

Agenda Item No. 3.2

AGENDA ITEM BRIEFING

Submitted by: Billy Hamilton, Executive Vice Chancellor and Chief Financial Officer
The Texas A&M University System

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the Water Wastewater Treatment System Expansion Project, Texas A&M Engineering Extension Service, College Station, Texas (Project No. 09-3257)

Background and Prior Actions:

The Water Wastewater Treatment System Expansion Project was included as a project on the FY 2018 – FY 2022 A&M System Capital Plan approved by the Board at the August 2017 meeting.

Proposed Board Action:

- (1) Approve the project scope and budget.
- (2) Appropriate \$9,900,000 for construction services and related project costs. \$1,100,000 has been previously appropriated.
- (3) Approve construction of the Water Wastewater Treatment System Expansion Project at Texas A&M Engineering Extension Service (TEEX).

Funding/Budget Amount:

<u>Funding Source</u>	<u>Budget Amount</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Revenue Financing System Debt Proceeds	<u>\$11,000,000</u>	\$994,294	E&G Unrestricted
Total Project Funds	<u>\$11,000,000</u>		

Project Justification:

One of the largest TEEX – Emergency Services Training Institute (ESTI) programs is the Private Sector program, which provides firefighter training to petrochemical industries. The existing facilities are at full capacity for this program and there is a high demand to provide additional training services. Currently, the use of the existing training facilities is constrained by the capacity of the system receiving and treating wastewater generated during firefighting training. Planned additional facilities will generate additional wastewater. Well-thought-out attempts

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have been made to meet training demands by scheduling 250+ classes for nights and weekends. This is operationally difficult, allowing little flexibility. Conducting classes at the current capacity cannot be maintained. Without any ability for growth, the financial impact will be felt from this major fee generator, thereby hindering the long term field development plan.

ESTI has a vision to equip 300,000 students by 2030 to save lives and protect infrastructure for the state, nation and globe. To continue with this vision, a new training area must be developed along with the expansion of infrastructure. The project will also seek to increase operational efficiencies, correct current challenges that are being experienced with the current infrastructure, and continue to plan for the future in a logical manner.

Scope:

This project increases the capacity of the wastewater treatment system by constructing facilities that will accumulate 1,000,000 gallons of additional wastewater during normal operating hours and then process this water through the existing treatment system during off hours when there is no training in progress. Some of the new major pieces of equipment will be:

- 1,000,000 gallon head works, basin and lift station
- Upgrade of the existing piping collection system
- A new sludge handling system, four new chemical feed pumps, oil skimming system head works wet well and anti-foam system
- Provide connection point for future project areas

This design build (DB) project needs full construction approval to start the engineering work to initiate the design of long lead items, prepare specifications and place purchase orders. Planning Funds allocated from the capital plan approval were insufficient to perform these actions. Once the design has advanced, a Guaranteed Maximum Price (GMP) will be finalized through competitive bidding. With the volatility of market conditions for this specialized type of work, bids may come in higher than anticipated, in which case ESTI may then request approval from the Board of Regents to increase the budget in order to have a viable project.

Construction on this project is scheduled to start in August 2018, with substantial completion scheduled for October 2019. The total project budget is \$11,000,000.

Other Major Fiscal Impacts:

None.

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THE TEXAS A&M UNIVERSITY SYSTEM
FACILITIES PLANNING AND CONSTRUCTION
Office of the Executive Vice Chancellor and Chief Financial Officer
March 7, 2018

Members, Board of Regents
The Texas A&M University System

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the Water Wastewater Treatment System Expansion Project, Texas A&M Engineering Extension Service, College Station, Texas (Project No. 09-3257)

I recommend adoption of the following minute order:

“The project scope along with a project budget of \$11,000,000 for the Water Wastewater Treatment System Expansion Project is approved.

The amount of \$9,900,000 is appropriated from Account No. 01-083540, Revenue Financing System Debt Proceeds (E&G Unrestricted), for construction services and related project costs.

The Water Wastewater Treatment System Expansion Project, Texas A&M Engineering Extension Service, College Station, Texas, is approved for construction.

The Board of Regents of The Texas A&M University System (Board) reasonably expects to incur debt in one or more obligations for this project, and all or a portion of the proceeds received from the sale of such obligations is reasonably expected to be used to reimburse the account(s) for amounts previously appropriated and/or expended from such account(s).

As required by Section 5(a) of the Master Resolution of the Revenue Financing System, the Board hereby determines that it will have sufficient funds to meet the financial obligations of The Texas A&M University System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System and that

the Participants, on whose behalf the debt is issued, possess the financial capacity to satisfy their Direct Obligations.”

Respectfully submitted,

[ORIGINAL SIGNED BY]

Billy Hamilton
Executive Vice Chancellor and
Chief Financial Officer

Approval Recommended:

Approved for Legal Sufficiency:

[ORIGINAL SIGNED BY]

John Sharp
Chancellor

[ORIGINAL SIGNED BY]

Ray Bonilla
General Counsel

[ORIGINAL SIGNED BY]

M. Katherine Banks
Vice Chancellor and Dean of Engineering
Texas A&M Engineering Extension Service

[ORIGINAL SIGNED BY]

Gary Sera
Director
Texas A&M Engineering Extension Service

WATER WASTEWATER TREATMENT SYSTEM EXPANSION TEXAS A&M ENGINEERING EXTENSION SERVICE PROJECT NO. 09-3257	PROJECT BUDGET
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1. Amount Available for Construction Contract	\$ 7,500,000
2. Contractor Contingency	\$ 750,000
3. Architectural/Engineering Fees	\$ 1,724,000
4. Physical Plant/Facility Services	\$ 25,000
5. Data / CIS	\$ 10,000
6. Owner's Supplied Insurance	\$ 202,000
7. Construction Audit	\$ 5,000
8. Construction Materials Testing	\$ 109,000
9. FP&C Project Management and Inspection Fees	\$ 292,000
10. Owner's Contingency	<u>\$ 383,000</u>
11. TOTAL ESTIMATED COST OF PROJECT	<u>\$ 11,000,000</u>

WATER WASTEWATER TREATMENT SYSTEM EXPANSION TEXAS A&M ENGINEERING EXTENSION SERVICE PROJECT NO. 09-3257	PROJECT SCHEDULE
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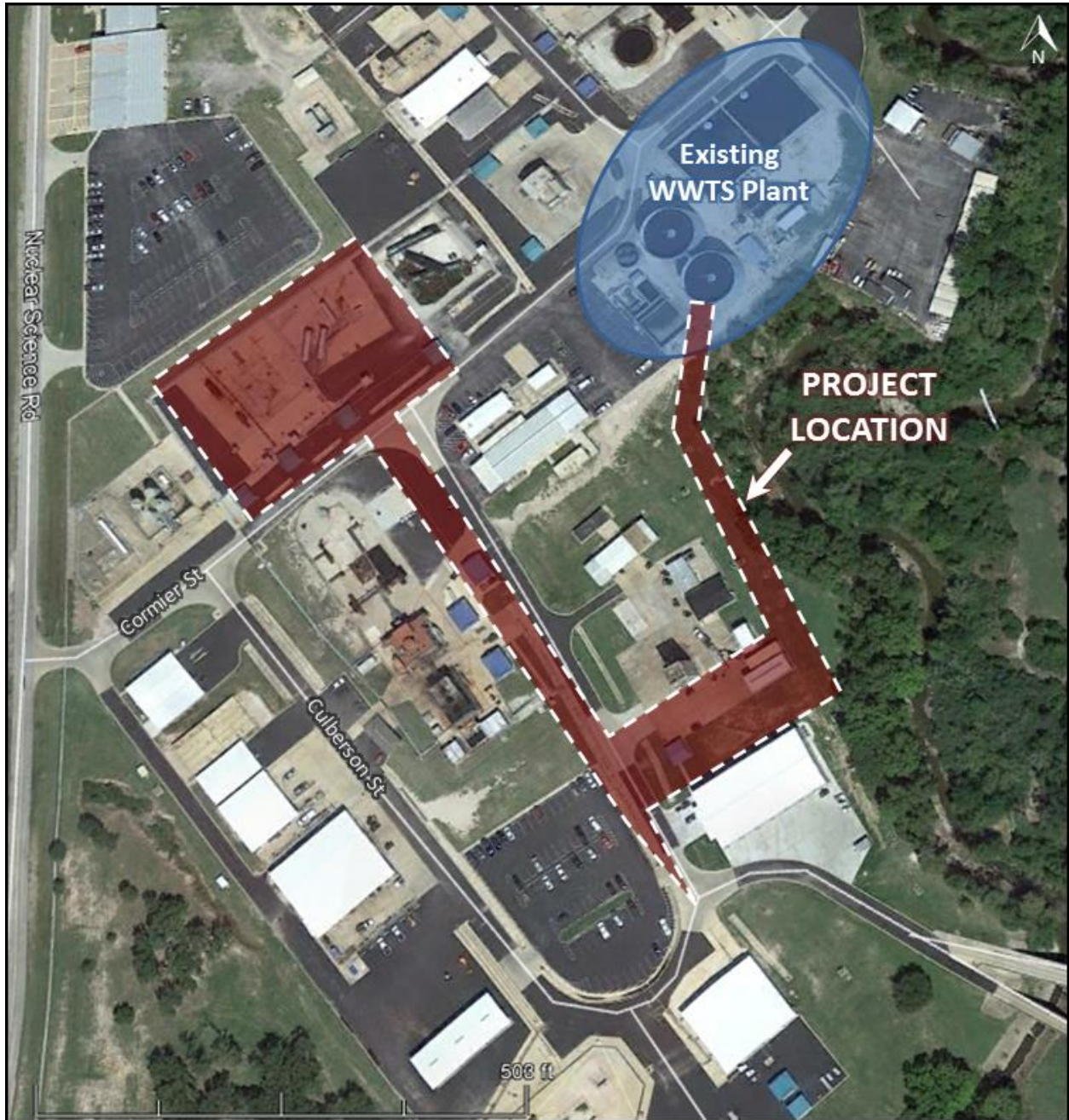
1. BOR Approval of Capital Plan August 23, 2017
2. Issue DB RFQ January 17, 2018
3. Receive DB RFQ Responses February 6, 2018
4. Issue DB RFP February 14, 2018
5. Receive DB RFP Responses February 19, 2018
6. DB Ranked Order Approved by Chancellor March 13, 2018
7. BOR Approval for Construction April 19, 2018
8. Execute DB Agreement May 18, 2018
9. Design Kickoff May 23, 2018
10. Complete Schematic Design July 4, 2018
11. Begin Construction August 22, 2018
12. Complete Design Development September 5, 2018
13. Submit THECB Application September 11, 2018
14. Receive GMP from DB October 17, 2018
15. Complete Construction Documents December 2018
16. Substantial Completion October 2019
17. Owner Occupancy November 2019

