

Minutes of the Informational Meeting of the  
BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2

An informational meeting of the Board of Directors of Bastrop County Water Control and Improvement District #2 was held on Tuesday, June 6, 2017, beginning at 6:30 p.m. at the Conference Center, 106 Conference Drive, Bastrop, TX. 78602.

**Present BCWCID #2 Board Members:**

John Creamer, President  
Karen Pinard, Vice President  
Sam Kier, Treasurer  
Victor Gonzalez, Director

**BCWCID #2 Staff/Other Professionals:**

Jim Ouellet, PE, General Manager  
Tony Corbett, Legal Counsel  
Tyler, Walsh, Operations Manager  
Alma Rodriguez, District Administrator

**Absent:**

Tammy Eden, Secretary

AGENDA

- 1.) Call meeting to Order  
Jim Ouellet called the meeting to order at 6:30 p.m. A quorum of Board members was present.
- 2.) Pledge of Allegiance  
Jim Ouellet led the Pledge of Allegiance.
- 3.) Texas State Pledge  
Jim Ouellet led the Pledge of Allegiance to the Texas Flag.
- 4.) Presentation of information on the roads left to complete, costs associated with such and the process and costs associated with obtaining a bond (Presentation attached)  
Jim Ouellet presented the presentation.

Question: Toni Laurent asked who will vote for the bond.

Answer: Registered voters whose primary place of residents is within Tahitian Village.

Question: William James asked when roads are up to county standards will there be no more road district.

Answer: Once the bond is paid off.

Question: Lynda Horton asked about the status of the Interlocal Agreement with the County.

Answer: Jim Ouellet stated it is being worked on. There are a few details that need to be worked out.

Question: Roger Daniels asked if Lamaloa will be a project for next year.

Answer: Yes.

Question: Steve Richardson asked if N Kaupo will be completed in June.

Answer: N. Kaupo is on the list for this year.

Question: Joseph Clemmons asked what the terms of the bond are.

Answer: 20 years

Question: Virginia Simmons asked if the materials on Riverside Drive was chip seal.

Answer: Moku Manu was done in chip seal and a majority of the roads in the county are chip seal. Riverside Drive is owned by the county and has had recycled asphalt place on it at this time. It will eventually be chip sealed.

Question: Kathleen Newton asked if the bond doesn't pass what is the time frame of constructing the roads.

Answer: About 15 years.

Question: Allen Jaeger asked what it will take to get the bond.

Answer: The District will have to call an election by August 21, 2017 and passage would be predicated on 66% of registered voters, who decide to cast a ballot, voting in favor of the proposal.

Question: Eddie Plummer asked about the flooding on Haliimaile and the proposed completion of the road.

Answer: A meeting with the residents on Haliimaile will be held on site regarding their questions on the road work.

Question: A gentleman asked why the bond concept was not acted upon previously as it is a great idea to complete the roads.

Answer: A bond election to complete the roads was going to be voted on in November 2011. The forest fire came in September of 2011 and the world changed for Tahitian Village

Question: A question was asked as to why the roads are chipped sealed and not asphalted?

Answer: The District does not decide how the roads are to be constructed. The County requirements for the roads left to complete in Tahitian call for 8 inches of base and then chip seal to county standards.

Question: How was a contractor selected?

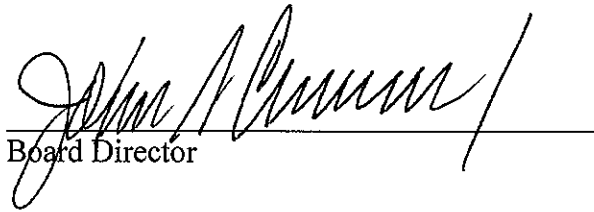
Answer: Pursuant to the procurement policy, an ad was placed in the paper. Trade associations search papers for such construction related ads and distribute to all their members. Numerous calls from all over the State of TX were received by the office asking for the bid form. Two entities returned the bid form.

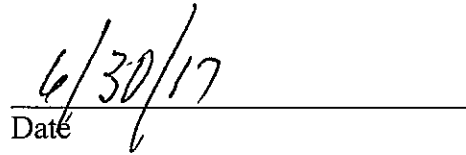
Question: Why not build the roads, drainage and all other infrastructure to address a 100 year storm.

Answer: Notwithstanding the tremendous cost such would require, the design criteria of the County is for a 25 year storm event.

5.) Adjournment

MEETING ADJOURNED AT 7:32 P.M.

