

It's real.

MEMORANDUM

To: Mayor and City Council Members
Steve Parker, City Manager

From: Timothy J. Howe, Director – Water / Wastewater Utilities

Through: Rick Cortes, Deputy City Manager

Subject: Springs Hill CCN Transfer Capital Projects Engineering Services

Date: February 7, 2023

On October 18, 2022, Council approved an agreement between Seguin and Springs Hill Water Supply Corporation (SHWSC) transferring approximately 9477 acres of the SHWSC's Certificate of Convenience and Necessity (CCN) to the City of Seguin. This CCN transfer agreement, once approved by the Public Utility Commission, will authorize the City of Seguin as the area water purveyor. The transfer area includes both active customer connections and developable land with no existing customers.

In preparation for the city to serve the transfer area, Freese and Nichols, Inc. (FNI), modeled the city's water distribution system and identified eight (8) capital improvement projects necessary for the City of Seguin to serve the transfer area and comply with Texas Commission on Environmental Quality (TCEQ) regulations. Subsequently, the City organized a strategic focus group to determine how best to complete these capital projects as quickly as possible. Seguin set an aggressive goal of completing all necessary capital projects by the first quarter of 2026.

Completing these projects promptly provides advantages, which include allowing SHWSC to allocate water currently committed to existing customers within the transfer area to new developments in other parts of their CCN and will enable Seguin to continue to support growth with new water commitments based on their ample water supply. The focus group recommended combining the eight (8) projects into three (3) project packages to meet this objective. The city would then solicit proposals from three separate engineering groups with adequate resources to meet the aggressive schedule. Additionally, a separate independent engineering firm will coordinate all real estate acquisitions related to the three (3) project packages.

Table 1 depicts how eight projects were grouped into three packages. Each package has an associated cost and an engineering design team. Exhibit A is a map of essential projects which will allow the City of Seguin to expand its water service into the boundaries of the CCN transfer area and begin providing safe, reliable drinking water to this part of the community.