**TEXAS A&M ENGINEERING EXTENSION SERVICE
REVENUE FINANCING SYSTEM
09-3257 Water Wastewater Treatment System Expansion
E&G Unrestricted**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	11,110,000.00				
YEAR 1	10,555,000.00	555,000.00	444,400.00	999,400.00	1,149,310.00
YEAR 2	9,980,000.00	575,000.00	422,200.00	997,200.00	1,146,780.00
YEAR 3	9,380,000.00	600,000.00	399,200.00	999,200.00	1,149,080.00
YEAR 4	8,755,000.00	625,000.00	375,200.00	1,000,200.00	1,150,230.00
YEAR 5	8,105,000.00	650,000.00	350,200.00	1,000,200.00	1,150,230.00
YEAR 6	7,430,000.00	675,000.00	324,200.00	999,200.00	1,149,080.00
YEAR 7	6,730,000.00	700,000.00	297,200.00	997,200.00	1,146,780.00
YEAR 8	6,000,000.00	730,000.00	269,200.00	999,200.00	1,149,080.00
YEAR 9	5,240,000.00	760,000.00	240,000.00	1,000,000.00	1,150,000.00
YEAR 10	4,450,000.00	790,000.00	209,600.00	999,600.00	1,149,540.00
YEAR 11	3,630,000.00	820,000.00	178,000.00	998,000.00	1,147,700.00
YEAR 12	2,775,000.00	855,000.00	145,200.00	1,000,200.00	1,150,230.00
YEAR 13	1,885,000.00	890,000.00	111,000.00	1,001,000.00	1,151,150.00
YEAR 14	960,000.00	925,000.00	75,400.00	1,000,400.00	1,150,460.00
YEAR 15	-	960,000.00	38,400.00	998,400.00	1,148,160.00
		<u>\$ 11,110,000.00</u>	<u>\$ 3,879,400.00</u>	<u>\$ 14,989,400.00</u>	<u>\$ 17,237,810.00</u>

Estimated issuance costs and rounding of \$110,000 are included in this schedule.
Long-term rates are assumed to be 4.00%. Rates are subject to market change.
Prepared by the Office of the Treasurer - Treasury Services 2/15/18

Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.



Water Wastewater Treatment System Expansion

Texas A&M Engineering Extension Service

Project No. 09-3257