



Oversight Committee

Minutes of Regular Meeting: September 25, 2012

ATTENDANCE AT MEETING:

Theldon R. Branch, III, Chair - **Present**
Ann Lents, Vice Chair - **Present**
Frances Castaneda Dyess, Working Group Chair - **Present**
Dwight Boykins, Working Group Chair - **Present**
Edward Taravella - **Present**
C.P. "Chip" Bryan - **Present**
Bert Keller, Working Group Chair - **Present**
Gilbert Herrera, Working Group Chair - **Present**
Jeff Ross, Working Group Chair - Absent, with notice
Council Member Oliver Pennington - **Present**

1. Call to Order / Welcome

Chairman Theldon Branch called the meeting of the ReBuild Houston Oversight Committee to order at 10:38 a.m.

2. Approval of the Minutes

Motion was made with corrections by Mr. Taravella for approval of minutes. Mr. Boykins seconded the motion. Motion carried.

3. TTI "+5 Plan" Presentation Update

Mr. Rudick reminded members that at the August 28 meeting, a draft power point slide presentation was shown in preparation of the anticipated September meeting of City Council's TTI Committee. Mr. Rudick thanked those members who attended the September 12th TTI meeting. Council Member Pennington opened the TTI discussion with a proposal to have a joint session of the TTI and the Oversight Committee. Chairman Branch asked Mr. Pennington to describe what he hoped to achieve. Council Member Pennington stated that the Oversight Committee has met his full expectations. He feels the Committee has important information and wisdom to convey to Council. He thought the Oversight Committee could present a summary to the TTI and pass along issues that may need to be resolved. He recommended receiving a list of ideas from the committee to the council members. Mr. Boykins suggested private briefings with council members.

Chairman Branch stated we need to provide some structure in how to do this. Ms. Lents recommended the identification of issues that are yet to be resolved.

Council Member Green stated that one of his major issues is in regard to project prioritization. Will the meeting be an informational meeting or will council have input? Chairman Branch responded that input from City Council is always welcome. Mr. Herrera said public works projects get allocated and that is the CIP that council approves and we are going through a process to mechanize these allocations based on need as described in the *CIP Process Manual*. The "+5 Plan" is a methodology. We should be in agreement about what the role is of the Oversight Committee. What is oversight and what is the discharge of that responsibility? Ms. Lents said that the Oversight Committee does not take anything away from City Council. The Committee wants to give the Council the benefit of what we have been working on. Chairman Branch echoed that Council has the ultimate say. Mr. Branch also stated that he would like to set up a working group of the Oversight Committee and invite all Committee members and Council members to discuss project prioritization.

Ms. Sherry Weesner, chief of staff for TTI Chairman Noriega provided some possible dates to hold a TTI committee where the Oversight Committee members would be invited to provide input. These dates included October 11 or October 18. Mr. Herrera suggested focusing on 2 or 3 issues. Ms. Lents recommended for the committee members to send their comments to her, Chairman Branch and Dale Rudick by October 5, 2012. Council Member Green stated his concerns were prioritization of projects and allocation of funds. Council Member Costello said that the public approved a needs based system and that there needs to be a discussion on allocation and feels it should be from the neighborhood out. He also asked how we bridge neighborhood needs with what District council members want. Council Member Davis said "equitable" is key. He agrees with need determination from the community out.

Chairman Branch said with your comments we will build an agenda to work with Council on and focus on key points.

4. Year End Reports

Mr. Rudick called attention to the two standard quarterly reports in the packet which are for the final quarter of 2012 (year-end reports). The first one pertains to the Dedicated Street & Drainage Fund Group which is a check to ensure no more than 25% of each annual “appropriation” to the Fund may be used for maintenance & operations expenses which is stated in the Charter amendment. This year-end report illustrates that 15.70% of the appropriation to the Fund for FY 2012 went to operations and maintenance. This is not a revenue/expenses spreadsheet but illustrates compliance with the Charter amendment. Questions followed and Mr. Herrera emphasized that this form only shows how things are appropriated.

