

CITY OF LAKE WORTH

ECONOMIC DEVELOPMENT CORPORATION AGENDA

3805 ADAM GRUBB LAKE WORTH, TEXAS 76135 TUESDAY, SEPTEMBER 5, 2017

REGULAR MEETING: 6:30 PMHeld in the City Council Chambers

- A. CALL TO ORDER
- A.1 INVOCATION AND PLEDGE OF ALLEGIANCE
- A.2 ROLL CALL
- A.3 SPECIAL PRESENTATION(S) AND RECOGNITION(S) No items for this category.
- A.4 REMOVAL OF ITEM(S) FROM CONSENT AGENDA
- B. CONSIDER APPROVAL OF CONSENT AGENDA ITEM(S)
- B.1 Approve minutes of the July 13, 2017 Economic Development Corporation Board meeting.
- B.2 Approve the Economic Development Corporation Summary of Revenue and Expenses and Cash Position as of July 31, 2017.
- C. GENERAL ITEMS
- C.1 <u>Discuss and consider Resolution No. 2017-02E, approving an expenditure in an amount not to exceed \$417,000 for the design of the 16' Force Main along Highway 199 from Paul Meador Road to Roberts Cut-Off.</u>
- C.2 <u>Discuss and consider Resolution No. 2017-03E, approving an expenditure in an amount not to exceed \$250,000 for the design of infrastructure and water/sewer utilities along Azle Avenue from Highway 199 to Boat Club Road.</u>
- D. ADJOURNMENT

All items on the agenda are for discussion and/or action.

Certification

I do hereby certify that the above notice of the meeting of the Lake Worth Economic Development Corporation Board was posted at City Hall, City of Lake Worth, Texas in compliance with Chapter 551, Texas Government Code on September 1, 2017 at 3:00 P.M.

City Secretary	

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's office at 817-237-1211 ext. 105 for further information.

The Board may confer privately with its attorney to seek legal advice on any matter listed on the agenda or on any matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Texas Government Code.

Agenda Item No. B.1

FROM: Monica Solko, City Secretary

ITEM: Approve minutes of the July 13, 2017 Economic Development Corporation

meeting.

SUMMARY:

The minutes of the Economic Development Corporation (EDC) Board are approved by majority vote of the board at the Economic Development Corporation meetings.

The EDC Board Secretary prepares action minutes for each meeting. The minutes for the previous meeting are placed on the agenda for review and approval by the board, which contributes to a time efficient meeting. Upon approval of the minutes, an electronic copy will be uploaded to the City's website.

FISCAL IMPACT:

N/A

ATTACHMENTS:

1. July 13, 2017 Economic Development Corporation meeting minutes

RECOMMENDED MOTION OR ACTION:

Move to approve the minutes of the July 13, 2017 Economic Development Corporation meeting.

MINUTES OF THE REGULAR MEETING OF THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LAKE WORTH, TEXAS HELD IN CITY HALL, COUNCIL CHAMBERS, 3805 ADAM GRUBB THURSDAY, JULY 13, 2017

REGULAR MEETING: 5:30 PM

A. CALL TO ORDER.

Board member Narmore called the Economic Development Corporation meeting to order at 5:30 p.m.

A.1 INVOCATION AND PLEDGE OF ALLEGIANCE.

Board member White gave the invocation. Attendees recited the pledge of allegiance.

A.2 ROLL CALL.

Present: Geoffrey White Board member, Place 1

Gary Stuard

Jim Smith

Clint Narmore

Jason McAfee

Yvonne Amick

Board member, Place 2

Board member, Place 3

Board member, Place 4

Board member, Place 5

Board member, Place 5

Staff: Stacey Almond City Manager

Debbie Whitley Assistant City Manager/Finance Director

Monica Solko City Secretary

Absent: Sara Riley Board member, Place 6

A.3 SPECIAL PRESENTATION(S) AND RECOGNITION(S):

A.3.1 OATH OF OFFICE FOR NEW MEMBERS

City Secretary, Monica Solko presented the item. The terms of office for the board members serving in Places 1, 3, 5 and 7 on the Economic Development Corporation Board expired in June. The bylaws state that appointments to the Board of Directors are to be made by the City Council and that Places 1-4 are designated for Council Member Directors and Places 5-7 are designated for Citizen Member Directors. The term of office is a two year term. During the May 9, 2017 City Council meeting, Council made the following appointments: Council member Director (Council member) Geoffrey White in

Place 1, Council member Director (Council member) Jim Smith in Place 3, Citizen member Director Jason McAfee in Place 5 and Citizen member Director Yvonne Amick in Place 7. Ms. Solko administered the oaths of office for each.

A.4 REMOVAL OF ITEM(S) FROM CONSENT AGENDA

No items were removed from the consent agenda.

B. CONSIDER APPROVAL OF CONSENT AGENDA ITEM(S) <u>APPROVED</u>

- B.1 APPROVE MINUTES OF THE FEBRUARY 23, 2017 ECONOMIC DEVELOPMENT CORPORATION BOARD MEETING.
- B.2 APPROVE OF ECONOMIC DEVELOPMENT CORPORATION SUMMARY OF REVENUE AND EXPENSES AND CASH POSITION AS OF JUNE 30, 2017.

BOARD MEMBER SMITH MADE A MOTION, SECONDED BY BOARD MEMBER STUARD, TO APPROVE THE CONSENT AGENDA AS PRESENTED.

MOTION TO APPROVE CARRIED 6-0.

- C. GENERAL ITEMS
- C.1 DISCUSS AND CONSIDER APPOINTMENT OF PRESIDENT, VICE-PRESIDENT AND SECRETARY FOR THE ECONOMIC DEVELOPMENT CORPORATION BOARD.

APPROVED

City Manager Stacey Almond presented the item. The purpose of this item is to appoint a member of the board to serve as President, Vice-President, and Secretary for the term of one year. All three positions are currently vacant.

BOARD MEMBER WHITE MADE A MOTION, SECONDED BY BOARD MEMBER SMITH, TO APPOINT BOARD MEMBER NARMORE AS PRESIDENT, BOARD MEMBER WHITE AS VICE-PRESIDENT AND CITY SECRETARY MONICA SOLKO AS SECRETARY.

MOTION TO APPROVE CARRIED 6-0.

C.2 DISCUSSION ON REALLOCATION OF SALES AND USE TAX FROM THE ECONOMIC DEVELOPMENT CORPORATION AND THE STREET MAINTENANCE TAX TO THE GENERAL FUND SALES TAX.

City Manager Stacey Almond presented a PowerPoint presentation. Staff made a presentation to City Council on March 28, 2017 regarding the City Sales and Use Tax and the City's options relating to House Bill 157. During the meeting staff recommended the Council take some time to consider the reallocation and present the item at the June regular meeting for further discussion. On June 13, 2017, City Council directed staff to create an ordinance to call a special election for the reallocation of Sale and Use Tax in line with Option A.

Staff prepared an ordinance presented to the City Council to call the Special Election at the August 8, 2017 regular council meeting. The Special Election date will be held on November 7, 2017. If the proposition is approved by the voters of the City of Lake Worth the Council will then approve a resolution to dissolve the Economic Development Corporation (EDC).

City of Lake Worth - PROPOSED OPTION A
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City's General Fund	1.75%	\$7,213,675
Economic Development Corp.	0.00%	\$0.00
Street Maintenance	0.00%	\$0.00
Crime Control District	0.25%	\$1,017,341
Total	2.00%	\$8,231,016

There were a few questions from the Board regarding reallocation of funds, dissolving the board and future economic development projects: Ms. Almond explained that the reallocation of funds would allow more options on how to use the monies and not be restricted by specific criteria. For example the street maintenance fund can only be used for the improvement of streets that were built after the street maintenance was adopted. By moving the funds, the city could upgrade deteriorating water and sewer lines and still continue improving streets and help with economic redevelopment. Any future economic development projects would not be hindered without an EDC Board since final approval is made by the City Council.

NO ACTION IS NECESSARY BY THE BOARD.

C.3 DISCUSS AND CONSIDER THE ECONOMIC DEVELOPMENT CORPORATION PROPOSED FY 2017/2018 BUDGET AND RECOMMEND ADOPTION BY CITY COUNCIL.

APPROVED

City Manager Stacey Almond presented the item. The FY 2017/2018 proposed budget is a bare minimum budget with the anticipation of the November 7th Special Election. The revenue is budgeted at \$2.1 million. This is approximately 4% over estimated total of FY 2016/2017. Ms. Almond highlighted the revenues and expenditures for all departments. Staff recommends approval of the FY 2017/2018 proposed budget and to forward to City Council for final approval.

BOARD MEMBER STUARD MADE A MOTION, SECONDED BY BOARD MEMBER AMICK, TO APPROVE THE ECONOMIC DEVELOPMENT CORPORATION PROPOSED FY 2017/2018 BUDGET AND RECOMMEND ADOPTION BY CITY COUNCIL.

MOTION TO APPROVE CARRIED 6-0.

ADJOURNMENT

Monica Solko, TRMC City Secretary/Secretary

D.

President Narmore adjourned the meeting at 5:50 p.m.				
	APPROVED:			
ATTEST:	Clint Narmore, President			

Agenda Item No. B.2

From: Debbie Whitley, ACM/ Director of Finance

Item: Approve the Economic Development Corporation (EDC) Summary of Revenue and

Expenses & Cash Position as of July 31, 2017.

Summary:

A summary of revenue and expenses and cash position are prepared and presented to the EDC Board for approval. The purpose of the reports is to keep the EDC Board informed on the status of the revenues and expenses as related to the current year budget projections and on the cash position of the EDC.

Fiscal Impact:

N/A

Attachments:

1. Summary of Revenue and Expenses & Cash Position Report

Recommended Motion or Action:

Approve the EDC Summary of Revenue and Expenses & Cash Position as of July 31, 2017.

City of Lake Worth Economic Development Corporation Summary of Revenue and Expenses & Cash Position As of July 31, 2017 Summary Report Only

REVENUE

	Current	Current Year To	
	Budget	Date	Receive
Sales Tax	1,985,000.00	1,635,376.65	349,623.35
Interest & Misc Income	9,250.00	20,984.54	-11,734.54
Use of Prior Year Rsrvs			0.00
Total Revenue	1,994,250.00	1,656,361.19	337,888.81

Note: Numbers with a (-) indicate amount collected over budgeted

EXPENDITURES

_	Current	Year To	Unexpended
Expenditures	Budgeted	Date	Amount
Administration	1,528,102.00	780,105.98	747,996.02
LWAM	7,309.00	5,030.18	2,278.82
Total Expenses	1,535,411.00	785,136.16	750,274.84

CASH AND INVESTMENT POSITION

TexPool Investments	1,504,116.20
Lone Star Investments	1,425,132.00
LOGIC Investments	1,463,697.04
Total Cash & Investments	4,392,945.24

Submitted by: Debbie Whitley Director of Finance Treasurer, EDC Corporation August 2, 2017

Agenda Item No. C.1

From: Stacey Almond, City Manager

Item: Discuss and consider Resolution No. 2017-02E, approving an expenditure in an amount

not to exceed \$417,000 for the design of the 16' Force Main along Highway 199 from

Paul Meador Road to Roberts Cut Off.

Summary:

Staff is requesting the EDC approve funding for the design costs attributable to the construction of the force main along Highway 199 from Paul Meador Road to Roberts Cut Off. This expense is fund a project defined in Section 501.103 pf the Development Act and the expenditure is suitable for infrastructure necessary to promote or develop new or expanded business enterprises in the City of Lake Worth.

Highway 199 is the main business corridor for Lake Worth and the updated force main is critical in vital to the economic stability and growth of the City.

Fiscal Impact:

- 1. \$417,000
 - a. Note: This item is not part of the proposed budget for the EDC Corporation. Funding is available and a budget amendment would be presented at the next quarterly meeting, if approved.
 - b. Current Reserve Fund Balance:

Attachments:

- 1. Resolution No. 2017-02E Force Main
- 2. Force Main project notice
- 3. Kimley-Horn Cost Estimate

Recommended Motion or Action:

Move to approve Resolution No. 2017-02E, approving an expenditure in an amount not to exceed \$417,000 for the design of the 16' Force Main along Highway 199 from Paul Meador Road to Roberts Cut Off.