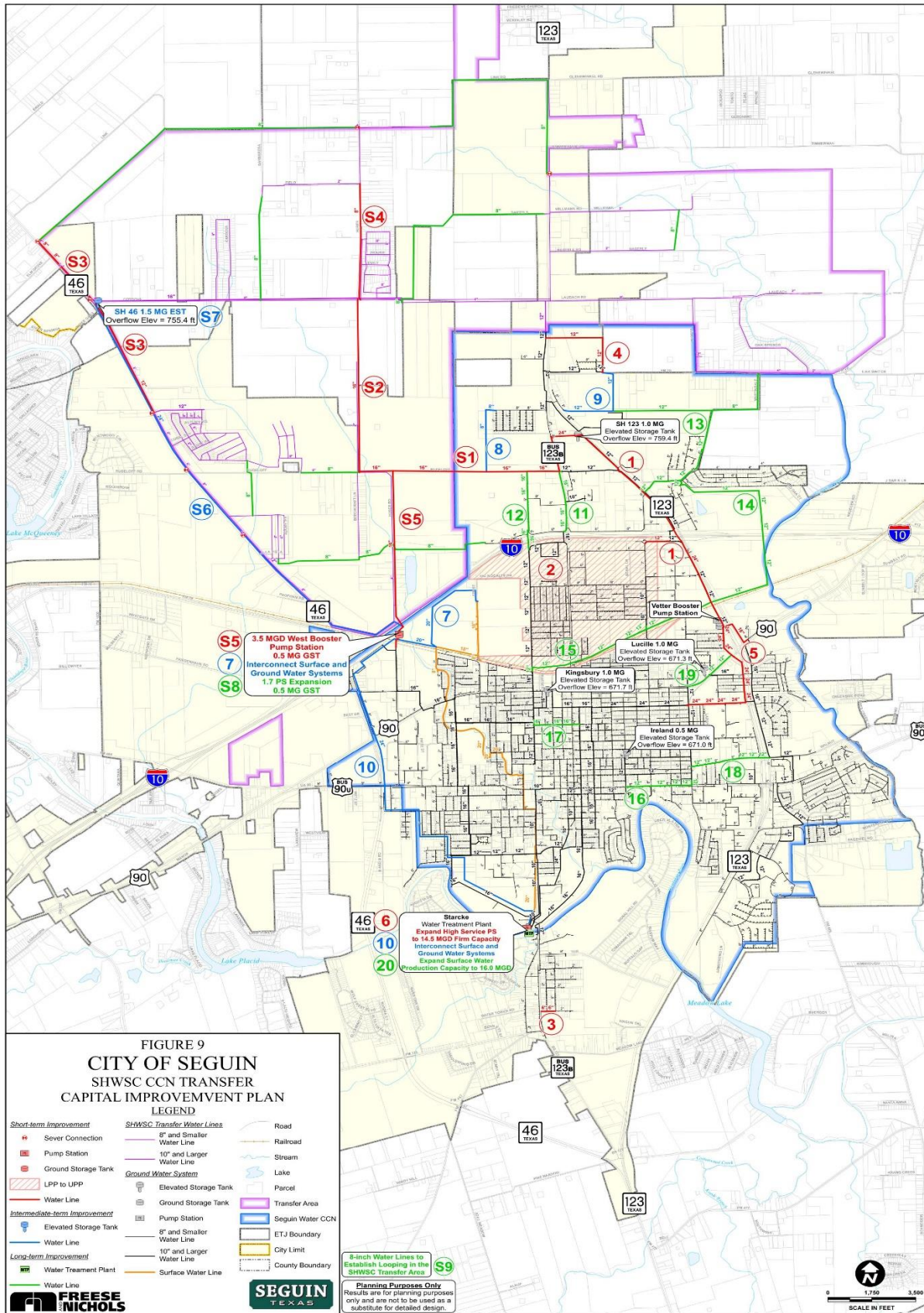
WATER / WASTEWATER UTILITIES

TABLE 1 – RECOMMENDED PROJECT PACKAGES

Project Number	Project Name	Total Project Cost ⁽¹⁾	Package Cost	Design Team
S2	Huber Road Transmission Main Extension	\$2,863,300	\$10,799,612	Trihydro
S4	Huber Road Water Line Expansion	\$1,808,400		
S1 (Western Segment)	Strempe! Road Transmission Main Extension	\$1,446,917		
S5 (WL Only)	New West Booster Pump Station (WL)	\$4,680,995		
S3	SH-46 Water Line Expansion	\$3,706,400	\$10,410,900	Kimley-Horn
5	24-inch and 16-inch Cedar St Water Line	\$6,704,500		
S5	New West Booster Pump Station	\$6,663,589	\$7,919,389	TRC
6	High Service Pump Station Expansion	\$1,255,800		

(1) Costs are from FNI SHWSC Transfer Short-Term CIP Cost Estimate Summary dated June 2022.

EXHIBIT A



WATER / WASTEWATER UTILITIES

Staff solicited and received a proposal for engineering design and construction management services from TRC Engineers, Trihydro, and Kimley-Horn and Associates for the three project packages. Freese and Nichols was asked to submit a proposal for plan review and construction inspection services. The city also solicited and received a proposal for professional services related to real estate acquisition from HDR. The following shows the details of each proposal.

TRC Package – Projects S5 (modified) & 6

The package will consist of projects S5 (west booster station and ground storage tanks) and 6. TRC will provide professional engineering services as one project package to:

1. Water Treatment Plant (WTP) Hi Service Pump Replacement
2. WTP Surface Water Booster Pumps Variable Frequency Drive (VFD) Replacement
3. West Booster Station, Storage Tanks, and Water Main
 - a. Ground Storage Tanks
 - b. Booster Pumps
 - c. Control Building
 - d. Sitework
 - e. Emergency Electrical Generator
 - f. Stormwater Detention Pond
 - g. Off-Site Water Mains

COMPENSATION FOR SERVICES

The cost to provide the engineering services will be invoiced as a lump sum project on a percent-complete basis, invoiced as follows:

Topographical Surveying for Design:	\$22,655.00	
Geotechnical Bores/Report:	\$27,365.00	
Environmental/Cultural:	\$12,640.00	
UPRR Permit(Including Application Fee):	\$30,000.00	
FEMA Study (Task 334):	\$24,862.00	
Engineering Design:	\$1,117,943.00	
Bidding/Construction Administration:	\$262,539.00	
WTP VFD's Bidding/Construction Admin.:	\$2,780.00	
Contingency Allowance (1):	<u>\$50,000.00</u>	
Total:	\$1,550,784.00	(lump sum)

(1) These funds represent a contingency allowance for additional services that may be required but are unforeseen at this time and would only be used upon TRC's receipt of written direction to proceed from the Director of Water/Wastewater.

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Trihydro Package – Projects S1 (western segment), S2, S4, and S5 (modified)

The package will consist of projects S1 (western segment), S2, S4, and S5 (water lines only). Trihydro will provide professional engineering services as one project package for the installation of approximately 24,000 linear feet of new water line. The new water line alignment will be along Huber Road from south of IH-10 to approximately 5,000 linear feet north of Cordova Road and an extension of approximately 2,400 linear feet east from intersection of Huber Road and Rudeloff Road. The design also includes utility crossings at the intersections of IH 10/Huber Road and Huber Road/Cordova Road. Our proposed scope of work is outlined below for your review.

