Bond Election
From Inception to Success
Presented by Robert Camareno, City Manager
Presentation Outline

1. About New Braunfels

2. New Braunfels’ History of Capital Project Investment

3. Determining Capital Needs

4. Bond Advisory Committee

5. Bond Election

6. Lessons Learned
About New Braunfels

Guadalupe Railroads
Austin
Fisher Park
Balcones Volunteerism
Lindheimer
Landa Park

Hispanic NBU Wurstfest German
Comal Tube Chute San Antonio
Prince Solms Fishing
Gruene Hall

Rivers 1-35 Kayaking
Tourism Historic
Conservative Hill Country

Schlitterbahn Tubing
# Fastest-Growing Cities Are Deep in the Heart of Texas

The 15 Fastest-Growing Cities and Towns Between July 1, 2014, and July 1, 2015

<table>
<thead>
<tr>
<th>City</th>
<th>Percent Growth</th>
<th>2015 Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgetown (TX)</td>
<td>7.8</td>
<td>63,716</td>
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<tr>
<td>New Braunfels (TX)</td>
<td>6.6</td>
<td>70,543</td>
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<tr>
<td>Ankeny (IA)</td>
<td>6.5</td>
<td>56,764</td>
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<td>Frisco (TX)</td>
<td>6.3</td>
<td>154,407</td>
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<td>South Jordan (UT)</td>
<td>6.0</td>
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<tr>
<td>Dublin (CA)</td>
<td>5.5</td>
<td>57,721</td>
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<tr>
<td>Pearland (TX)</td>
<td>5.3</td>
<td>108,821</td>
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<td>Milpitas (CA)</td>
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<td>77,604</td>
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<td>Broomfield (CO)</td>
<td>5.2</td>
<td>65,065</td>
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<td>Mount Pleasant (SC)</td>
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<td>Pflugerville (TX)</td>
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<td>57,122</td>
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<td>Fort Myers (FL)</td>
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<td>Murfreesboro (TN)</td>
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<td>126,118</td>
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<td>Goodyear (AZ)</td>
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<td>79,003</td>
</tr>
<tr>
<td>Buckeye (AZ)</td>
<td>4.3</td>
<td>62,138</td>
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</table>

Note: Graphic displays percent change for fastest-growing cities and towns with populations of 50,000 or more on July 1, 2014.
1969 - Last year in which a Parks and Recreation bond proposition was approved

1999 bond election – Put forth $32 million in Public Safety, Parks and Recreation and Streets and Drainage projects

➤ Only item approved - $700,000 in public safety radio replacements

From 1985-2003, the City issued only $17M in debt for capital project investments

FY 2003-04 I&S Tax Rate - 4.68 cents out of a total rate of 37.1 cents
Capital Project Investment History
From 2004 to 2015, $150 million in capital projects, funded through Certificates of Obligation

Debt service covered by:

$ Increasing revenues from growth in assessed valuation

$ Shifting the O&M Rate to the I&S Rate

$ One tax rate increase, during the economic downturn
Capital Project Investment History

City of New Braunfels Total Appraised Property Values

Property Values (Billions)

Once the impetus for capital investment began in 2004, the initiative for long-term capital planning followed

• The City’s first Capital Improvement Plan presented in 2008
• Updated annually until 2012. $537 million in unfunded capital projects identified
• City Leaders determined that CO’s were not going to be an acceptable funding strategy to address long term capital investments
Determining Capital Needs

- Only $17 million dollars of capital investment from 1985 - 2003
- Lack of voter support for prior municipal bond elections
- $537 million in identified, unfunded capital projects
- *Citizen advocacy would be critical for success!*
City Council created a bond advisory committee to develop recommendations for a bond election.

- **The Committee was tasked to:**
  - Evaluate all current CIP projects
  - Recommend new projects
  - Collect public opinion on projects and acceptable financial impact
  - Present committee recommendation for projects to be included in bond proposition(s)
  - Advocate for voter support
Bond Advisory Committee

- Committee Chair
- Mayoral Appointee
- 6 Council Appointees
- 3 Advisory Board Appointees
- Economic Dev Board Appointee
- Chamber Board Appointee
- 4 At-Large Appointees
- Mayoral/Council alternates
Meeting Agendas

