

## 2006 Bond Oversight Committee

### Questions/Answers for June 2, 2008 Meeting

#### Overall

*1) I am still concerned with rising construction costs, and am not sure how we're going to accomplish the projects we said we would when our \$\$ just don't stretch as far. This will no doubt leave some citizens upset that their projects didn't get completed, and may leave some very needed projects without funding. In order to ensure each dept. has thought about this, I'd like to see some sort of plan on how to address this situation. (Dave Anderson)*

#### Public Works and Transportation

The street reconstruction group is prioritizing the remaining projects and analyzing the recent bid tabulations to decide what projects can be completed with the available funds, which streets can be delayed, and which could be overlayed instead of reconstructed.

Building projects will be completed, but some reduction in the scope of the projects may be necessary if additional funding sources are not identified.

#### Watershed Protection (WPDRD)

WPDRD reviews and proposes funding allocations for capital improvement program (CIP) projects on an annual basis. WPDRD has previously prioritized projects to be completed with the \$95 million available from the November 2006 bond funds. Based on increasing cost estimates, WPDRD has reduced the number of projects that are anticipated to be completed with bond funds. Those projects that can no longer be funded by the 2006 bond program will be given priority for Drainage Utility Fund (DUF) CIP funding.

#### Parks and Recreation (PARD)

At this time, PARD is in a good position to meet its obligations to the bond program:

1. PARD calculated a 4% inflation rate per year in our original estimate for the bonds, expecting no completion within the first three years.
2. Since that calculation, PARD has taken advantage of the Texas Loan Star Loan program and utilized it to buy down our bond cost and provide some savings in the later years of the bonds. These savings can be used to assist in any shortfalls we may see in our Facility Renovations in the later years of the Bond Program.
3. PARD has already begun work on the higher priority projects such as our Recreation Center renovations, to avoid as much inflation as possible.
4. PARD has made use of our State contracts in the first two years of the program and has already seen substantial savings that will be utilized to meet shortages in later years.

*2) From the data we have been provided, it is not clear if we are delivering the projects we said we would when we said we would. Are we "on schedule" and if not, what are the impacts? (Dave Anderson)*

The City of Austin is implementing a seven year, \$567.4 million bond program and is committed to delivering projects within that window. It is 15 months (out of 84 total) since the first appropriation for 2006 bond projects so most projects are in their initial phases. The appropriation schedule, which the Bond Oversight Committee reviews annually, includes detail on the timing of funds for specific programs and named projects.

A total of 18 stand-alone projects have received appropriation. At this time, those projects are progressing on schedule.

Many projects within programs (i.e. - street reconstruction, pools, PARD facility renovations) have also begun. We have experienced some delay associated with these programs, for example storm drains, but at this point it appears as if the programs are on track for a 7 year completion.

*3) With regard to the overall schedule, does it create any risk that we do not have a flat bond sale schedule? I look at \$54.7M in 2013 and \$111.6M in 2014 and wonder about the risk of a higher interest rate in the latter year. I realize this variance is driven by the Library. (Dave Sullivan)*

Typically, the City uses "Reimbursement Resolutions" to issue debt sometime after the appropriation has been established. This is in accordance with the City's Financial Policies regarding cash management. Therefore, the City's annual bond sale is correlated to our prior year's appropriations - which in turn are determined by resource capacity, project schedules and progress. In terms of interest rates, generally the interest rates on City debt is not highly correlated to Federal Reserve monetary policy, and as a result, we tend to see a smoothing of interest rates over time.

## **Proposition 1**

*Can we offer some priorities on sidewalk refurbishment and gap-filling? Several tracts on E. 6th between, say, IH35 and Robert Martinez have incomplete stretches of sidewalk that if filled-in would help pedestrian mobility in an area with recent and near-future population increases coming from the Saltillo TOD development and rail. (Dave Sullivan)*

You can certainly offer priorities. 2006 Bond Funding covers only sidewalk repair, managed by the Street & Bridge Division of Public Works. Typically, staff visits the sites, assesses the condition of the sidewalk, enters data into a matrix, and the resulting score will indicate the ranking and the priority. For the tracks on E. 6<sup>th</sup> Street our staff will do the same to see the priority as compared to other projects on the list. The sidewalks in this area can also be repaired/refurbished by Public Works Bike and Pedestrian sidewalk program that handles new sidewalks. However, at this point, the small balance of funding left from the 2000 bond election has been committed and will be exhausted by the end of fiscal year 2008.

Staff will be at the meeting on Monday morning to answer any additional questions you may have on this issue.

*Would it be hard to attach scores from the decision-support program used to rank the roadways for reconstruction? It would be good for us to be able to certify that staff had used an objective means to prioritize work. (Dave Sullivan)*

The attached spreadsheet contains most of the Street and Bridge Division's original list. The column labeled "cost\_eff" is the cost effectiveness number calculated by the Pavement Management Analysis (PMA) application at the core of the PMIS (pavement management information system). The cut off point was about 0.84 with higher numbers being more cost effective. The number is based on current condition, projected benefit of reconstruction, projected conditions over the analysis period, and traffic volume. Recent price increases have indicated that the City can't afford to do all of the projects on the list, so Street and Bridge staff have been looking and analyzing for ways to defer some of them. Some projects have dropped off of the list already, while others will receive overlay instead. Roadway unit costs have been updated for recent price trends and the few bid prices we have in 2007 and 2008. The numbers have nearly doubled, so almost half of the projects shown will not be constructed in this program due to increase in cost.

The attached spreadsheet shows the limited number of carry-over projects from the 98 Bond program as "committed" in the cost\_eff column.

This list does not yet reflect the recent modifications to the streets and limits in the first group of PERs. Street and Bridge will have to prioritize the list from top to bottom and field review all of the segments that will be included to reduce the list to about half of the current number of lane miles.

Staff will be at the meeting on Monday morning to answer any additional questions you may have on this issue.

*In my years of experience (I hate to trot out my tiresome longevity) a large percentage of activists use sidewalks as a measure of the City's attention to neighborhood plans. Has PW asked Neighborhood Planning & Zoning for a few suggestions of NP top priorities for filling gaps? (Dave Sullivan)*

Public Works coordinates and attends the Neighborhood Planning and Zoning Department's monthly meeting to discuss issues as necessary. Public Works has reviewed and tabulated all sidewalks listed in every adopted neighborhood plan. They have also worked with NPZD to assist with the installation of sidewalks that were a priority to them (example: Brazos @ 4-5<sup>th</sup>, 4<sup>th</sup> at Congress)

Staff will be at the meeting on Monday morning to answer any additional questions you may have on this issue.

### **Proposition 3**

*Going back to the 1998 bonds, are the destinations parks all finished and are any of the 2006 funds being spent on them? (Dave Sullivan)*

The 1998 parkland acquisition funds (including the Destination Parks portion) are expended. A spreadsheet and map detailing those purchases are attached.

The City is not spending any 2006 Bond money to develop the Destination Parks acquired with 1998 Bond money. It is, however, using 2006 bond funds to develop greenways/trails that were purchased with the 1998 bond money.

2006 bond funds will be spent to purchase another Destination Park "located near the City's eastern boundary." That \$5M was part of the overall \$20M for parkland acquisition - \$10M for infill, \$5M for greenbelts, \$5M for a Destination Park.

## **Proposition 5**

*I am still very concerned about the money we've spent on Affordable Housing. I still do not have a feel for what the community/City's goals are for types/locations/costs of affordable housing are. How am I, as someone asked to ensure we're spending these \$\$ wisely, supposed to answer this question without the goals explicitly known? I need to see these goals, however they're broken down, and then the purchases made to date compared to those goals. I asked for this during the last round of reviews and was told that the report that had those goals was being developed. Since that time, we've spent a bunch more money, and I'm not sure if its going towards accomplishing those goals or not. (Dave Anderson)*

The goals for Proposition 5 were included in the NHCD Director's presentation to the Bond Oversight Committee in March 2008 (a copy is attached). The presentation illustrated how the projects being funded meet those goals.

The goals are:

1. Deeper levels of affordability (rental funds targeted toward 30% MFI and below; homeownership to 65% MFI and below)
2. Keeping housing affordable long-term (Rental: 40 years minimum; Homeownership: CLT or shared equity model preferred); and
3. Geographic dispersion

The goals were developed from community stakeholder meetings, public hearings held by the Community Development Commission, and through the work of the Affordable Housing Incentives Task Force. Council gave its approval on March 8, 2007.

Attached is a spreadsheet of approved projects that is posted on the web. It has been modified to include column headings indicating the three goals.