



Advisory Committee: Minutes of Regular Meeting – August 23, 2016

IN ATTENDANCE:

Gilbert A. Herrera, Chair – **Present**

Jeri Brooks – **Present**

Steven E. Parker – **Present**

Kathryn Easterly – **Present**

Scott Elmer – **Present**

Vernita Harris – Absent without notice

Bert Keller – **Present**

Jeff Ross – **Present**

Edward Taravella – **Present**

1. Call to Order / Welcome

Chairman Gilbert Herrera called the meeting of the ReBuild Houston Advisory Committee (RHAC) to order at 10:37 a.m.

2. Approval of the Minutes

Motion to approve the June 21, 2016 meeting minutes was made by Ms. Jeri Brooks and seconded by Mr. Bert Keller. Motion carried.

3. Workshop on ReBuild Houston Funding

The Department of Public Works & Engineering's (PWE) Deputy Director of Resource Management, Ms. Susan Bandy provided the committee a presentation on ReBuild Houston funding. Ms. Bandy dispersed two documents (attached) which described the funding process. Ms. Bandy stated that prior to ReBuild Houston; PWE had experienced a 10/60/30 spending pattern. However, since ReBuild Houston was created, PWE has experienced a 45/35/10/10 spending pattern.

Ms. Bandy explained that PWE uses a cash accounting approach for ReBuild Houston funded projects which work as follows: 1. Set up \$250 million commercial paper line – cost approximately \$590K in FY17; 2. Bid each project with funding committed for entire project; 3. Appropriate entire project against commercial paper line; 4. Budget estimated cash

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needed each year for all projects (budgeted approximately \$131 million in FY17). Ms. Bandy also informed the committee that legally the City is required to have a financial back-stop to cover its unspent appropriations which is why a commercial paper line is necessary.

Ms. Bandy also presented an alternative, yet more problematic approach where PWE would bid each project with funding only committed for one year at a time. Projects with more than one phase requiring more than one year's worth of funding would have to go back to Council for approval each year. While this approach would likely require a smaller commercial paper line, it would be more difficult and inefficient to execute administratively.

Under the alternative approach, PWE's total appropriation and spend in FY17 would be approximately \$131 million which would be the same amount of spending as the current approach. However, contractors would likely increase their project bids due to the added risk they would take on since there is a possibility there could be no funding after the first year. Therefore, following this alternative approach, it would be less efficient and more costly for the City.

Ms. Bandy stated that, due to projected increases in Ad Valorem revenue collected and paying-off pre-ReBuild Houston debt, the City will begin to see a significant increase in ReBuild Houston funding after 2020 and more so by 2024.

Mr. Taravella stated that he believes PWE needs to more closely examine contract terms in an effort to get projects completed at a faster rate (i.e. three years versus five years).

Mr. Jeff Ross and Mr. Herrera stated that PWE needs to have more clearly defined objectives outlined in its CIP Process Manual and including annual appropriations for the various infrastructure project categories to allow the committee to measure program successes.

Mr. Mark Loethen, PWE's Deputy Director of Planning and Development Services, stated that he will provide the committee with the appropriations for infrastructure projects by category from the last two fiscal years.

4. Old Business/New Business

With regard to the CIP, Mr. Loethen stated that council members have identified several potential projects within their respective districts. Coincidentally, many of the Council Member identified need areas were already identified by PWE which demonstrates the effectiveness of the ReBuild Houston methodology.

Mr. Loethen also informed the committee that PWE is working with county commissioners in an effort to leverage greater opportunities by looking at need areas in a more holistic, coordinated manner.

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Mr. Herrera requested an update on the charter amendment litigation. Ms. Bandy stated that it is still in discussion. Ms. Brooks recommended that we cover the charter amendment litigation as well as the contract award process and related policies during next month's ReBuild Houston Advisory Committee meeting.

Mr. Steve Parker requested that PWE consider using alternative repair material and approaches when fixing roadways with bike lanes. This is because the temporary pothole patches, while adequate for vehicle traffic, create a hazard for bicyclist.

