

## WEST U CITY CURRENTS NEWSLETTER – FALL 2020

### A Message from Councilmember Ed Sobash

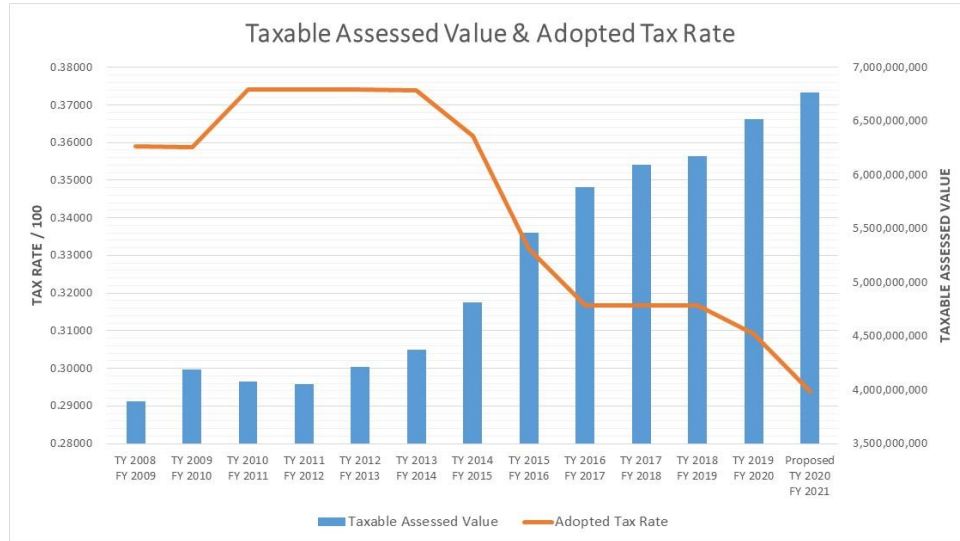
“Debt” – it’s a four-letter word. But, in municipal planning, it’s impossible to prepay for major improvements. Twenty-five years ago, West U took on some ambitious Capital Improvement Plan (CIP) projects (including drainage, roadways, and sidewalks) after debating which projects should be chosen, since the City couldn’t address every area of the community. West U is now in an enviable position, as, over the next few years, we will be paying off many of the bonds that financed those projects.

Today, a few areas of the city that didn’t benefit from these previous improvements now need our renewed attention. This Council has been focused on a current five-year CIP that prioritizes those areas of the city with substandard infrastructure. These projects include things like underground drainage and new road surfaces. CIP projects are expensive, and your Council is working to justify this investment with plans and models that have the greatest return on investment for the entire city. At the same time, we are seeking to balance our ad valorem (according to assessed value) tax rate, which funds the repayment of bonds. Here is a quick look at where we are now:

Tax Year	<u>Ad Valorem Tax Rate (Total)</u>	<u>Ad Valorem Tax Rate (Debt Portion)</u>
2020 Proposed	\$0.29382/\$100 valuation	\$0.10149/\$100 valuation
2019	\$0.3019/\$100 valuation	\$0.11952/\$100 valuation
2018	\$0.31680/\$100 valuation	\$0.12403/\$100 valuation
2017	\$0.31680/\$100 valuation	\$0.12466/\$100 valuation

*Note: The proposed tax rate for 2020 had not been finalized at the time this article was written in August, and the adopted tax rate may be slightly different based upon changes approved during the budget process.*

Each year, around the end of September/early October, the City Council adopts a budget with an adopted tax rate that consists of two parts – maintenance & operations (M&O) and debt service expenses. Typically, the M&O expenses increase due to increased costs of living and improvements to City service levels (such as for our Police, Fire, Public Works, and Parks & Recreation departments), while the debt service portion can increase up or down depending on whether a city is paying off or adding debt. West U is in a unique situation, where our debt is being paid off and, even with adding additional debt, our debt service tax rate is still declining.



Here are some additional details regarding our debt. Excluding a defeasance payment (nullification of a bond through early payoff) in 2021, the average annual principal and interest payment for 2021–2034 is \$1.9 MM/yr. Starting in 2029, the only remaining debt will be the 2019 Certificates of Obligation issuance (for the Virtual Gate project), which reduces our average annual payment to \$397,400/yr. We have the capacity to add \$120 MM of new debt and to still maintain our current debt service tax rate.

