



Advisory Committee: Minutes of Regular Meeting – January 27, 2015

IN ATTENDANCE:

Gilbert A. Herrera, Chair – **Present**
Jeri Brooks – Absent, with notice
Frances Castaneda Dyess – Absent
Kathryn Easterly – **Present**
Scott Elmer – **Present**
Vernita Harris – **Present**
Bert Keller – **Present**
Jeff Ross – **Present**
Edward Taravella – **Present**
Council Member Oliver Pennington, Ex-Officio – **Present**

1. Call to Order / Welcome

Chairman Gilbert Herrera called the meeting of the ReBuild Houston Advisory Committee (RHAC) to order at 10:38 a.m. and thanked all in attendance. Also present was Council Member Jerry Davis.

Mr. Dale Rudick (Director of the Department of Public Works & Engineering) introduced Mr. Rob Lazaro, the newly hired ReBuild Houston Executive and provided the Committee with an overview of Mr. Lazaro's professional experience. Mr. Lazaro thanked Mr. Rudick and the Committee for their warm welcome.

2. Approval of the Minutes

Motion to approve the November 18, 2014 meeting minutes was made by Mr. Bert Keller and seconded by Ms. Vernita Harris. Motion carried.

3. PWE's Draft "5+5 Year Plan" (FY2016 – 2025)

Mr. Rudick offered a brief history of ReBuild Houston and legacy CIP projects. He shared that the FY12 – 16 CIP included the legacy CIP projects and that those projects did not undergo the current ReBuild

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Houston methodology review process. He then shared that ReBuild Houston has four funding sources, each with their own particular uses. He stated that it is with the ad valorem (property taxes) collections that the city will see the largest growth for project funding. With ad valorem collected, by FY35 there will be approximately \$400 million collected per year; these are funds that will be available for street and drainage projects. Mr. Rudick stated that with the ReBuild Houston program in place, all prior debt accrued will eventually be wiped out and, in turn, will allow for greater funding to be devoted to various street and drainage projects throughout the entire city of Houston.

Mr. Rudick continued by introducing the presenters for this month's meeting, Ms. Carol Haddock (Senior Assistant Director, Planning & Development Services Division, Infrastructure Planning Branch) and Mr. John Silva (Assistant Director, Engineering & Construction Division, C.I.P. Programming Branch).

Mr. Silva began the dialog by stating that the good news is that ReBuild Houston is becoming institutionalized both within the City and outside. He stated that the process by which PWE programs projects indeed appears complicated; however, it comes down to two basic components: score and funding.

Mr. Silva, referring to the FY16 – FY25 '5+5 Year' documents (dispersed to committee members), asked that the Committee keep in mind that these documents are proposed, internal documents and are subject to change. Mr. Silva stated that the first four years of the CIP are very stable, meaning no projects will be shifted. He then asked the Committee to take note that PWE now shows newly added subprojects in the 'Newly Programmed' document of the proposed FY16 – 25 '5+5 Year' CIP. Mr. Rudick also stated that if there is a sudden infusion of unpredicted funding, PWE has a bank of potential projects to be considered for programming.

Ms. Haddock stated that all projects listed on the proposed FY16 – 25 '5+5 Year' documents have been reviewed and scored. She also added that PWE actively seeks to identify areas in need and that PWE is always looking for ways to improve. Ms. Haddock stated that there are two major areas of focus when identifying need: 1) Where is the worst? and 2) What is the best investment of the limited dollars available today?

Mr. Jeff Ross inquired about how streets are evaluated once an overlay project has been completed and how those roads will compete against other roads without a recent overlay. Ms. Haddock stated that with regard to local streets, an overlay is expected to last approximately 10 years; therefore, PWE would not anticipate the recommendation of funding for reconstruction for a minimum of 10 years from the date when the overlay was performed. That stated, Ms. Haddock noted that these streets will continue to be assessed by PWE.

