



City of League City, TX

300 West Walker
League City TX 77573

Meeting Minutes City Council

Tuesday, August 1, 2017

6:00 PM

Council Chambers
200 West Walker Street

Budget Workshop

The City Council of the City of League City, Texas, met in a workshop meeting in the 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
Larry Millican
Todd Kinsey
Greg Gripon
Keith Gross
Nick Long

City Manager:

John Baumgartner

Assistant City Manager/Director of Finance:

Rebecca Underhill

Assistant City Manager:

Bo Bass

City Attorney:

Nghiem Doan

City Secretary:

Diana M. Stapp

Chief of Police:

Michael Kramm

Director of Human Resources/Civil Service:

Janet Shirley

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.

Present 8 - Mayor Pat Hallisey, Mr. Dan Becker, Mr. Hank Dugie, Mr. Larry Millican, Mr. Todd Kinsey, Mr. Greg Gripon, Mr. Keith Gross and Mr. Nick Long

2. PUBLIC COMMENTS

3. **PRESENTATION BY THE VICE-CHAIRMAN OF THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE**

Ed Poole, Vice Chair of the Transportation and Infrastructure Committee gave a presentation. We have a very special group of people that are involved. The committee members are Ed Poole, Vice Chairman, Councilman Larry Millican, Shannon Hicks, Mike Lee, Peggy Zahler, Evan Watkins, and a vacant position previously held by past Chairman Mick Phalen who participated in this preliminary review that we did. Together we are focused on just one thing - to look at the existing and future transportation and infrastructure challenges that face the city, to review the future and current funding, strategies that we are using to support the city CIP in preparation to make recommendations to the council and aid the council in disseminating resulting initiatives through the League City community. This is a pretty important aspect of the activities. Last Friday there was a meeting of a subcommittee of the Chamber of Commerce and I found many interested people but they were primarily interested in the infrastructure aspect of what we are doing and water was high on their list followed by communication. So others are interested in contributing and participating here. The committee has had 5 meetings and we are on a learning process. Gabe Menendez made sure it was quick but it was a lot. You are going to be reviewing the CIP today and we looked at the CIP as it relates to transportation and some to water. We can see the need for an increase in funding and a lot of what we see we are not where we need to be. We have a master plan for transportation that is coming out for 2020-2025 that Freeze and Nichols is working on. Our concern is that when we get to 2020 and we have everything in place that it assumes as the base from which to build, most of us don't think we do. We are seeing that what we thought were TxDOT's plan for the I-45 corridor aren't exactly what they appeared to be. They are also very busy on Hwy 146 and that going to begin to have an impact on us through SH 96 east-west thoroughfare. These multi-agency projects will impact our mobility and we have to integrate what they are doing with things that we have underway. League City from day one has experienced dynamic growth. The CIP is of critical importance in addressing current and future needs. What you are doing tonight is very key to the city. We have asked Freeze and Nichols to provide us with a 2015/2016 base line for their study so we can begin to understand what the distance is between the 2020 assumptions and where we are going to be in 2020. We think that is a very important aspect of what is going on. We will pick up water after that and proceed as the further studies go with those aspects of the activity.

4. **PRESENTATION OF THE FY 2018 - FY 2022 CAPITAL IMPROVEMENT PLAN**

John Baumgartner, City Manager, gave a presentation – staff was key in putting this plan together. We would like to thank Ed Poole for taking time and sitting with us as we went through several hours of presentation related to CIP and Infrastructure. We start this process, developing the CIP for this year as early as January and is continuous year-round. We sit down with all the project managers and talk about what we can and will implement.

What is League City's Capital Improvement Plan (CIP)? It is a dynamic, 5-year outlook – “roadmap” that establishes priorities, funding sources, and timeline based on: Mayor and City Council input/goals, Comprehensive Plan, Master Plans (Water, Sewer, Transportation, Drainage, City staff assessments and citizen input. It is a rolling process with plan updated and adopted annually.

Key Considerations include what does the community need, expect and desire. What can we afford (cash vs debt). How to make sure we keep up with depreciation with life expectancy of 30-50 years with proper maintenance and \$24.63 million identified per year to keep up with depreciation. We try to maximize useful lives of asset, standards for construction and quality construction inspection is our key to longevity.

