



CITY OF BELLAIRE TEXAS

MAYOR AND COUNCIL

AUGUST 29, 2016

Council Chamber	Special Session (Town Hall Meeting and Workshop)	6:00 PM
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7008 S. RICE AVENUE
BELLAIRE, TX 77401

SPECIAL SESSION - 6:00 P.M.

I. TOWN HALL MEETING (NOVEMBER 2016 BOND ELECTION)

A. Call to Order and Announcement of a Quorum - Andrew S. Friedberg, Mayor.

Andrew S. Friedberg, Mayor, called the Town Hall Meeting of the City Council of the City of Bellaire, Texas, to order at 6:00 p.m. on Monday, August 29, 2016. The Town Hall Meeting was held in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas 77401.

Mayor Friedberg announced that a quorum of the members of City Council was present as set forth in the table below.

Name	Title	Status
Andrew S. Friedberg	Mayor	Present
Roman F. Reed	Mayor Pro Tem	Present*
Trisha S. Pollard	Council Member	Present
Gus E. Pappas	Council Member	Present
Pat B. McLaughlan	Council Member	Present
Michael Fife	Council Member	Present
David R. Montague	Council Member	Present

Other officials present were Paul A. Hofmann, City Manager; Diane K. White, Assistant City Manager; and Tracy L. Dutton, City Clerk.

*Roman F. Reed, Mayor Pro Tem, arrived shortly after the Town Hall Meeting had begun, and participated in the remainder of the session.

B. Introduction - Andrew S. Friedberg, Mayor.

Mayor Friedberg indicated that City Council would hold two meetings, the first of which was a Town Hall Meeting on the subject of the November 2016 Bond Election, followed by a budget workshop.

Mayor Friedberg advised that the November 2016 Bond Election had already been called by action of City Council on August 15, 2016, and that information presented during the meeting would be the subject of the Town Hall Meeting.

C. Summary of Procedure - Paul A. Hofmann, City Manager.

Paul A. Hofmann, City Manager, summarized the procedure to be followed during the Town Hall Meeting.

D. Presentation:

Presentation regarding the City of Bellaire Bond Election to be held on Tuesday, November 8, 2016 - Presented by Paul A. Hofmann, City Manager.

Paul A. Hofmann, City Manager, presented an overview of the November 2016 Bond Program to members of City Council and the public. Reference was made to a recently published six-page pamphlet, which had its genesis in a long report provided to City Council on August 1, 2016. Included in the pamphlet was information related to the three propositions approved by City Council on August 15, 2016, when the 2016 November Bond Election was called.

A summary of the components of each proposition was provided by City Manager Hofmann as follows:

(1) \$24 million for streets, drainage, and sidewalk improvements.

\$20 million of the \$24 million was slated to be expended on streets and drainage improvements and \$4 million was slated for new sidewalks in addition to what was routinely done as part of the City's street reconstruction program and in addition to what was routinely done for sidewalk repairs.

(2) \$5.6 million for new municipal buildings.

Reference was made to a November 2013 Bond Election wherein voters approved \$11 million for a reconstruction of the Police, Courts, City Hall, and Civic Center buildings. Subsequent to that time and after a great deal of community input involving two Ad Hoc Advisory Committees, the estimate had changed to some degree as a result of the passage of time and to some degree as a result of additional space added to the Police building. An additional \$1.5 million in unused authority from the 2005 November Bond Election would also be used for new municipal buildings.

(3) \$24.38 million for water and wastewater improvements.

\$11 million of the \$24.38 million was slated for the replacement of critical water lines. A portion of the funds were earmarked for the replacement of wastewater lines (\$580,000), with the remainder applied to a performance contract that would replace equipment and facilities at the City's Wastewater Treatment Plant.

In closing, City Manager Hofmann advised that members of Staff planned to present a series of public presentations to Council-appointed boards and commissions.

Diane K. White, Assistant City Manager, provided an overview of information available on the City's website related to the 2016 November Bond Election. Reference was also made to a resource folder that contained all of the assessments, plans, and presentations referenced in the six-page pamphlet.

E. Public Comment.

Mayor Friedberg indicated that those wishing to speak should have completed a sign-up sheet located at the entrance to the Council Chamber. He reminded speakers that the time limit for speaking was three (3) minutes, with no extension, and with notice after two (2) minutes that one (1) minute was left.

Durwin Sharp:

Mr. Sharp addressed City Council and referred to a \$300 million infrastructure program shown on the City's website. He inquired as to how the three bond propositions for the 2016 November Bond Election rose to the top of the list, as well as the composition for the remainder of the funds in the program.

He continued and urged City Council to consider increasing water rates to cover the percentage of inadequacies resulting from older water meters as opposed to the replacement of those meters and to reconsider the mix in determining an increase to the water rates (such as an increase in the variable water rates as opposed to the fixed water rates).

William Durbin:

Mr. Durbin addressed City Council and indicated that the overview of information on the City's website was helpful. He expressed concern as to the time limit allowed for speakers (three (3) minutes).

He stated his understanding that there might be a great deal of deferred maintenance that needed to be addressed, but did not have a clear understanding on the water meter proposal. Reference was made to a prior suggestion that City Council partner with the City of Houston for wastewater treatment services and indicated that he did not know if that suggestion had been addressed.

In closing, Mr. Durbin expressed concern that the City did not have an established, ongoing, budgeted replacement program for the City's public works infrastructure.

Jim Avioli, Sr.:

Mr. Avioli addressed City Council regarding the wording of the bond propositions and inquired as to whether there would be a description that would go with the propositions.

Reference was made to the amount of discussion and questions related to the water meter replacement project. Mr. Avioli expressed concern that bond proposition three, which included a water meter changeout, might be approved by citizens without a clear understanding as to what they had approved and urged City Council to be more informative as to the components of the propositions.

Keith Bowers:

Mr. Bowers addressed City Council regarding the bond proposition that included wastewater treatment plant improvements. He referenced a Wastewater Treatment Plant located nearby and owned by the City of Houston and suggested that the City contract with the City of Houston for wastewater treatment services as opposed to sinking \$40 million into the City's old facilities that were not adequate for requirements coming down the line.

He concluded by asking for more transparency.

Laolu Yemitan:

Mr. Yemitan addressed City Council regarding the pending water rate hike and the proposed bond. He indicated that there did not seem to be any justification for the hike or whether consumption had been factored in to the decision. If the hike remained as

proposed, his cost of service would rise by 50%. He urged City Council to consider the undue burden that was being placed on the residents.

Jim Hotze:

Mr. Hotze addressed City Council regarding sidewalks, which he had not seen mentioned in the literature provided by the City. He urged City Council to defer the construction of any new sidewalks to a later date.

Lynn McBee:

Ms. McBee addressed City Council and advised that the wording of the propositions was critical and expressed concern as to the lack of detail for the municipal buildings (such as the cost of each building, what would happen if the proposition failed, and where employees would go in the interim during construction).

Other concerns included the lack of a map of priorities for the streets, drainage, and sidewalks proposition and the lack of disclosure regarding the size of the water lines being replaced.

Lee Norris:

Mr. Norris addressed City Council and expressed concern that the City had not held more discussions on the water meters, a questionable part of the project, in his opinion. He inquired as to the reason the City had to replace all of the water meters at once; whether there were cheaper options; and if the project could be done on a piecemeal basis.

Mayor Friedberg advised that in an upcoming agenda he would like to address the amount of time allowed for speakers in town hall meetings.

Written Comment:

Mayor Friedberg summarized one written comment received from **Mrs. Pat Lunn** who observed that the whole country had been inactive in addressing infrastructure needs and suggested that Bellaire take the lead in addressing its needed infrastructure and advocated passage of the bonds.

Complete copies of Mrs. Lunn's written comments, as well as all written comments received, were distributed in their entirety to City Council and included in the official record of the meeting.

F. Questions from the Mayor and City Council.

Mayor Friedberg opened the floor for questions of City Staff from the Mayor and Council. At the conclusion of questions, Mayor Friedberg concluded the Town Hall Meeting at 7:45 p.m. on Monday, August 29, 2016.

G. Adjourn.

Mayor Friedberg advised that the Town Hall Meeting of the City Council of the City of Bellaire, Texas, was adjourned at 7:45 p.m. on Monday, August 29, 2016, and that the Council would take a brief recess.

