



Citizens Advisory Committee

March 18, 2008

***Infrastructure Funding Options
Report for City Council***

Outline

- Committee Responsibilities
- Members
- Bonds
- Taxes
- Development
- Grants
- Special Legislation
- Other Options
- Committee Recommendations

Note: This report is a summary of the work performed by members of this committee. The report offers their views and recommendations, some of which may not be shared by all committee or council members.

Committee Responsibilities

- Investigate sources of funds for Infrastructure Projects including bonds and grants.
- Obtain from the Infrastructure Committee a list of proposed Infrastructure Projects in the Capital Improvement Program with their costs and schedules.
- Determine the impact of Infrastructure Projects timing and various funding scenarios on the Spring Valley Village property tax rate.
- Recommend a course of action to the Spring Valley Village City Council.

This report is consistent with the responsibilities of this committee

Committee and Subcommittee Member's

- **Kyle Sears – Committee Chair & Other Options Subcommittee**
 - **Cary Dunham – Bond Subcommittee**
 - Michael Abdouch
 - **Allen Carpenter – Taxes & Development Subcommittees**
 - Hank Morisse
 - David Schwab
 - **Brandon Rasch – Grant Subcommittee**
 - Bob Davis
 - **Art Nicholson – Special Legislation Subcommittee**
 - Bill Lackey

Knowledgeable Representatives from Across the City

Bonds

Tasks

- Identify bond strategy (sale timing and amounts)
- Determine Cost of Capital
- Identify tax rate impact
- Risks to City
- Bond election and issuance timeline
- Identify Cost to the Taxpayers

Fund The Infrastructure Plan!

Bonds

Bond Strategy

- Identify Election Timing and Requirements
 - Determine amount of bond authorization that is needed by the city
 - \$35,500,000+ for projects projected through 2021/2022
 - Based on City of Spring Valley – Master Planning – Cost Estimates
 - General vs. Specific Bond Offering
 - Four Offerings of \$7,000,000 - \$10,500,000 per offering
 - Can a bond election be held in conjunction with a presidential election, yes
 - Not recommended
 - Timeline and Deadlines for holding an election start 90+ days prior to the election day – 62 day minimum to call election
 - What is required of the City's Engineer, Financial Advisor and Attorney
 - Engineer's estimate of construction costs
 - Attorney and FA provide input

The Time is Now

Bonds

Cost of Capital – Cost to Tax Payers

- City's Financial Advisor (FA) – Joe Morrow provided reports showing cost of capital and tax impact to the City
 - Using the Engineer's cost estimate, the FA can calculate recommended bond sale amounts
 - Estimates provided use \$7,000,000 - \$10,500,000 offerings
 - The FA's analysis (see slide 19 and back-up slide) shows a bond sale timeline and tax impact to the residents
 - The bond repayment tax rate would reach a maximum amount of \$0.40 in 2017 continuing 15+ years to amortize approximately \$35M in Bonds (at 5.5% interest).
 - Assuming a total tax base of \$692M (fixed) in 2017 or approximately \$500,000 AV per residence will result in additional taxes totaling about \$2,000 per household.
 - The City's FA & Bond Counsel will play a crucial role in determining the amount and timing of the Bond Sales

Make an Informed Decision

Bonds

Risks to the City – Pros and Cons

- Political Risks
 - Authorizing bonds without an authorization election
 - Detrimental to political career
 - Certificates of Obligation
 - General Law City – can raise taxes to \$1.50 per \$100 AV
 - What is the City's tax threshold?
 - Taxes will repay bond debt service payments.
 - If a \$35M in bonds are sold and the tax base does not increase enough to offset, the total tax rate must increase to service the debt.
 - Debt Cycle – there is concern that once bonds are sold, bonds will always be needed
 - New bond authorizations
 - Refinance older, existing bonds
 - Habitual bond dependency and over use by future councils
 - Many tax paying residents may not fully understand the need for bonds
 - Clear, concise layman's explanation needed
 - Needs and reasoning
 - Seek general authorization with specific needs

Risk and Reward

Bonds

Risks to the City – Pros and Cons cont.

- Pay as You Go
 - Slow construction process – one/two projects per year
 - Doesn't take inflation and increased costs into account
 - May lower the Total tax burden on tax paying residents, but may still require further increases in City taxes
- Sale of Bonds
 - Multiple projects can be completed simultaneously
 - 4% Inflation rate used with conservative interest rate
 - Quicker revitalization of Spring Valley infrastructure
 - Fewer emergency repairs
 - Increased Assessed Value of Property in the City

Quality Infrastructure Increases Value

Bonds

Recommendation

- Seek Voter Authorization
 - Determine amount of bonds required
 - Inform the voters
 - Have an election at the earliest possible date
- Sell Bonds
 - Determine projects to be completed with the first bond offering
 - Go to market with the bond offering
 - Go to work
- What if Bond's are not Authorized?
 - Have a plan
 - Keep moving forward, don't look back
 - Quit talking and start acting
 - Make a decision and press forward

Make the Tough Decisions and Move Forward

Taxes

Tasks

- Identify tax rate requirements for Pay-as-You-Go Strategy using current tax base and tax base with a growth rate equal to inflation.
- Identify risks associated with Pay-as-You-Go Strategy and Bonds.
- Develop spreadsheet comparing tax rate impact of Pay-as-You-Go to Bonds.
- Identify the rate of growth required of our tax base to forgo the need for increases in tax rates.

Fund The Infrastructure Plan!

Property Taxes

- The current Master Plan is dependent on continued annual budgeting and funding of \$1.75M and a \$5M sale of city assets to meet planned costs.
- The current 2008 budget allocates \$1.75M for the Master Plan and would allow SV to meet the 07/08 costs of the Master Plan.

Fiscal Year	Annual CIP Per Master Plan*	Overage/ (Shortfall)
2008/2009	\$8,220,802	(\$3,389,077)
2009/2010	\$1,754,935	(\$3,251,212)
2010/2011	\$2,038,724	(\$3,321,424)
2011/2012	\$2,528,071	(\$3,802,243)
2012/2013	\$3,476,112	(\$5,149,212)
2013/2014	\$2,427,421	(\$5,362,325)
2014/2015	\$1,123,101	(\$4,182,545)
2015/2016	\$1,128,681	(\$2,916,230)
2016/2017	\$5,643,431	(\$6,068,865)
2017/2018	\$337,253	(\$3,815,691)
2018/2019	\$2,874,434	(\$3,996,080)
2019/2018	\$1,935,811	(\$3,130,085)
2020/2021	\$1,568,644	(\$1,784,850)
2021/2022	\$495,462	\$750,122

- However, without the sale of city assets (even with a budgeted \$1.75M) the 08/09 costs could not be met.
- The excessive costs in 08/09 compared to other years would cause significant shortfalls that could not be met with the current tax base/rate even if the rate were adjusted for inflation.
- The Master Plan would require significant schedule and possible scope changes without the sale of city assets or another funding source.
- Without the additional \$5M of funding, the city tax rate could not be raised fast enough or possibly high enough meet the shortfalls.

Current tax base and rate w/o \$5M from asset sale is insufficient

Property Taxes

- Property tax alone is an insufficient option to support the Master Plan without the \$5M from the sale of city assets or alternative funding source.
- To meet the first annual Plan shortfall of \$3.3 Million in 08/09, requires a 107% increase in the city property tax rate.
- This increase to the tax rate would take several years to implement, making a tax increase alone an impractical funding option for the current Master Plan schedule.

	Total Taxable Value*	SV City Rate	Approx Ad Valorem Tax Revenue	Additional Revenue
2007/2008	\$546,926,886	0.5650	\$3,090,137	
needed rate	\$546,926,886	1.1700	\$6,399,045	\$3,308,908

*per HCAD 2007 values

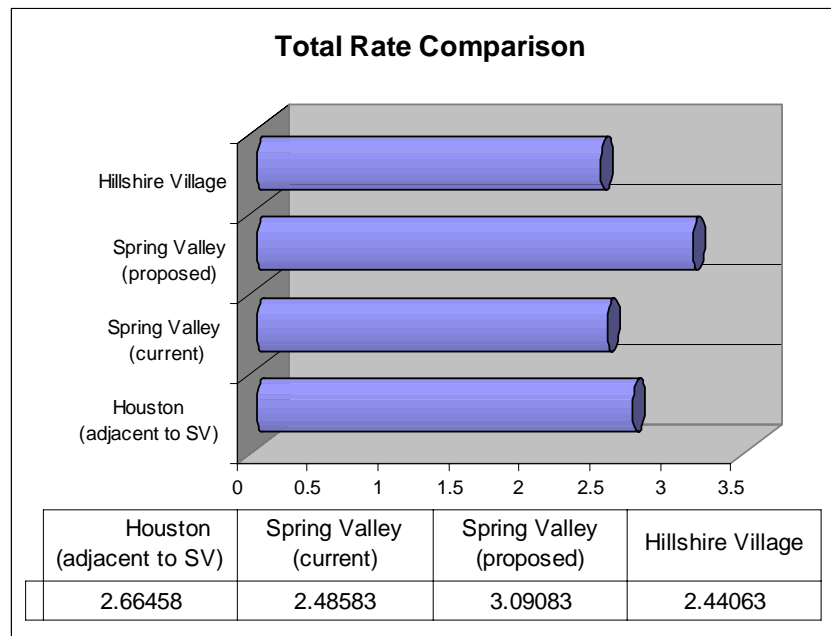
	2006 Rate*	Current Rate*	Needed Rate
City of Spring Valley			
SPRING BRANCH ISD	1.6315	1.285	1.285
HARRIS COUNTY	0.40239	0.39239	0.39239
HARRIS CO FLOOD CNTRL	0.03241	0.03106	0.03106
PORT OF HOUSTON AUTHY	0.01302	0.01437	0.01437
HARRIS CO HOSP DIST	0.19216	0.19216	0.19216
HARRIS CO EDUC DEPT	0.00629	0.00585	0.00585
CITY OF SPRING VALLEY	0.52439	0.565	1.17
Total:	2.80216	2.48583	3.09083