  
Board Director

  
Date

# TAHITIAN VILLAGE

## ROAD COMPLETION OPTION

### ROAD DISTRICT BACKGROUND

- THE ROAD DISTRICT IS A COMPLETELY SEPARATE ENTITY FROM THE WATER AND WASTEWATER DISTRICT
- THE WATER DISTRICT WAS ESTABLISHED IN 1985. THE ROAD DISTRICT WAS ESTABLISHED IN 1989
- THE REVENUES AND EXPENSES ARE KEPT COMPLETELY INDEPENDENT
- EFFICIENCIES GAINED WITH A SINGLE BOARD FOR BOTH ENTITIES

## PRESENT APPROACH

- COMPLETE A LIMITED DISTANCE OF ROADS PER YEAR
- THE COUNTY CAN HELP..... BUT HOW MUCH AND TO WHAT EXTENT IS BEYOND THE CONTROL OF THE ROAD DISTRICT
- UNDER THE PRESENT SCENARIO OF A FEW MILES PER YEAR, ROAD FEES WILL MOST LIKELY HAVE TO GO UP TO MEET ESCALATING COSTS OR A REDUCTION IN THE MILES OF ROADS PER YEAR.
- FOR MANY, FEES ARE PAID WITH THE HOPE THAT SOME DAY THE ROADS WILL BE COMPLETED
- IN THE MEANTIME, A SIGNIFICANT AMOUNT OF ROAD FEES ARE APPLIED TO MAINTAINING POOR ROADS WITH INADEQUATE DRAINAGE - NOT GOING TO BUILDING NEW ROADS

## PRESENT APPROACH

- ROADS WITHOUT PROPER PAVEMENT WILL CONTINUE TO DETERIORATE WITH EACH PASSING VEHICLE AND EACH RAIN EVENT, SUCH RESULTS IN ROAD FEES BE DIRECTED TOWARD MAINTENANCE INSTEAD OF ROAD CONSTRUCTION
- HOPEFULLY A BETTER APPROACH EXISTS

## ALTERNATIVE APPROACH WHICH WILL:

- COMPLETE ROADS BY THE END OF 2020
- ROAD FEES AT \$13.00 TO \$15.00 PER MONTH OR \$156.00 TO \$180.00 PER YEAR
- COUNTY INTERLOCAL REQUIRED
  - AGREE TO BE INVOLVED IN DESIGN AND CHIP SEAL 10 MILES PER YEAR
- SUCH CAN ONLY BE ACCOMPLISHED BY LEVERAGING PRESENT DAY COSTS AND DISTRIBUTING OVER FUTURE YEARS
- THE MAJORITY OF PROPERTY OWNERS WILL ACTUALLY HAVE A GOOD ROAD FOR WHICH THEY ARE PAYING ANNUAL FEES

## THE VALUE OF COMPLETING THE ROADS IN A CONCENTRATED TIME VS MANY YEARS

- ECONOMIES OF SCALE – PURCHASE IN LARGE QUANTITIES AND YOU OBTAIN A BETTER PRICE
- EFFICIENCY – KEEPING EQUIPMENT ON A JOB FOR MANY MONTHS / YEARS IS MORE PRODUCTIVE THAN PAYING TO CONSTANTLY MOBILIZE EQUIPMENT
- LABOR – IF A CONTRACTOR KNOWS THERE IS CONSTANT WORK IN ONE LOCATION, A REDUCTION IN ADMINISTRATIVE COSTS CAN BE TRANSFERRED TO PRODUCTIVE ACTIVITIES.

## STATUS OF COSTS THUS FAR

- NEGOTIATED ROAD BASE MATERIAL COSTS DELIVERED TO THE WORK SITE AS NEEDED WITH MORE THAN 10 TRUCKS OPERATING CONSTANTLY (\$16.80 PER TON DELIVERED)
- NEGOTIATED DAILY LABOR / EQUIPMENT COSTS TO INCLUDE THE FOLLOWING:
  - Road grader with a minimum weight of 40,000 lbs
  - Skid steer with a minimum 1 yard bucket
  - An excavator - minimum of 15,000 lbs
  - An excavator less than 15,000 lbs
  - A roller a minimum of 42,000 lbs
  - A dump truck with a minimum of 10 yard capacity
  - Labor to operate the equipment
  - ***All for \$2,500 per day***

## ESTIMATES TO CONSTRUCT A MILE OF ROAD

- A MILE OF ROAD 22 FEET WIDE WITH 10" INCHES OF ROAD BASE REQUIRES 5377 TONS OF ROAD BASE.
- $5377 \times \$16.80 = \$90,333$  PER MILE
- LABOR 15 DAYS PER MILE -  $\$2,500$  PER DAY  $\times$  15 DAYS =  $\$37,500$
- SURVEYING -  $\$5,000$  PER MILE

## PRESENT DAY ESTIMATES TO CONSTRUCT A MILE OF ROAD

- CULVERTS, BULL-ROCK, TREE TRIMMING \$15,000 PER MILE
- DRIVEWAY REPAIRS, CEMENT, GRASS - \$10,000 PER MILE
- COUNTY – CHIP SEAL AT \$25,000 PER MILE
- ENGINEERING/PROJECT MANAGEMENT/EASEMENTS \$18,000 PER MILE
- = \$ 200,000 PER MILE.
  - INFLATION FACTOR OF 8% FOR MATERIALS AND 3% OTHER WILL RESULT IN AN AVERAGE COST PER MILE OVER THREE YEARS OF CONSTRUCTION OF \$217,000

