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**CITY OF PORT LAVACA**

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**COUNCIL MEETING:** NOVEMBER 13, 2024

**AGENDA ITEM:** 7

**DATE:** 11.13.2024

**TO:** HONORABLE MAYOR AND CITY COUNCIL MEMBERS

**FROM:** JODY WEAVER, INTERIM CITY MANAGER

**SUBJECT:** PROPOSED NEXT STEPS FOR WWTP EXPANSION PROJECT  
(AECOM Task Order #8)

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As we have discussed a few times, the current \$39M cost estimate for the Expansion to the Wastewater Treatment Plant is based upon a 30% Preliminary engineering design, which includes quite a lot of contingency and uncertainty in the estimated total cost amount.

To tighten up on this estimate and have more confidence in the dollar amount needed to construct this mandated project, we must complete the engineering design. AECOM has submitted the enclosed Task order #8 for Council's consideration. The Basic and Additional services of this Task Order total to \$1.36M and include the Final Design, Geotech, Environmental Information Document, Permit renewal, and bidding and are summarized on page 110 of the packet.

We have thus far generated about \$1.1M of interest from the 2022 and 2024 series bonds and continue to gain interest. We are proposing to utilize these interest funds to pay the cost for AECOM's Task Order # 8 until we are ready to close on the loan for the construction dollars. We will include in that single issuance of CO's enough money to reimburse ourselves for these upfront engineering costs.

With an authorization to proceed in November, AECOM will have at least 90% engineering completed by June, at which time we will need to either make application to TWDB for an extension or begin the process to close on the loan by the August deadline.

With earnest and continued efforts on the part of the City, we can reasonably expect TWDB to approve for an extension of 6-8 months, but not one year, as the TWDB no longer approves multi-year commitments. That could reasonably put us around March 2026. We probably won't have bids back by this time, but we would have a much better construction cost estimate based upon a 100% completed and TCEQ approved design.

**RECOMMENDATION:**

Approve AECOM Task Order #8, with the understanding that staff will bring back a reimbursement resolution within the time prescribed by law such that the TWDB loan proceeds can be used to reimburse the city for these upfront engineering costs.

NOTE: The reason we are not pursuing an initial TWDB closing specifically for the engineering fees is that we received clarification from TWDB that we could do this, however, the design funds would not be released until the Environmental Information Document was prepared and approved, which can take a year or so. By using our funds initially, the Environmental Information Document can be prepared concurrently with the engineering design. In other words, other than the \$70,000 for the EID, we would not receive any fund from this initial issuance until we would be working on the issuance for construction dollars. So it makes more sense to wait and include this \$1.36M in the one-time issuance and then reimburse ourselves back.