2014 BOND OVERSIGHT COMMITTEE
January 30, 2018
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 January 30, 2018, in the City Hall Conference Room, 215 East McKinney St., Denton, Texas.

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

STAFF PRESENT: Todd Hileman, City Manager, Bryan Langley, Deputy City Manager/COO, Mario Canizares, Assistant City Manager, Antonio Puente, Director of Finance, Mark Nelson, Director of Transportation, Todd Estes, Director, of Capital Projects/City Engineer, Larry Collister, Assistant City Attorney, Laura Behrens, Assistant Director of Parks, Kevin Ann Mullen, Assistant Controller, Jessica Rogers, Deputy Director of Public Affairs and Intergovernmental Relations, Kathryn Welch, Engineering Management Analyst, Sarah Lollar, Engineering, Executive Assistant, Kristy Looper, Finance, and Theresa Jaworski, Recording Secretary.

Randy Robinson, Committee Chair brought the meeting to order at 12:05 p.m., at which time, the following items were considered:


Motion was made to approve the minutes by Tim Couch, followed by a second by Randy Robinson. Motion carried unanimously.

2. Receive a report, hold a discussion, and give staff direction regarding the creation of a Capital Projects Department and the City’s efforts to improve the delivery of capital projects.

Todd Estes, Director, of Capital Projects and City Engineer, explained the need for creating a Capital Projects Department with the focus on correcting the failure to launch projects. Estes presented the new department’s goals to deliver capital projects on time and on budget through improved communication, coordinating the projects with internal and external stakeholders, making fiscally responsible decisions, bundling projects, incorporating consulting services, and ensuring the projects promote and/or enhance the public safety and welfare of the City’s citizens and business owners.

Estes presented the department’s accomplishments, staff changes, key improvements, and provided information on street reconstruction broken down by the number of street segments completed by year. He provided a chart showing how projects are progressing for street reconstruction using the bond expenditures from 2012 Proposition 1 and 2014 Proposition 1, by fiscal year.
A discussion followed on the strategy, timing, and dynamics involved in efficiently utilizing Denton’s construction crews, and outside crews to complete to be cost effective and the street reconstruction projects completed on time.

Estes continued with the drainage and signal projects explaining that some of the projects have been bundled with streets projects for cost saving factors and to avoid multiple traffic flow interruptions and street repairs.

The Capital Improvement Department’s Initiatives for 2018 were shared with the committee including: training and professional growth opportunities for staff, establishing public engagement process and an education program for better communication with citizens and business owners in the City, regular monthly project updates, coordination of projects across all City departments, establishing regular communication and coordination with the railroads, school districts, and franchise utilities, and front-loading projects in the design and planning phase to minimize costs in the construction phase.

The next steps for the new department will be to: complete all design work and property acquisitions, increase streets and signals production through outsourcing construction in annual contracts (bundling), utilize performance incentives and disincentives to drive efficiency and value in construction contracts, begin planning and initial design of upcoming efforts ahead of future debt programs to stabilize production rates, ensure consistent delivery schedules, allocate appropriate resources and budget accordingly, and return to the Bond Oversight Committee with an in-depth review of all capital projects in about four to six weeks.

The Committee discussed the amount of projects to complete with less funding and how that would be handled. Estes explained ways to hold on some, different approaches to some projects, and alternate plans with a different timeframe. These options will be brought back to the committee with a complete breakdown on the status of the projects for their consideration.

The capital projects terminology and what that means was also discussed. Estes clarified that capital improvement projects are a variety of things, not just streets and drainage. There were a variety projects in the 2014 Bond package. Our group is currently working on primarily streets and drainage projects but also a combination of projects like water, wastewater, street signals, sidewalks and traffic signals, like that.

Committee Member Tim Crouch asked about Parks and Public Safety projects and if they fall under the capital improvement projects.

Finance Director, Tony Puente explained that staff will come back to the Committee in four to six weeks with a complete look at all the projects including Public Safety and Parks.

Crouch asked for clarity about what capital projects actually entailed because it’s everything that was in the previous bonds but it’s not and there is a need for clarity.

Deputy City Manager Bryan Langley agreed and there would be more clarification at the next meeting but Capital Improvement Projects are essentially all the infrastructure related
projects. All the vertical construction is being handled by the Facilities Management. All the Parks capital projects oversight were recently transferred to Facilities.

They have the staff and knowledge, they understand the processes and can handle the projects more quickly. All the vertical constructions such as the fire stations, are going to that department as well. They understand the permitting, the bids, how to get the contractors on board, so they are working on those projects. Those are the two areas that those projects are coming out of.

