



Mayor's Letter

November 15, 2018

Hello Everyone,

For the next couple of Mayor letters I am going to primarily focus on issues relating to Phase two of our concrete road replacement. First, a couple of announcements.

Christmas in the Village. This year Santa will be at Town Hall on December 9th from 2 to 4pm. Pictures with the man in the red suit, crafts, food and drinks will all be available. There might even be some sweets which look suspiciously like Halloween candy.

Invitations to the LWV Appreciation Dinner are on the way. This is a tradition started in 2016 to recognize all of the volunteers, workers, and staff that help to make the village such a great place to live. As I've said before, if we don't do it, it doesn't get done. **This is our chance to recognize the efforts of those who help get it done.** The dinner will be on December 15th from 6-8pm.

The Christmas Lights Contest is back. Lakecrest dominated the contest last year taking home most of the prizes. It's time to see the holiday spirit take over the Village. This year our Municipal Development District Board will serve as the judges. More information will be posted at the mailboxes in December.

Sales Tax. Our Independent Auditors completed their field work on November 1st. Their one area of concern was that the town's sales tax collections were 35 percent lower than last year. That means we collected \$17,200 less in sales tax this year compared to 2017. For all of our new residents let me repeat myself. The 75068 zip code is shared by Lakewood Village, Oak Point, and Little Elm. Since Little Elm has the greatest population and the post office, retailers will try and tell you that you live in Little Elm. **You MUST insist that they use Lakewood Village as your address.** Especially when you purchase online, the default for 75068 is Little Elm, so they will get the sales tax unless you change it. As you shop this holiday season, it is very very important that you use your Lakewood Village address. You have to pay sales tax, so make sure it ends up here in Lakewood Village.

CONCRETE ROADS - PHASE 2

Is it feasible now for us to undertake the second phase of our road replacement project for the remaining streets in the Town ? The answer is yes. In this letter I wish to address some of the basic issues, answer many questions, and provide you with the best information that we have. **In next months letter I will go into specific details on the costs and financing arrangements.**

In 2013 the Council, myself included, made the decision that ALL of our streets would be concrete. We also amended our subdivision ordinance so that going forward, any new developments were required to build concrete roads that met our enhanced design standards. Based on our financial resources, we chose to undertake the reconstruction of our existing streets in two phases. Phase 1 would be the original part of Town, with the rest in Phase 2 later, when new development was underway. It's been five years and it appears unlikely that any large scale development will be occurring soon, so **I believe we should stop waiting and move ahead.**

Let me be clear at the very beginning. We don't need permission from the Federal Government, people in Austin, the EPA, or the Corps of Engineers to rebuild our streets. The decision rests solely with us. **If we choose to do it, we WILL do it.** So, no more complaining, its go time, lets get it done.

OVER ↘

Q: Why did we choose to rebuild the streets in 2013 ?

The town had previously done chip and seal repairs and asphalt overlays and the results were generally poor. The asphalt broke off the edges, cracks formed, the road sunk and heaved, and a section of Stowe near Carrie failed so badly it had to be redone. Our engineers recommended that we rebuild the streets from the ground up.

Q: What is the problem with the streets ?

The problem is the subgrade under the street. We have expansive soils here and as you can see driving through the Shores, the road heaves upward in places and sinks in others. In some places there is almost 12 inches of height difference between sides of the street. The soil under the streets is the same as under your house, except that there isn't piers, large beams, and no post-tension cables running through it. The problem isn't road wear, it is road **failure**. We've patched the Highridge mailbox area five times, that road has failed.

Q: Why can't we just chip and seal the streets ?

That won't fix the root cause of the problem. Yes, chip-and-seal is simple and cheap. Spray a thin coating of tar and then mash gravel into it. But it has no structural properties - it is a topical application. Suppose you had a three foot hole in your living room floor. Cheap fix - throw a rug over it - but it will quickly fail. You could then spend money on carpet, but after a few people walk on it, the hole will be back. **You have to fix the hole.** If there is a ten inch gap on one side of the street you can't pile up ten inches of gravel and spray it with tar. It won't work. Chip-and seal is appropriate if we had high traffic volumes and the street was level but just worn down in spots. That's not our problem.

Unfortunately in our case, the cheapest alternative is not the most effective and efficient long-term solution. Suppose one side of your living room was four inches lower than the other side. The cheap solution is to take a hacksaw and cut four inches off the couch legs on one end. **That's chip and seal and it isn't an option.**

Q: Can we make a developer pay for the concrete streets ?

That would be nice, but unfortunately it would also be illegal. When a developer submits plans for a new project, there is often some negotiations over items that provide mutual benefits. So for example, we might discuss with a developer the construction of a nice new entrance on Eldorado. That helps us **and it also helps them** by improving the curb appeal to attract buyers to their new development. However, any potential new development at the front of Town has nothing to do with Carrie, Melody, Woodcrest, etc. For those of you who built here in the village, suppose we told you that your plans would be approved only if you bought the Town a new piece of playground equipment. Obviously that's not fair, nor is it legal. There is no free lunch.

Q: Why did we pick concrete instead of asphalt ?

Lower maintenance and life-cycle costs. Asphalt without curbs would continue to crack, separate, and slough off over time. To obtain a 15-20 year lifespan, asphalt requires overlays every 5-7 years and annual crack seal applications. The cost ? We spent over \$90,000 just on the materials to do the overlay on Stowe Lane. In contrast, concrete roads have a typical lifespan exceeding 40 years with little to no maintenance. Given our low traffic volumes, I would expect the concrete to last significantly longer. The first roads paved in Phase 1 are approaching their five year anniversary. We have spent \$0 on maintaining these roads and they look great.

Q: How are the new roads different ?