What qualifies as a CIP project? Brick-and-mortar facilities with long useful lives to include: facilities, roadways, utilities, drainage, sidewalks, rehabilitation and parks. How are projects selected? Council input, regulatory requirements, contractual obligations, economic development, health and safety, community and citizen effects, leverage of funds, annual M&O cost, external assessments based on National Standards - ISO Review (fire) and CRS (drainage for flood insurance), staff input, Parks Board input, Lean & Green committee, environmental (aesthetic and social effect), effect on inter-jurisdictional relationship, capital cost vs available funding, community consensus, citizen input, conform to appropriate master plan, condition of existing facility, implication of deferring the project, Transportation & Infrastructure Committee.

Proposed Spending by Program, FY2018-2022: Water 36.1%, Streets & Traffic 19.3%, Reinvestment 16.3%, Wastewater 14.2%, Parks 3.3%, Economic Development 2.6%, Downtown Revitalization 2.3%, Police 2.2%, Fire 1.3%, Facilities 1.3% and Drainage 1%.

Proposed Totals by Program, for FY2018 we programed \$75,708,465 of new initiatives and doesn't count projects that are underway, under construction or under design. The five-year outlook - FY2018-2022 total is \$423,588,355, or \$80 million per year and we are not there yet for investment. Some of those projects are we pay for part of and TxDOT will manage them or other partner agencies to help implement.

Tax Supported Programs - FY2018 total \$44,278,616

Reinvestment - \$15,017,000

Streets/Traffic - \$7,818,020

Drainage - \$3,045,519

Police - \$6,850,000

Fire - \$5,175,500

Facilities - \$875,000

Parks - \$1,837,070

Economic Development - \$200,000

Downtown Revitalization \$3,460,507

Revenue Supported Programs - FY2018 total \$31,429,849**Water - \$27,667,224****Wastewater - \$3,762,625****CIP Funding Sources**

Internal Funds include: General Fund cash, Water/Sewer operating fund cash, Capital recovery fees (water and sewer), Park dedication fees, 4B sales tax revenues, Long-term bonds (tax supported/revenue supported).

External Funds include: Intergovernmental (partnerships with other cities, Galveston County bonds, State Grants (TxDOT, etc.), Federal Grant (IKE Recovery/TCEQ), Other Grants (Traffic Safety, HGAC/TIP), Developer contributions/facility agreement, Special district financing (TIRZ, MUD, PID).

Proposed Funding Source – FY2018

- **Existing City Funds:** Previously sold Certificates of Obligations (COs), Miscellaneous Tax Capital Projects Cash, Reinvestment Cash, Misc. Revenue Capital Projects Cash, Water & WW Capital Recovery Fees, Other Existing City Funds.
- **Other Funding Sources:** 4B Corporation, CDBG, 108 Loan, Potential Grant Funding.
- **Future COs / Bonds, Development Finance Bonds.** The thing that we have all focused on is the plan cannot be supported without the issuance of debt. For 2018 we proposed \$18 million, much of that is driven by the new fire station and the animal shelter.

Reinvestment program:

Sidewalk Replacements, Street Reconstruction, Traffic Signal Reconstruction, Annual Stormwater Improvements, Asphalt Road Rehab, Facilities Reinvestment, Parks Facilities Renewal, Fire Training Room Expansion, Remodel Station 4 & 5, Library Needs Assessment.

During the FY2017 budget process, staff presented an ambitious plan to “reinvest” \$25 million annually in city infrastructure and facilities, such as annual needs to refurbish and renew existing streets, parks and facilities. The Plan was to phase in funding from general revenue at an increasing rate over time. The FY2017 budget included the initial funding level of \$9 million. FY2018 was projected to increase that commitment to \$15 million, utilizing additional fund balance, growth in property tax revenue and revenue generated from fee enhancements implemented last year. Due to limited revenue growth, the proposed budget tempers reinvestment funding from the planned \$15 million to \$12 million. Key funding considerations, Reinvestment Program - \$5 million of the reinvestment program is provided by a one-time expenditure of general fund balance. We will need to develop additional revenue to meet the reinvestment funding needs in future years.

Asphalt Street Rehabilitation – Estimated Total Project Cost: \$13.45 million

FY2018 Budget \$1.867 million – Funding: Reinvestment Cash

Projects: Construct Shellside Subdivision and the railroad district (west of the railroad, east of SH3 and north of FM518: Mayhaw (from Oregon to Florida and from Virginia to Ohio), Olive, Peach, Strawberry (from Virginia to Ohio), Virginia, Arkansas (from Olive to Peach and ½ block north of Pear to south dead end), Maryland, Oklahoma, Kentucky, Dallas, Waco, and Perkins.