1. Introduction and overview of responsibilities
2. Streets projects
3. Drainage projects
4. Parks projects
5. Facilities projects
6. Bus Tour
7. Financial discussions
8. Public Input Meeting #1
9. Public Input Meeting #2
10. Project Rankings
11. Project Rankings and draft recommendations
12. Public Hearing
13. Presentation of committee recommendations to City Council
Bond Advisory Committee

Project Evaluation

City of New Braunfels

Project Name: Morningside Dr Reconstruction Phase 1
Strategic Priority: Infrastructure
Council District(s): 1

Project Reference Number: SPA9006
Type of Project: Streets
Department: Public Works

Project Description:
The project involves the reconstruction of Morningside Dr from Selma Rd to Ruebke Rd (approximately 7,000 ft). A portion of the roadway (1,200 ft) at the Morningside Elementary School was constructed in 2009 by Comal ISD. The current road section is a 2 lane open division. The March 2012 Thoroughfare Plan classified this roadway as a B-Rogar Collector with up to 80 ft of right-of-way which would have up to 6 lanes. Storm drainage and sewer systems would be part of the project. The roadway would also have sidewalks on both sides. Additional construction will be required to be in segment constructed by Comal ISD.

Project History:
Originally identified in CIP.

Community Benefits:
Improve vehicular and pedestrian connectivity to school and I-35 and improve drivability and drainage. Improve mobility and connectivity between I-35 and east side of City. Connects Highland Green development (677 residential lots and 16 commercial zones). Morningside Dr is a parallel facility to I-35 and location of future Human Society facility.

Estimated Project Costs:
- ROW/Land Acquisition: $800,000
- Design/Engineering: $424,964
- Construction: $2,862,588
- Total Cost: $3,573,552
- Non-City (Utility) Cost: $2,573,552

Future Operational Expenditures:
- Future Personnel
- Future Operational Expenditures
- Future Equipment

Total Est Annual Cost: $2,573,552


City of New Braunfels

Project Name: Community Recreation Center
Strategic Priority: Quality of Life
Council District(s): TBD

Project Reference Number: PPPR003
Type of Project: Parks
Department: Parks and Recreation

Project Description:
This project would construct a new community recreation center for the City of New Braunfels that would serve all ages. Amenities could include a double gymnasium, classrooms, fitness area, lock storage rooms, and other amenities. The current recreation center is a building that was built in the early 1980s as a reticle warehouse. It is a highly inefficient building to use as a recreation center. The gymnasiums is not regulation size and there is no room for spectators. There is one classroom area located on a floor and is not ADA accessible. The building is difficult to heat and cool and there is little storage for supplies and equipment. In order to truly serve the community, a new facility is needed.

Project History:
The 2009 Facilities Master Plan recommends the addition of a Community Recreation Center to better serve the residents of New Braunfels. The 2010 Parks, Recreation and Open Space Master Plan lists the development of a recreation center as a top priority. 72% of respondents to a citizen telephone survey, completed in 2007, indicated a new or additional recreation center was one of the most important facilities to provide. The Comal County Needs Assessment completed in 2008, reports that 46% of youth engage in less than one hour of physical activity per week, and 52% report having any type of park/rendition facility within walking distance of their home. This project was ranked third of the five top priorities submitted by the Parks and Recreation Advisory Board.

Community Benefits:
A new recreation center would provide a venue for encouraging active, healthy, safe activities for the community. It would be a home for after school and summer camps and positive youth activities that will reduce youth crime. Community health will be increased through fitness programs. Late night activities for youth would be offered providing a safe place for leisure and recreation. Socialization would occur through program participation.

Estimated Project Costs:
- ROW/Land Acquisition: $1,600,000
- Design/Engineering: $1,752,000
- Construction: $16,000,000
- Total Cost: $18,352,000
- Non-City (Utility) Cost: $18,352,000

Future Operational Expenditures:
- Future Personnel
- Future Operational Expenditures
- Future Equipment

Total Est Annual Cost: $18,352,000

Report Created On: November 15, 2012
Bond Advisory Committee Bus Tour

1. Rec Center
2. Wood Rd/Inspiration Dr/Landa St.
3. Landa Plaza
4. Live Oak Avenue
5. HEB Soccer Fields
6. Katy Street
7. Westside Community Center
8. Solms Road
9. Morningside Park
10. Morningside Drive
11. Rueckle Road
12. South Trib Project
13. Klein Road
14. S. Walnut Extension
15. Fischer Park
16. Hoffmann Park
17. County Line Memorial Trail
18. North Trib. Project
19. Camp Comal
20. Fire Station 8 **restroom break
21. Alva Lane
22. Post & Guerne Roads
23. Fire Station 3 **restroom break
24. Comal Cemetery
25. Mulberry & Boonville Avenues
26. Hinman Island & Elizabeth Street
gas turbine bridge
27. Tube Chute **restroom break
28. Union Street
29. City Hall campus
downtown streets, sidewalks, projects selected

