AGENDA
2014 BOND OVERSIGHT COMMITTEE
February 20, 2019
MEETING MINUTES

After determining that a quorum was present, the 2014 Bond Oversight Committee of the City of Denton, Texas, convened in a regular meeting on February 20, 2019, at 12:00 p.m., in the City Council Work Session Room, at Main City Hall, 215 E. McKinney Street, Denton, Texas.

PRESENT: Committee Chair, Randy Robinson, Tim Crouch, Sarah Hoffman, Brandon McCleskey, and Janet Shelton.

STAFF PRESENT: Todd Hileman, City Manager, Bryan Langley, Deputy City Manager/COO, Mario Canizares, Assistant City Manager, Antonio Puente, Jr., Chief Financial Officer, David Gaines, Assistant Director of Finance, Larry Collister, First Assistant City Attorney, Kevin Ann Mullen, Treasury Manager, Nancy Towle, Budget Director, Gary Packan, Director of Parks and Recreation, Laura Behrens, Assistant Director, Parks and Recreation, Frank Dixon, Police Chief, Kenneth Hedges, Fire Chief, Todd Estes, Director of Capital Projects/City Engineer, Katherine Barnett-White, Stainability and Customer Initiatives Manager, Dean Hartley, Facilities Manager, Pritam Deshmukh, Deputy City Engineer, Michael Perry, Sr. Engineer, Randee Klingele, Treasury Analyst, Hailey Payne, Treasury Analyst, Heather Gray, Parks Business Manager and Theresa Jaworski, Executive Assistant.

Randy Robinson, Committee Chair brought the meeting to order at 12:04 p.m.

OPEN MEETING:

1. Consider approval of 2014 Bond Oversight Committee minutes of November 12, 2018.

   Janet Shelton requested an amount correction in the minutes and followed with a motion to approve the minutes, as corrected. Tim Crouch seconded the motion. Motion passed unanimously.

2. Receive a report, hold a discussion, and give staff direction regarding General Obligation (GO) funded capital projects.

   Antonio Puente, Chief Financial Officer, reviewed the original and revised project costs provided by the spreadsheets provided on all current funding and additional funding that may be needed for each one of the projects. There were a couple of projects left from the 2005 Bond Program that have not been completed or are currently in progress and staff will continue to bring information to the Committee on those projects until they are resolved.

   Puente pointed to the Committee, the current status of the projects listed and the action items included in the meeting agenda for reallocations of funds from the Clear Creek Heritage Center, the Police Department’s, Firing Range and relocation of Community Center and the Criminal Investigations Bureau. There was a presentation on this to the City Council on February 4 and backup is provided for the Committee.
There are also projects on Public Art that staff wanted to make the Committee aware of, the Hickory Creek West Project from FM 2181 to River Pass, and a related project on the Hickory Creek realignment. Staff went to Council on this project, and a contract has been awarded. Staff advised Council they would come back to this Committee to discuss the potential reallocation.

Tim Crouch asked about the 2005 Bond Election. It’s been fourteen years since this was passed by voters. What kind of problems has that created for us?

Puente addressed two of those projects. The initial IOOF Cemetery fencing improvements project has been completed within the scope of what was contemplated. We are discussing Phase II or fencing of the remainder of IOOF, with Gary Packan and his staff to determine potential funding sources to get that project completed. We anticipate completion before the end of the year, assuming that we can identify funding.

Puente continued with the Wayfinding Signage. There were a number of phases for this project. Phases one through three were approved funding and nearing completion with a number of signs that are now in place around the City. The Wayfinding Signage was formerly entry corridors originally contemplated in the 2005 Bond Program for a number of reasons, primarily related to right-of-way acquisitions and available space. A lot of those corridors, 377 and Dallas Drive stagnated. The Parks Department went back to the Bond Committee and requested reallocation of those bonds and resulted in bringing this project to near completion.

Puente explained that the Clear Creek Heritage Center Project has been affected by the record amount of rainfall resulting in flooding that has really hampered a number of those improvements. This is the reason why staff is recommending that the Committee reallocate those projects funds to another Parks related project.

In discussions with Katherine-Barnett White and Kenny Banks, staff will continue to seek additional funding for those projects and will be in one of our supplemental requests for the City Council’s consideration, but all will depend on the conditions on that site. We want to avoid expending resources, if it will all be under water or washed away. We will be looking at additional funding for some of those projects as that group still feels the projects are viable, it’s just a matter of timing.

Crouch further explained his question in consideration of the bigger picture. When it takes fourteen years or more to complete projects that are voter approved, what is the feedback staff receives in terms of delayed projects like this and what is the impact on the next bond election if it takes fourteen or fifteen years to complete a project?

Todd Hileman, City Manager, responded that staff is not getting a lot of feedback. To begin with, that number was much larger a year ago, until Vela was completed. We’ve had about a year and a half where we’ve had our data together. One of the things I had to do was put a new management team in place, connect all the reviews, and make sure they are being transparent with each other to get things out the door. We meet as a team every other month and they are held accountable for what has been spent, making sure we are emptying out these things, as fast as possible.
Hileman added that staff is talking about putting something together for November on some major road projects that still need to be done, a new Police Department substation and a Fire station. The question really is, what have we done to really enhance our efficiency and effectiveness and what new accountability measures are in place? In addition to the internal things, we could also point to the plan over the next two years to thirty months to have most of the packages in 2012 and 2014 emptied as well. It’s been getting ourselves organized. We’ve had a year and a half to work on this, taking us six months to get our own data on spreadsheets, but we now have a team in place that will talk to each other. This is one of those things that we are going to have to hit head-on for these next two propositions so that we have our act together.

Robinson added the other thing previously discussed was when these projects were in the bond proposals, they weren’t shovel ready or ready to go. Probably the biggest impact is the cost increase since 2005. We move forward with the promise that we’ll be better prepared, once the bonds are approved, and actually get the work done in a timely manner.

Hileman agreed sharing two things that staff is working on. With lessons learned, staff moves forward looking at these packages in November. Todd and his staff are already doing conceptual designs with built-in inflationary factors. They also have some designs on-going with much better budgets in place. On the vertical constructions, we recently brought out a couple of firms that have a lot more expertise than we do in-house. The area’s architects help us understand the building trends, costing in the DFW and Texas market as a whole, so that we can further refine those inflationary costs and how we layer the trades to maximize our budget.

Robinson extended a compliment, to staff and City Council as well, in finding additional funding or reallocate funding, to operate within the perimeters we have to get things done. A lot of thought and organization has gone into the process and that is appreciated. It is evident that there are more street projects being completed.

Hileman advised that staff just put $9 million in road and drainage projects last month and are preparing to more than double that in the next month or two. We can’t control the TxDOT projects but this summer, there will be a lot of feedback about the roads being ripped up but that’s the cost of doing business. So, we are out there with several community meetings almost every week.

3. **Receive a report, hold a discussion, and give staff direction regarding the reallocation of project funds from Clear Creek Heritage Center project to the Lake Forest Dam project.**

Puente explained the $386,000 in existing funds remaining in the Clear Creek Heritage project. As of December, staff is proposing to reallocate around $250,000 of that project to what staff is calling the Lake Forest Dam Design Project. The total bill for the engineering is about $346,000. The difference will be taken from some additional savings of about $95,000 from the Parks Capital program. If the Committee authorizes reallocation of these funds, we plan to go back to Council on March 5 with a recommendation to award contract. Staff’s recommendation for the Committee today is to allow the allocation of $250,639 from the Clear Creek Heritage project to the Lake Forest Dam project.

Shelton asked for clarification on how the Texas Parks and Wildlife grant fits into this whole picture.
Katherine Barnett-White, Sustainability/Customer Initiatives Manager, explained that the Texas Parks and Wildlife grant was for a new trailhead at Clear Creek and a pedestrian walkway. Staff made application in 2012, the grant was awarded in 2013, received the Texas Historical clearance in 2014, received the engineering design in 2014-15, and then the rain set in. The area has had the two highest rainfall years in the 20-year history of Clear Creek. Currently, Clear Creek is under water and staff has done all that can be done but we are at the end of the grant period so they are asking if we can get the walkway finished. It’s just not possible to have construction in there. It is in a flood zone flood way, a beautiful area but we can’t get in there to do the construction.

Shelton asked if the funds returning are not in the $386,000 and that’s just in addition to what has not been spent?

Barnett-White confirmed. A little over half of the grant was spent on the trailhead so the remaining funds will be returned. We will re-apply under a different program.

Brandon McCleskey asked if the $250,000 that will be taken out of the $386,000 was going towards the same trailhead project that the grant money was for.

Barnett-White answered, partially. The other was for future matching grants. All of the money was originally contemplated to use as seed money for matching grants.

McCleskey asked if that is the reason for leaving the $120,000 in that project.

Barnett-White responded, that is to wrap up some the eighty-eight components of the trailhead we were trying to complete but not captured in the December report.

Sarah Hoffman asked if part of the trailhead was done that needs to be finished to be ADA compliant.

Barnett-White confirmed.

Crouch asked if the Lake Forest Dam ever been a bond element that voters approved and can we move bond money into something the voters did not approve?

Puente answered, that was under the authorized sale of the Clear Creek Heritage Center. It was all contained within the park improvements proposition. Over the years, there have been a number of discussions about some of these lakes that exist within Park properties. They serve a dual purpose of drainage storm water component but at the same time, some serve also serve a recreation/amenity component. This particular lake on Lake Forest Park was purchased in conjunction with the purchase of that land as part of that park system. We had conversations with our legal department and bond counsel about this and they advised that the use of this money on that particular lake was not a problem because it was contained within a park and was seen as an amenity to that park.

Crouch added that the underlying question is, are we being honest with the voters in doing so?
Langley explained, that was one of the reasons why we wanted to bring this to the Committee for discussion. We are not trying to communicate that we don’t want to do the Heritage Clear Creek Center. We want to do the project, but the timing should be considered. This money will be sitting there for a long period of time. When that project is ready to go with a matching grant, we will find funding sources for it sometime in the future. It could either sit there for a long time or might be used by another project that needs funding. In an effort to clear out the 2005 Bond Funds we’ve talked about, those funds have been there, not serving any purpose and we don’t want them to stay there for years to come.

Hoffman asked if someone could explain what those funds would be used for from the dam.

Gary Packan, Director of Parks and Recreation responded with information on dam studies over the past decade, a recent assessment on the surface, the water that is coming into the lake, and challenges that have been identified and need to be addressed. The overflows that created washouts on the trail causing some concerns that led to closing the trail. The thought process is that the outlet isn’t big enough and caused the water backup.

Shelton asked how long the City has owned the dam.

Packan answered that the City has owned the dam since 2002.

McCleskey asked if there was a cost for engineering.

Packan answered that this includes engineering and through construction management but there are no funds to actually do the work.

Hileman added that it appears that efforts were made to get ready for the 2014 bond packages. It is unclear why the project was not brought forward but the situation has become more severe in the last six or seven years and there is no choice in the matter. This is a multimillion dollar project we will need to take on.

McCleskey asked if Parks comes back with a plan, would that be something to include in the next proposition.

Robinson asked if there was a private donation to Heritage Clear Creek Center.

Barnett-White stated that there was a private donation funded the original building and parking lot.

Robinson asked if the private donation fulfilled the intended goal.

Barnett-White confirmed that goal was fulfilled

Crouch added the plan is all valid but there must be careful consideration in moving bond money to projects not ever mentioned within the Bond Committee or the message conveyed for the sale of bonds. This is a good use of money for things that need to be done but it should not set a precedence. It is a dangerous thing to move bond funds to other projects that were never discussed, debated, or presented to the voters. This is a slippery slope and there is an obligation to assure that bond funds are spent the way they were initially proposed.
Hileman responded that there was frustration in this enormous amount of money and lack of specificity. In regards to Clear Creek and more opportunities that comes up for matching grants, we can do that. Whether this goes out to voters or COs are issued to reimburse Clear Creek. The issue was, there was just no plan for it and the areas contemplated were not buildable. What do you do, when you have these other needs? If the Committee said, if this goes out to vote and passes, and Council issues COs and request that it be restored, that is fine. We don’t disagree with anything being said, there’s just been a hard push to get these things out the door.

Hoffman asked about the language that this money fell under?

Puente answered that the only language that exists was called The Voter’s Guide. This is a pamphlet that went out on this particular project. Identified within that piece was the Parks Proposition for the Heritage Center, with the amount of $600,000 to build trails and parking. Within that context, there was a private donation for a building that was constructed with $100,000 of the $600,000 utilized as a match to that. There may have been discussions about targets of opportunities, to be able to use that money in grant opportunities as they are presented for matching as well. The majority of the trails projects in the Parks Department across the City as an example, have grants associated with them. They will leverage federal or state dollars to build those trail projects. That is the extent of the documentation we have on that particular Project.

Hoffman asked if there was a general fund for trail projects under the same bond. So it’s more like we are using bullet points and moving funds from one bullet point to the other instead of inventing a new bullet point.

Puente explained the details under Proposition Three with the dollar amounts for projects for a total of $10.7 million Park System Improvements Proposition.

Shelton stated that all the other money was spent.

Puente confirmed, adding the entry corridors were repurposed to the wayfinding signage. The $250,000 staff plans to continue submitting funding requests from Council on an annual basis. As opportunities arise for grant matches and as conditions at Clear Creek warrant a project, we will consider another source of funding to replenish the funds that we are asking to reallocate today.

McCleskey asked if money has have been moved from 2005, 2012 to 2014 projects options.

Puente confirmed. Funds were taken from 2005 for FM 1830 and Hwy 377 dollars and part of the $11.6 million and allocated that to Bonnie Brae. There was some Parks money that was soccer field related that was reallocated to the Vela Project.

The Committee discussed options for funding park improvements, being conscientious in the use of voter approved funding, the projects that should be considered, the viability of the Heritage Creek Project, and being transparent in the reallocation of funds.
Brandon McCleskey made a motion to approve the reallocation of project funds from the Clear Creek Heritage Center project to the Lake Forest Dam project. Janet Shelton seconded the motion. Motion carried unanimously.

4. Receive a report, hold a discussion, and give staff direction regarding the reallocation of project funds from the Hickory Creek West project to the Hickory Creek (Riverpass to I-35W) project.

Puente explained the existing Hickory Creek West project that goes from FM 2181 to Riverpass West. The recommendation from staff is to reallocate $1.8 million in GO bonds from this project to the Hickory Creek realignment project or the Riverpass to IH 35W project design. The total amount for the design on the realignment is about $3.3 million. If the reallocation is approved today, staff plans to take the $1.8 million in GOs and $1.1 million in COs that we plan to reallocate from the non-GO funded Mayhill project, along with some COs issued in 2017-18 or about $400,000 to get to the $3.3 million.

This project will remain whole and we plan to utilize existing roadway impact fee funds that now have become available and allowed to be used for this identified project as part of the roadway impact fee zone for that area to fully fund the $1.1 million, keeping that project whole and reallocate the GO bonds to the southern roadway project. Part of the reason for that recommendation is that the roadway impact fee money can only be used on those projects specified in that plan. The Hickory Creek realignment is not a project in that plan and likely would not have been; as part of that road today is in the County. This money was not available when the Committee originally met and considered this as part of the 2014 Bond Program. As stated, Hickory Creek West will continue to remain funded and the recommendation is to reallocate the $1.8 million to the Hickory Creek realignment project.

Todd Estes shared the details of the project with the Committee.

Hileman added that the reason for tying into 35W was to access federal funding. Currently, the preliminary estimates are $40 to $50 million. The hope was to access federal and county funds to help build this. The ultimate configuration is they’re planning to widen I35 and in addition, there are already several subdivisions along 35W and 377 in the early preliminary platting stages. We are trying to avoid another Ryan Road situation. These areas are filling so fast that we don’t want to be trapped with two-lane roads.

Crouch asked if some of this is in the County and not in the City.

Estes answered the County owns little pieces and they would like to give them to the City for us to maintain and we’d like to use a roadway that is in good shape before taking it over.

Hileman advised that once the concept is in place and a budget put together, we will be negotiating their contribution to this project.

Estes added the primary users of this roadway are lots of commuting residents.

Robinson stated that there needs to be an east west cut across.

Crouch asked if the City owns the land.
Estes answered that the City owns a good piece of it. There’s a good bit of right-of-way the City is already on and there will be some acquisitions that is owned by the County.

Crouch asked about the other longer term.

Estes stated there are some right-of-way acquisitions the City will need to acquire but some of it is already right-of-way established. There is a development proposing to come in that will have to be annexed but they have already reserved the right-of-way for that roadway.

Hileman added that if we don’t get the concept plan in place and adopted we can’t be exact.

Tim Crouch made a motion to approve the reallocation of project funds from the Hickory Creek West project to the Hickory Creek (Riverpass to I-35W) project. Brandon McCleskey seconded the motion. Motion passed unanimously.

Randy Robinson left the meeting at 1:01 p.m.

Tim Crouch assumed the position of the Meeting Chair for Mr. Robinson.

5. **Receive a report, hold a discussion, and give staff direction regarding the reallocation of project funds from the Police Firing Range and Criminal Investigations Bureau (CIB) projects to the design of the proposed police facilities project.**

Puente explained the two projects that were included in the 2014 Bond Program. One was the relocation of the Communications Center Criminal Investigations Bureau (CIB). Part of the Communications project is already underway. There is approximately $1.6 million currently unspent in that project. We put a pause on that project pending the discussion with the Council and with this Committee on a reallocation of those funds.

The second project was the Police Firing Range. Some of that project has been completed with funds allocated for some preliminary design work. An engineer walked away from the project that resulted in starting all over so, we put a pause on the project. There was about $300,000 in GOS still remaining unspent and at the end of 2017-18, we issued additional COs for $600,000 to make that project whole. That project was placed on hold also for discussion with the Council and this Committee.

What is proposed is a reallocation of the $1.6 million from the CIB and Communications project and the $300,000 in GOS and the $600,000 will come with that and the total would be $2.5 million to be used for a new proposed Police facility and substation. The facility would be located adjacent to the existing City Hall East building off McKinney St. and would be a construction of a new Police headquarters and also a substation off of Vintage Blvd., next to both the Fire Station 7 and the current Tower project that was the original site for the Public Safety Training Facility.

The Committee requested more information on the new project and the reason for not moving forward with the approved projects.
Frank Dixon, Chief of Police gave a review of the current situation and the reason for the new project. A discussion followed on the previous plan to overhaul the existing space, the practicality and benefits of the newer project, the safety issues that were considered in the new firing range, the purpose and advantages of the new substation, funds to be reallocated, additional funding required to complete the projects, and the plan for accommodating future growth.

Sarah Gwynne made the motion to approve the reallocation of project funds from the Police Firing Range and Criminal Investigations Bureau (CIB) projects to the design of the proposed police facilities project followed by a second from Brandon McCleskey. Motion carried unanimously.

6. Receive a report, hold a discussion, and give staff direction regarding the reallocation of project funds from the Southwest Master Plan project to the Public Art project for Parks.

Puente introduced the item and shared the bond issuance timeline. For 2018-19, the plan was to issue $165,000 for the Southwest Master Plan. The City’s Public Art Committee, in our Economic Development group, requested that $80,000 be issued for this year. All we are proposing is to issue the $80,000 for Public Art in 2018-19 and issue the remaining amount in 2019-20.

Janet Shelton made the motion to approve the reallocation of project funds from the Southwest Master Plan project to the Public Art project for Parks followed by a second from Sarah Gwynne. Motion passed unanimously.

7. Under Section 551.042 of the Texas Open Meeting Act, respond to inquiries from the 2014 Bond Oversight Committee or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting.

Crouch asked about the discussion the Committee requested about the roads and the condition of the new roads during the last meeting.

Puente answered that he had emailed the Committee about staff’s plan to bring back that information, and address Mr. Robinson’s questions as well at the next quarterly meeting.

The Committee set the date and time of the next meeting for May 15, 11:30 a.m.

With no more items to address, the meeting adjourned at 1:28 p.m.

The 2014 Bond Oversight Committee approve the February 20, 2019 Meeting Minutes on May 15, 2019.

[Signatures]

RANDY ROBINSON  
COMMITTEE CHAIR  
CITY OF DENTON, TEXAS

THERESA JAWORSKI  
RECORDING SECRETARY  
CITY OF DENTON, TEXAS