5. Public Comments

Ms. Virginia Gregory, representing the Spring Branch Civic Association, requested information on Stormwater Detention Facility 571. Mr. Bryant commented that the infrastructure investment projections in the ReBuild Houston Transition Committee Report were too low.

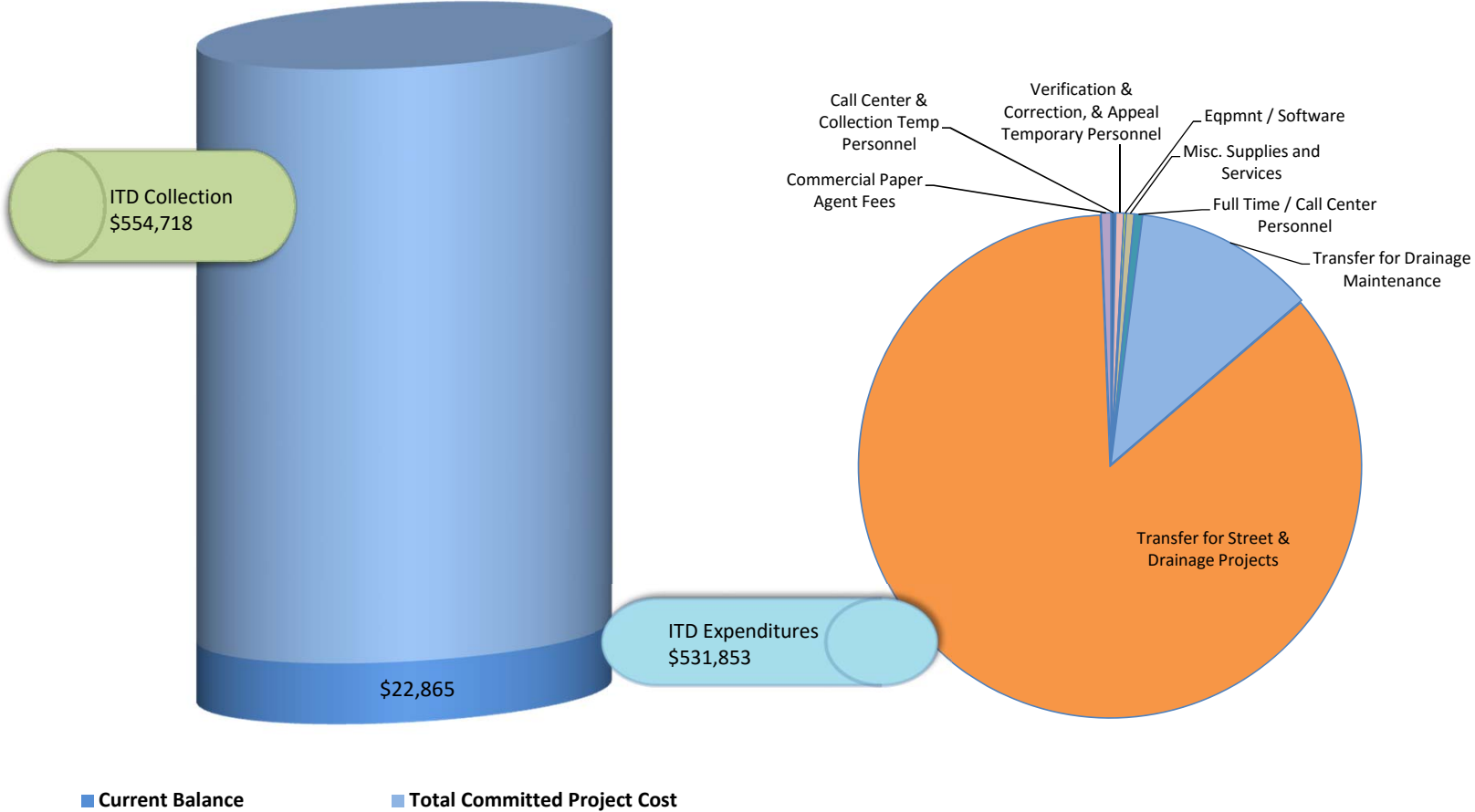
Mr. Loethen stated that PWE would look into Ms. Gregory's Detention Facility 571 inquiry and follow up with her at a future meeting.