*per HCAD

Pay-as-you-go w/o \$5M requires a 107% increase in city tax rate

Property Taxes

- The SV '08 total rate is currently comparable with the current rates for Houston and Hillshire Village.
- Increasing the city rate to meet the 08/09 shortfall would require a total combined property tax rate in SV of 3.09%. This would make SV total taxes, 16% and 26% higher than Houston and Hillshire.
- Because total monthly payments tend to drive home sale prices and affordability, SV should consider remaining as competitive as possible in total tax rate with both COH and HV.



Addressing shortfall w/ rate increase makes SV less competitive

Property Taxes

- With funds of \$5M and the continued annual budgeting of \$1.75M (without the 4% increase as called for in the Master Plan), Master Plan project costs could be meet for the next 11 of the 14 budget years.

Fiscal Year	Annual CIP Per Master Plan*	Overage/ (Shortfall)
2008/2009	\$8,220,802	\$1,540,923
2009/2010	\$1,754,935	\$1,605,988
2010/2011	\$2,038,724	\$1,460,064
2011/2012	\$2,528,071	\$900,505
2012/2013	\$3,476,112	(\$528,355)
2013/2014	\$2,427,421	(\$826,633)
2014/2015	\$1,123,101	\$264,574
2015/2016	\$1,128,681	\$1,438,774
2016/2017	\$5,643,431	(\$1,809,661)
2017/2018	\$337,253	\$343,882
2018/2019	\$2,874,434	\$59,875
2019/2018	\$1,935,811	\$818,109
2020/2021	\$1,568,644	\$2,051,271
2021/2022	\$495,462	\$4,469,688

* 4% inflation

- The 3 under funded years would necessitate schedule modifications to the Master Plan schedule.
- In budget year 2021/2022, there would be an annual overage of approximately \$5.7 million available to fund future projects in the Master Plan or to meet unplanned contingencies.
- After 2022, the Master Plan has 7 subsequent years of no CIP project costs followed by 6 subsequent years of CIP costs.
- If \$1.75M were to be consistently budgeted each year (even without the assumed 4% increase to this budget amount), the Master Plan could potentially be funded with the existing tax base and city tax rate.

Current tax base and rate might be sufficient with \$5M asset sale

Property Taxes

Conclusions:

- The current tax base and rate, with \$5M from the sale of city assets or other funding source, (even with no adjustment for inflation) could potentially cover the costs of the current Master Plan.
- The current tax base and rate, without \$5M from the sale of city assets or other funding source, would be insufficient. The tax rate could not be raised fast enough to meet the 08/09 shortfall. Other funding sources would be necessary in addition to a possible tax rate increase.
- The challenge with a pay-as-you-go funding option is that the annual costs of the Master Plan vary widely from year to year making it difficult to set the tax rate accordingly. An option is to simply increase the rate to an 'acceptable' rate and create reserves for funding the Master Plan.
- An increase in the SV city rate, on par with the total COH rate (at current values and rates) could generate \$430K in additional ad valorem revenue to aid with Plan costs.
- Neither of these 'with' or 'without' scenarios considers a potential increase (or decrease) in assessed property values or an increase (or decrease) in sales tax revenue from new commercial development; which could potentially support (or hamper) funding of the Master Plan in future years.

Current tax base and rate could be sufficient with \$5M asset sale

Property Taxes

Risks:

- Funding of the Master Plan is contingent on future councils budgeting for and funding the Master Plan. Pressure to reduce taxes or possibly not increase taxes could jeopardize the annual funding and jeopardize the existing Master Plan.
- The stagnation or reduction of appraised values and/or sales tax, in combination with higher General Fund expenditures, would prohibit future councils from fully funding the Master Plan in any given year.

Future councils might not support continued funding of Master Plan

Taxes – Financing Bonds

Bond Assumptions:

- SV to seek approval of \$35.75M to cover the Master Plan through by 2021/2022
- Interest & Sinking (I&S) Tax collections from First Southwest's worksheet used as annual bond costs.
- Taxable Value Growth Allowed at 4% for 6 Years
- Bond offerings every 2 years starting in '09 for a total of 4 offerings.
 - 2008/2009 - 2009/2010 = issue \$10 million
 - 2010/2011 - 2013/2014 = issue \$10.5 million
 - 2014/2015 - 2017/2018 = issue \$8.25 million
 - 2018/2019 - 2021/2022 = issue \$7 million
- SV should continue to budget \$1.75M for Capital Improvement Plan debt service and/or capital improvements until debt service levels require tax rate increases (Est. year 5).
- No deviations from the Master Plan Estimates in terms of schedule or costs.
- No sale of City land.

Assumptions Can Change but are best available information

Taxes – Financing Bonds

- Debt Cash Flow Plan provided by First Southwest Company. This plan has payments through 2039.
- The chart below depicts through year FY2022. The complete chart is included as a backup slide.
- The Annual Service costs through FY2022 are highlighted below. The first bond is not issued until 2010.
- The annual debt from 2022 through 2034 is relatively constant at \$2.7M.

Fiscal Year Ending 30-Sep	Net Taxable Assessed Valuation	I&S Tax Rate	Beginning I&S Fund Balance	I&S Tax Collections	Interest Earnings	Available for Debt Service	NEW BONDS				Total Debt	
							Series 2009	Series 2011	Series 2013	Series 2015		
2003	\$ 353,962,428											
2004	380,331,600											
2005	406,599,386											
2006	422,398,780											
2007	470,603,883											
2008	546,926,880											
2009	568,803,955											
2010	591,556,113	\$ 0.1437	\$ -	\$ 837,375	\$ -	\$ 837,375	\$ 825,000				\$ 825,000	
2011	615,218,358	0.1255	12,375	760,603	248	773,225	749,363				749,363	
2012	639,827,092	0.2607	23,863	1,643,209	477	1,667,549	752,675	\$ 866,250			1,618,925	
2013	665,420,176	0.2380	48,624	1,559,941	972	1,609,537	750,300	786,588			1,536,888	
2014	692,036,983	0.3309	72,650	2,255,546	1,453	2,329,649	752,238	789,350	\$ 680,625		2,222,213	
2015	692,036,983	0.3207	107,436	2,186,297	2,149	2,295,882	748,488	786,425	619,075		2,153,988	
2016	692,036,983	0.4071	141,895	2,774,820	2,838	2,919,552	749,050	787,813	619,450	\$ 577,500	2,733,813	
2017	692,036,983	0.4009	185,740	2,732,558	3,715	2,922,012	748,788	788,375	619,275	535,738	2,692,175	
2018	692,036,983	0.4015	229,837	2,736,605	4,597	2,971,039	752,563	788,113	618,550	536,938	2,696,163	
2019	692,036,983	0.4009	274,876	2,732,646	5,498	3,013,020	750,375	787,025	617,275	537,588	2,692,263	
2020	692,036,983	0.4021	320,758	2,740,703	6,415	3,067,876	752,225	789,975	620,313	537,688	2,700,200	
2021	692,036,983	0.4005	367,676	2,730,325	7,354	3,105,354	748,113	786,963	617,663	537,238	2,689,975	
2022	692,036,983	0.4015	415,379	2,736,897	8,308	3,160,583	752,900	787,988	619,325	536,238	2,696,450	

If \$35M in bonds are sold, debt service is \$2.7M annually

Taxes – Financing Bonds

- \$35M is likely excessive as Plan costs after FY14/15 may not be incurred in full. The identified infrastructure per the Plan after FY14/15 may or may not need remediation or replacement.
- Additionally, the Master Plan does not actually reach \$35M in non-inflated costs until the FY32/33.
- Issuing only the first two bonds (at a total of \$10M) could allow the Plan schedule to be accelerated and could be met with the existing tax base and city tax rate.

- Average annual debt service on \$10M is \$720K over the life of the bonds (27 years per First Southwest, at 5.5% interest). This annual debt service is less than the allotted \$1.75M to be budgeted as part of the Master Plan.