City Manager, Todd Hileman added that the main point of this presentation was that a year ago there was major frustration about why we can’t get these projects out the door. We really wanted to share the thinking that has taken place, the reorganization, and reassure you that production has ramped up and we are getting projects completed. Another thing that Todd didn’t mention is the ten percent saving inflationary factor on our CIP, given all the pressure on the economy and the dwindling number of contractors. The question would be why the thrust several years of projects in the next two and a half? The answer is, (a). That is what we promised, and (b). We need to safeguard our budget dollars from what we’re seeing out there. The point is to show you what steps we’re taking to be sure we can deliver on what is promised.

Crouch responded that there was a need for clarity as to who is handling what.

Hileman added that Mark Nelson will give a quick overview of our building projects. I had asked Bryan Langley to take on the Parks personally, so we have that CIP work back on track. We had one major shortfall that we will talk about that was Vela, given how long it had been on the books and Purchasing probably wrote it. As we closed out the fiscal year 2017, we were able to find some one-time dollars to make that project hold. We are going to take you through that and Public Safety has a very good spending line. It was a good question and I know the title of the department can be somewhat confusing.

Estes continued with the final next steps that are in place this year for Capital Improvement Projects. Performance incentives for contracts so that projects are completed quickly and efficiently. With incentives, the contractors stay on site and get the job done. Also working through planning and design. We want to get to the point where we are pushing an average amount of dollars each year to be consistent. We do that by getting into a good cycle of designing two years ahead and while designing, we have two years of construction. When the next bond program comes around, we will be ready from day one. Finally, we will be coming back to the Committee with details on how we will complete all capital projects in about four to six weeks.

The Committee discussed the responses to the Design Engineer, the process and how selections are made. The design process is set up to give maximum flexibility and allow multiple consultants opportunities to work with the City and the process happens about annually or biannually. The amount of projects that the Project Manager would be handling was also addressed and the method of balancing the work without overloading.

Committee Chair Randy Robinson asked about the capacity of local contractors, reaching the capacity and going outside to larger companies and being sensitive to local vendors.
Estes responded that there has been an on-going discussion especially with local contractors. The economic consideration plays into the decision to go outside to complete a project.

Hileman added that in reaching out to the local contractors, especially those that TX Dot has saturated with work with much larger projects that have a much higher profit margin. That’s why we are trying to find that sweet spot that attracts the firms. The economics have changed a lot about the regional work around here.

Robinson commented that it is good to hear we are getting ahead on the engineering and design before debt is considered in a bond package.

3. **Receive a report, hold a discussion and give staff direction regarding the reallocation of project funds and the estimated completion costs for associated projects.**

Tony Puente presented information on several projects that have progressed. The first project is about traffic signals. We had $3 million in the bond program. Through FY2017, we had issued $1.5 million with the original plan being to issue half a million dollars each year for the six years of the program. We began to have conversations about capital projects and saw opportunities to advance and complete them. Late 2017, we checked with the Committee Chair with a proposal to reallocate $1.5 million already issued for street reconstruction and give that money to traffic signals to make that $3 million available now to get the project going. The $1.5 million reallocated from streets would be issued over the next three years. Streets reconstruction will still be made whole. We’ve issued a full $20 million of the 2012 Bonds and we plan to issue, over the same period of time, the full $24 million. It will just be issued differently than what was originally proposed to you.

The list of traffic signal projects provided are under design, currently in progress or completed. The goal is to get these traffic lights completed as soon as possible or by 2019. Puente went over the some of the listed signal locations and their status. The funds have been reallocated and we had wanted to come back to you as we discussed with the Chairman to assure you that no funds were taken from streets reconstruction, just delayed. We will issue the full amount in the bond program for street reconstruction.

A discussion the projects for the traffic signals update were in original program or were they added. Puente stated the $3 million was identified as miscellaneous traffic signals and these are all replacement signals. There are a lot of other signals being worked on as part of other work projects and funded through other sources. The list provided is for signals funded through the GO Bond Program. Puente reiterated the charge from the City Management team was to establish good concrete delivery dates and our commitment to meet them. This was the goal to get these completed as soon as possible and make life easier for our citizens.

The difference between the new traffic signals versus what the previous signals was explained by Estes. The cost of the design for a traffic signal and the components involved, such as traffic patterns and pedestrian component, all that must be considered in setting new traffic signals was also addressed. Staff time involved in the projects and how they are delivered, as well as, the difference in funding terms in projects and how that is handled.