II. BUDGET WORKSHOP #2

A. Call to Order and Announcement of a Quorum - Andrew S. Friedberg, Mayor.

Following a brief recess, **Andrew S. Friedberg, Mayor**, called the Budget Workshop (#2) of the City Council of the City of Bellaire, Texas, to order at 8:00 p.m. on Monday, August 29, 2016. He announced that a quorum of the members of City Council was present as set forth in the table below.

Name	Title	Status
Andrew S. Friedberg	Mayor	Present
Roman F. Reed	Mayor Pro Tem	Present
Trisha S. Pollard	Council Member	Present
Gus E. Pappas	Council Member	Present
Pat B. McLaughlan	Council Member	Present
Michael Fife	Council Member	Present
David R. Montague	Council Member	Present

Other officials present were Paul A. Hofmann, City Manager, and Diane K. White, Assistant City Manager.

B. Budget Discussion:

Discussion regarding the FY 2017 proposed budget for the City of Bellaire, Texas.

A budget workshop was conducted by members of City Council and City Staff regarding the proposed budget for the City of Bellaire for fiscal year 2017.

C. Adjourn.

Mayor Friedberg announced that Budget Workshop #2 of the City Council of the City of Bellaire, Texas, was adjourned at 8:40 p.m. on Monday, August 29, 2016.



Bond Election 2016

Bonds for Better Bellaire 2016

On November 8, 2016, the City of Bellaire will hold a bond election to allow residents to vote on the funding mechanism for three separate propositions.

Proposition 1 – Streets, Drainage and Sidewalks

\$24.00 million

- This program will continue the work of the Bellaire Millennium Renewal (2000) and Rebuild Bellaire (2005) bond programs to design and construct streets and drainage systems with sidewalks on at least one side of the street
- Projects will address replacement of streets and drainage systems in order to reduce the occurrence of flooding and improve street conditions
- Streets and drainage systems to be replaced are identified based upon relative priority as determined by condition

Proposition 2 - New Municipal Buildings

\$5.60 million

- Includes new city hall/civic center and police/municipal court building
- Maintains campus approach to Bellaire Town Square (Bellaire-Zindler Park)
- Allows for long range plans for a new library to be incorporated
- Supports desires expressed by citizens in multiple public meetings, including building locations and overall site planning
- Developed with guidance from two citizens' ad hoc advisory committees which address layout, adjacencies, and design aesthetics
- Allows larger and improved police work and training spaces and accommodates construction cost escalation

Proposition 3 - Water and Wastewater Improvements Program

\$24.38 million

- The advanced age and deterioration of water lines, meters, and facilities has led to a decrease in the overall efficiency of the system and rising maintenance costs
- Over 40% of utility lines are between 40 and 70 years old, 67% of water meters are over 15 years old, and the wastewater treatment plant is over 40 years old
- Water lines scheduled for upgrade are those identified as the most critically in need of replacement
- System and financial efficiency will be improved with upgrades to the wastewater treatment plant and the replacement of water meters and aging water and wastewater lines

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Bond Election 2016

Proposition 1 - Streets, Drainage and Sidewalks

Program Background

Over the last century Bellaire residents have suffered from numerous severe storms. Recent major storms, such as the 2015 Memorial Day event and the 2016 Tax Day event, continue to highlight the need for proactive drainage improvements that go beyond a typical storm event (commonly referred to as a 2-year storm event). Additionally, the City must consider issues outside our city limits which negatively impact citizens when a flood event occurs, such as the limited capacity of Brays Bayou.

Ongoing engineering studies have identified streets in need of rehabilitation, and some are beyond maintenance and in need of reconstruction. The 2013 Pavement Assessment categorized approximately 70 lane miles (44% of the City's total roadways) of Bellaire streets as unacceptable.

A condition assessment and inventory of sidewalks was completed in 2013 to determine the location of gaps in the City's sidewalk network. Within block lengths that include portions of sidewalks, approximately 30,000 linear feet of sidewalk gaps were identified. This study did not include gaps on street block lengths without sidewalks.

Basis for Program

The program will continue the City's practice to design and construct streets and drainage concurrently in one project with sidewalks to be installed on at least one side of the street. Prioritization of streets will be based on adequacy of the existing drainage system, the pavement condition, the lots served by street reconstruction and drainage improvements, traffic, and open ditch systems.