Annual debt payments on \$10m			
Year 1	\$825,000	Year 15	\$1,535,638
Year 2	\$749,363	Year 16	\$1,539,438
Year 3	\$1,618,925	Year 17	\$1,540,488
Year 4	\$1,536,888	Year 18	\$1,538,788
Year 5	\$1,541,588	Year 19	\$1,539,201
Year 6	\$1,534,913	Year 20	\$1,536,588
Year 7	\$1,536,863	Year 21	\$1,535,813
Year 8	\$1,537,163	Year 22	\$1,541,463
Year 9	\$1,540,676	Year 23	\$1,538,401
Year 10	\$1,537,400	Year 24	\$1,536,625
Year 11	\$1,542,200	Year 25	\$1,535,863
Year 12	\$1,535,076	Year 26	\$787,013
Year 13	\$1,540,888	Year 27	\$786,038
Year 14	\$1,539,363		

Bond issue of \$10M could accelerate Plan and be met with existing tax base and city tax rate.

Taxes – Financing Bonds

Conclusions:

- The debt service on \$35M over the course of 30 years is on average \$2.2M/yr with 18 of those years actually requiring annual debt service payments of \$2.7M. This could only be met with the budgeted CIP commitment of \$1.75M adjusted each year at 4%.
- However, even if the service debt could be met, the issuance of \$35M is most likely not practical as the Plan cannot be realistically accelerated to spend \$35M. The Plan does not actually incur total non-adjusted costs until FY 32/33.
- The Plan could be better met with a \$10M bond issue. The Plan schedule could realistically be accelerated to accommodate these available funds and the current tax base and tax rate could support the debt service payments.
- No consideration was given to a potential increase (or decrease) in assessed property values or an increase (or decrease) in sales tax revenue from new commercial development; which could potentially support (or hamper) serving bond debt.

Bond issue of \$10M could accelerate Plan and be funded by existing tax base and city tax rate.

Taxes – Financing Bonds

Risks:

- The use of bonds to finance the Master Plan commits future councils to commit tax revenues to the Master Plan.
- That after committing funds the city experiences either a stagnation or devaluation of property values and or a stagnation or decrease in tax revenue - or both.
- Debt service could potentially be a permanent part of the city's budget as the next cycle of infrastructure repair/replacement may be required before this current Plan is paid in full.
- No consideration has been given to any increase in ad valorem revenue or any increase in sales tax revenue, which could have significant impact on the ability to service the debt.

Bonds will obligate a significant portion of the budget for a significant number of years.

Development

Tasks

- Identify the types of development that will afford SVV the greatest tax base expansion opportunity.
- Determine how much additional tax revenue will be required to complete infrastructure requirements once development is complete.
- Identify what steps Council should take to ensure maximum development potential is realized.

Increased Taxes from new development will not fund the plan!!

Potential Development (Commercial)

- SV has several commercial properties that are either currently in development or are vacant. The properties identified below are those commercial properties that fit this description.

Developing Commercial Property

Address	sq ft	07 app value	\$sq/ft
8705 katy fwy	103,015	\$4,120,600	40.00
8705 katy fwy	98,999	\$4,174,960	42.17
8705 katy fwy	59,965	\$2,504,600	41.77
	<u>261,979</u>	<u>\$10,800,160</u>	
acres	6.01		

Existing Vacant Commercial Property

Address	sq ft	07 app value	\$sq/ft
9230 old katy	31,973	\$1,090,000	34.09
9226 old katy	8,337	\$333,480	40.00
9198 old katy	10,964	\$322,700	29.43
9210 old katy	2,683	\$107,320	40.00
1001 campbell	111,078	\$0	0.00
1010 campbell	12,153	\$243,160	20.01
1000 campbell	162,173	\$5,687,825	35.07
8552 katy fwy	42,819	\$1,498,665	35.00
8550 katy fwy	41,129	\$625,000	15.20
8580 katy fwy	48,774	\$1,191,000	24.42
	<u>472,083</u>	<u>\$11,099,150</u>	
acres	10.84		

Approximately 17 acres of under-utilized commercial property.

Potential Development

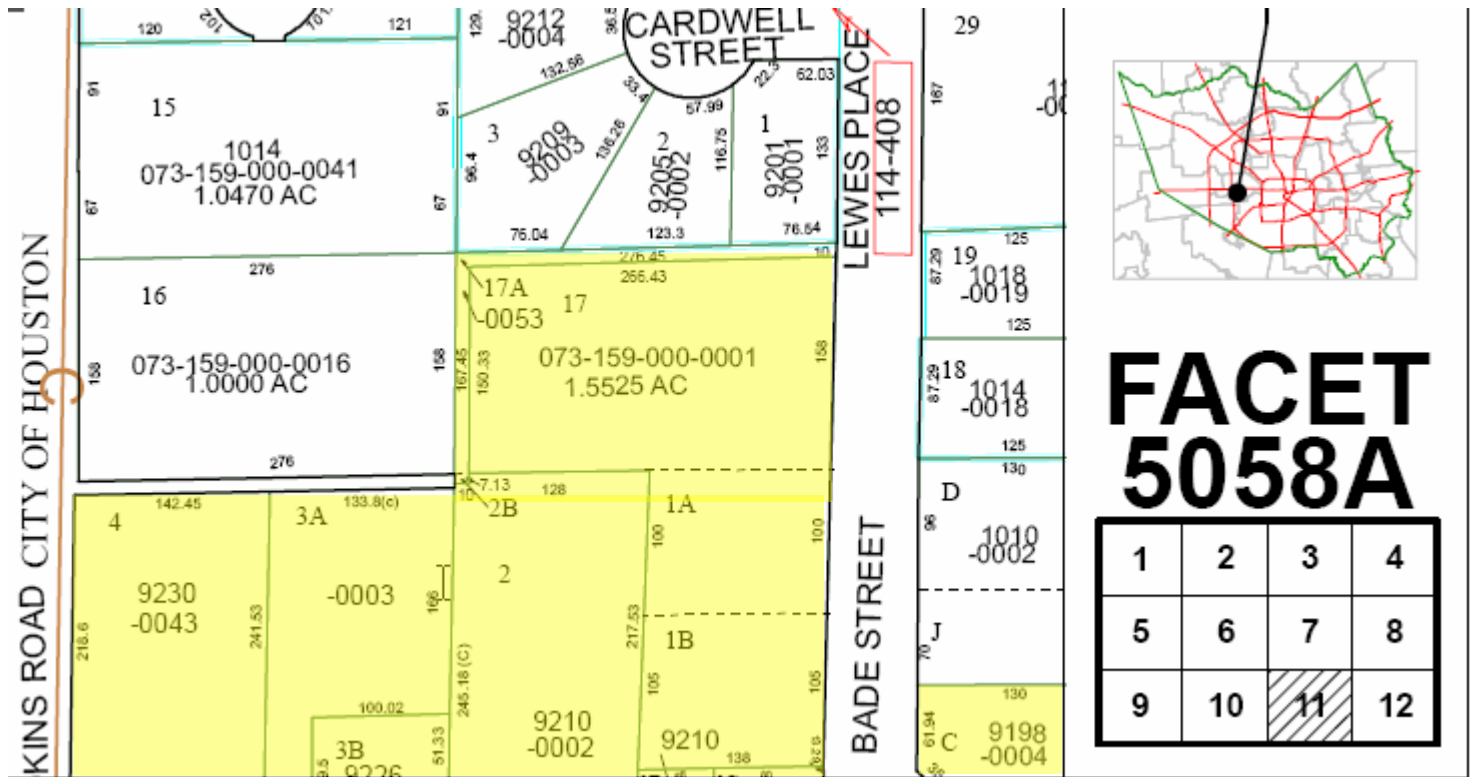
Land Use Comparison Table

	Current Zoning	Optimal Zoning
Retail Scenario		
Assessed Value	\$ 36,369,883	\$ 45,462,353
Advalorum Tax Revenue	\$ 81,759	\$ 133,131
Personal Property Tax Revenue	\$ 15,221	\$ 19,027
Sales Tax Revenue	\$ 364,057	\$ 455,071
Total Tax Revenue	\$ 461,037	\$ 607,229
Office Scenario		
Assessed Value	\$ 54,090,168	\$ 61,817,335
Advalorum Tax Revenue	\$ 181,878	\$ 225,537
Personal Property Tax Revenue	\$ 24,449	\$ 27,941
Sales Tax Revenue	\$ -	\$ -
Total Tax Revenue	\$ 206,327	\$ 253,478
HD Residential Scenario		
Assessed Value	\$ 73,063,704	\$ 82,805,531
Advalorum Tax Revenue	\$ 289,079	\$ 344,120
Personal Property Tax Revenue	\$ -	\$ -
Sales Tax Revenue	\$ -	\$ -
Total Tax Revenue	\$ 289,079	\$ 344,120
Hospitality Scenario		
	Full Service	Limited Service
Assessed Value	\$ 107,412,732	\$ 67,714,571
Advalorum Tax Revenue	\$ 483,151	\$ 258,856
Personal Property Tax Revenue	\$ 72,826	\$ 45,910
Sales Tax Revenue	\$ 248,867	\$ 69,683
Hotel Occupancy Tax Revenue	\$ 807,429	\$ 655,581
Total Tax Revenue	\$ 1,612,273	\$ 1,030,030

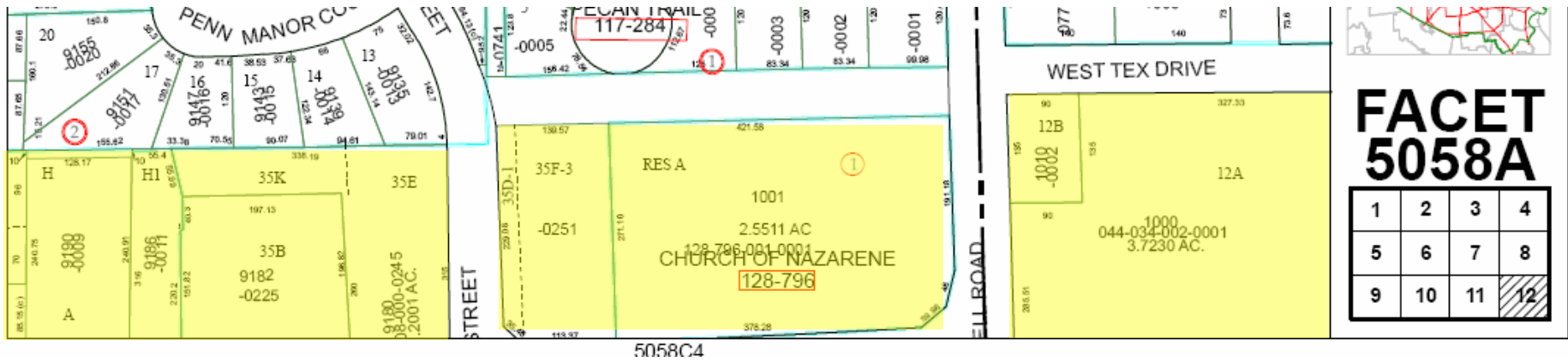
- Potential revenue from all 17 acres.
- Ad valorem tax revenue in these figures is only the revenue in addition to that currently collected on these properties.

Commercial property alone insufficient to fund Plan.

Potential Development



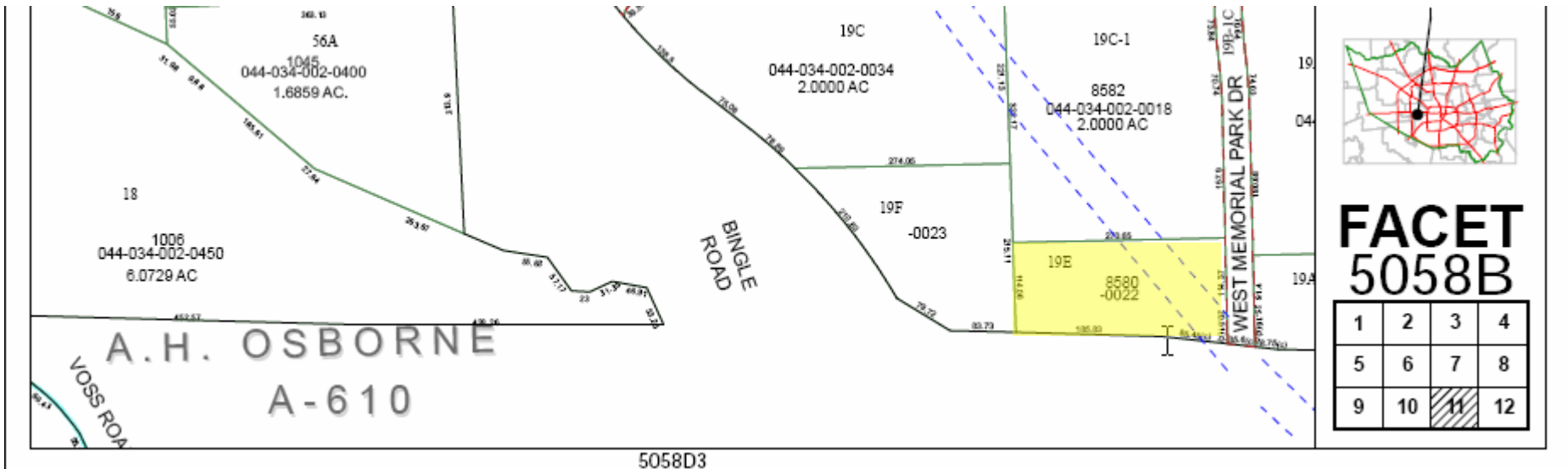
Potential Development



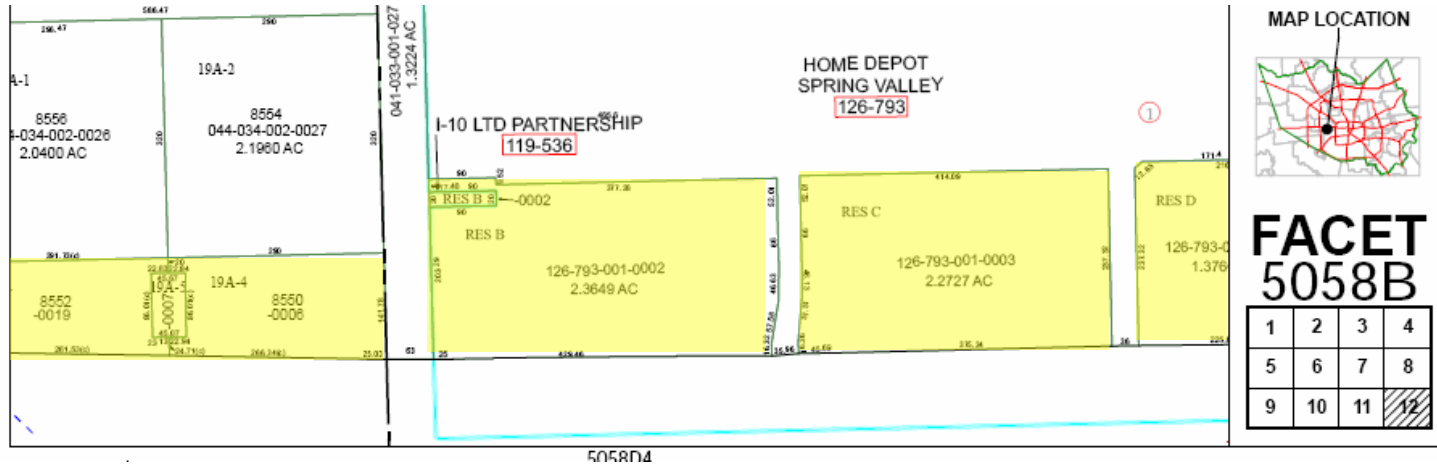
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5	6	7	8
9	10	11	12

Potential Development



Potential Development



Potential Development (Residential)

- In 2007, there were 1,383 residential homes in SV.
- From 2006 through 2007, SV issued 58 new building permits for residential homes.
- The 2007 Certified Taxable value of all residential, commercial, and utility property in SV was approximately \$547M.
- The existing city tax rate of \$0.565/\$100 will produce approximately \$3.1M in ad valorem tax on this taxable value.

Effect on ad valorem tax revenue

New Homes	50	New Homes	200
Sale Price	\$850,000	Sale Price	\$850,000
	\$42,500,000		\$170,000,000
City tax rate	0.565	City tax rate	0.565
additional revenue	\$240,125	additional revenue	\$960,500
New Homes	100	New Homes	50
Sale Price	\$850,000	Sale Price	\$650,000
	\$85,000,000		\$32,500,000
City tax rate	0.565	City tax rate	0.565
additional revenue	\$480,250	additional revenue	\$183,625

Note: These estimates reflect the total value of the homes, not the incremental increase in their contribution to the tax base.

New residential development alone is insufficient to fund the Plan.

Grants

Tasks

- Identify Federal, State and County government grants that would fund infrastructure requirements.
- Determine which grants SVV would be eligible.
- Identify the steps required and timelines to obtain grant funding.
- Develop grant application strategy.
- Identify outside sources necessary to support a grant solicitation effort, and the requisite costs.
- Provide an assessment outlining the probability of success.

Pursue But DO NOT Delay Funding the Infrastructure Plan!!!

GRANTS

Identify Federal, State and County government grants that would fund infrastructure requirements

- **CDBG - Community Development Block Grant**
- **administered by the Office of Rural Community Affairs**
- **Harris County HUD funds**
- **Texas Water Development Board**
- **Metropolitan Transit Authority Funding**
- **Harris County Flood Control District**
- **Catalog of Federal Assistance (CFDA) resource**
- **State Grant Team**
(www.governor.state.tx.us/divisions/stategrants)
- **Other programs too numerous to list**

***Worth Pursuing but NOT at expense of funding the infrastructure plan
– Delegate to standing committee***

GRANTS

Determine which grants SVV would be eligible

- No potential should be ruled out
- No grants should be counted on immediately
- Administered at all levels of government
- Administered in the private sector
- Awarded on competitive basis
- Awarded on a needs basis
- Applications & awards appear very cyclical depending on grant

***Worth Pursuing but NOT at expense of funding plan –
Delegate to standing committee***

GRANTS

Identify the steps required and timelines to obtain grant funding

- Determine SVV needs
- Develop ideas for the Proposal
- Garner community support
- Identify funding resources
- Identify qualifying project
- Determine cost of project
- Identify which grant matches project
- Meet with grant administrators
- Draft application
- Solicit criticism
- Draft final application

***Worth Pursuing but NOT at expense of funding plan –
Delegate to standing committee***

Develop grant application strategy

- Establish standing grant committee to research all opportunities available on an ongoing basis to more fully discover opportunities, costs and benefits

***Worth Pursuing but NOT at expense of funding plan –
Delegate to standing committee***

GRANTS

Identify outside sources necessary to support a grant solicitation effort, and the requisite costs.

- Elected officials
- Current SVV residents
- Friends and professional acquaintances
- Interaction with surrounding municipalities
- Lobbyist
- Professional grant writers

***Worth Pursuing but NOT at expense of funding plan –
Delegate to standing committee***

GRANTS

Provide an assessment outlining the probability of success and risk

- **Assessment cannot be made in tenure of current committee**
- **Past experience and discussion with elected officials dictates excellent probability of success for future endeavors**
- **Establish a standing grant committee to share the cost burden to the residents of SVV with Federal, State and local governments and agencies**
- **Risks exists only to the extent that no grants may be available for specific projects targeted**
- **In the event a professional grant writer is determined to be needed an expense will be incurred**

***Worth Pursuing but NOT at expense of funding plan –
Delegate to standing committee***

GRANTS

Summary Recommendations

- Establish a standing grant committee to explore all potential sources of grant revenue to shift a portion of the cost burden from the residents of SVV to the Federal, State and local governments and agencies in accordance with current public policy.
- Under no circumstance should council expect that any grant funding would be received to alleviate or diminish the cash requirements of the existing infrastructure plan in the short term (2-3 years)
- Refrain from committing any funding to further a grant program until after an established grant committee makes an informed recommendation

***Worth Pursuing but NOT at expense of funding plan –
Delegate to standing committee***

Special Legislation

Tasks

- Identify Federal, State and County elected officials that would support special legislation to fund infrastructure requirements.
- Meet with lobbyists to determine how best to approach this objective.
- Identify the steps required and timelines to obtain funding.
- Develop lobby strategy.
- Identify all outside sources necessary to support a special legislation effort, and the requisite costs.
- Provide an assessment outlining the probability of success.

Pursue But DO NOT Delay Funding the Infrastructure Plan!!!

State & Local Officials

U. S. Congressman John Culberson, 7th District

428 Cannon Bldg.
Washington, DC 20515
(202) 225-2571 phone
(202) 225-4381 fax

10000 Memorial Dr., # 620
Houston, TX 77024
(713) 682-8828 phone
(713) 680-8070 fax

Texas State Representative Beverly Woolley, District 136

Capitol Office
Room CAP GS.2
P.O. Box 2910
Austin, TX 78768
(512) 463-0696
(512) 463-9333 Fax

District Office
2200 Post Oak Blvd.,
Suite 625
Houston, TX 77056
(713) 629-6313
(713) 629-7206 Fax

Texas State Senator Dan Patrick, District 7

The Honorable Dan Patrick
P.O. Box 12068
Capitol Station
Austin, Texas 78711
(512) 463-0107
(512) 463-8810 (Fax)

11451 Katy Freeway, Suite 209
Houston, Texas 77079
(713) 464-0282
(713) 461-0108 (Fax)

Lobbyists & State Funding Sources

Lobbyists / Political Consultants

Vesta Rea & Associates, L.L.C.

- **P. O. Box 73463**
- **Houston, TX. 77273-3643**
- **(281) 376-4202 F: (281) 376-1533**
- **Costs: \$10,000 for Research and action plan. Plan would include steps to work with Federal and State Representatives, local and State policy makers, and steps for CSV to work an action plan independently.**

State Funding Sources

Texas Water Development Board

- **Ms. Lana L. Dixon**
- **Project Finance & Construction Assistance**
- **Policy, Projections & Marketing Division**
- **Phone: 512-463-0991 Fax: 512-475-2086**
- **Funding not available until 2010.**

Not a short term solution

Option and Steps to Funding

TCEQ Regulatory Guidance

Water Supply Division

- 512/239-4691 FAX 512/239-6972
- Provides both funding and financing sources for water-sewer development.

Steps required and timelines to funding.

- Develop long term committee to manage the process.
- City to decide to hire lobbyist / political consultant.
- City to decide to implement action plan through committee or enter into long term contract with lobbyist / political consultant.
- Based on data learned to date we estimate 2010 as the earliest date to see results.

Delegate to Standing Committee

Probabilities & Costs

Assessment outlining the probability of success.

- Estimated probability of success of receiving funds is 30%.
- Estimated probability of success of receiving funds by 2010 is unknown.

Costs:

- **Lobbyist / Political Consultant.**
 - \$10,000 for study and action plan.
 - \$ 5,000 per month retainer if engaged to implement action plan.
- **Political Contributions.**
 - \$2,500 per candidate per year.

Other Options

Tasks

- Conduct web research and interviews of other municipalities (in Texas) with similar fiscal challenges who have successfully resolved their financial requirements.
- Identify the steps they took to obtain funding.
- Develop lessons learned list from interviews and research.
- Rank order options identified.

“Other Outside Options Very, Very Limited”

INVESTIGATION OF OTHER OPTIONS

Contacted Elected Officials By Letter

- Governor **Rick Perry** - *No Response*
- Lt. Governor **David Dewhurst** -*No Response*
- State Senator **Dan Patrick** – *Met*, will contact Austin and report.
- State Representative **Beverly Woolley** -*No Meaningful Response* – Directed to Government Agencies
- U.S. Senator **John Cornyn** -*No Response*
- U.S. Senator **Kay Bailey Hutchinson** -*No Response*
- U.S. Representative **John Culberson** -*Met with Chief of Staff* -Directed to Houston-Galveston Area Council (“HGAC”)

Waste of Time!!!

INVESTIGATION OF OTHER OPTIONS

Continued...

- **Made Numerous Phone Calls to “Small Cities Representative” With Texas Municipal League (“TML”)- *No Response* – Recommend follow-up with TML by Mayor, City Administrator and Council**
- **Discussed Issues With Louise Richman, Former Spring Valley Mayor, Former Finance Director of the City of Bellaire and current Chief Financial Officer of Metropolitan Transit Authority (“METRO”)-Advised that outside funding options very limited, difficult and time consuming to identify and access and likelihood of success very low – Recommend that this type of outside funding be pursued by “Grant Sub-Committee”**
- **Conducted Internet Research – Identified various government websites, including HGAC, with references to funding, in general, but none specifically for paving, drainage, water lines, sewer lines or infrastructure needs of City –See previous recommendation.**
- **Identified Other Organizations That Might Be of Assistance in Providing Information – Texas City Management Association and Association of Mayors and Councils- Recommend follow-up by City Administrator, Mayor and Council**

Follow up by City Officials Required...

INVESTIGATION OF OTHER OPTIONS

SELL “VACANT LAND @ BINGLE & IH-10”

- Take immediate action to put issue on City Council Agenda for vote.
- Take immediate action to place issue on ballot for May election, if required.
- Develop strategy to identify and contact potential purchasers, which would have interest in developing the property, within existing Planned Area Development District ordinance.
- Develop strategy to sell property at highest price for development at highest and best use.

An Absolute Requirement to Fund Plan to Pay As You Go!

INVESTIGATION OF OTHER OPTIONS

REPLICATE “KIMBALL HILL HOMES” SALES TAX REVENUE

- Develop strategy to identify and contact other builders.
- Develop strategy to identify and contact other entities in other industries that might be interested in and benefit from similar arrangements.
- **THIS IS AN IMPORTANT ECONOMIC DEVELOPMENT TOOL**

Very High Priority!

INVESTIGATION OF OTHER OPTIONS

ADDRESS RELATIONSHIP WITH METROPOLITAN TRANSIT AUTHORITY

METRO project funding is no longer available to City. City Projects probably would not qualify for any available funding.

1. Develop strategy to secure 1% sales tax currently being collected by METRO.
2. Develop strategy to negotiate with METRO regarding current contract which expires in 2014.
3. Develop strategy to negotiate with METRO regarding 1. and 2. in light of exhaustion of METRO project funding, expiration of annual payment contract and amount attributable to 1% sales tax collected by METRO.
4. Develop strategy to discuss these issues with METRO representative.
5. Develop strategy to discuss these issues with other “14 multi-cities”.
6. Develop strategy to discuss these issues with other “villages”.
7. Contact City of Humble Hedwig Village, Missouri City, and Katy regarding their negotiations and agreement with METRO regarding these issues.
8. A 1% SALES TAX EQUALS – MORE THAN \$800,000

PURSUE AT ALL COSTS!!

INVESTIGATION OF OTHER OPTIONS

SELL CAMPBELL PARK

- Take action to implement Planned Area Development District on west side of Campbell to allow compatible development.
- Develop strategy to identify and contact potential purchasers.
- Develop strategy to include City Hall within Development in Public/Private Partnership.
- Develop strategy to replace “park”, if required by TxDOT agreement, with acquisition of land from SBISD, if possible, abandoned pipe line right of way or other property less suitable for development.

High Priority!!

INVESTIGATION OF OTHER OPTIONS

SELL CITY HALL AND ORIGINAL PARK

- Take action to implement Planned Area Development District on west side of Campbell to allow compatible development.
- Develop strategy to identify and contact potential purchasers.
- Develop strategy to relocate City Hall to SBISD property in public/public partnership.
- Develop strategy to relocate City Hall within development on west side of Campbell in public/private partnership.
- Develop strategy to relocate City Hall to development on west or east side of Bingle.
- Develop strategy to rent City Hall facilities instead of re-building on existing site or incurring construction cost at another location.

High Priority!!

Committee Recommendations

- The Citizen's Advisory Committee offers the following recommendations for action by City Council:
 - Raise \$5M to fund year one of plan through sale of assets or issue \$10M in debt.
 - Raise \$20M to fund subsequent six years of plan through sale of assets and issue debt.
 - Increase taxes to amortize debt, or pay as you go.
 - Extend Life of committee to address Grants, Special Legislation and Other Options.

***Infrastructure Replacement Cannot Be Avoided,
and if delayed, the costs will only go up!***



Backup Slides

March 2008 Report



Infrastructure Plan

March 2008

The City of Spring Valley, Texas

Master Planning - Cost Estimates

Recap Project Years - Inflation Rate 4%

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FISCAL YEAR	CURRENT	TOTAL	INFLATED	TOTAL
1 2008/2009	7,904,616	7,904,616	8,220,802	8,220,802
2 2009/2010	1,622,535	9,527,151	1,754,935	9,975,737
3 2010/2011	1,812,418	11,339,569	2,038,724	12,014,461
4 2011/2012	2,161,006	13,500,576	2,528,071	14,542,532
5 2012/2013	2,857,111	16,357,687	3,476,112	18,018,644
6 2013/2014	1,918,426	18,276,112	2,427,421	20,446,065
7 2014/2015	853,464	19,129,576	1,123,101	21,569,166
8 2015/2016	824,716	19,954,292	1,128,681	22,697,847
9 2016/2017	3,965,000	23,919,292	5,643,431	28,341,278
10 2017/2018	227,835	24,147,128	337,253	28,678,531
11 2018/2019	1,867,177	26,014,305	2,874,434	31,552,965
12 2019/2020	1,209,102	27,223,406	1,935,811	33,488,776
13 20/20/2021	942,087	28,165,493	1,568,644	35,057,420
14 2021/2022	286,117	28,451,610	495,462	35,552,882
15 2022/2023	-	28,451,610	-	35,552,882
16 2023/2024	-	28,451,610	-	35,552,882
17 2024/2025	-	28,451,610	-	35,552,882
18 2025/2026	-	28,451,610	-	35,552,882
19 2026/2027	-	28,451,610	-	35,552,882
20 2027/2028	-	28,451,610	-	35,552,882
21 2028/2029	-	28,451,610	-	35,552,882
22 2029/2030	601,835	29,053,445	1,426,300	36,979,182
23 2030/3031	3,157,047	32,210,492	7,781,222	44,760,404
24 2031/2032	803,883	33,014,375	2,060,597	46,821,001
25 2032/2033	2,545,322	35,559,697	6,785,412	53,606,413
26 2033/2034	3,499,899	39,059,596	9,703,363	63,309,776
27 2034/2035	288,116	39,347,712	830,744	64,140,520

The City of Spring Valley, Texas
Master Planning - Cost Estimates
Basic Plan

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FISCAL YEAR

2007/2008

Projects To Be Constructed	Phase	Engineering	Construction	Total
Mickey Way Area	Road and Drainage	330,460		330,460
Mickey Way Area	Water	18,165	90,824	108,989
Lofland, Merlin, Modiste Neeley	Water	51,890	259,448	311,338
Bace Dr	Road and Drainage	313,213		313,213
Bracher Voss	Road and Drainage	62,600	2,675,675	2,738,275
				-
Anne Street Meter Vault & Water Connection	Water		225,000	225,000
Total Projects		776,328	3,250,947	4,027,275

Sources of Funds

General Fund	1,750,000
Metro Funding (Bracher/Voss)	953,000
Metro Funding (Bace)	888,000
Other Funding - Prior Years	3,448,000
Total	7,039,000

Overage/(Shortfall) **3,011,725**

**The City of Spring Valley, Texas
Master Planning - Cost Estimates**

Basic Plan

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FISCAL YEAR	2008/2009
YEAR	1
INFLATION RATE	4%
INFLATION FACTOR	104%

Projects To Be Constructed		Engineering	Construction	Total
Cedarwood Sec 2/Ben Hur	Road and Drainage	428,067	2,140,335	2,568,402
Cedarwood Sec 2/Ben Hur	Water	59,793	298,965	358,758
Lofland, Merlin, Modiste Neeley	Road and Drainge	-	1,628,706	1,628,706
Mickey Way Area	Road and Drainge	-	1,483,462	1,483,462
Sewer Bid w/Alt A	Sewer Rehabilitation	335,799	1,678,994	2,014,793
Bace Dr	Road and Drainage - Engineering	166,681	-	166,681
Total Projects		990,340	7,230,462	8,220,802

Sources of Funds

General Fund	1,820,000
Sale of Bingle Park Property	5,000,000
Metro Funding (Bace)	
Other Funding - Prior Years	3,011,725
Total	9,831,725
 Overage/(Shortfall)	 1,610,923

**The City of Spring Valley, Texas
Master Planning - Cost Estimates**

Basic Plan

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FISCAL YEAR	2009/2010
YEAR	2
INFLATION RATE	4%
INFLATION FACTOR	108.16%

Projects To Be Constructed		Engineering	Construction	Total
Bace Drive - Construction	Road and Drainage - Construction	-	866,740	866,740
Bace Drive	Water	22,676	113,377	136,053
		-	-	-
Bracher Area		264,553	-	264,553
		-	-	-
Surface Water		102,897	384,692	487,589
Total Projects		390,126	1,364,809	1,754,935

Sources of Funds

General Fund	1,892,800
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	1,610,923
Total	3,503,723
Overage/(Shortfall)	1,748,788

**The City of Spring Valley, Texas
Master Planning - Cost Estimates**

Basic Plan

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FISCAL YEAR	2010/2011
YEAR	3
INFLATION RATE	4%
INFLATION FACTOR	112.49%

Projects To Be Constructed

Bracher Area	Road and Drainage - Construction
Bracher Area	Water
Pech / Cedarbrake Outfalls	Road and Drainage - Drainage
Teresa - Ben Hur Area	Road and Drainage
Total Projects	

Engineering	Construction	Total
-	1,375,677	1,375,677
53,757	268,786	322,543
103,068	-	103,068
237,436	-	237,436
<u>394,261</u>	<u>1,644,463</u>	<u>2,038,724</u>

Sources of Funds

General Fund	1,968,512
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	1,748,788
Total	<u>3,717,300</u>
Overage/(Shortfall)	1,678,576

**The City of Spring Valley, Texas
Master Planning - Cost Estimates**

Basic Plan

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FISCAL YEAR	2011/2012
YEAR	4
INFLATION RATE	4%
INFLATION FACTOR	116.99%

Projects To Be Constructed

Pech / Cedarbrake Outfalls	Road and Drainage - Drainage
Teresa - Ben Hur Area	Road and Drainage
Teresa - Ben Hur Area	Water
Hilldale / Bade/Adkins Area	Road and Drainage
Spring Oaks East	Road and Drainage
Total Projects	

Engineering	Construction	Total
-	535,953	535,953
-	1,234,668	1,234,668
38,258	191,289	229,547
166,265	-	166,265
361,638	-	361,638
<u>566,161</u>	<u>1,961,910</u>	<u>2,528,071</u>

Sources of Funds

General Fund	2,047,252
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	1,678,576
Total	<u>3,725,829</u>
Overage/(Shortfall)	1,197,758

The City of Spring Valley, Texas
Master Planning - Cost Estimates
Basic Plan

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FISCAL YEAR	2012/2013
YEAR	5
INFLATION RATE	4%
INFLATION FACTOR	121.67%

Projects To Be Constructed		Engineering	Construction	Total
Hilldale / Bade/Adkins Area	Road and Drainage	-	864,575	864,575
Hilldale / Bade/Adkins Area	Water	19,883	99,414	119,297
Spring Oaks West	Road and Drainage	254,372	-	254,372
Spring Oaks East	Road and Drainage	-	1,880,518	1,880,518
Spring Oaks East	Water	59,559	297,791	357,350
Total Projects		333,814	3,142,298	3,476,112

Sources of Funds

General Fund	2,047,254
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	1,197,758
Total	3,245,011
 Overage/(Shortfall)	 (231,101)

**The City of Spring Valley, Texas
Master Planning - Cost Estimates**

Basic Plan

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FISCAL YEAR	2013/2014
YEAR	6
INFLATION RATE	4%
INFLATION FACTOR	126.53%

Projects To Be Constructed		Engineering	Construction	Total
Spring Oaks West	Road and Drainage	-	1,322,732	1,322,732
Spring Oaks West	Water	36,601	183,005	219,606
Bingle Road	Overlay	147,513	737,570	885,083
		-	-	-
		-	-	-
Total Projects		<u>184,114</u>	<u>2,243,307</u>	<u>2,427,421</u>

Sources of Funds

General Fund	2,129,144
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	(231,101)
Total	<u>1,898,043</u>
Overage/Shortfall	(529,378)