RESOLUTION NO. 2017-02E

A RESOLUTION OF THE LAKE WORTH ECONOMIC DEVELOPMENT CORPORATION APPROVING AN EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED \$417,000 FOR THE DESIGN COSTS ATTRIBUTABLE TO THE CONSTRUCTION OF A FORCE MAIN ALONG HIGHWAY 199 FROM PAUL MEADOR ROAD TO ROBERTS CUT OFF; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Lake Worth Economic Development Corporation ("Corporation") is a non-profit development corporation created, existing and governed by Chapters 501, 502 and 505, Texas Local Government Code, as amended ("Act"); and

WHEREAS, the City of Lake Worth, Texas intends on constructing a force main along Highway 199 from Paul Meador Road to Roberts Cut Off; and

WHEREAS, Highway 199 is a main business corridor in the City of Lake Worth, and sufficient infrastructure is vital to the economic stability and growth of the City; and

WHEREAS, the Corporation desires to expend funds attributable to the design costs of the project; and

WHEREAS, the Corporation finds that the expenditure will be used to fund a "project" as defined in Section 501.103 of the Act and that such expenditure is required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LAKE WORTH ECONOMIC DEVELOPMENT CORPORATION, THAT:

SECTION 1.

The Corporation approves funding of the design costs attributable to the construction of a force main along Highway 199 from Paul Meador Road to Roberts Cut Off in an amount not to exceed \$417,000. The Corporation further finds that the expenditure will be used to fund a "project" as defined in Section 501.103 of the Act and that such expenditure is required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises.

SECTION 2.

This Resolution shall take effect after it is approved by the Corporation and after the expenditure is approved by the City Council of the City of Lake Worth.

PASSED AND APPROVED on this 5th day of September, 2017.

	APPROVED
	Clint Narmore, Board President
ATTEST:	
Monica Solko Board Secretary	

NOTICE OF PROJECT

LAKE WORTH ECONOMIC DEVELOPMENT CORPORATION

A meeting will be held by the Lake Worth Economic Development Corporation on September 5, 2017 at 6:30 pm, in the City Council chambers at the Lake Worth City Hall located at 3805 Adam Grubb, Lake Worth, Texas, to consider expending funds in support of the following project: Design of the 16' Force Main that runs along Highway 199 from Paul Meador Road to Roberts Cut Off.

For more information please contact:

Stacey Almond City Manager City of Lake Worth 3805 Adam Grubb Lake Worth, TX 76135

Office: 817.237.1211, Ext 101

Fax: 817.237.1333

salmond@lakeworthtx.org

I certify that this notice was posted on the bulletin board of Lake Worth City Hall on August 18, 2017 and the City's website on August 18, 2017.

Stacey Almond, City Manager

Kimley-Horn and Associates, Inc.		Opinion of Probable Construction Cost			
Client: Project: KHA No.:	City of Lake Worth 16" Force Main 061060001			Date: Prepared By: Checked By:	8/28/201 MD(MD(
					Sheet 1 of
L N		0 11	11.1		
Item No.	Item Description	Quantity	Unit	Unit Price	Item Cost
1	Mobilization	1	LS	\$150,000.00	\$150,000.00
2	Traffic Control and Traffic Control Plan	1	LS	\$30,000.00	\$30,000.0
3	Site Preparation	1	LS	\$50,000.00	\$50,000.0
4	Project Sign	2	EA	\$500.00	\$1,000.0
5	Connect to Existing Manhole	1	EA	\$5,000.00	\$5,000.0
6	16" Plug Valve	1	EA	\$30,000.00	\$30,000.0
7	16" Class 150 Ductile Iron Force Main(Open-Cut)	4,320	LF	\$150.00	\$648,000.00
8	16" Class 150 Ductile Iron Restrained Joint Force Main with Casing Spacers	1,350	LF	\$250.00	\$337,500.0
9	Bore w/30" I.D. (Min) Steel Casing	1,350	LF	\$600.00	\$810,000.0
10	Trench Safety	4,320	LF	\$2.00	\$8,640.0
11	Air Release/Vacuum Valve	5	EΑ	\$15,000.00	\$75,000.0
12	Utility Adjustments	1	LS	\$75,000.00	\$75,000.0
13	Hydrostatic Testing	1	LS	\$10,000.00	\$10,000.0
14	Pavement Repair	1,200	SY	\$60.00	\$72,000.00
15	Sodding	2,400	SY	\$5.00	\$12,000.00
		Subtotal: Conting. (%,+/-)	20%	\$2,314,140 \$462,828
		Total:			\$2,776,968
		Engineeing:		15%	\$416,545.20
	No Design Completed Preliminary Design	Total:			\$3,193,51
	·	Total: Engineein	·		