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Council Member Larry Green asked if PWE is working with the various TIRZ and other third party agencies to see if there is a possibility of pooling funds, thereby providing a better or more extensive project. Mr. Rudick informed the Committee that PWE is taking advantage of any opportunities for third party funding. He then stated that a TIRZ must submit all proposed projects to the City; therefore, the City is made aware of plans within a particular TIRZ area. Ms. Haddock stated that once a need is identified, PWE will reach out to the TIRZ. She also stated that if a TIRZ is able to contribute funds for a potential project, it is possible that the project could move up on the priority list. Mr. Silva asserted that what must be kept in mind is that PWE is always seeking to identify the worst first with consideration of the funds that are available today. Mr. Scott Elmer stated that while he believes that the ReBuild Houston programming process is fairly clear cut, he also believes that it is never cut and dry due to unpredictable factors which may occur.

Mr. Rudick asked the Committee to note that during the first 5 year CIP (FY12 – 16 legacy projects), it was expected that the City would have to cut CIP projects due lack of funds; now, with ReBuild Houston in place, we are generating approximately \$200 million per year not counting federal funding. This is a major increase in funding; however, since infrastructure was so grossly underfunded in previous years, it is still not enough.

Mr. Rudick informed the Committee that going forward, more focus will be placed on attaining community input on potential projects. As articulated last fall with the Committee, PWE is striving to allow for the communities to play an active role with respect to proposed street and drainage projects in their neighborhoods. Ms. Kathy Easterly stated that one such example was the public meeting for the Greenbriar Street project. She felt that the meeting was well organized and well received by the community; an overall excellent experience.

Mr. Rudick asked the Committee to note that Houston will begin to see an increase in overlay and maintenance projects as a result of the budget increase for FY15.

4. Executive Report

Mr. Rudick shared with the committee that during the months of February and March, PWE will be focusing on the District CIP Public Meetings. He also stated that the first of the 12 Council District meetings will be held on February 11, 2015 in District D. Mr. Rudick then stated that this year's CIP Meetings will be more consumer friendly due to the many changes PWE is implementing with regard to communication efforts.

Ms. Haddock noted that the updated ReBuild Houston interactive map will go live by the first week of the CIP meetings.

5. Old Business/New Business

Mr. Herrera shared that the CIP and budget review process period is quickly approaching and that the committee should begin to consider possible improvements to the current process.