The next item was the Vela Soccer Complex. In the 2014 Bond Program, we had $1.3 million for that project.
Some additional money issued in the 2005 Bond Program $1.6 million associated with soccer fields that became part of the Vela Project. Latest engineer’s estimate that we have and shared with Council is $5.5 million. Current budget we have available is roughly $3.2 million from a variety of sources, including Mr. Bill Zaire, 2014 Bond election, gas well funds, park system and development funds, have been co-mingled to try to get this project as fully funded as we could but came up with a $2.3 million shortfall, we proposed to Council a drawdown of a half a million dollars from the General Fund from additional resources in FY2016-17 and the reallocation of some bond program funds of $1.75 million. The impacted projects, if we do this reallocation, would be a little over a million dollars including the bond programs, for future land acquisition for parks. At this point, there has been no specific property identified, that the City can purchase. The other project is the Southwest Park. In the bond program we had dollars for a master plan an also for the design. By reallocating $750,000 to complete Vela we would only have enough to do the master plan for the project and not the design. Having the master plan for that project, we could roll that into the next potential bond program as an option for that future committee to consider the full design and construction of that project.

Committee Member Janet Shelton asked about the possibility of making the complex smaller. Crouch asked if the project scope changed. With that much of a difference, it seems the scope of the project grew.

Interim Director of Parks Laura Behrens responded that the scope of the project always included four, full adult fields with concession and playground facilities or amenities and that has not changed.

Langley added that the property that this was purchased for, compared to 2005, was a different piece of property that was originally planned for that purpose (at the CH Collins Complex), over in that general vicinity and the decision was made to buy the property by the Animal Shelter and that property was more expensive, so that contributed to some of the shortfall, as well as the time difference but those are the primary areas. I wanted to mention that we looked at taking some of the money from the master planning for Southwest Park. We still have a half a million dollars for that process but one of the other things that Laura is working on is doing an overall Parks master plan for the City. Looking at what kinds of parks facilities we need, improvements that need to be made. That would give us a road map too for the next bond package. There was some discussion that we had with you about having a rec center in the southern part of the City or having some other facilities and we didn’t have a document that really helped us guide what those improvement should be and where they should go. So we are looking to have some good work done on that to help us with the next program, just won’t be able to have the design done, unless we find some other funds in the future.

Shelton asked if this is a recommendation for us to consider or has it already been passed by City Council, and we don’t have a choice.

Langley answered that there had been a discussion with Council. They had been asking about Vela. Everyone wanted to get that project done so we’ve been spending time looking at it. We brought this back to Council and talked about it. They have given us preliminary okay on doing that, but we wanted to bring this back to this Committee, and get a recommendation from you.
If you’re comfortable doing that, then take it to Council and talk through it. I know there are a couple of projects in there that you wanted previously. There’s just not a lot of flexibility to get it done, unless we change the scope. And that was a consideration that was discussed with Council.

Committee Member Janet Shelton asked if it was considered with dollars to it. We sit here and discuss how important it is to get the design dollars spent and done. Then all of a sudden, eek...but never mind. On purchasing the land; that was for a park and a library I believe. I thought it was by the Fire Station on the southwest side of town. The price of land is going to go up, maybe more significantly than the cost of concrete. That hurts.

Puente responded with a bit of positive information. We did send out solicitations and got those bids back. Received seven bids and the base bids all came in lower than anticipated. As we continue to review that and look at opportunities to do some of this work internally, there could be an option not have to use the full funds that were recommended to be reallocated. Still too early to tell. Our plan is to come back with a work contract to the Council in March and hopefully, based on that, complete construction in 2018, again assuming the scope continues as has been planned.

Committee Member Sarah Hoffman asked how much under?

Langley responded that they are still proposals now but they’re in that range. They’re also alternates that we can decide not to do such as restrooms, lighting, and visitor stands that we can play with and move around.

Hoffman asked if it would be enough a variation to really matter for these other projects.

Langley answered there may be that flexibility.

Hoffman 1.7?

Langley, maybe not 1.7 but enough to do the design perhaps, if some of the other elements weren’t as important. The general consensus I’m getting from the Council is that they want to do this project. They want to get it done the way it was envisioned. If this Committee says we really want these projects too and you’d like us to try to go back and find a way to get them done in the future, we could look at that as well. I’m not sure we know if the $1.25M for the Southwest Park Master Plan and Design, if that is the right number.