The second year-end spreadsheet in the packet is to report the Drainage Utility Collections for the year ended June 30, 2012. The amount collected was \$117,628,003 out of \$131,963,137 billed equating to a collection rate of 89.14%. The charter states that the drainage charges will be “designed” to generate at least \$125 million for FY 2012 which is indicated by the billings column. It was also noted that collection rates are anticipated to improve after this initial year.

Both of these reports have been posted on the webpage.

5. Executive Report

Mr. Rudick updated the members that the COH’s submittal to Bloomberg Foundation’s Mayor’s Challenge would not be ReBuild Houston.

A simplified FY 2012 End-of-Year Financial Summary was distributed that illustrates revenues and expenses for each of the four ReBuild Houston funding sources. This Summary may indicate what may be perceived to be a high ending balance in the Drainage Utility Fee but attention was drawn to footnote #1 where the Drainage Utility Fee and the Ad Valorem taxes (net of debt payments) goes to support ongoing CIP projects (where \$154 million in projects is appropriated). Mr. Rudick reminded the Committee that the COH is no longer utilizing new debt for streets and drainage; and we must serve as our own bank – thus a high balance is necessary to cover anticipated expenses of so many projects under contract. Ms. Lents made some recommendations for clarification purposes related to the spreadsheet (note: they have been added). Mr. Taravella asked if we had a list of projects that the \$38 million in drainage utility fees have been utilized. Mr. Rudick said that year-end report is forthcoming.

A memorandum (attached) from Director Krueger to Chairman dated September 17, 2012 was distributed. This memorandum is a result of the Committee’s August 28, 2012 motion regarding street flooding and adjacent properties during an extreme event. Subsequent to the last Oversight Committee meeting, the Chairman arranged a discussion meeting with the Director and this memorandum lays out what the department plans to do to address the Committee’s motion and other related items of interest.

The Spigot graphic for Drainage Utility Fee (Inception to Date) Collections and Expenditures as of September 13, 2012 was distributed.

Mr. Rudick reminded the committee members that he is there to help and again extended an invitation to meet individually as necessary regarding the ReBuild Houston program.

The next ReBuild Houston Oversight Committee meeting will be on October 23, 2012 in the Mayor's Conference Room at 10:30 a.m.

6. Old Business/New Business

The subject of the sub-committee meeting to review the criteria for project prioritization was raised again and Ms. Lents stated it would be good if it could be before the TTI meeting. Chairman Branch will work with the Director and Mr. Rudick.

7. Public Comments

Donald Perkins asked if the ReBuild Houston presentation is online. The presentation from the CIP District Town Hall meetings is on the ReBuild Houston website. A more recent one will be made available.

8. Adjourn:

Motion made and approved to adjourn the meeting at 12:03 p.m.

Attachments:

- Year-end reports (3)
- Memorandum dated September 17, 2012
- Drainage Utility Fees Collections/Expenditures – Inception to Date

City of Houston
 Department of Public Works and Engineering
 Dedicated Street & Drainage Fund Group
 FY12 Budget and CIP Report