Parks Facilities Renewal – Estimated Total Project Cost: \$1.135 million

FY2018 Budget \$335,000 – Funding: Reinvestment Cash

Projects: Re-Plaster of Municipal Pool on the Walker Complex. Burd House / Park Administration Office Exterior Renovation at League Park. Rehabilitation of Fly Ash Aggregate Trail at Nature Center.

Streets / Traffic Program – Total Proposed Funding: \$81,688,286 million

FY2018 Budget \$7,818,020 - Funding Source: Existing City Funds, Future COs / Bonds.

Projects: Fiber Network Traffic System West Side, McFarland Road Bridge, Traffic Systems Improvements 2018-2022, Ervin Connector, North Landing Extension, Walker Street Corridor Upgrades, Right-of-Way Purchase, FM270 Widening (FH518 to FM646), TxDOT FM 646 Widening, Walker Street Bridge.

With many of the capital projects they are years in development and evolution. I want to bring a couple of key projects to your attention.

- Traffic Systems Improvements, new signals programed primarily for the League City Parkway Corridor, FY 2018 Budget \$1.6 million – Funding: Debt.**
- Ervin Connector, a project that we started about two years ago that connects the southern extension of Hobbs Road over to Calder Road, FY2018 Budget \$3.9 million – Funding: Debt.**
- Walker Street Corridor Upgrades, a new project, there is TIRZ money specifically dedicated for that corridor to address some congestion issues particularly at FM 646, Total Project Cost: \$2.5 million.**

On roadways and prioritization, we look at type of roadway (residential or collector vs. arterial), congestion, condition, traffic counts and capacity.

Streets Program - What is it that people see every day and how are we working to start to address those issues. The three main traffic issues are FM518 west of I-45, Five Corners area, and SH 96. One of the projects that continues to face challenges to move forward is Landing Blvd, how can we divert some of the traffic off of that congested intersection. There are challenges in building total consensus with that project, but that is the one project that we have been trying to advance over the last 5 years. The Five Corners implementation is currently under construction, that contractor appears fully engaged making great progress. The SH96 corridor from Bay Area Blvd through South Shore, there are a lot of things we can do with auxiliary turn lanes and bottle neck improvements.

Drainage Program – Total Proposed Funding \$4,086,519
FY2018 Budget \$3,045,519 – Funding Source: Existing City Funds
Projects: Nottingham Ditch Improvements, Genco Canal, and Historic District Drainage Improvements.

Police Program – Total Proposed Funding \$9,484,484
FY2018 Budget \$6,850,000 – Funding Source: Future COs / Bonds
Projects: Animal Shelter, Indoor Firing Range

Fire Program – Total Proposed Funding \$5,675,500
FY2018 Budget \$5,175,500 – Funding Source: Existing City Funds, Future COs / Bonds.
Projects: Public Safety Annex Station 6, Relocate Station 1

Building and Facilities Program – Total Proposed Funding \$5,375,000
FY2018 Budget \$875,000 – Funding Source: Existing City Funds
Projects: Land Purchase for city initiatives, Municipal Court Facilities Needs Assessment.

Parks Program – Total Proposed Funding \$14,009,864
FY2018 Budget \$1,837,070 – Funding Source: Existing City Funds, Other Funding Sources
Projects: Dog Park, Tuscan Lakes Trail, TxDOT FM518 Bypass Hike & Bike, Hike & Bike Trails Way-Finding Signage, Clairmont Connector Hike & Bike Trail, 2012 Hike & Bike Phase 1, Bay Colony Community Trail, Hometown Heroes Park 5K Loop, FM270 Public Boat Ramp Renovation, TxDOT Bike Trail & Sidewalk, Westover Park Project.

Economic Development Program – Total Proposed Funding \$11,017,950
FY2018 Budget \$200,000 – Funding Source: Existing City Funds
Projects: Westside Economic Development Initiatives, Jag Hollow Extension Phase 1 & 2

Downtown Revitalization Program – Total Proposed Funding \$9,837,913
FY2018 \$3,460,507 – Funding Source: Existing City Funds, Other Funding Sources
Projects: Downtown Revitalization Plan, Downtown Revitalization Trails

Downtown Revitalization Plan – Estimated Total Project Cost \$12 million
FY2018 Budget \$3,355,891

- Hot Cash \$905,316
- CDBG Cash \$127,130
- 108 Loan \$582,600
- Park Dedication Fees \$948,500
- Tax Supported Cash \$792,345

Revenue Supported Totals \$213,396,939
FY2018 \$31,429,849 (Water - \$27,667,224, Wastewater - \$3,762,625)
Funding Source – Existing City Funds, Future COs/Bonds

