



To: Mayor and City Council
From: Gayle Cook, City Manager
CC: Mike Gibbs, Director of Finance
Date: January 18, 2022
Re: Pine Gully Wastewater Treatment Plant HMGP Local Match Funding

The City of Seabrook received notification of the Phase 2 – Pine Gully Wastewater Treatment Plant Retrofit project for the construction from Texas Department of Emergency Management (TDEM) under the Hazard Mitigation Grant Program (HMGP) DR-4332-0358 officially by letter on August 10, 2021. The documents were ready to immediate assemble and solicit construction bids.

On November 16, 2021, the Council heard and approved Bid Awards for two projects for the Wastewater Treatment Plant. At this meeting, staff explained due to market changes and supply issues, the bids were higher than the original estimate set back in 2019 when the application to FEMA was submitted. Subsequently, with consultation with all grant partners, the city has been instructed to submit a Budget Amendment for the overage on the project for consideration. The timing of the approval process has not been confirmed and could take place anytime within the current Period of Performance of July 14, 2021 – May 22, 2023 per the award letter.

Staff presented to Council that an immediate shortfall funding mechanism could be the American Rescue Program Act (ARPA) funding that the city had been notified as an allotment to the city with eligible uses in water and wastewater infrastructure projects. However, this funding has specific deadlines for expenditure that after analysis of draws of payment toward the PGWWTP Project may meet federal guidelines and the City's committed Certificates of Obligation (C.O.) - Issuance 2016 toward the project. The C.O.s were purchased when the PGWWTP was a phased CIP project and these funds will need to be expended with the first payments due to the timing of the issuance. Therefore, pushing the ARPA expenditures further back could risk the federal spending deadlines. Thus, staff is presenting again at this current council meeting an alternate funding scenario, "**Proposal D**", committing unreserved General Fund balance for the local match, and allow staff to continue managing "**Proposal A**" / "**Proposal B**" / "**Proposal C**"



options that will supersede the actual need to expend General Fund reserves as outlined in “**Proposal D**”.

Should City Council decide to commit General Fund Reserves, the current [Capital Improvement Program \(CIP\)](#) FY22-26+, that was presented prior to City Council showing the ARPA Spending Plan for W5 – Taylor Lake Water Line Crossing \$2,093,800 and W19 – NASA Parkway Waterline Interconnect \$1,094,100 could be initiated. Both projects would significantly improve the City’s Water System with no impact to city funds.

Staff is recommending to leave the ARPA Spending Plan for current CIP projects detailed above due to possible expenditure deadlines with the program and request City Council consider “**Proposal D**” and commit General Fund Reserves.

PHASE II – PGWWTP			
Summary of Actual Bid Costs and Overage			
		TDEM	City
Cobb Fendley	\$2,052,810.00		
CSA Construction	\$23,060,000.00		
Alcott (Includes Alternate)	\$12,239,929.50		
Subtotal	\$37,352,739.50	\$23,524,808.60	\$13,827,930.91
		TDEM	City
Award Letter	\$31,366,411.46	\$23,524,808.60	\$7,841,602.87
CSA Construction	\$23,060,000.00	\$14,523,220.88	\$8,536,779.12
Cobb Fendley	\$2,052,810.00	\$1,292,862.66	\$759,947.34
Alcott (Includes Alternate)	\$12,239,929.50	\$7,708,725.05	\$4,531,204.45
Subtotal	\$37,352,739.50	\$23,524,808.60	\$13,827,930.91
Total City Funds Needed	\$13,827,930.91	\$0.00	\$13,827,930.91



PHASE II – PGWWTP	
Summary of Actual Funds Available and Overage	
Fund 29	\$8,750,080.98
Fund 19	<u>\$1,425,000.00</u>
Subtotal Funds Available	\$10,175,080.98
Fund Shortage (Proposed Funding Options Below)	\$3,652,849.93

PHASE II – PGWWTP	
Proposal D for Council Consideration	
Proposal D - A, B & C Fail	\$3,652,849.93
Fund 19 Meyer Pipe Burst	\$871,000.00
General Fund Reserve	<u>\$2,781,849.93</u>
	\$3,652,849.93

PHASE II – PGWWTP	
Alternate Future Funding Proposal A	
Proposal A - Received SB7 Grant	\$3,652,849.93
Receive SB7 Grant (75% of City's 25% Match)	<u>\$5,881,202.15</u>
City Surplus (No need to use Impact Fee Funds)	\$2,228,352.22



PHASE II – PGWWTP
Alternate **Future** Funding Proposal B

Proposal B - Other Grant	
Options	\$3,652,849.93
Receive HGAC Grant or Other Possible Grant	\$3,652,849.93
City Surplus (No need to use Impact Fee Funds)	\$0.00

PHASE II – PGWWTP
Alternate **Future** Funding Proposal C

Proposal C - FEMA APPROVES			
Budget Amendment			
Original Grant Amount	Budget Increase	New Budget	City Share
\$31,366,411.46	\$5,986,328.04	\$37,352,739.50	\$9,338,184.88
City Surplus (Using Originally Budgeted Impact Fee Funds)			\$836,896.11