Our road design is very special. In other towns, the most common road reconstruction process for streets like ours is to remove the top six inches and then grind up the next six inches. You inject lime into that soil and then pour six inches of concrete on top. **We don't do that. Not here.** We remove the entire 12 inches of old road. We then place a textile liner on the bottom as a moisture barrier. We then start over with six inches of new road base and compact to 95 percent. Lab technicians test the compaction and verify prior to pouring the concrete. And even though the concrete road is 22 feet wide, we actually build the road base to 24 feet. This adds strength to the road edges and reduces the flexing caused by the garbage trucks. We don't cut any corners. Our roads are going to last.

Since our concrete roads were built, we have been through the incredible rains and 100 year flood followed by extreme heat and droughts with months of no rain at all. 2018's drought was followed by over a foot of rain in October. And in the five years, our concrete hasn't moved a millimeter. Unlike Eldorado, no heaving, no buckling, no busted sections, no movement. Our design is performing perfectly.

Q: What are the steps moving forward ?

1. The first step is the pre-engineering decision making. The Town Council will have extensive meetings to decide many many issues such as which streets to rebuild, how we will handle the cul-de-sacs, the Highridge mailbox relocation, drainage improvements, easements, and especially utility improvements. Utility improvements are critical as with the driveways and streets ripped up, we can efficiently run new conduits and mains before the concrete goes down.

To illustrate, at the last meeting I brought to Council a proposal to reverse the direction of the Carrie lift station. We would re-route the four-inch force main up Melody Lane instead of sending it down to Stowe. This would solve the inadequate power supply problems and motor issues we are having with the Stowe lift station. We also have to determine our new well location so that we can run the mains under Highridge **before** the concrete goes down. As another example of thinking out of the box, I have had discussions with ATT and Suddenlink about running fiber-optic cable so that we can finally get super-high speed internet in the Shores. Since every driveway approach is going to be destroyed, this is the time to lay cables, wires, mains, etc. without having to bore underground. There are many other issues the Council must address before the engineers can begin the designs. There are so many issues to work out I anticipate doubling up and calling Council meetings **twice a month next year. There's a lot to get done.**

2. The next step is to officially task the engineers. This is a Council vote that authorizes Kimley-Horn (our engineers) to execute the design phase. This means they will bore test holes in the roads and perform geotechnical analysis. They will also engage surveyors who will survey every street, both sides, including every driveway, manhole, transformer, and culvert pipe. With this information, the engineers will develop the technical specifications, create engineered construction drawings and generate the bid documents. Prior to sending the project out for sealed bid, we will walk the entire town with the design and make any changes. As the design is being developed, the engineers will continue to update the Town on their Opinion of Probable Construction Cost (OPCC).

3. At the same time, I will be meeting with our financial advisors at SAMCO, to develop the financing package. This will include hiring bond attorneys, and obtaining a credit rating from Standard and Poor's. Using the OPCC, we will decide on the bond parameters (principle, term, call option features, credit enhancements, and amortization schedule) and SAMCO will solicit the investment banks and run the bond auction. The Council will have to approve the financial structure before SAMCO runs the auction.

4. The last step is for the engineers to manage the sealed bid process for the construction phase. After a 45 day period, we will open the sealed bids and the engineers will qualify the winner and make an official recommendation to the Council on awarding the contract. At that council meeting, the Council will vote to award the contract (the Council doesn't have to accept any bids, but if they do, it must be the lowest one). The very next item on the agenda will be the sale of the bonds to the lowest bidder from the SAMCO auction. It must happen at the same meeting. Legally, we cannot issue bonds for a project unless we have approved the project. And likewise, the terms of the construction contract require that we have financing in place at the time of the signing.

THEN we start the construction.

OVER ↘

Q: What is the possible time frame ?

Some prior history is a good guide. In **February 2013**, we started discussing the broad financing parameters and had preliminary meetings with our engineers to educate ourselves on road reconstructions. At our Council meeting on **August 8, 2013** we officially voted to authorize the engineers to design the roads and run the bidding process. But, in order for the engineers to design the new roads, we had to tell them which ones. The Council voted unanimously to replace the streets in the original part of Town. **None of us voted for our own streets** - Dave Getka (Melody Lane), Harold Wood (Melody Lane), Carl Menckhoff, MD (Stowe), Ken Guthrie (Meadowlake) and Myself (Carrie). **On April 10, 2014** we awarded the contract to low-bidder Jagoe Inc, and also voted to sell our bonds to American National Bank. Construction started on **June 10, 2014** and officially ended on **February 1, 2015**.

The Phase 1 project was 7,890 feet, while Phase 2 will be approximately 15,000 feet. So, I would expect it to take nine months for the engineering and bid process. I would also estimate construction to take about a year. So based on my past experience with Phase 1 here is my **initial guess** at a calendar.

Pre-engineering decisions and Council meetings : **December 2018 - June 2019, with double meetings**
Engineering and Contract Bidding Process: **June 2019 - February 2020.**
Award Construction Contract and Issue Bonds: **March 2020**
Construction phase: **March 2020 - March 2021**


NEXT MONTH I will discuss the projected costs and financing options. In a Town as small as ours, a project this large and complex will impact virtually everyone. I think it is important that we are all well informed as we determine the exact path we will take. Lets get going and finish what we started.

KEY FIGURES: As I stated last month, we are now in a surplus position where we are currently adding to our reserves. Building up our financial reserves is very important as liquidity is one of the key drivers of our future bond rating from S&P.

Last year, on November 15, 2017 the Town had \$265,710 in the bank.
Today, November 15, 2018, we have **\$369,037** in the bank.
We are \$103,327 ahead of last year and things are only getting better.

There's never been a better time to be in Lakewood Village.

Dr. Mark E. Vargus
Mayor



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