



NOTICE OF WORK SESSION MEETING
(In compliance with Sec. 551.041, Et. Seq., Tex. Gov't. Code)

NOTICE is hereby given that the City of Jersey Village City Council of the City of Jersey Village, Texas will conduct a work session meeting at 1:00 p.m. on January 7, 2022, in the Civic Center Meeting Room, 16327 Lakeview Drive, Jersey Village, Texas.

ITEM(S) to be discussed and acted upon at this meeting is/are listed on the attached agenda.

AGENDA

- A. Call to Order and Announcement of Quorum. *Bobby Warren, Mayor*
- B. CITIZENS' COMMENTS: Citizens who have signed a card and wish to speak to the City Council will be heard at this time. In compliance with the Texas Open Meetings Act, unless the subject matter of the comment is on the agenda, the City staff and City Council Members are prevented from discussing the subject and may respond only with statements of factual information or existing policy. Citizens are limited to five (5) minutes for their comments to the City Council. *Bobby Warren, Mayor*
- C. Discuss and take appropriate action concerning a potential bond election in May of 2022 for the golf course club house. *Austin Bless, City Manager*
- D. Adjourn

CERTIFICATION

I, the undersigned authority, do hereby certify in accordance with the Texas Open Meeting Act, the Agenda is posted for public information, at all times, for at least 72 hours preceding the scheduled time of the meeting on the bulletin board located at City Hall, 16327 Lakeview, Jersey Village, TX 77040, a place convenient and readily accessible to the general public at all times, and said Notice was posted on the following date and time: January 3, 2022 at 3:00 p.m. and remained so posted until said meeting was convened.

Lorri Coody, City Secretary, TRMC

In compliance with the Americans with Disabilities Act, the City of Jersey Village will provide for reasonable accommodations for persons attending City Council meetings. Request for accommodations must be made to the City Secretary by calling 713 466-2102 forty-eight (48) hours prior to the meetings. Agendas are posted on the Internet Website at www.jerseyvillage.info.

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."



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Background Information from October 18, 2021, Agenda Request

The City Council is meeting to discuss the possible calling of a bond election for the Golf Course Convention Center or the City Hall. Both of these projects are high priority items in the 2020 Comprehensive Plan.

Currently I am estimating the Convention Center Club House to have a cost, as designed, of approximately \$7,500,000 and the City Hall to have a cost, as designed, of \$10,500,000. These two projects have a total estimated cost of \$18,000,000.

With these two big construction projects looming I wanted to provide some information for the City Council as to funding and ideas. There are two main ways that the city could move forward with these construction projects. One is cash on hand, the other is bonding.

Cash on hand

Right now, this is the cash on hand that I feel comfortable recommending.

\$1,500,000 from Fund 7 (Vehicle/Equipment Replacement)

\$3,000,000 from Fund 10 (CIP)

\$3,000,000 from General Fund (This would leave us with approximately a 120-day reserve)

\$7,500,000 in total

For the sake of simplicity, I am not considering any cash that will be received when the land is sold, I am only considering what is currently on hand as of today.

Currently the city is not making much money on interest, which is one thing to consider with our current funds.

Bonds

Interest rate on bonds are currently at record lows, around 2.25%, as shown by our financial advisor in the last workshop. The presentation is included with this memo for easy reference. With interest rates being so low now would be a good time to bond, if the Council wanted to.

If and when interest rates go up borrowing money today would keep our fund balance intact so in future years, we could pay cash on hand for projects.

Depending up on how a bond is structured we could pay it back early.

Now to get into a bit more of the specifics for each project.

Golf Course Convention Center Club House

Current estimated cost of \$7.5 Million (original bids came in at \$5 million, assuming 20% increase in costs given current market conditions, 10% for Furniture, Fixture, Equipment, and 10% contingency).

1. The city could bond for \$10 Million for “Golf Course Facilities”. We would spend \$7.5 on the Convention Center Club House. We’d spend \$450,000 on repaving the entire entrance/parking lot to 6” of concrete. (That number is estimated based on prices from Wall Street.) Estimated - \$100,000 for natural gas (Natural gas is a better option for restaurants than electric). We’d do a new golf course maintenance facility for \$1.5 million. This is in the CIP for future years and would be split between GC and Parks/Rec. The remaining \$450,000 would be earmarked for a new cart barn. There is also some work to the course on the back 9 holes we would recommend doing at the same time as the rest of the construction, which has an estimated cost of \$250,000. This would bring our course into a great position for the future and take care of all or nearly all of the major issues and projects at once.
Total cost: \$10,250,000.
2. The city could spend \$7.5 million of cash on hand for the Convention Center Club House. This could leave us in a tight spot if the costs come in higher for the building. It would also mean we would not have a new parking lot, or natural gas for the restaurant. The other projects would happen in future fiscal years.