**The City of Spring Valley, Texas
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Basic Plan

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FISCAL YEAR	2014/2015
YEAR	7
INFLATION RATE	4%
INFLATION FACTOR	131.59%

Projects To Be Constructed		Engineering	Construction	Total
Brighton Place	Asphalt Overlay	63,144	274,540	337,684
Bid Alternative B	Sewer - Rehabilitation	130,904	654,513	785,417
		-	-	-
		-	-	-
Total Projects		<u>194,048</u>	<u>929,053</u>	<u>1,123,101</u>

Sources of Funds

General Fund	2,214,309
Other Funding - Prior Years	(529,378)
Total	<u>1,684,931</u>
Overage/(Shortfall)	561,830

**The City of Spring Valley, Texas
Master Planning - Cost Estimates**

Basic Plan

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FISCAL YEAR	2015/2016
YEAR	8
INFLATION RATE	4%
INFLATION FACTOR	136.86%

Projects To Be Constructed		Engineering	Construction	Total
Fries Rd North	Road Overlay	32,610	141,784	174,394
Fries Rd South	Road Overlay	25,613	128,061	153,674
City Hall Replacement	Architect	800,613	-	800,613
		-	-	-
Total Projects		858,836	269,845	1,128,681

Sources of Funds

General Fund	2,302,882
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	561,830
Total	2,864,712
Overage/(Shortfall)	1,736,031

**The City of Spring Valley, Texas
Master Planning - Cost Estimates**

Basic Plan

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FISCAL YEAR	2016/2017
YEAR	9
INFLATION RATE	4%
INFLATION FACTOR	142.33%

Projects To Be Constructed	Engineering	Construction	Total
City Hall Replacement	-	5,643,431	5,643,431
	-	-	-
	-	-	-
	-	-	-
Total Projects	-	5,643,431	5,643,431

Sources of Funds

General Fund	2,394,997
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	1,736,031
Total	<u>4,131,028</u>
Overage/(Shortfall)	(1,512,403)

**The City of Spring Valley, Texas
Master Planning - Cost Estimates**

Basic Plan

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FISCAL YEAR	2017/2018
YEAR	10
INFLATION RATE	4%
INFLATION FACTOR	148.02%

Projects To Be Constructed		Engineering	Construction	Total
Burkhart	Road and Drainage	144,872	-	144,872
Burkhart	Water Line	20,595	102,977	123,572
Penn Manor	Overlay	53,814	-	53,814
Village Oaks Area	Overlay	14,995	-	14,995
Total Projects		<u>234,276</u>	<u>102,977</u>	<u>337,253</u>

Sources of Funds

General Fund	2,490,797
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	<u>(1,512,403)</u>
Total	<u>978,394</u>
Overage/(Shortfall)	641,141

The City of Spring Valley, Texas
Master Planning - Cost Estimates
Basic Plan

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FISCAL YEAR	2018/2019
YEAR	11
INFLATION RATE	4%
INFLATION FACTOR	153.95%

Projects To Be Constructed		Engineering	Construction	Total
Burkhart	Construction	-	753,331	753,331
Bid Alternative D	Sewer	192,193	960,960	1,153,153
Penn Manor	Overlay	-	67,804	67,804
Village Oaks Area	Overlay	-	243,337	243,337
West Tex	Drainage and Engineer	310,226	-	310,226
West Tex	Water	57,763	288,820	346,583
Total Projects		560,182	2,314,252	2,874,434

Sources of Funds

General Fund	2,590,429
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	641,141
Total	3,231,570
Overage/(Shortfall)	357,136

**The City of Spring Valley, Texas
Master Planning - Cost Estimates**

Basic Plan

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FISCAL YEAR	2019/2020
YEAR	12
INFLATION RATE	4%
INFLATION FACTOR	160.10%

Projects To Be Constructed		Engineering	Construction	Total
West Tex	Construction and Draining	-	-	-
		-	1,935,811	1,935,811
		-	-	-
		-	-	-
		-	-	-
Total Projects		-	1,935,811	1,935,811

Sources of Funds

General Fund	2,694,046
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	357,136
Total	<u>3,051,182</u>
Overage/(Shortfall)	1,115,371

**The City of Spring Valley, Texas
Master Planning - Cost Estimates**

Basic Plan

3/18/2008 17:14

FISCAL YEAR	2020/2021
YEAR	13
INFLATION RATE	4%
INFLATION FACTOR	166.51%

Projects To Be Constructed		Engineering	Construction	Total
Campbell and Bingle	Sewer	-	-	-
Fries ROad	Overlay	250,241	1,251,203	1,501,444
Misc Areas	Overlay	48,530	-	48,530
		18,670	-	18,670
		-	-	-
Total Projects		317,441	1,251,203	1,568,644

Sources of Funds

General Fund	2,801,808
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	<u>1,115,371</u>
Total	<u>3,917,179</u>
Overage/(Shortfall)	2,348,535

**The City of Spring Valley, Texas
Master Planning - Cost Estimates**

Basic Plan

3/18/2008 17:14

FISCAL YEAR	2021/2022
YEAR	14
INFLATION RATE	4%
INFLATION FACTOR	173.17%

Projects To Be Constructed		Engineering	Construction	Total
Fries ROad	Road Overlay	-	-	-
Misc Areas	Road Overlay	-	252,354	252,354
		-	243,108	243,108
		-	-	-
		-	-	-
Total Projects		-	495,462	495,462

Sources of Funds

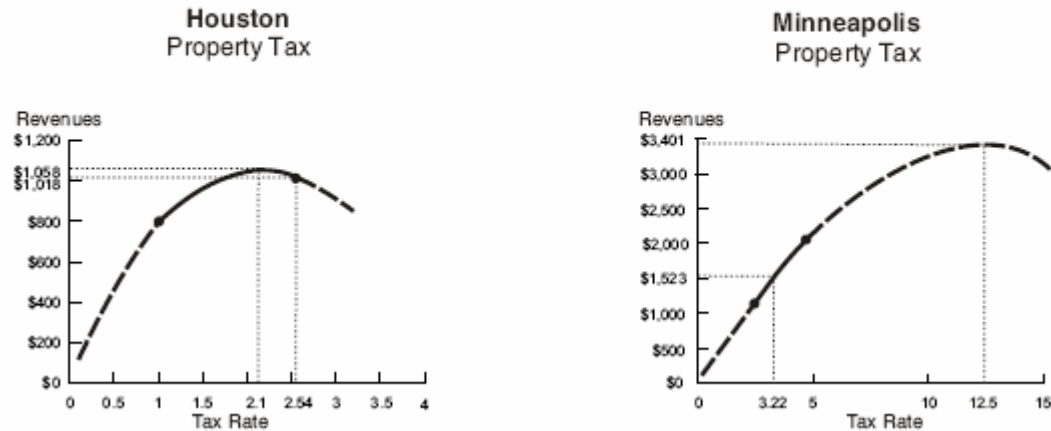
General Fund	2,913,880
Sale of Bingle Park Property	
Metro Funding (Bace)	
Other Funding - Prior Years	2,348,535
Total	<u>5,262,415</u>
Overage/(Shortfall)	4,766,953



Other Data

Penn Institute Study

Figure 1: City Revenue Hills*



First, each of our cities can raise additional revenues, but with the exception of Houston, higher tax revenues requires higher tax rates and this means lower tax bases. Because Houston is estimated to be beyond the peak of its property tax revenue hill, a *lower* property tax rate is required to increase city revenues. To maximize revenues, our estimates suggest Houston should reduce its property tax rate from 2.54 percent to 2.1 percent. With this cut in the city's property tax rate, the city's equilibrium property tax base per resident increases from \$40,120/resident to \$50,383/resident. This increase in tax base is sufficient to offset the rate reduction. The city raises an additional \$40/resident in property tax revenues.

Penn Institute Study

Understanding the equilibrium effects of local taxation on the local private economy is important for elected city leaders, urban policy analysts, and academic economists alike. The analysis here offers useful lessons for each. First, elected state and city officials must recognize the reality of city revenue constraints. A city's revenue capacity is limited by the mobility of its residents and firms. Three of our cities – Houston, New York City, and Philadelphia – seem to have nearly exhausted that capacity.

Barring permanent and significant structural shifts in national demand toward our cities' outputs, city revenue hills are likely to remain fixed in real terms. Holding city spending to the rate of inflation therefore seems essential for Houston and Philadelphia. New York City will have to make significant real spending cuts to avoid continued future deficits. Only Minneapolis can raise significant new revenues from taxation.

Second, for urban policy analysts our results reveal a fundamental tension between the interests of city public employees, poor households within the city, and city taxpayers. Tax increases unmatched by tax-financed, compensating service benefits for taxpayers – whether property owners, consumers, or firms – will drive those taxpayers from the city. Property values fall, business sales decline, and the city's job base shrinks. To protect city economies, a dollar of taxes paid must be matched by a compensating dollar of public services received. Our evidence suggests this is not now the case for our sample cities, even for Minneapolis.

City Tax Rate Comparison 2008

City Taxes Detail

City of Spring Valley	2006 Rate	2007 Rate
SPRING BRANCH ISD	1.6315	1.285
HARRIS COUNTY	0.40239	0.39239
HARRIS CO FLOOD CNTRL	0.03241	0.03106
PORT OF HOUSTON AUTHY	0.01302	0.01437
HARRIS CO HOSP DIST	0.19216	0.19216
HARRIS CO EDUC DEPT	0.00629	0.00585
CITY OF SPRING VALLEY	0.52439	0.565
Total:	2.80216	2.48583

Bunker Hill Village	2006 Rate	2007 Rate
SPRING BRANCH ISD	1.6315	1.285
HARRIS COUNTY	0.40239	0.39239
HARRIS CO FLOOD CNTRL	0.03241	0.03106
PORT OF HOUSTON AUTHY	0.01302	0.01437
HARRIS CO HOSP DIST	0.19216	0.19216
HARRIS CO EDUC DEPT	0.00629	0.00585
BUNKER HILL VILLAGE	0.30794	0.2897
Total:	2.58571	2.21053

City of Houston	2006 Rate	2007 Rate
HOUSTON ISD *	1.4757	1.1567
HARRIS COUNTY	0.40239	0.39239
HARRIS CO FLOOD CNTRL	0.03241	0.03106
PORT OF HOUSTON AUTHY	0.01302	0.01437
HARRIS CO HOSP DIST	0.19216	0.19216
HARRIS CO EDUC DEPT	0.00629	0.00585
HOU COMMUNITY COLLEGE	0.09518	0.09243
CITY OF HOUSTON	0.645	0.64375
Total:	2.86215	2.52871

Piney Point Village	2006 Rate	2007 Rate
SPRING BRANCH ISD *	1.6315	1.285
HARRIS COUNTY	0.40239	0.39239
HARRIS CO FLOOD CNTRL	0.03241	0.03106
PORT OF HOUSTON AUTHY	0.01302	0.01437
HARRIS CO HOSP DIST	0.19216	0.19216
HARRIS CO EDUC DEPT	0.00629	0.00585
PINEY POINT VILLAGE	0.22774	0.21514
MEMORIAL VILLAGES WA	0.03818	0.03716
Total:	2.54369	2.17313

City Tax Rate Comparison 2008

City Taxes Detail

Hunters Creek Village	2006 Rate	2007 Rate
SPRING BRANCH ISD	1.6315	1.285
HARRIS COUNTY	0.40239	0.39239
HARRIS CO FLOOD CNTRL	0.03241	0.03106
PORT OF HOUSTON AUTHY	0.01302	0.01437
HARRIS CO HOSP DIST	0.19216	0.19216
HARRIS CO EDUC DEPT	0.00629	0.00585
HUNTERS CREEK VILLAGE	0.24669	0.185
MEMORIAL VILLAGES WA	0.03818	0.03716
Total:	2.56264	2.14299

Hedwig Village	2006 Rate	2007 Rate
SPRING BRANCH ISD	1.6315	1.285
HARRIS COUNTY	0.40239	0.39239
HARRIS CO FLOOD CNTRL	0.03241	0.03106
PORT OF HOUSTON AUTHY	0.01302	0.01437
HARRIS CO HOSP DIST	0.19216	0.19216
HARRIS CO EDUC DEPT	0.00629	0.00585
HEDWIG VILLAGE	0.1818	0.2118
MEMORIAL VILLAGES WA	0.03818	0.03716
Total:	2.49775	2.16979

Hillshire Village	2006 Rate	2007 Rate
SPRING BRANCH ISD	1.6315	1.285
HARRIS COUNTY	0.40239	0.39239
HARRIS CO FLOOD CNTRL	0.03241	0.03106
PORT OF HOUSTON AUTHY	0.01302	0.01437
HARRIS CO HOSP DIST	0.19216	0.19216
HARRIS CO EDUC DEPT	0.00629	0.00585
HILSHIRE VILLAGE	0.37166	0.5198
Total:	2.64943	2.44063

City of Spring Valley, Texas
 Infrastructure Program - November 2008 Election
 Taxable Value Growth Allowed at 4% for 6 Years

Fiscal Year Ending 30-Sep	Net Taxable Assessed Valuation	I&S Tax Rate	Beginning I&S Fund Balance	I&S Tax Collections	Interest Earnings	Available for Debt Service	NEW BONDS				Total Debt	Ending I&S Fund Balance
							Series 2009	Series 2011	Series 2013	Series 2015		
2003	\$ 353,962,428											
2004	380,331,600											
2005	406,599,386											
2006	422,398,780											
2007	470,603,883											
2008	546,926,880											
2009	568,803,955											
2010	591,556,113	\$ 0.1437	\$ -	\$ 837,375	\$ -	\$ 837,375	\$ 825,000				\$ 825,000	\$ 12,375
2011	615,218,358	0.1255	12,375	760,603	248	773,225	749,363				749,363	23,863
2012	639,837,092	0.2607	23,863	1,643,209	477	1,667,549	752,675	\$ 866,250			1,618,925	48,624
2013	665,420,176	0.2380	48,624	1,559,941	972	1,609,537	750,300	786,588			1,536,888	72,650
2014	692,036,983	0.3309	72,650	2,255,546	1,453	2,329,649	752,238	789,350	\$ 680,625		2,222,213	107,436
2015	692,036,983	0.3207	107,436	2,186,297	2,149	2,295,882	748,488	786,425	619,075		2,153,988	141,895
2016	692,036,983	0.4071	141,895	2,774,820	2,838	2,919,552	749,050	787,813	619,450	\$ 577,500	2,733,813	185,740
2017	692,036,983	0.4009	185,740	2,732,558	3,715	2,922,012	748,788	788,375	619,275	535,738	2,692,175	229,837
2018	692,036,983	0.4015	229,837	2,736,605	4,597	2,971,039	752,563	788,113	618,550	536,938	2,696,163	274,876
2019	692,036,983	0.4009	274,876	2,732,646	5,498	3,013,020	750,375	787,025	617,275	537,588	2,692,263	320,758
2020	692,036,983	0.4021	320,758	2,740,703	6,415	3,067,876	752,225	789,975	620,313	537,688	2,700,200	367,676
2021	692,036,983	0.4005	367,676	2,730,325	7,354	3,105,354	748,113	786,963	617,663	537,238	2,689,975	415,379
2022	692,036,983	0.4015	415,379	2,736,897	8,308	3,160,583	752,900	787,988	619,325	536,238	2,696,450	464,133
2023	692,036,983	0.4012	464,133	2,734,626	9,283	3,208,042	751,450	787,913	620,163	534,688	2,694,213	513,829
2024	692,036,983	0.4010	513,829	2,733,661	10,277	3,257,767	748,900	786,738	620,175	537,450	2,693,263	564,505
2025	692,036,983	0.4010	564,505	2,733,725	11,290	3,309,520	750,113	789,325	619,363	534,525	2,693,325	616,195
2026	692,036,983	0.4012	616,195	2,734,537	12,324	3,363,055	749,950	790,538	617,725	535,913	2,694,125	668,930
2027	692,036,983	0.4013	668,930	2,735,818	13,379	3,418,127	748,413	790,375	620,125	536,475	2,695,388	722,740
2028	692,036,983	0.4008	722,740	2,732,355	14,455	3,469,549	750,363	788,838	616,563	536,213	2,691,975	777,574
2029	692,036,983	0.4004	777,574	2,729,081	15,551	3,522,207	750,663	785,925	617,038	535,125	2,688,750	833,457
2030	692,036,983	0.4013	833,457	2,735,590	16,669	3,585,716	749,313	786,500	621,275	538,075	2,695,163	890,554
2031	692,036,983	0.4014	890,554	2,736,237	17,811	3,644,602	751,175	790,288	619,275	535,063	2,695,800	948,802
2032	692,036,983	0.4014	948,802	2,735,958	18,976	3,703,736	751,113	787,288	621,038	536,088	2,695,525	1,008,211
2033	692,036,983	0.4012	1,008,211	2,734,473	20,164	3,762,848	749,125	787,500	621,425	536,013	2,694,063	1,068,786
2034	692,036,983	0.4007	1,068,786	2,731,505	21,376	3,821,666	750,075	785,788	620,438	534,838	2,691,138	1,130,529
2035	692,036,983	0.2892	1,130,529	1,971,650	22,611	3,124,789	787,013	785,075	618,075	537,425	1,942,513	1,182,277
2036	692,036,983	0.2887	1,182,277	1,968,098	23,646	3,174,020	786,038	786,038	619,200	533,775	1,939,013	1,235,008
2037	692,036,983	0.1723	1,235,008	1,174,786	24,700	2,434,494			618,675	538,750	1,157,425	1,277,069
2038	692,036,983	0.1718	1,277,069	1,171,018	25,541	2,473,629			616,500	537,213	1,153,713	1,319,916
2039	692,036,983	0.0796	1,319,916	542,315	26,398	1,888,629				534,300	534,300	1,354,329
							\$ 18,832,725	\$ 19,774,925	\$ 15,538,600	\$ 12,910,850	\$ 67,057,100	

ASSUMPTIONS:

Actual certified values shown for fiscal years 2003-2008. Growth in taxable assessed valuation for 6 years at 4%. Constant then Issues split into 4 installments.
 Tax collection rate is 98.5% Interest is earned at 2% on beginning fund balance each year Interest rate on new Bonds is 5.50%.