| CONSOLIDATED APPROPRIATIONS | Adopted Budget | Refined Budget | Adopted CIP | Refined Budget + CIP | For the Year Ended June 30,2012 |
|---|---------------------------|---------------------------|------------------------|---------------------------------|--|
| OPERATIONS AND MAINTENANCE¹ | | | | | |
| Street and Drainage | \$ 17,845,967 | \$ 17,845,967 | | \$ 17,845,967 | \$ 12,568,906 |
| Traffic Operations | \$ 18,816,366 | \$ 18,816,366 | | \$ 18,816,366 | \$ 18,219,827 |
| Support Operations | \$ 618,541 | \$ 618,541 | | \$ 618,541 | \$ 443,328 |
| RTCSS Projects ² | \$ 601,000 | \$ 601,000 | | \$ 601,000 | \$ 450,928 |
| Safe Clear Project | \$ 2,889,400 | \$ 2,889,400 | | \$ 2,889,400 | \$ - |
| Other Drainage Operational Expenditures ³ | \$ 5,781,131 | \$ 5,781,131 | | \$ 5,781,131 | \$ 3,817,632 |
| Total O&M | \$ 46,552,405 | \$ 46,552,405 | | \$ 46,552,405 | \$ 35,500,620 |
| PERMANENT AND CAPITAL IMPROVEMENTS¹ | | | | | |
| Street Resurfacing | \$ 9,924,603 | \$ 9,924,603 | | \$ 9,924,603 | \$ 11,529,021 |
| Bridge Replacement | \$ 1,243,553 | \$ 1,243,553 | | \$ 1,243,553 | \$ 826,631 |
| Concrete Replacement | \$ 6,391,339 | \$ 6,391,339 | | \$ 6,391,339 | \$ 8,491,150 |
| Capital Equipment | \$ 48,900 | \$ 48,900 | | \$ 48,900 | \$ 14,658 |
| Total Permanent Impr./Capital Impr. | \$ 17,608,395 | \$ 17,608,395 | | \$ 17,608,395 | \$ 20,861,459 |
| Sub-total - Budget | \$ 64,160,800 | \$ 64,160,800 | | | |
| CIP | | | | | |
| Metro Capital | | | \$ 59,810,000 | \$ 59,810,000 | \$ 57,217,575 |
| Grant Funds | | | \$ 9,630,000 | \$ 9,630,000 | \$ 8,928,248 |
| Capital Contribution | | | \$ 2,213,000 | \$ 26,677,423 | \$ 26,688,480 |
| Other | | | \$ 555,000 | \$ 555,000 | \$ - |
| DDSRF (including 4506 and 4030 for 1st 6 months) | | | \$ 109,845,000 | \$ 109,845,000 | \$ 76,884,983 |
| Total CIP | | | \$ 182,053,000 | \$ 206,517,423 | \$ 169,719,285 |
| Total Permanent and Capital | | | | \$ 224,125,818 | \$ 190,580,744 |
| Reconciling Items | | | | | |
| Transfers to Capital Funds | | | | | |
| Transfer to Metro Capital Construction Fund | \$ 51,100,000 | \$ - | | | |
| Transfer RTCSS Projects to 4034 ² | | | | | |
| Transfer to TxDOT Project Fund | \$ 2,000,000 | \$ - | | | |
| Transfer to Drainage Capital Fund | \$ 59,208,000 | \$ 59,208,000 | | | |
| Total Transfers | \$ 112,308,000 | \$ 59,208,000 | | | |
| Grand Total | \$ 176,468,800 | \$ 123,368,800 | \$ 182,053,000 | \$ 270,678,223 | \$ 226,081,364 |
| O&M as Percentage of Total | | | | 17.20% | 15.70% |

- 1) Budgeted amounts for ongoing level of service provided by City Personnel - previously in the General Fund and reimbursed by METRO, now in fund 2310 and reimbursed by METRO.
- 2) This item is an expenditure in special revenue fund 4034, but is reimbursed by METRO. Shown here as an O&M expense, not shown as a transfer to special revenue fund reconciling item (see box above) as it is in the budget so as not to double count the item.
- 3) Significant effort by Combined Utility System staff goes into the Rebuild Houston effort that is not paid for from DDSRF dollars. Only three permanent employees are included in the 2310 funding.

