



CNAC Committee:

We have had several requests for supplemental information during and after our last meeting. We will attempt to respond to requests as soon as we can but sometimes it may take a few days to gather information. All responses, and any new information, will be distributed to all members, not just the requestor.

Ed Langley requested information on our current cash-funded projects as part of a comment about how project progress would be monitored. The following is a list of project areas approved by City Council using APRA funds:

**Storm Drainage Improvements - Budget \$1,400,000:** SPI, Inc, teaming with local engineers at Two Fifteen Consulting, will provide bid administration and construction oversight for several storm sewer projects that are designed and shovel ready including: Humphrey Road, Perry Drive, Burk Street, Old Lufkin Road, and Logansport Street. Two Fifteen Consulting will also provide the engineering design and construction supervision for a project in Kenbrook that was recently requested by Council.

**Water System/Water Quality Improvements – Budget \$3,000,000:** KSA Engineers have been selected to prepare an engineering study looking at 17 areas where we may need to consider modifications to help reduce water age, improve circulation, and increase disinfection levels. This study will then dictate a series of projects that KSA will design and assist the City in bidding for construction. The detailed scope is unknown at this time, but a general budget of \$3 million has been set aside for this effort.

**Wastewater Collection System – Budget \$1,871,000:** SPI, Inc. has been selected to assist the City with finalizing bid packages and overseeing construction for 5 to 7 sewer line projects that are mostly designed. Staff is finalizing these project locations now.

**Fire Station Repairs – Budget \$800,000:** KSA Engineers will assist the City in developing the scope and bid documents for repairs at Fire Station 2 (Main at MLK) and Fire Station 5 (Downtown). Work generally includes roof replacement, HVAC, smoke controls, bay doors, generator, fire alarms and asbestos removal. The current FY 22-23 budget also has an additional \$594,000 budgeted for repairs at Stations 1, 3 and 4.

**Park Restrooms – Budget \$70,000:** A contract has been let for the demolition of Banita Creek, Mill Pond, Ritchie Street and McCrimmon Park restrooms. Repairs will also soon be underway for two restrooms located at Lake Nacogdoches West Park.

The remainder of the ARPA funds will be spent on grant consultant and engineering fees.

Project management is generally provided by the City Engineering Department, using a combination of City staff and consultants, to oversee construction administration and inspection. The City Manager is responsible for staff and the daily operations of the City, and ultimately answers to City Council for the progress of our capital projects.



An excerpt of a PowerPoint presentation that was provided to City Council about use of the ARPA funds, is attached (CIP Needs Council 10-27-22).

Maggie Forbes asked about how items that were not included in the notebook would be incorporated into the discussions and ultimately funded. She gave the example of sidewalks as one item.

The notebook provided to each member describing a number of infrastructure capital needs, is by no means the inclusive description of all projects subject to discussion by the CNAC group. Since staff had this level of detail already prepared for some areas, it was shared with the Committee, but additional chapters are yet to come that are currently under study. Other items, like sidewalks, can be a part of a bigger discussion under the Streets and Drainage budget since they are funded from the same account.

Several million dollars has been spent on sidewalks over the past few years and an additional project is now under construction on North Street. Sidewalks have been part of the infrastructure improvements that staff has been working on, but they have been able to accomplish that goal primarily through grant funding. Staff is currently preparing another grant application for a \$1.2 million sidewalk along South Street through the TxDOT Transportation Alternatives Program.

We do not have any multimodal studies that incorporate specific pedestrian or bike route recommendations. Attached is an exhibit showing a composite drawing based on a hands-on activity from two public meetings in 2017 where participants marked where they wanted sidewalks. This information was consolidated into a sketch showing sidewalk location priorities based purely on the total number of requests for each alignment. Although hand drawn, it has served to guide staff when funding opportunities are available. Also attached is a map illustrating our current sidewalk system, and an also an exhibit showing some proposed projects that have already been designed but are not yet funded.

Ms. Forbes has also asked about extending the schedule to allow additional time to consider other capital items which may not be part of the Tier 1 list provided by Council. She suggested that we could combine the topics or tours in a couple of meetings into one. The Committee is free to discuss these options with the Chair.

In order to place a General Obligation Bond on the November ballot, the bond package will need to be sent to the Financial Advisor and Bond Counsel in July, and then City Council will need to call the election in August.

All of the water and sewer items in the notebook are not normally part of a general obligation bond but could be financed through a revenue bond or other vehicles that are paid through user fees. This could happen one or more years in the future.



Matt Moore has requested information on the methodology and any other studies or information that was used by the engineering consultants to make the determinations shown for water and sanitary sewer line replacements.

The following information identifies some of the methodologies used in creating the identified projects included in the capital needs notebook.

### Sanitary Sewer

No other additional contemporary studies exist. The sewer line replacement projects in the notebook were based on the following:

- Projects that were slated to be constructed as part of a previous TWDB loan around 2004, that were never completed due to a lack of funding.
- Sewer lines that were identified in a wastewater master plan in 2002
- Sewer lines identified as problematic through smoke testing
- Lines identified by the City TV sewer camera crew
- Projects identified by our Utility Construction Department based on the frequency of historical repairs

SPI was tasked with compiling the list of replacement projects from the above sources, identifying the need for upsizing, determining the best replacement method, and compiling detailed cost estimates.

### Water Lines

No other additional contemporary studies exist. The water line replacement projects in the notebook were based on the following:

- Institutional knowledge of historical line repairs
- Known or observed size and capacity problems
- Lines constructed of known faulty pipe materials (asbestos cement, etc.)
- Computer models that identify low pressure areas needing looping or line size improvements

### Streets

City staff recently completed a driving inventory of each street. A high resolution video was made on every City roadway and then processed by new technology artificial intelligence software that analyzes the condition and assigns a relative index. City staff also physically verified the condition rating on a number of the streets as a check.

Streets were rated from 1 to 5 with 1 being excellent condition. The proposed street improvement list found in the notebook incorporates roads with an index between 3 and 5, which are the worse streets. Engineering staff developed a repair scheme for each street and produced a cost estimate for that work.



## Drainage

The Engineering Department staff maintains a database of known drainage complaints and observed storm sewer problems across the City. This list is based on citizen complaints, historical repairs, and observed flooding problems. The projects identified in the capital needs notebook have been assessed by an engineering consultant and also by the City Engineer. Cost estimates were developed for each area. Some of the projects are shovel ready and the estimated costs are very accurate while others are only based on a possible repair solution and the costs shown are less accurate.

Mr. Moore also asked for a simplified example of the impact to a property owner for a tax increase. There are a number of variables to consider in quantifying a tax impact including the interest rate, bond duration, the net collection rate, homeowner exemptions, and total assessed value. Generally, you can use the following metrics to get a feeling for the impact of a tax increase:

Each \$0.01 (penny) increase to the tax rate will serve about \$2.4 to \$2.7 million in debt assuming a 20 to 25 year bond period and an interest rate between 4.0% and 4.25%. In round numbers, for every million dollars financed, a property owner could see \$.04 (four cents) increase in their annual taxes (**not tax rate**) for each \$1000 in property value.

For example, If a bond were passed for \$30 million of capital improvements, the tax rate would be increased by \$0.12 (twelve cents) and a property owner with a taxable value of \$200,000 (after exemptions) would see approximately a \$240 increase in their annual taxes from the City. (*assumes \$2.5 million in debt per penny of tax*)

An exhibit from our Financial Advisor illustrating some different debt amounts per penny of tax, is attached.

The capital needs you have seen, and will continue to see, are not a complete list. They are only the start of how we can address our top priority items identified by staff and City Council. Every day the list changes as we continue to fix, repair, or replace some of the items shown in your capital needs notebook. New broken water lines and failing streets appear every day!

Please feel free to contact us as you develop additional questions.

Steve Bartlett  
Director of Public Works/City Engineer