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Staff Provided the Bond Committee Education on:

- Debt service amortization schedules
- Existing debt levels and future debt capacity
- The effect on the tax rate as the bond totals increase/decrease
  
  *Based on a set of assumptions...*
  
- Municipal bond markets
- Bond rating process and impact(s)
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<th>Taxable Value</th>
<th>Monthly Impact</th>
<th>Annual Impact</th>
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<td>$400,000</td>
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<td>$352.00</td>
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Committee Recommendation:
$113 million in projects
Potential tax rate impact of over 12 cents
Equating to a **50% increase** in the I&S portion of the ad valorem rate

Council approved a smaller bond package of $87.5 million dollars, with the potential tax rate impact of 8.8 cents

- Streets Proposition 1 - $37.5 million
- Drainage Proposition 2 - $25.0 million
- Parks and Recreation Proposition 3 - $20.0 million
- Economic Development Proposition 4 - $4.0 million
Community had invested $17 million from 1985-2003

City bond elections had minimal success dating back to the 1960’s

From 2004-2013, capital investments made through Certificates of Obligation, but most without the need of a tax rate increase

1. Citizen bond committee recommends future capital investments with major potential tax rate impacts

2. City Council modifies but still supports bond election with potential tax rate impacts

May 2013 – ALL FOUR BOND PROPOSITIONS PASSED BY THE RESIDENTS OF NEW BRAUNFELS
2013 Bond Program – Where are we now

- Completed nearly $5.0 million in Citywide streets improvements
- Finalizing design on remaining street and drainage projects
- Under construction on two of the park and recreation projects
- Completed the economic development project

• ISSUED $58.3 million dollars of bond program with no impact to tax rate
1. Critical to perform preliminary design on capital projects prior to inclusion in bond program
   • Not conceptual
   • Not feasibility
   • Actual preliminary design of projects – 10% design

2. Trust your financial professionals!

3. Long term financial planning is a key component to the commencement, development and implementation to any bond program
Long Term Financial Planning

• Official five year forecasting should be implemented before capital planning occurs (if possible)

• Once the bond was approved, the City of New Braunfels learned that a five year forecast would be critical
New Braunfels FIRST Five Year Financial Forecast completed for FY 2014-15. Contained:

- The City’s economic benchmarks and economic outlook for the five year period
  - Population Growth, Demographics, Employment, Sales Tax, Job Growth, Income, etc.
- A discussion on the City’s strategic issues
  - Departments identified long term issues the Council should focus on
- General Fund Revenue Forecasts and Fund Balance
- Debt Service Forecast and Discussion on Capacity
- Discussions for Continuing the Equipment Replacement Fund

The Five Year Financial Forecast is updated every year and forms the basis of the City’s annual budget plan.
Questions

2013 Bond Program
• http://www.nbtexas.org/1569/2013-Bond-Program

Five Year Financial Forecasts
• http://www.nbtexas.org/539/Financial-Reports
Bond Advisory Committee

**Economy** 30%
**Management** 20%
**Financial Measures**
  - **Liquidity** 10%
  - **Budgetary Performance** 10%
  - **Budgetary Flexibility** 10%
**Debt & Contingent Liabilities** 10%

**Institutional Framework** 10%

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**Indicative Rating**

**Positive Overriding Factors**
- High income levels (1 or 2 notch adjustment)
- Sustained high fund balances (1 notch adjustment)

**Negative Overriding Factors**
- Weak liquidity (caps rating at A- or BB+)
- Weak management (caps rating at A or BBB-)
- Lack of willingness to pay obligations (caps rating at BBB- for leases and B for debt)
- Low market value per capita (1 notch adjustment)
- Large or chronic negative fund balances (caps rating at A+, A-, or BBB)

**Final GO Rating**
No Trust No Bond 2015!

VOTE NO!

then demand public involvement & planning for better plans in May 2016 Bond Election!

Would you rather spend $100Ms on Interest or ...

Interest and fees

Or

FD PD

Vote No on Prop Y