Drainage Utility Collections
Collections for the Year Ended 6/30/12
9/7/2012

Actual FY 2012 Billing and Collection ¹

| BILL TYPE | BILLINGS | COLLECTIONS | % COLLECT |
|--|-----------------------|------------------------------------|---------------|
| Monthly Bills - Active Accounts | \$ 71,185,166 | \$ 68,177,983 | 95.78% |
| Monthly Bills - Inactive Water Accounts ² | \$ 2,437,118 | ³ \$ 1,510,751 | 61.99% |
| Bi-Monthly - Sewer Only | \$ 151,047 | \$ 114,596 | 75.87% |
| Quarterly - 1 quarter | \$ 38,885,154 | ⁴ \$ 29,982,014 | 77.10% |
| City Bills | \$ 6,850,011 | \$ 6,850,011 | 100% |
| Prepayment -Aviation and CUS ³ | \$ 10,292,468 | \$ 10,292,468 | 100% |
| Drainage Penalties | \$ 2,162,174 | \$ 700,180 | 32% |
| Total | \$ 131,963,137 | ¹ \$ 117,628,003 | 89.14% |

¹ Annual collections are based on bills through June 30, 2012 and collections on those FY12 receivables through August 29, 2012, in conformance with Governmental Accounting Standards. Collection activities will continue with expectation to collect more, particularly on quarterly accounts.

² These are primarily unoccupied single family homes. Owners have been billed.

³ Two year prepayment from the City's two large enterprise funds.



4 Funding Sources

NEW

Drainage Utility Fee

- Drainage projects
- Street projects that include drainage improvements
- Operation & Maintenance for drainage infrastructure (ditch cleaning, re-grading etc.)
- Expenses for administering the drainage fee

NEW

Developer Impact Fee

- Drainage projects providing capacity to offset future development
- Street projects providing added capacity for future development

EXISTING

Ad Valorem Taxes

(Property Taxes)

- Street projects with or without drainage improvements
- Drainage projects
- Traffic signalization projects
- Sidewalk projects
- Operation & Maintenance for streets, traffic & drainage

EXISTING

Third-Party Funds

(Metro, TxDOT, Federal Grants)

- Street projects
- Drainage projects
- Operation & Maintenance for streets & traffic
- Sidewalk projects
- Hike & Bike Trails
- Traffic signalization projects
- Additional Uses



FY12 (YEAR 1) END OF YEAR FINANCIAL SUMMARY

(amounts expressed in thousands)



NEW

Drainage Utility Fee

| Revenues | |
|----------------------------|----------|
| Drainage Fees | \$98,324 |
| Penalties | \$2,162 |
| City Drainage Fees | \$6,850 |
| City Drainage Fees Prepaid | \$10,292 |

Total Revenues \$117,628

| Expenses | |
|--|----------|
| Capital Drainage Projects | \$38,696 |
| Operations and Maintenance for drainage infrastructure | \$0 |
| Administration (includes Commercial Paper Fees) | \$3,818 |

Total \$42,514

Ending Fund Balance ¹ \$75,114

NEW

Developer Impact Fee

| Revenues | |
|-----------------------|-----|
| Developer Impact Fees | \$0 |

Total Revenues \$0

| Expenses | |
|-------------------|-----|
| Drainage projects | \$0 |
| Street projects | \$0 |

Total \$0

Ending Fund Balance \$0

EXISTING

Ad Valorem Taxes (Property Taxes)

| Revenues | |
|------------------|---------|
| Ad Valorem Taxes | \$9,193 |

Total Revenues \$9,193

| Expenses | |
|------------------|---------|
| Capital Projects | \$3,493 |

Total \$3,493

Ending Fund Balance ¹ \$5,700

EXISTING

Third-Party Funds

(Metro, TxDOT, Federal Grants)

| Revenues/Deferred Revenues | |
|--------------------------------|----------|
| METRO CIP - Advance Payments | \$59,319 |
| METRO CIP Reimbursement | \$3,475 |
| METRO payments for city forces | \$52,640 |
| TXDot Revenues ³ | \$0 |
| Federal Grants | \$489 |
| Contributed Capital | \$26,689 |
| Other | \$4,698 |

Total Revenues/Deferred Revenues \$147,310

| Expenses | |
|---|----------|
| Capital Projects (CIP) | \$12,476 |
| Capital Improvements (City Forces) | \$20,862 |
| Operations and Maintenance for Streets and Traffic Administration | \$31,240 |
| | \$443 |

Total \$65,021

Ending Fund Balance ² \$82,289

- 1 The drainage fee and ad valorem tax balances support ongoing CIP projects; the FY12 ending balance of appropriated, but not spent, on these projects is \$154M.
- 2 Third party fund balances are encumbered to purpose for which received.
- 3 TxDOT awards and manages most of their projects for the City - approximate value of FY12 dedications were \$255K. Most TIRZ projects are also tracked independently.



CITY OF HOUSTON

Department of Public Works and Engineering

Interoffice

Correspondence

To: Theldon R. Branch, III
Chair, ReBuild Houston Oversight
Committee

From: Daniel W. Krueger, P.E.
Director

Date: September 17, 2012

cc: Dale A. Rudick, P.E.

Subject: **STORM DRAINAGE**

Per your request, on September 10 Dale Rudick and I met with Oversight Committee members Ms. Ann Lents and Mr. Jeff Ross. Your request for this meeting originated from the August 28 Oversight Committee meeting discussion on the draft *CIP Process Manual* and the Committee's action to request that the Department provide information about the effectiveness of the expenditures required on some of the existing projects to bring an extreme event down into the right-of-way versus letting the extreme event still inundate properties without inundating building structures.

Pursuant to our discussion at the meeting, the Department will:

- as I previously stated to you, formally respond to the action taken by the Committee at the Aug 28 meeting. At this time we are evaluating project information and extent of prior analysis we already have as well as the amount of effort, time, (and costs) as appropriate to provide a meaningful response;
- upon completion of pre-engineering and benefit scoring of candidate projects developed for priority need areas, provide examples of the scored candidate projects for the Committee's information and consideration in conjunction with consideration of the process and draft benefit scoring structure. I would expect that we will progress Departmental work such that we may forward examples as early as December;
- further consider application of the scoring system to past projects for example purposes. I would qualify this consideration for undertaking such effort as subsequent to our response to the Committee's action, and would note that while the work may be illustrative, it would not be comparative and of limited relevance to application of the scoring construct to candidate projects generated from the needs prioritization/pre-engineering sequence.

We also discussed at some length the Department's annual process of Standards Review, noting that in this fiscal year we are reviewing Chapters 9 and 13 of the Infrastructure Design Manual and related specifications and details. While the process was publicly initiated in August as it is each year, we disseminated last week additional announcement of the process via Citizensnet. Further, we extended the deadline for input to Sep 28. During the course of the meeting we also discussed major issues that the Chapter 9 review may impact.

While yet to consider input that I expect we will receive pursuant to this review, I would comment on major elements of the Department's drainage policy as follows:

- Having a clear level-of-service standard for drainage service to Houstonians is important as a design goal, but also as a clear service standard, especially in that by Proposition 1 and ReBuild Houston drainage service is now established as a utility.

- Houston has, is, and will provide(d)(ing) retail drainage service by utilizing the public street ROW to drain the City. Primary systems keep streets functional during design level storm events. During more severe storm events, mobility as a purpose is sacrificed to drainage as the ROW is temporarily utilized as a secondary system to detain/convey stormwater.
- The design standard for primary drainage systems should serve mobility needs by providing an even greater level of service on designated thoroughfares and collectors than on local streets.
- Both mobility and drainage should have a higher priority as a design factor than parking, a function which is primarily implemented off the street but accommodated within the street where allowable with mobility.
- Regardless of the drainage level-of-service sought and achieved, any impact to a property will remain at least in part attributable to the specific site development by the property owner.

Standards for our infrastructure are a major issue I have spoken to previously during Committee meetings. From my perspective, this is one of three overarching issues that will shape the ReBuild Houston program and its public benefit to Houston. I am not aware that changes to standards --either to be significantly more or less requiring than current standards --were addressed prior to the ballot initiative being taken. I would be pleased to discuss these with you or the committee when convenient.

**Drainage Utility Fees
Inception to Date (ITD) Collections / Expenditures
(\$ in Thousands)
(As of Sep 13, 2012)**