6. Adjourn: Meeting adjourned at 12:14 p.m.

Attachments:

- Drainage Utility Collections/Expenditures Report (as of June 30, 2016)
- ReBuild Houston Funding Mechanism document

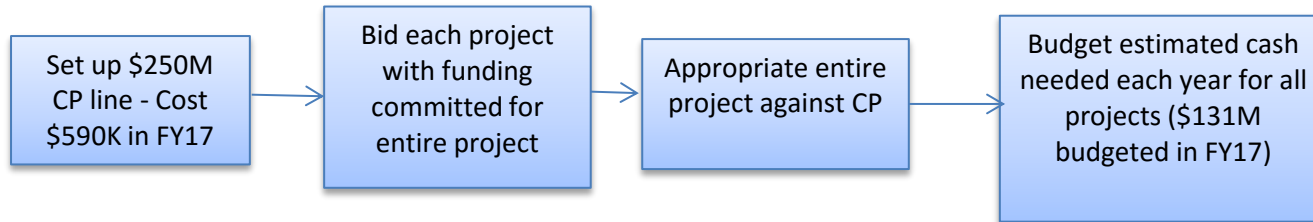
**Drainage Utility
Inception to Date (ITD) Collections / Expenditures
(\$ in Thousands)
(As of June 30, 2016)**



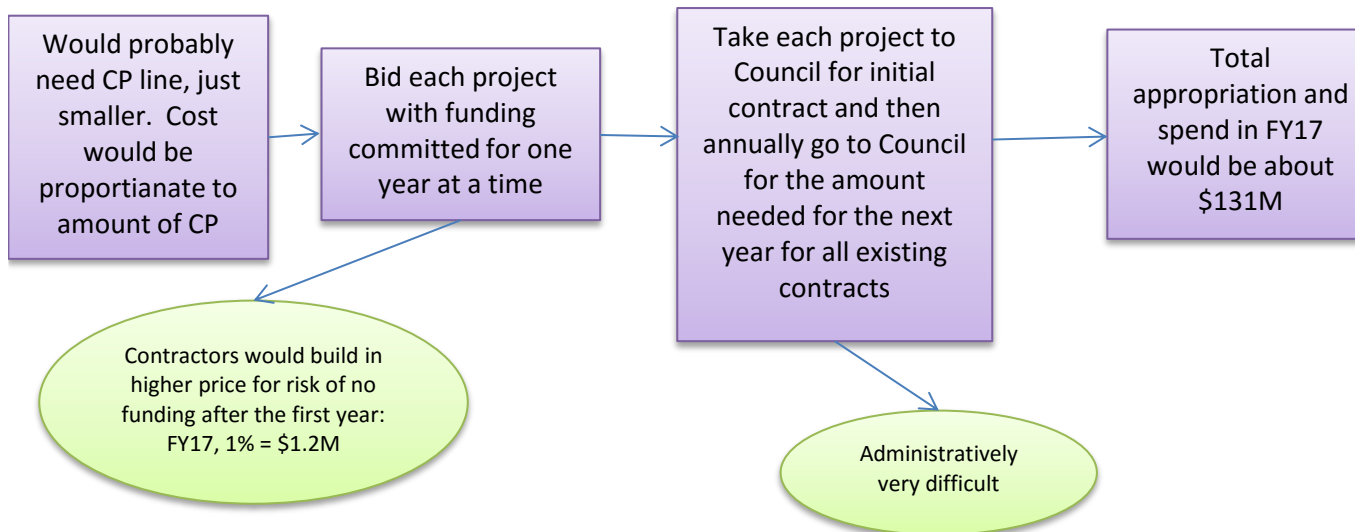
Note: Currently committed project costs total \$242.1 Million.

ReBuild Houston Funding Mechanism

Current Practice



Alternative Approach



Conclusions:

- * We gain nothing in additional projects by changing methods.
- * It would most likely be more expensive (possibly significantly) to change methods.