



AGENDA MEMORANDUM

Future Agenda for the City Council Meeting of October 9, 2018
Action Item for the City Council Meeting of October 16, 2018

DATE: September 24, 2018
TO: Keith Selman, Interim City Manager
FROM: Arlene Medrano, Business Liaison
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Use of Type B arterial and collector funds for three streets

CAPTION:

Motion authorizing the use of up to \$10,550,000 in Type B arterial and collector funds for three street projects: Slough Road from Amethyst Drive to Rodd Field Road, Everhart Road from Holly Road to South Padre Island Drive, and Holly Road from Ennis Joslin Road to Rodd Field Road.

PURPOSE:

To approve the resolution authorizing the City's Engineering Department to proceed with the use of Type B arterial and collector funds for three street projects.

BACKGROUND AND FINDINGS:

On November 8, 2016, residents of the City passed Proposition 2, Adopt Type B Sales Tax to Replace Expiring Portion of Type A Sales Tax, which authorized the adoption of a sales and use tax to be administered by a Type B Corporation at the rate of one-eighth of one percent to be imposed for 20 years with use of the proceeds for (1) 50% to the promotion and development of new and expanded enterprises to the full extent allowed by Texas law, (2) \$500,000 annually for affordable housing, and **(3) the balance of the proceeds for the construction, maintenance and repair of arterial and collector streets and roads.**

In order to effectively fund arterial and collector street and road projects, the City is willing to accept funds in support of its arterial and collector street bond program.

On June 18, 2018, the Type B Board approved an Agreement between the Corporation and the City to provide for the transfer of funds collected by the Type B Sales Tax approved by residents on November 8, 2016. The Corporation would transfer all arterial and collector street and road funds to the City for payment of debt associated with voter-approved arterial and collector street projects, as the funds are collected, for the purpose of supplementing debt obligation property tax revenues. The funds would be deposited in the City's debt service fund for payment towards debt on only arterial and collector projects as authorized by Proposition 2 at the November 8, 2016, election.

On July 23, 2018 at a City Council Workshop Session, the City Council passed a motion directing the Interim City Manager to adopt a street funding option proposed by Council Member Smith at the July 16, 2018 Workshop. This option provides that three streets designed to 100% (Slough Rd from Amethyst to Rodd Field \$2,200,000; Everhart Rd from Holly Rd to South Padre Island Drive \$5,300,000; and Holly Rd from Ennis Joslin Rd to Rodd Field Rd. \$3,050,000) be funded using a total of \$10,550,000 Type B Funds.

The Transfer to Street CIP from FY19 to FY22 will total an estimated \$12,612,374. This Resolution authorizes the use of \$10,550,000 over the next three to four fiscal years or until such time that the total funding is available.

The Type B Board approved the attached Resolution on September 17, 2018.

ALTERNATIVES:

City Council could choose not to approve this motion and offer an alternative.

OTHER CONSIDERATIONS:

None.

CONFORMITY TO CITY POLICY:

Conforms to policy.

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

Interim City Manager
Finance
Legal
Engineering

FINANCIAL IMPACT:

☐ Operating ☐ Revenue x Capital ☐ Not applicable

| Fiscal Year: 2018-2019 | Current Year | Future Years | TOTALS |
|-----------------------------------|---------------------|---------------------|---------------|
| Line Item Budget | | \$12,612,374 | \$12,612,374 |
| Encumbered / Expended Amount | | 0 | 0 |
| This item | | \$10,550,000 | \$10,550,000 |
| BALANCE | | \$2,062,374 | \$2,062,374 |

Fund(s): Type B Fund 1145

Comments: N/A

RECOMMENDATION:

City staff believe it is in the best interests of the residents of the City that the City be awarded sales and use tax revenue funds, to support the construction, maintenance and repair of the listed three streets.

LIST OF SUPPORTING DOCUMENTS:

Type B Fund 1145 FY19 Proposed Budget