City Hall

As of right now there is no timeline for a new city hall to be built in Village Center.

From a City Planning perspective, it makes much more sense for City Hall to be located in a commercial area, rather than a residential area. Looking for a permanent solution in a commercial area is advisable for the city. This would get the bulk of the traffic, which is not from residents, out of the residential neighborhood. It would also have benefits to the businesses near where City Hall is located. The Civic Center could remain standing, as it is the better part of the building, and could be utilized by groups that are looking for cheap/free rent options, as we likely do not want those groups to be taking up the majority of the use of the Convention Center Club House.

But in the short term we should do something about the facility.

Pre-COVID we would have approximately 25 full time staff people in City Hall, along with 2-4 part time staff depending on the season/schedules, etc. Of that 25 full time 3 people are “front facing” where their main duties rely on customer interaction, and 5 other positions need to be in the office the majority of the time. There are 6 positions that could be hybrid where they are in the office but can also work from home. There are 9 positions that can be primarily work from home. They may need to come to the office on occasion but would not need a dedicated workspace.

With this information I’m proposing three options for consideration.

1. We could remodel the current civic center and take approximately 2,000 – 3,000 square feet of space to create 2-3 offices, and bullpen spaces (cubicle areas) for 12 people that would be secured from the larger Civic Center. We could put cashier windows into the current vestibule area of the Civic Center. We would keep the executive session room intact that could be used for a conference room for city hall. We would need to remodel the bathrooms to take care of plumbing issues. I think all of this work could be done for \$300,000.
2. We could rent some office or retail space. We would need approximately 2,000 – 3,000 square feet of space to utilize. This would be the front counter, bullpen spaces with room for 12 people and 2-3 small offices. The civic center would be kept in the current condition to house City Council meetings.
3. Buy some commercial space with the same needs of Option 2.

For all three options I propose demolition of everything past the bathrooms, including the U-Shaped room, bay area, and current offices. We would need to send and retrieve more documents to/from Iron Mountain, rather than storing on site. But with our transition to digital we have a lot fewer paper document anyway. There is some storage of other items that we would need to figure out, but that would be workable.

In any option this should be viewed as a temporary solution to cover a few years’ time, no more than five years, until a new permanent city hall could be built.

Next Steps

Tonight, staff needs guidance from the Council as to which way to move forward. If the Council wishes to move forward towards a bond election, then staff will begin to work closely with the Financial Advisor to get the necessary paperwork and Council resolutions drafted.

If the city wants to consider a bond election there are a few issues that would need to be decided. These items do not need to be decided tonight but would need to be decided in the coming months if Council chooses to go for a bond election.

Issue 1. Which projects would be paid for with the bond? Based upon the council discussion so far to this point it seems the Convention Center Club House is a higher priority to complete right now than the City Hall.

Issue 2. The amount of the bond. The Financial Advisor recommends \$10,000,000 as the smallest amount to go out for a bond for. That is the lowest amount that makes it feasible for the city to expend the cash on the costs of the bond for the amount we get. The city can also refinance existing debt with a new bond issuance, but we do not have to if the Council wishes not to.

Issue 3. The type of bond. We could utilize a bank for the bond, or it could be bonds sold on the open market. The financial advisor discussed this last month. Both have their pros and cons. It comes down to what flexibility the Council would want in repaying the bond and what the tradeoffs for that would be.

The election would be held in May of 2022, and there is more discussion on the election itself in the next agenda item.

Background Information from December 20, 2021 Agenda Request

In the October meeting Council directed City Staff to work with our financial advisor on the potential of a bond election.

Included as an exhibit with this memo is information from the financial advisor as to what a potential bond would look like in terms of repayment, and how a possible transfer from the Golf Course could impact the debt service rate.

One piece of the conversation that needs to be kept in mind with this project is that would replace the current civic center. Much of our current usage of the civic center is for local groups that do not pay to use the facilities. We have not attempted to quantify the dollar amount that it costs the city to provide this service, but if the convention space will be used by these civic groups at no cost to them that should be considered in the overall operating budget of the convention center moving forward. We are providing a service to them. Right now, that service is paid for out of the general fund, and in this new club house it may require a contribution from the general fund to the golf course to continue to provide that service.

Since the last meeting on this topic there has been concern about “project creep”. At the last meeting we discussed some other projects we could get done, such as the parking lot, cart barn, maintenance facilities, etc. Currently those projects are in future CIP years. But if the opportunity and funding to do these projects at the same time were feasible, we could do it all at once, so the course is not always under construction. If that funding is not available, then these projects would stay on the CIP for future years.

It might also be a good idea to review some of the history of this project and how we got here.

