



City of League City, TX

300 West Walker
League City TX 77573

Meeting Minutes City Council

Tuesday, July 31, 2018

6:00 PM

Johnnie Arolfo Civic Center
400 West Walker Street

Budget Work Session - CIP

The City Council of the City of League City, Texas, met in a work session in the Johnnie Arolfo Civic Center at 400 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

Bo Bass

Assistant City Manager

Michael Kramm

City Attorney:

Nghiem Doan

City Secretary:

Diana M. Stapp

Chief of Police:

Gary Ratliff

Director of Budget/Project Management

Angie Steelman

Director of Engineering:

Christopher Sims

Director of Finance:

Allena Portis

Director of Human Resources/Civil Service:

Janet Shirley

Director of Parks & Cultural Services:

Chien Wei

Director of Planning/Development:

David Hoover

Director of Public Works:

Jody Hooks

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 Mr. Becker. Mr. Dugie arrived at 6:06 p.m. Mr. Gripon left at 8:00 p.m.

Absent 1 - Mr. Dan Becker

Present 7 - Mayor Pat Hallisey, Mr. Hank Dugie, Mr. Larry Millican, Mr. Todd Kinsey, Mr. Greg Gripon, Mr. Keith Gross and Mr. Nick Long

2. **DISCUSSION REGARDING THE CITY OF LEAGUE CITY FY2019-2023 CAPITAL IMPROVEMENT PLAN AND PROPOSED BUDGET FOR FY2019**

John Baumgartner, City Manager said just to get started we are going to talk about the Capital Improvement Plan (CIP). It is a full agenda and Angie will do as much talking as she can and we will see who needs to fill in as it relates to the questions.

Angie Steelman, Director of Budget & Project Management, gave a presentation.

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 Council input / goals, Comprehensive Plan, Master Plans (Water/Sewer/Transportation/Drainage), City staff assessments, Citizen input. It is a rolling process with the plan updated and adopted annually.

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

What qualifies as a CIP project? Brick-and-mortar facilities with long useful lives (facilities, roadways, utilities, drainage, sidewalks, rehabilitation, parks). How are projects selected? To name a few: council input, regulatory requirements, contractual obligations, economic development, annual M&O cost, citizen input, condition of existing facility, staff input.

Proposed totals by Program: FY 2019 \$75,402,468 (FY2019-2023 \$411,305,708)
Reinvestment \$17,014,077, Streets/Traffic \$6,905,191, Drainage \$1,088,000, Police \$6,836,177, Fire 288,789, Facilities \$850,000, Parks \$1,225,700, Downtown Revitalization \$3,355,386, Water \$34,371,648, and Wastewater \$3,467,500.

CIP Funding Sources

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

External Funds: Intergovernmental (partnerships with other cities, Galveston County bonds, State grants, Federal grants, other grants), Developer contributions / facility agreements, Special District financing (TIRZ, MUD, PID)

Continued Infrastructure and Facilities Reinvestment Funding

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 & renew existing streets, parks and facilities. 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 & revenue generated from fee enhancements implemented in FY2017. Due to limited revenue growth the FY2018 budget tempered that reinvestment funding from the planned \$15 million to \$7.88 million, of which \$3 million of this reinvestment program is provided by a one-time expenditure of general fund balance. In the FY2019 proposed budget \$7.41 million is budgeted as a transfer to the reinvestment program from the General Fund and is augmented by a \$7.5 million grant from Galveston County. In the original plan, \$18 million was estimated for FY2019. As the original plan \$18 million was estimated for FY2019. As the General Fund balance is decreased, we will need to develop additional revenue in order to grow the reinvestment funding for future years.

Key Funding Considerations

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).

General Obligation (GO) Bond Election

There are ongoing discussions for a comprehensive GO Bond election which could take place as early as November 2019 to fund projects without a clearly identified funding source. A GO Bond election would consist of projects such as drainage needs identified from the post-Harvey mitigation studies, expansions to streets, intersection improvements, new facilities such as a new library and/or municipal court. If we proceed with a GO Bond election, the process may identify additional needs from the citizen committee formed to help develop a potential program. A GO Bond election would partially replace the yearly issuance of tax supported Certificates of Obligation that are currently used to finance the CIP.

3. PUBLIC COMMENTS

4. **ADJOURNMENT**

At 8:57 p.m., there being no further business the meeting was adjourned.

PAT HALLISEY
MAYOR

DIANA M. STAPP
CITY SECRETARY

(SEAL)

MINUTES APPROVED: September 25, 2018