Behrens added that the entire project has changed. Originally, it was intended as you will recall, for the Public Safety Training Facility and included several amenities and components on the Fire and Police side and Parks, Library. It has truly evolved over time. Going back to what Bryan mentioned in the Master Plan that is going to help give us some clear direction on what we will need and desire for that property as well as amenities we need located throughout the City. Incorporating that Master Plan for the Southwest Park into the larger Master Plan is really what we’re looking for.

Hoffman asked how the City would pay for the larger Master Plan.

Behrens answered that the larger Master Plan would be funded by CIP funding.
Langley explained what we’d like to do is have one RFP that we could use these funds for the Southwest Master Park and try to have them delineate what is for the Southwest Master Park and what’s is just for the rest of the park facilities Master Plan. So that we could understand what that cost is and try to find existing funds that we could use. It seems extremely expensive to me that $500,000 for a master plan for Southwest Park. I can’t imagine it could cost that much but until we have proposals, we just can’t know.

McCleskey added that this was a kind of a keystone project and it is so significantly different in terms of dollars. This is one of the projects that I get questioned about on occasion. Does this deserve some detailed discussion on, this is what we looked at in 2014. Here’s what is going on and this is why we were at $1.5 million now we’re at $5.5 million. That’s a story we’ve got to tell.

Shelton added if staff wants a recommendation from the Committee, this is the biggest change we’ve seen so far in any of these projects, and it feels weird that we weren’t brought in at a point when any recommendation would have made any difference.

Hoffman offered the option of cutting out the big playground.

Hilleman asked when the bids be evaluated.

Behrens advised first evaluation meeting is the coming Friday. Looking at the end of February or first of March to go to Council.

Hilleman advised there was time to and look at additional financial options and brief the Committee before taking this to Council with that project. Let’s take that approach since we obviously have concerns here and we will continue to find other solutions.

Crouch added his support for the Committee’s concern about the acquisition funding that was intentionally set aside property acquisition for Parks. Taking that out is going to hinder us in the long run, unless we find another way of getting parks donated to us.

Langley asked that staff have an opportunity to look at that and come back with some options.

Puente introduced the Traffic Operations Facility project in the 2014 GO Bond Program and the $1.5 million for design and construction of a new transportation facility that was to be located across from our existing facility on Ruddell. Ruddell is actually one of the projects that is tied into this project. Mark’s going to give more details why we’re making this presentation. I did talk with Bond Counsel about the appropriateness if we decide to remodel an existing facility rather than to design/construct a new facility and he has given us the okay that it is an appropriate use. Again, the remodel of the existing facility Mark will talk about will be just for the area that is specific to traffic operations. In this particular project there is no impact to any other bond projects so we don’t have any reallocations of any of the other existing bond programs.

Mark Nelson, Director of Transportation shared information on the current facility and the proposed plans with site maps with floor plans of the preliminary design that was initially set out to be co-located with a communications facility for some joint use.
As part of the bond program the initial price was $1.5 million to expand the size of the facility it was actually the Animal Shelter from the 1960's and early 70's so it was repurposed to serve as our traffic operations facility. The theory was to enhance it as well as allow for some improved technological capabilities. Theory was to shift over to the northeast portion of the Service Center property. We went through a project development process in 2016 and came up with a preliminary design with an estimated cost of $2.2 million and because of the cost escalation, we put the project on hold. We looked at how we could move this project forward and get our staff in an appropriate work space and provide some enhanced service to our citizens.

We looked around and found the facility in the landfill. It’s an 80,000 sq. ft. facility that was a former Department of Defense warehouse. We took a look at how to leverage that. Solid Waste owns the facility and we would to into and use a portion of that particular facility and would need some additional area for laydown yard, that would be covered outside the bond cost but the parking stalls and the actual square footage of the finish out would be facilitated through the use of the bond part. Again, the initial estimate was low and essentially looking at a $2.2 million facility design in 2016 and we knew that was not sustainable. It was located at the Service Center and we knew that there was some concerns that the Ruddell Project had not been facilitated as well so we put the project on hold. Staff is coming to Committee for a recommendation.

Our recommendation is to better utilize a portion of that 651 facility by doing a finish out of that proposed project. It is a 10,000 sq. ft. facility so, if we go through some revision to the design cost, associated with the finish out, we need to scale back a little, that can happen. Again I would anticipate that we could move forward with that in a six to nine month timeframe depending on how quickly we can move the design process and get that project on the street for bid. I mentioned these additional improvements for laydown yard those types of costs would be covered by other City funds so we could have some security fencing, security lighting, and gates. We are also trying to utilize another portion of that warehouse for another operation for the City, so we could get some pro rata on that. Again, utilizing $1.5 million from the bond program to facilitate that enhancement and move this project forward.