COMPENSATION FOR SERVICES

The estimated fee for design services is **\$1,094,000**. The fee is based on the tasks, hourly rates, and expenses. Invoices will be prepared on a time and materials basis with a cost not to exceed the estimated amount without written authorization. The fee by task includes:

Surveying and Field Investigation:	\$131,000.00
Natural Resources and Cultural Resources:	\$25,000.00
Engineering Design and Permitting:	\$715,000.00
Bidding/Construction Administration:	\$223,000.00
Total:	\$1,094,000.00

Kimley-Horn and Associates, Inc. Package – Projects S3 and 5

The project package will consist of projects S3 and 5. Kimley-Horn will provide professional engineering services as one project package for the design, bid, and construction phase services for the two water line projects. The selected alignment for project S3 is approximately 10,000-LF of 12-inch and 8-inch water lines. The existing water line is proposed to replace the current 6-inch water line along SH-46 with a new 12-inch water line from Cordova Road to a private drive on the north side of the Mill Creek Crossing neighborhood. This project also includes replacing the existing 4-inch line along SH-46 with a new 8-inch line from Cordova Road to the Lily Springs Development.

The selected alignment for project 5 is approximately 8,000-LF of 24-inch and 16-inch transmission lines. The transmission line is proposed to replace the existing 16-inch water line along Cedar St. with a new 24-inch transmission line from King St. to SH-123. This project also includes replacing the current 12-inch water line along SH-123 with a 24-inch transmission line from Cedar St. to the Vetter Booster Pump Station (BPS). Additionally, this project includes routing a proposed 16-inch transmission line from the existing 16-inch transmission line at SH-123 and US-90 to the Vetter BPS.

Kimley-Horn has scoped this project to combine both listed projects as one bid package and manage them as one overall project. Kimley-Horn or their sub-consultant will perform the services for the total lump sum fee below.

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Engineering Design Services Total	\$1,008,400
Engineering Construction Services Total	\$119,700
Total Lump Sum Fee	\$1,128,100.00
*Total Supplemental Services	\$132,000.00

**These supplemental services funds represent a contingency allowance for additional services that may be required but are unforeseen at this time and would only be used upon Kimley-Horn's receipt of written direction to proceed from the Director of Water/Wastewater.*

Total Lump Sum plus Supplemental Services	\$1,260,100.00
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Lump sum fees will be invoiced monthly based on the overall percentage of services performed.

Freese and Nichols, Inc. – Plan Review and Construction Inspection

FNI understands the City of Seguin plans to deliver the above-mentioned projects to support servicing the water CCN transfer area. The projects will be designed, bid, and have construction management provided by three consultants, TRC, Trihydro Corporation, and Kimley-Horn and Associates. The City requested FNI to provide quality control reviews at 30%, 60%, 90%, and 100% design completion for each project bid package for three (3) bid packages. FNI will continue to support the projects during construction by providing construction inspection services. FNI's cost of services are shown in the following table:

Service	Cost
Quality Control Reviews	\$140,989
Construction Services / Resident Project Representative (RPR)	\$655,787
Additional RPR (during the 9-month peak construction period)	\$217,761
Total	\$1,014,537

Compensation to Freese and Nichols for quality control plan reviews and construction inspection services shall not exceed \$1,014,537.00.

HDR Inc. – Right of Way Acquisition

The Project will consist of the following scope of work for Right of Way Acquisition Services. The general scope of work includes, but is not limited to, the following activities:

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- Part A: Right of Way (ROW) Administration Services
- Part B: Right of Entry (ROE)
- Part C: Title Services and Closing Services
- Part D: Initial Appraisal Services
- Part E: Negotiation Services
- Part F: Relocation Assistance Services
- Part G - Eminent Domain Package Submittal

The approximate per-parcel fees for the CCN transfer area and associated projects are shown in the table below. The assumptions used to develop these costs and an overview of HDR's deliverables are included below.

COMPENSATION FOR SERVICES

Services		Rate		
ROW Administrative Services	\$ 4,000.00	Per Month	24 Months	\$96,000.00
Right of Entries	\$ 1,815.00	Per Parcel	108 Parcels	\$196,020.00
Negotiations	\$ 5,700.00	Per Parcel	108 Parcels	\$615,600.00
Title and Closing Services	\$ 3,100.00	Per Parcel	108 Parcels	\$334,800.00
Personal Property Relocation Services	\$ 1,500.00	Per Parcel	10 Parcels	\$15,000.00
Final Offer Package	\$ 1,000.00	Per Parcel	30 Parcels	\$30,000.00
Appraisal- Commercial	\$ 3,000.00	Per Parcel	20 Parcels	\$60,000.00
Appraisal - Residential	\$ 2,500.00	Per Parcel	88 Parcels	\$220,000.00
			Total	\$1,567,420.00

Compensation to HDR for the right-of-way acquisition services shall not exceed \$1,567,420.00.

Staff recommends acceptance of these proposals as stated above. Funding is provided through 2023 Utility Revenue Bonds. I will be available to answer any questions at the City Council meeting on Tuesday, February 7, 2023.