## MILES LEFT TO COMPLETE

- THERE ARE 63 MILES OF ROADS IN THE VILLAGE
- 25 MILES HAVE BEEN COMPLETED AND TURNED OVER TO THE COUNTY OR CITY
- 1.7 MILES HAVE PREVIOUSLY BEEN DETERMINED THAT CONSTRUCTING ROADS WOULD NOT BE PRACTICAL
- THE CITY OF BASTROP HAS 1.3 MILES WITHIN CITY LIMITS THAT THEY WILL BE COMPLETING AT SOME TIME
- 4.5 MILES ARE SCHEDULED TO BE CONSTRUCTED IN 2017
- SUCH WOULD LEAVE 30.5 MILES LEFT TO COMPLETE



## EXPENSES

- 30.5 MILES AT \$217,000 PER MILE = \$6,620,000
- 8% TRANSACTION FEES TO OBTAIN THE LOAN = \$530,000
- NEED TO BORROW \$7,200,000 TO OBTAIN THE FUNDS TO BUILD THE ROADS
- TO BE CONSERVATIVE AT THIS POINT, THE ESTIMATE FOR COST PURPOSES WILL BE \$7,500,000
- THE ANNUAL COST TO BORROW \$7,500,000 OVER A 20 YEAR PERIOD AT 5% INTEREST RATE IS \$615,000 PER YEAR
- THEREFORE, THE ANNUAL COST FOR A LOAN AND COMPLETE THE ROADS BY 2020 WILL BE \$ 615,000 PER YEAR

## REVENUES

- REVENUES BILLED IN 2017 = \$954,000 AT CURRENT RATES (\$13 per month)
- SAY A COLLECTION RATE OF 92%
- $\$954,000 \times 92\% = \$877,000$  CASH FLOW PER YEAR
- 15% OF ALL ROAD FEES ARE REQUIRED BY STATUE TO BE APPLIED TO ROAD MAINTENANCE = \$132,000
- 10% OF ROAD FEES ARE APPLIED TO ADMINISTRATION = \$88,000
- TOTAL AVAILABLE FOR DEBT PAYMENT -  $\$877,000 - (\$132,000 + \$88,000) = \$667,000$

## REVENUES

- CONCERNS HAVE BEEN EXPRESSED THAT THERE MAY NOT BE ADEQUATE REVENUES TO COVER THE LOAN COSTS
- IF ROAD FEES WERE TO INCREASE FROM \$13 PER MONTH TO \$15 PER MONTH, THE ADDITIONAL CASH FLOW GENERATED WOULD FURTHER ENHANCE THE "SURPLUS" AVAILABLE TO ADDRESS ANY LOAN PAYMENTS.
- 5,800 CUSTOMERS X \$24 PER YEAR = \$139,000

## FINANCIAL SUMMARY

- THE ANNUAL COST TO PAY OFF A LOAN OF \$7.5 MILLION OVER 20 YEARS IS \$615,000 PER YEAR.
- CASH FLOW AVAILABLE PER YEAR TO PAY OFF LOAN AT \$13 PER MONTH IS \$667,000
- UPON COMPLETION OF THE ROADS, THE SURPLUS REVENUES ABOVE THE COST TO PAY THE DEBT CAN BE APPLIED TO PAYING OFF THE DEBT EARLY OR REDUCING THE ANNUAL ROAD FEES.

## OVERALL SUMMARY

- BEGINNING IN 2018, THE 30.5 MILES OF REMAINING ROADS CAN BE CONSTRUCTED AND COMPLETED BY THE END 2020
- SUCH CAN ONLY BE ACCOMPLISHED BY SECURING FINANCING THROUGH A BOND.
- A BOND ISSUANCE WILL REQUIRE A 2/3 MAJORITY VOTE BY REGISTERED VOTERS WHO'S OFFICIAL PLACE OF RESIDENCE IS WITHIN THE VILLAGE
  - *ALTHOUGH THE LANGUAGE ON THE BALLOT QUESTION WILL INCLUDE THE TERM "AD VELORUM TAX", CALCULATIONS DEMONSTRATE THE ROAD FEES CAN MORE THAN PAY FOR A BOND*
- THE OPTION REMAINS IN THE HANDS OF THE RESIDENTS
- THE FUTURE COSTS AND COMPLETION OF THE ROADS CAN BE CONTROLLED IF DESIRED - OR WE CAN CONTINUE DOWN THE CURRENT PATH AND DO THE BEST TO MAKE IT SUCCESSFUL.

## THE SECONDARY EFFECTS YOU MAY WISH TO CONSIDER

- THE REPUTATION OF THE ENTIRE COMMUNITY IS ENHANCED
- COMPLETION OF THE SUBDIVISION WILL OCCUR SOONER
- MORE CUSTOMERS ON WATER AND WASTEWATER SYSTEM ALLOWS FOR COSTS TO BE DISTRIBUTED OVER A LARGER CUSTOMER BASE
- PROPERTY VALUES WILL RISE

# QUESTIONS RELATED TO A BOND OFFERING

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