This total does not reflect engineering or technical services.

The Engineer has no control over the cost of labor, materials, equipment, or over the Contractor's methods of determining prices or over competitive bidding or market conditions. Opinions of probable costs provided herein are based on the information known to Engineer at this time and represent only the Engineer's judgment as a design professional familiar with the construction industry. The Engineer cannot and does not guarantee that proposals, bids, or actual construction costs will not vary from its opinions of probable costs.

Agenda Item No. C.2

From: Stacey Almond, City Manager

Item: Discuss and consider Resolution No. 2017-03E, approving an expenditure in an amount

not to exceed \$250,000 for the design of infrastructure and water/sewer utilities along

Azle Avenue from Highway 199 to Boat Club Road.

Summary:

Azle Avenue is a main business corridor for the City of Lake Worth, and sufficient infrastructure is vital to the economic stability and growth of the City. To facilitate phasing the project staff is requesting the EDC approve a Resolution to fund the beginning stages of planning the upgrades.

The scale and scope of the Azle Avenue project is very large. Staff is anticipating the reconstruction of the entire five (5) lane road along with major water, sewer, storm water, curbs/gutters, and sidewalks. The design stage will allow the City Engineer, along with key staff, to engage the City Council to determine the best way to approach the Azle Ave. reconstruction efforts. It's anticipated this project will be executed in a phased approach.

The expenditure, if approved, meets the conditions of the Act, as defined by Section 501.103 of the Local Government Code. The expenditure is suitable for the infrastructure necessary to promote or develop new or expanded business enterprises in the City of Lake Worth.

Fiscal Impact:

- 1. \$250,000
 - a. Note: This item is not part of the proposed budget for the EDC Corporation. Funding is available and a budget amendment would be presented at the next quarterly meeting, if approved.
 - b. Current Reserve Fund Balance:

Attachments:

- 1. Proposed Resolution No. 2017-03E
- 2. Azle Ave project notice
- 3. Kimley-Horn Cost Estimate

Recommended Motion or Action:

Move to approve Resolution No. 2017-03E, approving an expenditure in an amount not to exceed \$250,000 for the design of infrastructure and water/sewer utilities along Azle Avenue from Highway 199 to Boat Club Road.

RESOLUTION NO. 2017-03E

A RESOLUTION OF THE LAKE WORTH ECONOMIC DEVELOPMENT CORPORATION APPROVING AN EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED \$250,000 FOR THE DESIGN COSTS ATTRIBUTABLE TO THE RECONSTRUCTION OF INFRASTRUCTURE AND WATER AND SEWER UTILITIES ALONG AZLE AVENUE FROM HIGHWAY 199 TO BOAT CLUB ROAD; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Lake Worth Economic Development Corporation ("Corporation") is a non-profit development corporation created, existing and governed by Chapters 501, 502 and 505, Texas Local Government Code, as amended ("Act"); and

WHEREAS, the City of Lake Worth, Texas intends on reconstructing infrastructure and water and sewer utilities along Azle Avenue from Highway 199 to Boat Club Road; and

WHEREAS, Azle Avenue is a main business corridor in the City of Lake Worth, and sufficient infrastructure is vital to the economic stability and growth of the City; and

WHEREAS, the Corporation desires to expend funds attributable to the design costs of the project; and

WHEREAS, the Corporation finds that the expenditure will be used to fund a "project" as defined in Section 501.103 of the Act and that such expenditure is required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LAKE WORTH ECONOMIC DEVELOPMENT CORPORATION, THAT:

SECTION 1.

The Corporation approves funding of the design costs attributable to the reconstruction of infrastructure and water and sewer utilities along Azle Avenue from Highway 199 to Boat Club Road, in an amount not to exceed \$250,000. The Corporation further finds that the expenditure will be used to fund a "project" as defined in Section 501.103 of the Act and that such expenditure is required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises.

SECTION 2.

This Resolution shall take effect after it is approved by the Corporation and after the expenditure is approved by the City Council of the City of Lake Worth.

PASSED AND APPROVED on this 5th day of September, 2017.

	APPROVED
	Clint Narmore, Board President
ATTEST:	
Monica Solko, Board Secretary	

NOTICE OF PROJECT

LAKE WORTH ECONOMIC DEVELOPMENT CORPORATION

A meeting will be held by the Lake Worth Economic Development Corporation on September 5, 2017 at 6:30 pm, in the City Council chambers at the Lake Worth City Hall located at 3805 Adam Grubb, Lake Worth, Texas, to consider expending funds in support of the following project: Design of the reconstruction, infrastructure and utilities (water,/sewer) for Azle Avenue from Highway 199 to Boat Club Road.

For more information please contact:

Stacey Almond City Manager City of Lake Worth 3805 Adam Grubb Lake Worth, TX 76135 Office: 817.237.1211, Ext 101

Fax: 817.237.1333

salmond@lakeworthtx.org

I certify that this notice was posted on the bulletin board of Lake Worth City Hall on August 18, 2017 and the City's website on August 18, 2017.

Stacey Almond, City Manager

Kimley-	Horn and Associates, Inc.	Opinion of	Proba	ble Construc	tion Cost
Client: Project: KHA No.:	City of Lake Worth, Tx Azle Avenue-Reconstruct		Date: epared E necked E		8/28/2017 MDC MDC
Azle Avei	nue				
Item No.	Item Description	Quantity	Unit	Unit Price	Item Cost
Project N 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Mobilization 6" Reinforced Concrete with Integral Curb and Gutter 6" Flexbase Unclassified Excavation Storm Drainage Allowance Signage and Pavement markings Hydraulic Mulching Site Preparation Erosion Control Water Allowance Sanitary Sewer Allowance Sidewalks Wall Allowance Irrigation Allowance Driveway Repairs Signal Modifications-if any ADA Allowances	1 37,787 38,756 12,920 1 1 14,600 1 1 5,000 500 1 2,000	LS SY SY LS LS LS LS SY LS SY LS SY LS SY LS	\$250,000.00 \$52.00 \$15.00 \$20.00 \$750,000.00 \$35,000.00 \$35,000.00 \$500,000.00 \$500,000.00 \$50.00 \$60.00 \$15,000.00 \$55.00 \$55.00 \$50,000.00	\$250,000.00 \$1,964,924.00 \$581,333.40 \$258,400.00 \$750,000.00 \$35,000.00 \$70,000.00 \$15,000.00 \$500,000.00 \$250,000.00 \$15,000.00 \$15,000.00 \$15,000.00 \$30,000.00 \$30,000.00 \$30,000.00 \$35,000.00
	Basis for Cost Projection: No Design Completed Preliminary Design Final Design			Subtotal Cont. Total Survey/ENG Total	\$5,458,457.40 \$1,091,691.48 \$6,550,148.88 \$982,522.33 \$7,532,671.21

The Engineer has no control over the cost of labor, materials, equipment, or over the Contractor's methods of determining prices or over competitive bidding or market conditions. Opinions of probable costs provided herein are based on the information known to Engineer at this time and represent only the Engineer's judgment as a design professional familiar with the construction industry. The Engineer cannot and does not guarantee that proposals, bids, or actual construction costs will not vary from its opinions of probable costs.