McCleskey asked for cons to moving out there.

Nelson, advised on the short-term, this would be on Mayhill that is under construction so there will be some hit there. Traffic crews for a portion of the community not centrally located on the eastern side of the City so there may be slower response time in getting a crew to a particular intersection. However, on the flip side, by using enhanced technology through fiber optics, a lot of that can be controlled from a remote location.

Hoffman asked if the facility was earmarked for anything else or just not being used. Nelson explained Solid Waste and DME are using some portions of the facility but we believe there could be better use of the facility.

McCleskey asked the fiber optics that would be put out and if infrastructure that is already out there or does the City handle that. Nelson advised that would be handled through DME.
The Committee discussed the former use of the facility and the great solution to the need for additional facilities. Responding to questions, staff gave clarification on the square footage and the Ruddell Street project.

Nelson advised that staff would like to take the project to Council in the next two to three weeks and move it along.

Crouch moved to approve the Traffic Operations Facility Project. Motion was seconded by Sarah Hoffman. Vote was unanimous. Motion carried.

Puenta asked if the Committee concurred with the reallocation for the traffic signals. Committee Chair Randy Robinson confirmed that the Committee approved the reallocations for the traffic signals.

Crouch stated that it’s not going to change, in the scope of that. It’s still the same amount of money never allocated for particular purposes, right?

McCleskey reiterated, we’re saying that we originally funded $1.5 million for streets and we’re spending that now on traffic signals and we will reallocate and that way we have a paper trail.

Hoffman added that we’re using the earlier issued dollars.

Puenta advised the Committee Chair that staff will be sending options for another meeting to the Committee and get the next meeting scheduled.

4. Chairman Robinson asked for suggestions or inquiries from the Committee or public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting.

McCleskey had two requests. (1). Need an update on the Railroad Quiet Zone projects. (2) I’ve been having meetings with different people and developers looking at projects downtown and everyone has high hopes for the drainage projects and redevelopment at some point, but recently people have been asking what that will look like. As lay people, looking at replacing that large draining area on Bell and Eagle, they’re asking if there is a way to make that greener looking. As we’re looking at upcoming projects, being green and consider the aesthetics, to a point.

Estes addressed the concern by sharing plans that the aesthetic component is already in place and a much bigger part of the projects. He went on to explain the trade off when dealing with drainage issues, with some of the downtown areas hardscaped and concrete lined to get more water through it. We are open to ways of making the areas more appealing.

A discussion followed on the use of underground drainage that was being assessed some years ago and how that would alleviate some of these concerns. The possible aesthetic options for spaces now open after going to underground drainage and the private property issue component as these efforts are being examined. Estes advised that this is being considered in the planning of projects.
Hoffman asked about the upcoming meeting schedules.

Hileman advised that there will be one meeting to update on the plans and take the Committee through the road projects and the Public Safety ones as well. We will give you a more holistic overview of where we’re sitting and have all those questions answered for you. I wanted to wait until we could give you an idea of what we’re bundling together and wanted you to see what the next year looks like with these bigger projects.

Hoffman asked if this meant a longer meeting. Hileman advised that it will stay within the Committee’s general permission of the 90 minutes to two hour timeframe. We wanted to be sure you were comfortable. We have been trying to make sure we have a plan before getting back to you and you know exactly where we are, how we will deliver, and answer all your questions and you walked out comfortable that we were able to perform on your expectations.

Crouch asked if an overall view will show money that’s been spent versus the amount budgeted and look at that all the way through. We can look at it project by project.

Hileman shared with the group a process started about six months ago, on the last Friday of every month, anyone that has a bond project meets with him, Finance Department, and the assistant managers and basically go through department by department, where they stand on every project, where the shortfalls are, the timelines and that sort of thing. We’ll basically roll that out and provide you a summary report like that. If you want to drill down into specific projects, we’ll have that ability as well.

The Committee discussed dates and times for scheduling the next meeting, deciding on a March 8 meeting at 12 Noon.

Hileman asked if there were specific projects the Committee would like staff to zero in, we will be happy to do that for you.

Crouch requested detail of all projects involved in 2012 and 2014.

With no further business to address Committee Chair asked for a motion to adjourn. Crouch moved to adjourn with a second by Hoffman.

The Bond Oversight Committee adjourned at 1:40 p.m.

The Bond Oversight Committee approved the January 30, 2018, Meeting Minutes on March 8, 2018.

Randy Robinson
Committee Chair
City of Denton, Texas

Theresa Jaworski
Recording Secretary
City of Denton, Texas