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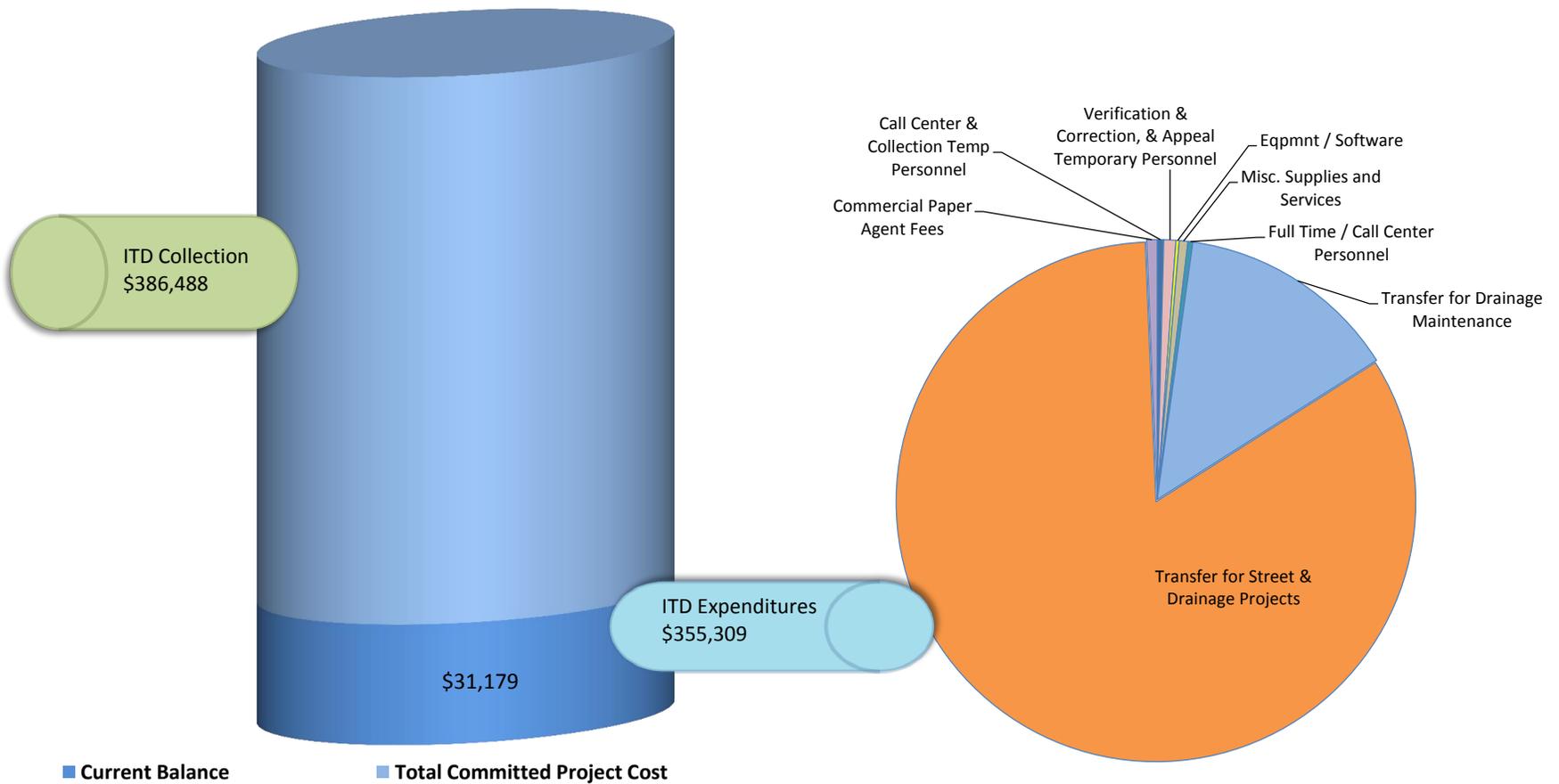
6. **Public Comments** - None

7. **Adjourn:** Meeting adjourned at 12:06 p.m.

Attachments:

- FY14 (Year 3) End of Year Financial Summary
- Drainage Utility Collections/Expenditures – Inception to Date (as of December 31, 2014)
- Quarterly Financial Reports (2) for quarter ending September 30, 2014
- Confirmed CIP Meeting Dates & Locations spreadsheet

**Drainage Utility
Inception to Date (ITD) Collections / Expenditures
(\$ in Thousands)
(As of December 31, 2014)**



Note: Currently committed project costs total \$172.3Million.



FY14 (YEAR 3) END OF YEAR FINANCIAL SUMMARY

(amounts expressed in thousands)



Drainage Utility Fee

Developer Impact Fee

Ad Valorem Taxes

(Dedicated Property Taxes
net of debt service)

Third-Party Funds

(Metro, TxDOT, Federal Grants)

Revenues	
Drainage Fees	\$105,453
Penalties	\$1,324
City Drainage Fees	\$1,614
Total Revenues	\$108,391
Expenses	
Capital Projects (CIP)	
Project Contractual Costs	\$60,763
Project Management Costs	\$9,771
Land Acquisition Costs	\$496
O&M for drainage infrastructure ⁵	\$23,897
Administration (includes Commercial Paper Fees)	\$2,816
Total	\$97,743
Beginning Fund Balance ¹	\$95,433
Ending Fund Balance ²	\$106,081

Revenues	
Developer Impact Fees	\$52
Total Revenues	\$52
Expenses	
Drainage projects	
	\$0
Total	\$0
Beginning Fund Balance	\$0
Ending Fund Balance	\$52

Revenues	
Ad Valorem Taxes	\$22,084
Total Revenues	\$22,084
Expenses	
Capital Projects (CIP)	
Project Management Costs	\$745
Land Acquisition Costs	\$1,498
Total	\$2,243
Beginning Fund Balance	\$10,004
Ending Fund Balance ²	\$29,845

