

MINUTES OF THE WORK SESSION MEETING OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, HELD ON FEBRUARY 18, 2013 AT 5:30 P.M. IN THE CIVIC CENTER MEETING ROOM, 16327 LAKEVIEW, JERSEY VILLAGE, TEXAS.

**A. The meeting was called to order by Mayor Hamley at 5:30 p.m. with the following present:**

Mayor, Russell Hamley	City Manager, Mike Castro, PhD
Council Member, Justin Ray	City Secretary, Lorri Coody
Council Member, Rod Erskine	City Attorney, Loren Smith
Council Member, Harry Beckwith III, PE	
Council Member, Sheri Sheppard	
Council Member, Jill Klein	

*Council Member Sheppard was not present when the meeting was called to order, but arrived while the meeting was in progress at 6:08 p.m.*

Staff in attendance: Mark Bitz, Fire Chief; Eric Foerster, Chief of Police; Danny Segundo, Director of Public Works; Isabel Kato, Director of Finance; Michael Brown, Director of Parks; Frank Brooks, City Engineer; and John Robuck, City Financial Advisor.

**B. Receive and discuss update on the US 290 expansion project.**

City Manager Castro opened the item with an update on the project. He explained that this item is to review the project from the city's perspective in moving its utility infrastructure so that TxDOT can come through with the road project. He explained that the project is significant and the implications need to be reviewed and discussed by Council.

Public Works Director, Danny Segundo gave a presentation concerning the project. Main points for the presentation along with Council's discussion points are as follows:

**US 290 Expansion**

- City is proposing to relocate its utilities outside of the TXDOT right of way (ROW).
- City will place its utilities in a city owned 10 foot utility easement.
- City has already started this process.
  1. Hired Brooks & Sparks Inc.– Engineering & Surveying
  2. Hired Blackburn & Carter – Noise abatement & easement issues.
  3. Hired appraiser Gerald A. Teal Company Inc.

**Scope of Project – Segment 6**

- Relocation of approximately 4,794 linear feet of 12 & 8 inch water line.
- Relocation of approximately 1,308 linear feet of 12 & 8 inch sanitary sewer line.
- Encasing of the city's 20 inch interconnect water line.

Council engaged in discussion about the easements with Joe Meyer's, wanting to know specific details concerning these easements. Public Works Director Segundo explained that staff has not talked with them specifically about the cost of the easements.

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**Completed Tasks**

- Hired Brooks & Sparks Engineer - water/sewer relocation \$95,000 (utility fund)
- Engineering cost for encasing \$87,800 (utility fund)
- Gerald A. Teal - \$22,000 (utility fund)
- Blackburn & Carter - \$51,740 (general fund)

In receiving this information, Council engaged in discussion about which of these completed tasks would be reimbursed by TxDOT. Mr. Segundo explained that staff expects to be reimbursed by the two (2) engineering tasks. The remaining two (2) tasks are dependent upon the outcome of the City's lawsuit against TxDOT.

**Remaining Tasks**

- A standard utility agreement between Jersey Village & TXDOT.
- Requires the city to submit drawings, design specifications and cost projections for review and approval.
- Work schedules & estimated dates, and accounting methods.
- Process for reimbursement.
- Brooks & Sparks – completion of utility agreement.
- Gerald A. Teal – easement cost (4 weeks)
- Hire a contractor – SER

Council engaged in discussion about the easement acquisition costs being paid if the lawsuit is successful. Staff confirmed that these costs could be reimbursed should the outcome of the lawsuit be in the City's favor.

**Cost Estimates**

- Relocation of water and sewer for segment 6 - \$932,000
- Encasing interconnect 20 inch water line -\$634,188.00
- Appraisal (value of property 11 parcels)

Staff cautioned that the costs of Segment 7 could be as much as three (3) times greater than those of Segment 6.

Council discussed which of these costs would be reimbursable. Staff pointed out that the relocation costs of \$932,000 are reimbursable, but the encasing interconnect costs are not.

**Reimbursable Items**

- Engineering Fees
- Construction cost to relocate utilities

**Non reimbursable Items**

- Easement acquisition
- 20 inch water line encasing

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**Acquiring Property**

- Cost of easement (unknown)
- Condemnation

**Segment 7**

- March 2013

Discussion was had concerning the value of sales tax revenue lost as a result of this project. City Manager Castro explained that while the State does report sales tax figures to the City, they are not on a business by business basis, so there really is no way of knowing what those losses will be on a business by business basis. However, in terms of property tax, the estimate is between \$30,000 and \$40,000.

City Manager Castro also pointed out that the road construction is going to cause losses in sales tax revenues just due to the construction itself and the disruption it will cause for travelers/consumers. Discussion was had on the number of businesses that will close due to the expansion. Mr. Segundo reported that 15 businesses will be affected, and of those ten (10) businesses will close.

In completing his presentation, City Finance Director, Isabel Kato gave a presentation concerning the financial side of the US 290 expansion project. Main points for her presentation along with Council's discussion points are as follows:

**Funding Segment 6**

➤ Phase III Street CIP Project	\$1,250,000
Phase III Project	\$650,000
Street Bond	\$600,000
➤ FY 12-13 Utility Capital Projects	\$ 350,000
➤ FY 13-14 Utility Capital Projects	\$ 500,000
Total	\$2,100,000

Or

- Additional Debt with issuance of Certificate of Obligations

Council engaged in discussion on the steps presented that are necessary to free up revenue for the payment of Segment 6. Discussion was had on how much and how often the costs will be disbursed. Staff told Council not to expect reimbursement on any of the project costs until after the project is complete.

**Funding Segment 7**

- Certificates of Obligations

**What are Certificates of Obligation?**

- It is a bond issue by a city, without voter approval
- 10 year period - Callable anytime 6 months after issuance date
- The General Fund will pay the debt

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Discussion was had that the preliminary numbers for Segment 7 will not be available for another 3 months. Council also wondered about the repercussions of delaying CIP projects as part of the plan for moving forward with funding for Segment 7. Public Works Director, Danny Segundo explained that most of the planned CIP projects are maintenance items and can be delayed for a while without incident.

Discussion was had on the encasement needs for Segment 7 at Jones Road near Exxon. Staff informed Council that the encasement needs are not clear at this point.

*Council Member Sheri Sheppard joined the meeting in progress at 6:08 p.m.*

Council reviewed the estimated debt service requirement for \$8 million in certificates of deposits. They also reviewed the current and estimated debt service requirements.

Staff explained that the limit on going out for certificates of deposit for cash is ten percent of the taxable assessed valuation. Council discussed the difference in rate between a certificate of deposit that is callable at any time and one that is callable at a set date. Our Bond Advisor explained that a callable certificate of deposit is approximately .03% higher than one with a set date.

Council discussed the easement process. The process of eminent domain versus negotiation was discussed. City Attorney Loren Smith gave a brief explanation of the eminent domain process. He told the Council that with the eminent domain process the City must make a good faith offer based upon the appraisal from Gerald Teal. The eminent domain process sets up a procedure with a set timeline. City Manager Castro reminded Council that the property in question will be commercial in nature and will be that property that has already been taken by TxDOT. The City's portion will be considered a secondary taking. City Attorney Smith explained that the City will make a good faith offer to the owner. If the owner does not respond, the City moves forward with the proceeding. This process does not require that there be a negotiated settlement before construction begins.

Council asked about the easements and what the easements will look like with the new roadway. Staff explained that the easements will look the same as they do now with the water line under it. Staff explained that the plan is to use a boring technology. Most of the work will be done at night to minimize disruption. The line will be in front of the property out of the TxDOT right-of-way. The work will be reimbursable.

Council questioned why we cannot use the Harris County Appraisal District's appraisal information. City Attorney Smith explained that their appraisals do not meet the statutory requirements. Appraisals must be done by certified appraisers.

The number of parcels requiring the eminent domain process is approximately twenty. Therefore the structure of the eminent domain process will be beneficial. It was the consensus of Council to:

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- Pursue the eminent domain/condemnation process for the necessary easements for the US 290 project;
- To use Certificate of Deposits for fund the Segment 7 portion; and
- To build outside the TxDOT right-of-way.

Segment 7 numbers should be available in within 90 days. There is no construction schedule available from TxDOT yet. Weber is the contractor.

**C. ADJOURN**

The meeting was adjourned at 6:45 p.m.

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Lorri Coody, City Secretary