In June 2017 the City Council authorized a study to be done to potentially remodel the current club house. An assessment report for the Jersey Meadow Clubhouse was provided to the City by Ray + Hollington Architects, Inc. The consultants reviewed the current layout and infrastructure of the building and supplied a final report that details the feasibility of future clubhouse renovations. In February 2018 the recommended updates and improvements are totaling a cost of \$682,500. Essentially the clubhouse would be taken down to the bones and totally rehabbed.

On March 8, 2018, the City Council held a workshop to discuss options for a new clubhouse facility, directing staff to prepare a request for proposal for the design of a new facility. The request for proposal was posted and emailed directly to 30 firms on March 14, 2018.

On April 16, 2018, the City Council approved Resolution Number 2018-20 authorizing the City Manager to negotiate an agreement with PGAL, Inc. for design of a new, Golf Course Club House. On May 14, 2018, City Council approved Resolution 2018-30 authorizing the City Manager to execute an agreement with PGAL for the design of a new Jersey Meadow Golf Course Clubhouse. The next 12 months were spent in design.

On May 15, 2019, the first bid announcement went public with the second announcement made on May 22, 2019. On May 23, 2019, city staff and PGAL held a pre bid meeting and on June 6, 2019, we opened bids. The three bids we received were from Four Seasons Development Company

for \$5,171,000, Bey Commercial Construction for \$5,400,006, and Stewart Builders Inc. for \$7,000,000. During the city council meeting on June 17, 2019, council directed staff to revisit the plans with PGAL, value engineer areas of the project and rebid the project with alternates, which could include removing the parking lot component from the construction process.

On July 19, 2019, PGAL sent city staff cost estimations and items that could be valued engineered. Staff reviewed the documents and found areas to reduce the project cost but ultimately felt that the cost would still be out of our budget. We discussed our concerns heavily with PGAL at a July 24, 2019, meeting and on August 1, 2019, PGAL stated they were engaging a cost estimator to review the project.

On September 23, 2019, staff received the cost estimation and met with PGAL to discuss our options moving forward. In the document, it shows that roughly \$1.4 million dollars would be designated for parking lot and site improvements and the building cost at roughly \$3.2 million dollars for the cost of removing the old facility and building the convention center and clubhouse. These figures did not include FF&E and contingencies.

In October 2019 staff brought 3 ideas to the Council.

1. Remodel the current club house and do a separate building (approximately 6,000 sq feet) for convention space at the golf course.
2. Remodel the current club house to convention space and build a new pro shop/restaurant.
3. Do a design for a 9,500 square foot one story building for pro shop, restaurant, and convention space.

The Council discussed those options and was not interested in option 1 or 2 and at that time did not want to do a 9,500 square foot building as it may not meet future needs. They opted instead to direct staff to keep the current design, but to work with PGAL to find ways to value engineer the project.

In late 2019 and early 2020 City Staff worked with PGAL and Collaborate Architects to review the designs and look at the bids. Collaborate and one of the companies they worked with reviewed the bid specs and the bids and felt the bids came back in a reasonable range, but perhaps could have been \$200,000 - \$300,000 cheaper than the low bid.

The Council discussed the project again during May 2020 as part of the budget retreat. During that discussion a bond was briefly discussed, but that was not favored by the Council. At that time the Council consensus was to put the project on hold for an indefinite period of time and spend what we need to in order to maintain the current structure.

The project was discussed again during the May and July 2021 budget meetings. That is when the topic of a bond for the project began to be discussed more. Staff worked with our financial advisor to help us find what bond would look like in terms of repayment and tax rate implications.

In December 2021 the Council requested a workshop to be held in January to look at all of our options.

Some general points the Council should keep in mind include, but are not limited to:

- If this is put for a bond and it does not pass, we still need to do something with the building. We would need to put in well over \$100,000 into the building to fix the roof and other issues with the building.
- Golf has certainly grown during the pandemic and our numbers certainly reflect that. However, no one can predict if those numbers will stay the same, grow, or decline.
- The rates for bonds right now are at or near record lows. By going for bonds now we could lock in low interest rates and save our money for other future projects, such as roads, flood mitigation, city hall, etc.
- We could keep the current design for the new club house, or it could be revisited. If we keep the current design, we could be ready to go out for bids within a month or two of being given that approval. If we redesign, we are likely 9-12 months from bids once given approval to work on a new design.
- There is a desire for the club house to pay for itself. As noted earlier, if we allow civic groups to use the facility then that should be factored into the budget discussion on the project. If there is a bond, what percentage of that bond would be expected to be paid back from the golf course.

As discussed during our October meeting the club house, as currently designed, is currently estimated to be a \$7.5 million project, solely based on the pricing we saw from the City Hall project. We have not had an estimator give us a more accurate estimation yet. That number also includes FF&E and contingencies. Current cash on hand could be allocated by Council towards the project if the Council wanted to.