Proposed Budget

The total budget for replacing streets, drainage and sidewalks is \$24.00 million. Over 3-4 years, \$24.00 million has been allocated to cover street replacement projects with drainage and sidewalk improvements included.

Proposed Schedule

Design of the first project will begin once funding is received and construction will follow thereafter. Approximately one street/drainage/sidewalk project for multiple locations can be anticipated. Affected residents will be notified prior to each project's commencement.

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Bond Election 2016

Proposition 2 - New Municipal Buildings

Project Background

The New Municipal Buildings Project maintains the City's long-standing campus approach to civic buildings. The construction of the new city hall/civic center and police/municipal court facilities are included in this project.

In November 2013, Bellaire residents voted to support an \$11.00 million General Obligation Bond to finance the design and construction of the new municipal buildings: city hall, civic center, police station, and municipal courts. Responding to continued input from Bellaire citizens, City Council adjusted the original site plan and reconfigured the location and compatibility of the buildings and services.

Basis for Project

The configuration of the new two-story facilities will improve Bellaire citizens' access to services while enhancing the overall appearance of the campus. The senior activities program will be provided new and improved facilities which will be available for numerous program offerings. Customers of Development Services and Utility Billing will conduct business in a new centralized area. The new facilities will include publicly accessible meeting rooms, including the City Council chambers and civic center. The new police station includes spaces for enhanced officer training, investigative capacity, evidence management, and many other components that will have a positive impact on the provision of police services. The municipal court facility will provide for orderly jury assembly, improved management of the prosecutorial process, and increased interaction regarding warrant files.

Proposed Budget

Total supplemental funding needed to complete this phase of the New Municipal Buildings Project is estimated to be approximately \$5.60 million, of which \$3.83 million is due to inflation, rising construction costs, and additional space requirements as a result of reconfiguring the building locations in response to public input. The other \$1.77 million is necessary to cover the additional space and security needs of the police station. This supplemental funding will add to already approved funds to create a total project budget:

\$11,000,000	– authorized but unissued authority from November 2013
\$1,560,000	– authorized but unissued authority from November 2005
<u>\$5,600,000</u>	<u>– proposed authority from November 2016</u>
\$18,160,000	– total project budget

Proposed Schedule

The construction design phase for the New Municipal Buildings Project is scheduled for completion by the end of 2016. Once permitting, bidding, and contract award is completed, construction will begin in early 2017. Construction is estimated to take 19 months with occupancy of both the city hall/civic center and the police/municipal court buildings slated for late 2018.

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Bond Election 2016

Proposition 3 - Water and Wastewater Improvements Program

Program Background

The City's water and wastewater systems include approximately 70 miles of underground water lines, 65 miles of wastewater lines, 7,600 water meters, and a wastewater treatment plant. Within this infrastructure, 38% of the water lines are 50 to 70 years old, 3% of the wastewater lines are over 40 years old, 67% of the water meters are over 15 years old, and the wastewater treatment plant is over 40 years old.

Basis for Program

The April 20, 2015, Wastewater Collection System and Water Distribution System Report stated, "approximately 52,000 feet (9-10 miles) of the older water lines have been identified as needing replacement in the near future." These water lines are critical due to the frequency of service interruptions and a disproportionate amount of maintenance required. In the same report, approximately 10,000 feet (1-2 miles) of wastewater lines for future improvements were identified.

Water meter age leads to a degradation of meter accuracy. Of the 7,600 meters, 67% are over 15 years old. The aging meter inventory has led to approximately 15% of current water usage not being billed.

The wastewater treatment plant was constructed over 40 years ago and various systems within the plant do not function as designed due to aging and non-functioning components. The proposed improvements will leverage new efficiencies and energy savings that will offset their cost.

Proposed Budget

The total budget for design and construction costs is \$24.38 million. An allocation of \$11.00 million is for water lines, and \$580,000 for wastewater lines. The budget for water meter installation and improvements to the wastewater treatment plant is \$12.8 million, which is a performance based project. A performance project is one in which the efficiencies and cost savings to be generated are guaranteed by a contract. Additionally, a reduction in operational and energy costs will create a return on investment over the life of the improvements. This project will be revenue neutral over time and the replacement of new water meters will create new revenues.

Proposed Schedule

Design will begin once funding is received and construction will follow thereafter. Approximately one project per year which will include multiple locations can be anticipated for water and wastewater lines over the next 3-4 years. Residents in affected areas will be notified prior to each project's commencement. The design for the improvements to the wastewater treatment plant has been completed. The project, including the installation of new water meters, is anticipated to be completed within 15 months once funding is received.

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Bond Election 2016

Financial Information

Total Bond Proposal

\$53.98 million broken down as follows:

Streets, Drainage and Sidewalks \$24.00 million.....*proposition #1*
 New Municipal Buildings \$5.60 million.....*proposition #2*
 Water and Wastewater Improvements Program \$24.38 million.....*proposition #3*

Current Debt Carried by the City

The City will have \$77.30 million in principal outstanding at the end of Fiscal Year 2016, of which it is estimated that less than \$5.70 million is being supported by transfers from the City's Enterprise Fund. It is also estimated that \$24.38 million of the proposed 2016 Bond Election will be supported by transfers from the City's Enterprise Fund.

Impact to the Residents

FY 2016 debt rate is \$0.1304 and the proposed debt rate for FY 2017 is \$0.1323, which equates to approximately a \$15 increase annually per household in debt related property taxes based on an average taxable value assessed at \$778,442. FY 2018 will increase approximately \$65 while FY 2019 will decrease around \$10 annually. FY 2020 will increase approximately \$16 and rounding out our five-year fiscal forecast, FY 2021 will decrease approximately \$26 per household.

Projected Outstanding City Debt

	Existing Debt		Proposed Debt		Total Debt
	<i>Tax Supported</i>	<i>Enterprise</i>	<i>Tax Supported</i>	<i>Enterprise</i>	
FY 2016	\$71,540,266	\$5,769,734			\$77,310,000
FY 2017	\$67,667,083	\$5,302,917	\$27,160,000	\$16,125,000	\$116,255,000
FY 2018	\$64,041,616	\$4,868,384	\$33,589,158	\$18,835,842	\$121,335,000
FY 2019	\$60,591,806	\$4,433,194	\$40,793,334	\$23,066,666	\$128,885,000
FY 2020	\$57,009,450	\$3,980,550	\$39,782,873	\$22,407,127	\$123,180,000
FY 2021	\$53,310,417	\$3,514,583	\$38,526,270	\$21,593,730	\$116,945,000

Bonds for Water and Wastewater Improvement Debt Will Not Affect Tax Rates

Funding for the system improvements will come from water and wastewater revenues and identified efficiency savings which are included in the FY 2017 proposed budget. There will be no impact to Bellaire residents' tax rate as a result of funding for water and wastewater improvements.

Impact on the Debt Service Forecast

The maximum annual increase to debt service on the proposed \$66.54 million bond issuances (of which \$12.56 million is from the prior 2005 & 2013 bond elections, authorized but as-yet unissued) is approximately \$3.90 million and occurs in FY 2026. The debt rate associated with year 2026 is \$0.1219, which is lower than the current debt rate, and is a direct result of estimated annual growth in assessed valuations.



Bond Election 2016

Voter Resources

Learn More About These Projects

Visit www.bellairetx.gov/bonds2016 to learn more.

- Wastewater Collection System and Water Distribution System Report 2015
- Street and Sidewalk Condition Assessment 2013
- 8-1-16 Municipal Facilities
- 8-2-16 Performance Contracting Workshop Presentation

Questions can be emailed to bonds@bellairetx.gov

Voting Information

October 11, 2016	Last Day to Register to Vote
October 24, 2016	First Day of Early Voting
November 4, 2016	Last Day of Early Voting
November 8, 2016	Election Day

To find out your precinct and voting location, please visit: www.harrisvotes.com

Attend a Public Presentation

September 7, 2016	Environmental and Sustainability Board
September 13, 2016	Planning and Zoning Commission
September 14, 2016	Cultural Arts Board
September 15, 2016	Board of Adjustment
September 21, 2016	Parks Advisory Board
September 22, 2016	L.I.F.E. Advisory Board
September 28, 2016	Building and Standards Commission

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