Here are the last five bonds issued by the City that are currently being serviced (this doesn't include remaining bonds prior to 2013):

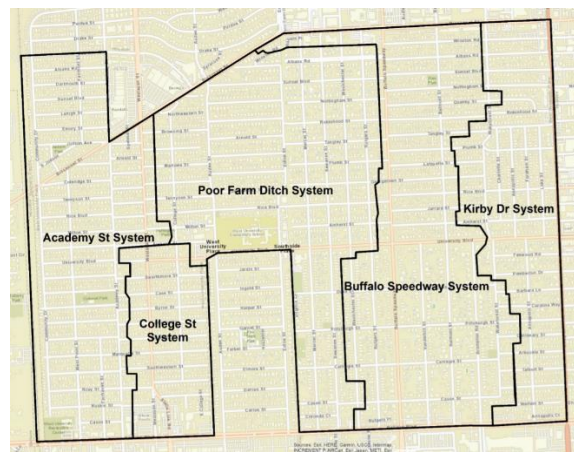
2020	Refunding (refinancing to lower rate)	\$10,780,000
2019	Virtual Gate	\$4,040,000
2017	Refunding (refinancing to lower rate)	\$9,755,000
2016	Refunding (refinancing to lower rate)	\$3,170,000
2013	Refunding (refinancing to lower rate)	\$16,360,000

It has been awhile since we have addressed a major drainage or road project. In the very near future, the Buffalo Speedway project will be funded (currently estimated at \$20 MM). An additional portion of this project has already been approved for federal grant funding (\$5 MM).

To seek public input on the Buffalo Speedway project, we have held multiple public meetings as we have progressed through the project’s design phases. Construction on this project will begin early next year, and more details will follow on the impacts of this project on West U citizens and on what to expect as it gets started.

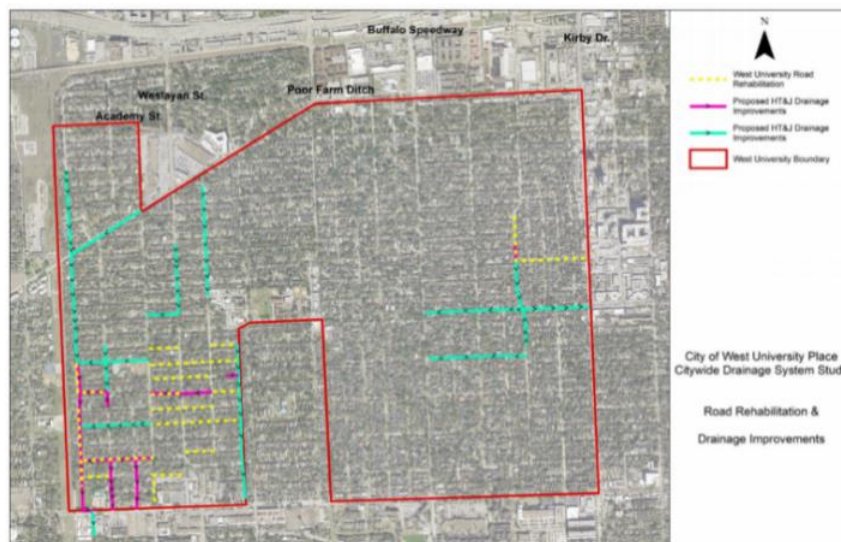
Regarding our city’s drainage infrastructure, there are five major drainage systems in West U:

1. Kirby Dr.
2. Buffalo Speedway
3. Poor Farm Ditch
4. College St.
5. Academy Dr.



A comprehensive drainage study has been conducted to identify our next CIP priorities. Our City engineers have proposed two CIP projects for \$60 MM (including four-year escalations in costs):

1. \$31 MM (road replacement and drainage improvements) – shown below in yellow
2. \$29 MM (drainage improvements) – shown below in teal



Completion of these CIP projects will be a major accomplishment for the city, keeping roadways clear of flooding during two-year rain events (with only minor exceptions). If you live outside of these proposed areas, then you have benefited from the past projects. Those living inside of the proposed areas know that these current improvements have been sorely needed.

It's time again to invest in the infrastructure of our city to ensure that we continue to improve upon this wonderful place that we all call home.

-Councilmember Ed Sobash