Water Program Projects:**60-inch Water Line Replace 42-inch Line on SH3 (Distribution/Supply)****36-inch Water Line SH3 to SSH Booster Station (Distribution)****Southeast Service Area Trunks****Waterline Upgrades & Replacement (Renewal)****South Shore Lake Apts. / FM518 WL Extension****Annual Water System Improvements****West Side Well, GST, Generator and BPS****24-inch Waterline Stabilization/Relocation****New Water Lines to the West Side (Distribution)****New Water Supply Strategies (replaces 3 previous projects for increased water supply:****DSWWTP Reclaimed Water Pump Station, Reclaimed Water Pipelines, Expansion of TMWTP)****North Service Area 16-inch Waterline along Grissom****New West Side Elevated Tank and Well****SEWPP Treatment Improvements****Dickinson Ave GST & Generator****Transmission Waterline Assessment & Rehab****New Water Well and GST – Westside****Water Master Plan 5-Year Update and CRF Study****Supplemental 24-inch line from Calder Rd to Walker (Distribution)****Trunk Line from Walker WP to Louisiana (Distribution)****18-inch Waterline to West Side Elevated****8-inch Waterline from Cross Colony to Mary Lane****18-inch Trunk Line from SSH Booster Pump Station to FM2094****New Water Supply Strategy, formerly included in plan as 3 separate projects for reclaimed water:****Estimated Total Project Cost \$19,630,000****FY2018 Budget - \$264,000 – Funding Source: Prior Bonds**

- **DSWWTP Reclaimed Water Pump Station**
- **Reclaimed Water Pipelines**
- **Expansion of TMWTP**

Wastewater Program Projects:**Sanitary Sewer Annual Rehab 2018-2022****Force Main Upgrade from Bay Colony LS to Ervin St.****Westside 54-inch and 42-inch Gravity Sewer Interceptors Phase 1****SWWRF Blower Intake Improvements****Annual Lift Station Improvements****DSWWTP 185 Hp Pump Replacement****Annual Odor Control Improvements**

Re-use Improvements – Phase 1**Bay Area Blvd 12-inch Sewer Improvements / FM / LS****FW5 Lift Station / Force Main to SWWRF****Wastewater Master Plan 5-year Update & CRF Update****SWWRF 3.0 MGD Capacity Expansion****Re-use Utility System****36-inch Gravity Sewer North from SWWRF to FW6****FW8 Lift Station / Force Main to SWWRF****FW9 Lift Station / Force Main to SWWRF****36-inch GS Trunk Ext South of SWWRF to FW 8 & 9****27-inch and 24-inch GS Trunk Ext South of SWWRF (FW 2 & 3 to SWWRF)****27-inch and 24-inch GS Trunk Ext North of SWWRF (FW 4 & 5 to SWWRF)****FW4 Lift Station / Force Main to SWWRF****30-inch GS Trunk Ext South of SWWRF (FW3 to SWWRF)**

Key Funding Considerations – FY2018 Bond Issue, Projects are funded by project phase according to the approved CIP in order to maximize the efficient use of funds. Currently available funds are allocated to projects based on priority and project phase. Project funding is approached in a comprehensive manner, with strategic use of existing funding sources, capacity to issue future debt, and excess working capital. This method requires next year's council to provide funds through the issuance of debt or cash financing in order to construct projects designed the previous year(s). The CIP proposes an increase of \$1.79 million in total outstanding debt in FY2018.

FY2018 Proposed Tax Supported Bond Issue \$13,984,510**Programs include:****Police – Animal Shelter****Fire – Public Safety Annex Station 6****Streets – Traffic System Improvements****Streets – Ervin Connector****FY2018 Proposed Revenue Supported Bond Issue \$4,378,800****Programs include:****Water – New Water Lines to the West side****Water – SEWPP Treatment Improvement****Wastewater – Sanitary Sewer Annual Rehab****Wastewater – Force Main Upgrade from Bay Colony to Ervin****Wastewater – SWWRF Blower Intake Improvements****Wastewater – Annual Lift Station Improvements****Wastewater – DSWWTP 185 Hp Pump Replacement****Total Outstanding Debt as of 9/30/17 \$246,610,085****FY2018 Principal Paid -\$16,568,096****FY2018 Proposed New Debt \$18,363,000****Total Outstanding Debt as of 9/30/18 \$248,404,989**

Timetable:

August 7, Final Council Budget Work Session

August 8, Public Hearing

August 22, First Reading of Budget Ordinance

September 12, Second Reading of Budget Ordinance

October 1, Implement FY2018 CIP

5. ADJOURNMENT

At 7:50 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: