



City of League City, TX

300 West Walker
League City TX
77573

Meeting Minutes City Council

Monday, November 21, 2016

6:00 PM

Johnnie Arolfo Civic Center
400 West Walker Street

Council Work Session

The City Council of the City of League City, Texas, met in a work session in Council Chambers at 200 West Walker Street on the above date at 6:00 p.m.

Mayor:

Pat Hallisey

City Council Members:

**Dan Becker
Hank Dugie
Heidi Hansing
Todd Kinsey
Geri Bentley
Keith Gross
Nick Long**

City Manager:

Mark Rohr

Deputy City Manager:

John Baumgartner

Assistant City Manager/Director of Finance:

Rebecca Underhill

City Attorney:

Nghiem Doan

City Secretary:

Diana M. Stapp

Chief of Police:

Michael Kramm

Director of Engineering:

Vacant

Acting Director of Human Resources/Civil Service:

April Patterson

Director of Parks & Cultural Services:

Chien Wei

Director of Planning/Development:

Paul Menzies

Director of Public Works:

Gabriel Menendez

1. CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Hallisey called the meeting to order at 6:00 p.m. and called the roll. All members of Council were present except Geri Bentley.

Absent 1 - Ms. Geri Bentley

Present 7 - Mayor Pat Hallisey, Mr. Dan Becker, Mr. Hank Dugie, Ms. Heidi Hansing, Mr. Todd Kinsey, Mr. Keith Gross and Mr. Nick Long

2. PRESENTATION OF THE SALES TAX FOLLOW-UP AUDIT REPORT

Michelle Tressler, City Auditor, said there was an interim sales tax audit report done in March 2015. At that time there were 17 addresses that had been sent to the Texas Comptroller for examination. When I did the follow up all those addresses were verified and are now correctly reporting sales tax to League City. The scope of the follow-up audit started in November 2014 and went through June 2016. I contacted the comptroller and was provided a list of 794 businesses that were issued sales tax permits between that time that included 6 zip codes. I then excluded those businesses in 77573 and looked at the remaining 5 zip codes where we have higher risk of businesses not submitting their taxes correctly. That left 118 businesses. GIS reviewed those business addresses to confirm that they were indeed within League City and we found 3 addresses that were incorrectly assigned to League City. The second step was looking at the Tenant Occupancy Log from the Building Department. Between that same time frame there were 338 businesses that applied for permits. All those addresses were checked against the Comptroller's database and none were excluded, 7 addresses were not found.

So the 10 unfound addresses were sent to the Comptroller for examination and 3 addresses were removed, 4 addresses were found and verified, and 3 businesses are sales tax exempt. League City has one of the lowest sales tax rates in the area at 8%. There are 3 opportunities for improvement that came out of this audit. There is a new permit report that the Texas State Comptroller sends out every other month and we are now getting those reports. GIS reviews the report and informs Finance and Audit of any needed changes. This allows for consistent monitoring of our sales tax jurisdiction. The second one is Local Sales Tax added to Telecommunication Services, a recommendation that came up in the first audit along with residential gas and electricity. As part of the Revenue Study council passed to add local sales tax (1.75%) to telecommunication services. The third improvement was the Sales Tax Reminder put in the City Manager's Update (CMU) on October 21, 2016, reminding the citizens that our sales tax rate is 8% and to report any League City business charging a different rate to the Fraud Hotline.

3. PRESENTATION AND DISCUSSION REGARDING THE CAPITAL IMPROVEMENT PROGRAM (CIP UPDATE)

John Baumgartner, Deputy City Manager, said this is something I think is important that we do. We go through the CIP during the budget process and then most of the time as we report back to you we only report those projects going forward. So we are trying to come up with a midway reporting so that we don't forget about the projects that are important to everyone.

Gabriel Menendez, Director of Public Works, said our goal tonight is to provide the City Council with an overview and executive level update of our City's Capital Improvement Program. Tonight we are going to define the CIP Program & Level of Investment, look at our Current Plan & Program Schedule, Project Issues & Highlights, Project Management/Change Orders and the I-45 TxDOT Project Status & Schedule. Direction on Priorities, Funding Sources, and Timeline comes from citizen input, Mayor and City Council, "Roadmap to the Future", Comprehensive Plan, Master Plans: Water/Sewer/Transportation/Drainage, Partnerships and agreements with other entities (private or governmental), and City staff needs assessments. Projects consist of brick-and-mortar facilities with long useful lives. Participating programs include: reinvestment, streets, drainage, police, fire, facilities, parks, economic development, downtown revitalization, water and waste water. The 5-year CIP total is \$480,629,393 in total program amounts. As of October 1 we had a carryover from FY2016 of \$175,757,942 in projects. These are open projects that may be under design or under construction in different phases. So over the next five years we have \$589,444,162 in projects in some form of development. The breakdown by category is 35% water, 9% wastewater, 19% streets, 15% reinvestment, 3% economic development, 6% police, 5% parks, 2% downtown revitalization, 2% facilities, 2% drainage and 1% fire. As of October 1, 2016 there was \$175,757,942 in previously funded projects, and we added \$64,338,179 in new project for FY2017 for a total active program of \$240,096,121. By the end of this fiscal year (FY2017) we anticipate to close out \$131,898,224 in projects, leaving \$108,197,897 of projects advancing into FY2018. As of October 1, 2016 we have a total of 98 open projects at various phases of development (\$240,096,121), and by September 30, 2017 we will have 42 projects complete (\$131,898,224) leaving 56 open projects (\$108,197,897) advancing into FY2018.

Some details of current projects that are of interest, Beaumont Street Rehabilitation is well under construction and is projected to be completed in FY2017. Those projects within the Reinvestment Program (North Kansas Ave Reconstruction, Calder Road Reconstruction, Dickinson Ave. Reconstruction, St. Christopher Ave. Reconstruction and Asphalt Street Rehabilitation) have been awarded the design phases. Calder Road has become a very complicated project and has many facets to it. The 30" Sewer Main is under construction and is 6 months behind schedule. We do anticipate that project to be completed toward the end of the year. That is important because the Street Reconstruction (Turner to Ervin) has been awarded and we have delayed the start of that project until January 2017. The 39" Water Line Rehabilitation and Pump Station projects are substantially complete. The 2nd phase of Street Reconstruction (Ervin to Cross Colony) is in the design phase. The Sidewalk Replacement program has \$1,000,000 allocated this year and we have already started construction. We are focusing on areas where we have issues: South Shore Harbor, Countryside North/South, Ellis Landing, The Landing and the Newport area. Other CIP projects that we are working on: Walker Street Entrance as well as the League City Parkway Right Turn Lane into the Sportsplex (\$1,172,407); SH 96/South Shore Harbor Intersection Improvements (\$691,300); North Landing Blvd. Extension (\$45,535,667); Shellside Stormwater Management (\$2,458, 153); and Replace 42" Waterline on SH 3 (\$43,800,000). Project WT1502, replacement of the 42" Waterline is the water life line for the city.

The existing 42" serves our current water needs, and the degree that we upsize it could service our future needs as well. The other project I want to highlight is the East Side Water Tower, which has been elevated and is currently being completed. The last project I want to talk about is the Five Corners Intersection Improvements Project. We are currently working on the utilities and have the permit for the waterline relocation. We also have telephone lines that will be relocated next month and that is to be followed by Frontier and Comcast. That project has a TxDOT Bid Opening scheduled for January 2017.

Project Management, the way manager's look at projects is basically that our projects are wise investments of the public's money for the public's benefit. That is how we approach the concept of project manager's. We approach this directive with great diligence and focus. The Three-Legged Stool is an example and symbolizes that the stool supports the project and the importance of the legs are time, quality/scope, cost. As long as that stool is stable and all is in balance then we are moving forward with a good project. If at any time you have changes and that stool becomes unstable you have to take steps to correct it which likely result in Project Change Orders. Each project usually includes 5-10% contingencies for Work Change Directives (WCD). This allows us as project managers to address those minor changes that keep the project moving without to having to come back for approvals. Typical WCD can be grouped into Changes Conditions, Plan Deficiencies, Scope Changes, Design Modifications, Design Criteria Change, changes by outside agencies. We went back 12 months and looked at the projects we have under construction (\$43,412,885.16) and the associated change orders with those projects (\$528,575.46), that equates to an average of 1.23% in change orders.

An update from TxDOT on the I-45 project, the first segment runs one-half mile south of FM 518, through League City, and into Texas City. The project has been issued a notice to proceed and is a 54-month project at \$122 million for a 3.4 mile of interstation. The start date was November 14. The scope of the work is they will start with the medians first and then work on the main lanes. The overpass at FM 646 will be closed down for a good portion of this project because of reversal of the elevation area, much like the Bay Area Boulevard project. There will detour plans routed to get around it by the frontage and service streets along the corridor. The next segment will run from Nasa Road 1 to the starting point of the other project. That project is slated to be awarded in April 2017. A couple of significant components are the entrance/exits ramps are going to be reversed so that the exit ramps go over the entrance ramp and they are also expanding the exit ramp to two lanes. They are also going to elevate the bridges on the frontage road at the creek so they won't flood. There is also a lift station that needs to be relocated. All work that we do in support of the line relocations will be advanced funded by the city and reimbursed by TxDOT at the end of the project. There has been some interest in both of these projects from the city to replace the wood poles with concrete. There are 165 poles and the estimate is between \$250,000-\$500,000 to upgrade them to concrete, non-reimbursable to the city. If we are interested, we need to communicate that to them now to get that included.

4. **CONDUCT A WORK SESSION OF THE CITY COUNCIL TO RECEIVE INFORMATION CONCERNING AGENDA ITEMS APPEARING ON THE MEETING AGENDA FOR THE NOVEMBER 22, 2016 MEETING OF THE CITY COUNCIL OF THE CITY OF LEAGUE CITY.**

NO VOTE OR ACTION WILL BE TAKEN ON ANY ITEM UNDER CONSIDERATION

5. **ADJOURNMENT**

At 7:07 p.m. Mayor Hallisey said, there being no further business this meeting is adjourned.

**PAT HALLISEY
MAYOR**

**DIANA M. STAPP
CITY SECRETARY**

(SEAL)

MINUTES APPROVED: