

MINUTES OF THE WORK SESSION MEETING OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, HELD ON APRIL 19, 2010 AT 4:00 P.M. IN THE CIVIC CENTER, 16327 LAKEVIEW, JERSEY VILLAGE, TEXAS.

The meeting was called to order by Senior Council Member Joyce Berube at 4:03 p.m. with the following present:

Council Member, Joyce Berube
Council Member, Rod Erskine
Council Member, Curtis Haverty

City Manager, Mike Castro
City Secretary, Lorri Coody

Staff in attendance: Mark Bitz, Fire Chief; Charles Wedemeyer, Chief of Police; Danny Segundo, Director of Public Works; Isabel Kato, Director of Finance; and Michael Brown, Director of Parks.

Mayor, Russell Hamley; Council Member, Ernie English; and Council Member, Jill Klein were not present when the meeting was called to order.

The Work Session Meeting was held to consider the following two items which were taken together and presented by the Transit Oriented Development Consultants, Kimley-Horn and Associates.

Receive preliminary analysis from Kimley-Horn Consultants regarding the financial feasibility of a Transit Oriented Development located south of Highway 290, proximate to the future extension of Jones Road.

Discuss the implementation strategies for a Transit Oriented Development in the area located south of Highway 290, proximate to the future Jones Road extension.

Consultant Joe Willhite with Kimley-Horn and Associates began the meeting and discussion of these two items with a presentation. The presentation:

1. Gave background information about the Transit Oriented Development (TOD) and showed sketches of the TOD area depicting what it looks like now and what it could look like once it is developed according to the TOD Plan;
2. Reviewed the master concept plan;
3. Presented information on regulatory needs and how it affects the conceptual plan;
4. Reviewed Capital Costs from a hand out as follows:

WORK SESSION MEETING OF THE CITY COUNCIL
CITY OF JERSEY VILLAGE, TEXAS – April 19, 2010

JERSEY VILLAGE TOD				
OPINION OF PROBABLE COSTRUCTION COSTS				
April 19, 2010				
Discipline	ESTIMATED QUANTITY	UNIT TYPE	UNIT COST	TOTAL COST
Roadway				
Urban	8,590	LF	\$225	\$1,932,750
Suburban	12,375	LF	\$200	\$2,475,000
Boulevard	1,960	LF	\$225	\$441,000
Roadway Subtotal				\$4,848,750
Utility				
Sanitary Sewer	22,925	LF	\$55	\$1,260,875
Lift Station & Force Main	1	EA	\$1,000,000	\$1,000,000
Water	22,925	LF	\$40	\$917,000
Utility Subtotal				\$3,177,875
Drainage				
Storm Pipe	22,925	LF	\$150	\$3,438,750
Detention and Water Quality Pond	350,000	CY	\$7.50	\$2,625,000
Drainage Subtotal				\$6,063,750
Traffic				
Signal	2	EA	\$250,000	\$500,000
Parking Garage	1200	SPACE	\$10,000	\$12,000,000
Traffic Subtotal				\$12,500,000
Allowances				
Lighting (2%)			2%	\$531,808
Parks and Plazas				\$2,818,580
Landscaping, includes topsoil, sod & minor plantings (4%)			4%	\$1,063,615
Allowance Subtotal				\$4,414,002
Subtotal				\$31,004,377
Contingency (10%)			10%	\$3,100,438
Project Base Total				\$34,104,815
Engineering / Survey (15%)			15%	\$5,115,722
Materials Testing (2%)			2%	\$682,096
Total				\$39,902,634

* The Engineer has no control over the cost of labor, materials, equipment, or over the Contractor's methods of determining prices or over competitive bidding or market conditions. Opinions of probable costs provided herein are based on the information known to Engineer at this time and represent only the Engineer's judgment as a design professional familiar with the construction industry. The Engineer cannot and does not guarantee that proposals, bids, or actual construction costs will not vary from its opinions of probable costs.

5. Recommended a three (3) phase build-out for the TOD with each phase costing approximately \$12 to \$13 million; and
6. Reviewed the operating costs exclusive of debt service from a handout as follows:

WORK SESSION MEETING OF THE CITY COUNCIL
CITY OF JERSEY VILLAGE, TEXAS – April 19, 2010

Annual Revenue @ Buildout (\$2010)		Annual Operating Costs @ Buildout (\$2010)		Net Annual Operational Gain (\$2010)
Property Taxes	\$1,688,980	TOTAL	\$1,990,996	\$2,343,674
Sales Taxes	\$2,181,956			
Other	\$463,734			
TOTAL	\$4,334,671			
Revenue Assumptions		Cost Assumptions		
Number of Residential Units	924	Per Capita "Operating" Costs	\$1,255	
Square Ft Commercial		Household Size	2.36	
Retail/Rest/Ent	581,575	Number of Households	924	
Office	316,415	Estimated Efficiency Gain		
Taxable Value/Sq Ft.	\$115	Due to TOD Density, etc.	27.3%	
Retail Sales/Sq Ft.	\$247			
Percentage Sales Taxable	76%			
Average Housing Unit Size	1,375			
Residential Exemption, etc.	15.0%			
Property Values	\$227,472,063			
Residential	\$124,203,185			
Retail/Rest/Ent	\$66,881,139			
Office	\$36,387,739			
Taxable Retail Sales	\$109,097,823			
Property Tax Rate	0.743%			
Sales Tax Rate	2.00%			
Per Capita Licenses, Fines, etc.	\$212.64			
Household Size	2.36			

The Consultants also reviewed the total cost of the TOD with debt service over 20 years.

Council Member English joined the meeting at 4:28 p.m.

Discussion was had on the financial numbers for the City Centre Project in order to get some perspective/comparison or trend line for the City of Jersey Village Project. The Consultants told Council they would see if they could get information on the City Centre Project.

It was concluded that the Civic Center was not included in the financial numbers presented by the Consultants and Council discussed other TOD projects throughout the State that have failed and how these projects might be used to gain knowledge in making a project here a success. The consultants explained that most often the reason for the failure of these TOD's was a lack of catalytic events. It is important that the Jersey Village TOD have catalytic activity in combination with good land use. Planning will be the key to success and knowing what will bring people to this site and make them stay.

The Consultants explained that too often developers try to make a TOD "pretty" and fail to accommodate the needs and demands of the people. The benefit that Jersey Village has with its multiple ownership environment is that the TOD becomes a predictable environment with TOD planned concept. Additionally, a change in the regulatory environment will bring change/benefits in development.

WORK SESSION MEETING OF THE CITY COUNCIL
CITY OF JERSEY VILLAGE, TEXAS – April 19, 2010

The Consultants cautioned about comparing the City of Jersey Village to other projects because all projects are specific in nature.

Council engaged in discussion about the plans for rail and the number of stops along the route. There was also discussion about any other plans along the route for TODs. There was concern if there were too many TODs along the route that this would affect the rate of success. The Consultants cautioned that the driver for the TOD is not rail, rather it is driven by the expansion of the 290 corridor, and the growth in the area and it becomes a question of how the City of Jersey Village can capture the growth. Additionally, the Jones Road Expansion Project opens the door for development in the planned TOD area.

Discussion was had about the negotiation process with the Rail District and what needs to happen in that process to keep our City in the mix. Joe Willhite stated that this is something that will need to be decided especially given the level of participation.

Council Member, Jill Klein joined the meeting at 4:45 p.m.

Council talked about the present land owners and if they will move/conform to the planned concept. The Consultants explained that once there is a clear public project, while they do not recommend it as the primary route, there is always the ultimate route of public domain. However, they are confident with the restructured codes the value of the property will increase and it becomes more apparent to the land owner that they have two assets, their business, and their land. With this realization, more often than not, owners will sell the land and relocate the business instead of trying to bring the business in compliance with the new codes.

Council discussed the cost of this TOD and that the City will have debt for many years. They discussed the financial model presented that depicts investing \$30 million at the beginning of the project. There was discussion if this investment was realistic or if it made better sense to break the project up into phases of projects totaling \$12 to \$13 million. The phased project plan seems to work best as the status on the rail will not be available for 2 to 3 years. The phased process was discussed further, considering how this might be implemented and focused.

Ryan O'Hara, the City's Financial Advisor, spoke to Council. He told Council that the City currently has \$2.2 million in debt service. He suggested that the TOD might be financed through a Management District, a Tax Reinvestment Zone, or a PID. He briefly explained some options available to Council concerning the financing of the TOD and stated that the solution may contain a mixture of financial tools. He told Council that the interest rate on General Obligation Bonds is 4%.

If a management district is created it is not related to the city, financially this might be a good solution; however, with this setup, the city would lose some measure of authoritative governance.

WORK SESSION MEETING OF THE CITY COUNCIL
CITY OF JERSEY VILLAGE, TEXAS – April 19, 2010

Mayor Hamley joined the meeting at 5:30 p.m.

The plan for moving forward is as follows:

1. Recommendations for Implementation Strategies (Necessary in order to move forward with Regulatory Framework for Building/Zoning piece)
2. Discuss Annexation Phasing and Strategies
3. Define Regulations and Governance Structure

There was discussion about Phase 3 of the Feasibility Study. Among other things, this phase involves investigating partnership opportunities.

Adjournment.

Mayor Hamley adjourned the meeting at 6:00 p.m.

Lorri Coody, City Secretary