Revenues/Deferred Revenues	
METRO GMP for Capital Projects	
Advance Payments	\$55,754
Reimbursements	\$1,190
METRO GMP for City Forces	
O&M	\$35,871
Capital	\$20,232
TxDOT Revenues ⁴	\$0
Federal Grants	\$9,601
Contributed Capital	\$157
Other	\$3,898
Total Revenues/Deferred Revenues	\$126,703
Expenses	
Capital Projects (CIP)	
Project Contractual Costs	\$52,375
Project Management Costs	\$4,769
City Forces	
Capital	\$22,504
O&M for Streets and Traffic	\$34,429
Administration	\$625
Total	\$114,702
Beginning Fund Balance ¹	\$95,353
Ending Fund Balance ³	\$107,354

- 1 The FY14 beginning fund balance is slightly different than the FY13 ending balance due to final FY13 year end adjustments.
- 2 The drainage fee and ad valorem tax balances support ongoing CIP projects; the FY14 ending balance of appropriated, but not spent, on these projects is \$234.7M.
- 3 Third party fund balances are encumbered to purpose for which received.
- 4 TxDOT awards and manages most of their projects for the City - approximate value of FY14 dedications was \$13.0M. Most TIRZ projects are also handled similarly.
- 5 Drainage O&M was partially paid for by the Combined Utility System (\$16.8M). Total amount of the FY14 Drainage O&M is \$40.8M.

Note: This report is designed to reflect actual sources and uses of drainage funds and is not in accordance with Governmental Accounting Standards Board methods.

Drainage Utility Collections
Quarterly Collections and Annual Projections as of 09/30/2014

	Billing and Collection through September 2014			Projections for Fiscal Year		
	Billings ¹	Collections ²	% Collected	Billings	Collections	Projected % Collected
Monthly Bills	\$ 20,243,083	\$ 15,472,616	76.43%	\$ 79,792,898	\$ 75,745,468	94.93%
Annual/Bi-Monthly Accounts ³	\$ 24,985	\$ 38,545	154.27%	\$ 3,315,618	\$ 1,339,598	40.40%
Quarterly - 1 quarter ⁴	\$ 5,787,511	\$ 6,200,277	107.13%	\$ 29,736,484	\$ 26,742,434	89.93%
City Bills	\$ 1,714,798	\$ 1,714,798	100.00%	\$ 6,877,700	\$ 6,877,700	100.00%
Total	\$ 27,770,377	\$ 23,426,236	84.36%	\$ 119,722,700	\$ 110,705,200	92.47%

1 Total Fiscal Year billings reflect actual status as of September 30, 2014 and includes amounts in litigation.

2 Collection figures include payments received through September 30, 2014.

3 Accounts with total annual drainage charges of \$60 or less and accounts for which no payment has ever been remitted are billed annually. Accounts with sewer and drainage charges only (no water) are billed bi-monthly.

4 Quarterly bills are systematically being moved from quarterly to monthly as matched. Some monthly bills have been consolidated based on owner request and billed quarterly. As of this report, only the first quarter has been billed.

City of Houston
Public Works and Engineering Department
Dedicated Street & Drainage Fund Group
FY15 Adopted Budget and CIP Report
For the Quarter ending September 30, 2014

