



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** January 27, 2020

SUBJECT: Approve Resolution No. 2020-003 awarding additional grant funds for the Davis and Mid Cities Intersection Improvement Project, approve associated budget revision to the FY 2019-2020 Capital Projects Budget to include the additional funding, and authorize the City Manager to execute the Advance Funding Agreement amendment.

PRESENTER: Justin Naylor, Civil Engineer, Public Works

SUMMARY:

The City Council is being asked to consider an amendment to the existing Local Project Advanced Funding Agreement for the Davis / Mid Cities Intersection Improvements Project (CSJ 0902-48-576) and the accompanying budget revision.

GENERAL DESCRIPTION:

The intersection improvements for Davis Blvd. and Mid Cities Blvd (ST0401) began construction in December 2017 and were completed in February 2019. The improvements included additional right and left turn lanes on each leg of the intersection, updated traffic signals and storm drain upgrades. The Texas Department of Transportation (TxDOT) managed the construction contract.

The original Advanced Funding Agreement (AFA) was approved by City Council in April of 2014 (Resolution 2014-009). The agreement specified an 80/20 cost sharing between federal funding (80%) and local funding (20%) for eligible project costs. Project costs for the city utility relocation (water) were wholly the responsibility of the city, so the overall project participation was closer to a 60/40 split. The original agreement was executed prior to the construction contract being let (bid). Due to rising construction costs, the funding identified in the original 2014 agreement did not cover the full cost of the improvements.

In July of 2018, \$656,487 (\$525,190 federal, \$131,297 city) was added to the AFA through an amendment. Those funds were needed to cover the construction costs above the original project budget at the time of construction.

During construction, the contractor encountered several unforeseen issues resulting in over \$500,000 in change orders. Most of the additional costs were related to unexpected subgrade conditions requiring rock base installation in addition to the standard subgrade. At roughly the same time, city staff reached out to the North Central Texas Council of Governments (NCTCOG) to seek relief through a Transportation Improvement Program



(TIP) modification. As a result of NCTCOG’s support, additional federal funds have become available through Congestion Mitigation and Air Quality funds in the amount of \$411,362. TxDOT is currently working on finalizing the breakdown of federal and local funds based on the actual project costs. Per the AFA, the city is responsible for any overages beyond the federal participation limit. While the final project accounting is yet to be determined, the increase in available federal funds is a significant benefit to the project and the expectation is that the city will realize project savings as a result.

The AFA amendment does not match the budget, as it does not reflect the actual costs of the project and additional city expenses incurred as part of the project. AFAs are typically prepared before a project begins so the amounts provided are based on estimates. While this AFA has been amended, the funding included reflects the original estimates plus the additional federal funding available.

AFA Condition	Federal		City	
	Funds	%	Funds	%
Original AFA	\$ 3,501,772.00	48%	\$ 3,868,513.14	52%
Current AFA	\$ 4,026,962.00	55%	\$ 3,343,323.14	45%
This Amendment	\$ 4,438,324.00	60%	\$ 2,931,961.14	40%

**Estimated Total Costs
Prior to Final Settle-Up
\$ 7,370,285.14**

During the 2019-20 budget season, staff was coordinating with NCTCOG and TxDOT to increase federal funding to the project, and received confirmation that additional funds would be approved. As a result, the city’s current budget already reflects an increased grant amount over what had been previously approved. Now that the federal funding amount has been finalized, a budget revision is needed to reflect the correct amount in federal grant funds as a result of the TIP modification, which is less than had been anticipated. The decrease in federal / state grants shown in the proposed budget revision is simply a correction, and is not indicative of a loss in funding. In addition, the previous project budget inadvertently left out an existing Tarrant County grant for \$295,000 in construction funds which will now be reflected. The TIP modification approved by NCTCOG is a significant positive for the city, and results in a savings in local funds. Staff requests a reduction to the FY 19-20 Capital Projects Budget for the Davis Blvd / Mid-Cities Blvd Intersection Project (ST0401) in the total amount of \$263,426.

RECOMMENDATION:

Approve Resolution No. 2020-003 awarding additional grant funds for the Davis and Mid Cities Intersection Improvement Project, approve associated budget revision to the FY 2019-2020 Capital Projects Budget to include the additional funding, and authorize the City Manager to execute the Advance Funding Agreement amendment.