., 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, 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 an engineering agreement with Freese & Nichols, Inc., 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;
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 Generators at the North and South Holly Water Treatment Plants project; and
3. Adopt the attached appropriation ordinance adjusting receipts and appropriations in the Water and Sewer Commercial Paper Fund in the amount of \$1,320,325.00, 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.

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 and freezing issues at some pump stations. In response to the power outages, the Water Department is implementing a series of projects to minimize the effects of future power failures and/or freezing problems on Water Facilities. In addition, the State of Texas has passed as law Senate Bill 3 (SB3) requiring that an Emergency Preparedness Plan be submitted by March 1, 2022.

The proposed scope of services for this project included:

- Preparation of the regulatory required SB3 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 plans for emergency power at the North and South Holly Water Treatment Plants.

Freese & Nichols proposes to perform the necessary services for a fee not to exceed \$1,215,325.00. Staff considers the fee to be fair and reasonable for the services proposed. In addition to the contract amount, \$105,000.00 is required for project management.

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.

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

Fund	Existing Appropriations	Additional Appropriations	Project Total*
W&S Commercial Paper - Fund 56020	\$0.00	\$1,320,325.00	\$1,320,325.00
Project Total	\$0.00	\$1,320,325.00	\$1,320,325.00

*Numbers rounded for presentation purposes.

this project. The City's goal on this project is eight percent.

The project is located in Council Districts 3 and 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in the UNSPEC 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 of verifying the availability of funds.

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Expedited