<i>CONSOLIDATED APPROPRIATIONS</i>	<i>Adopted Budget</i>	<i>Adopted CIP</i>	<i>Adopted + Refined CIP²</i>	<i>YTD Actual 09/30/14</i>	<i>Current Projection</i>
OPERATIONS AND MAINTENANCE					
Street and Drainage ¹	\$ 20,891,369		\$ 20,891,369	\$ 3,461,692	\$ 20,774,096
Traffic Operations ¹	\$ 23,440,000		\$ 23,440,000	\$ 4,935,902	\$ 23,159,874
Support Operations	\$ 920,200		\$ 920,200	\$ 130,989	\$ 918,401
Transfer to Stormwater Fund	\$ 14,012,000		\$ 14,012,000	\$ 14,012,000	\$ 14,012,000
Other Drainage Operational Expenditures	\$ 3,937,100		\$ 3,937,100	\$ 467,040	\$ 3,678,095
Total O&M	\$ 63,200,669		\$ 63,200,669	\$ 23,007,623	\$ 62,542,465
PERMANENT AND CAPITAL IMPROVEMENTS					
Street Resurfacing ¹	\$ 18,046,876		\$ 18,046,876	\$ 2,878,277	\$ 18,048,475
Bridge Replacement ¹	\$ 1,561,009		\$ 1,561,009	\$ 364,047	\$ 1,537,515
Concrete Replacement ¹	\$ 7,891,247		\$ 7,891,247	\$ 1,107,521	\$ 7,814,558
Capital Equipment	\$ 183,200		\$ 183,200	\$ 16,344	\$ 183,200
Total Permanent Impr./Capital Impr.	\$ 27,682,331		\$ 27,682,331	\$ 4,366,189	\$ 27,583,747
Sub-total - Budget	\$ 90,883,000	\$ -	\$ 90,883,000	\$ 27,373,812	\$ 90,126,213
CIP					
Metro Capital		\$ 57,109,000	\$ 57,109,000	\$ 466,045	\$ 57,109,000
Grant Funds		\$ 32,569,000	\$ 32,569,000	\$ -	\$ 32,569,000
Capital Contribution		\$ 5,208,000	\$ 5,208,000	\$ -	\$ 5,208,000
Other		\$ 2,057,000	\$ 2,057,000	\$ -	\$ 2,057,000
DDSRF Capital Fund (4042)		\$ 168,779,000	\$ 210,872,915	\$ 11,980,746	\$ 210,872,915
Total CIP		\$ 265,722,000	\$ 307,815,915	\$ 12,446,791	\$ 307,815,915
Total Permanent and Capital			\$ 335,498,246	\$ 16,812,980	\$ 335,399,662
Reconciling Items					
Transfers to Capital Funds					
Transfer to Drainage Capital Fund		\$ 131,000,000			
Total Transfers		\$ 131,000,000			
Grand Total	\$ 221,883,000	\$ 265,722,000	\$ 398,698,915	\$ 39,820,603	\$ 397,942,128
O&M Expenditure as Percentage of Total O&M Budget and CIP Appropriation³			15.85%		15.69%

- 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) The difference between Adopted CIP vs. Refined CIP is due to rollover of projects that were in the FY14 CIP but were not appropriated until FY15.
- 3) Based on the ReBuild Houston charter amendment, the percentage calculation is: The amount of the O&M (purple) divided by the amount appropriated (sum of blue highlighted numbers).

Confirmed CIP Meeting Dates and Locations

District	CM	Date	Location	Address
A	Stardig	2/16/15	Spring Woods HS Auditorium	2045 Gessner, 77080
B	Davis	2/23/15	Acres Homes MSC	6719 W. Montgomery, 77091
C	Cohen	3/4/15	Metropolitan MSC (W. Gray)	1475 W. Gray, 77019
D	Boykins	2/11/15	Jack Yates HS Auditorium	3703 Sampson St., 77004
E - Kingwood	Martin	2/19/15	Kingwood MSC	4102 Rustic Woods Dr., Hou. 77345
E - Clear Lake	Martin	3/3/15	Space Center Houston	**exact location/parking TBD
F	Ngyuen	3/2/15	Hastings 9th Grade Center	PENDING
G	Pennington	2/18/15	Paul Revere MS Auditorium	10502 Briar Forest, 77042
H	Gonzalez	2/24/15	Moody Park	3725 Fulton, 77009
I	Gallegos	2/26/25	EB Cape Center	4501 Leeland, 77023
J	Laster	2/25/15	Sharpstown MSC	6600 Harbor Town, 77036
K	Green	3/5/15	Fondren MS	6333 S. Braeswood, 77096

All meetings are scheduled from 6:30pm - 8pm