

John Norwood responses to Branch Forum questions regarding bond propositions for 11/7/17 ballot

To the Mayor and Council:

Branch Forum invites you to share your views about the tax rate, city debt and our city's future. Please respond to the questions below in print or by video. We will share your views with our residents so they can see how their vote in the Bond Election will affect our community. Please submit your response by Friday, October 20 to branchforumFB@gmail.com. Thank you for your participation.

Council Q&A on Debt and Bond Proposals

1. As a member of Council, please share your view on the role of debt in financing city improvements.

A: Debt is one tool available for funding city improvements. Saving and "pay as you go" is another tool. There is no one size fits all solution to funding the needs of a modern city. I believe that prudent and fiscally conservative use of debt is an acceptable and necessary means of financing public infrastructure needs. Currently, Farmers Branch has a very low ratio of Debt to Revenue of around 14 percent.

2. In your opinion, when should the city use a Certificate of Obligation?
In your opinion when should the city use General Obligation Bonds?

A: I see two primary reasons for the city to take on debt for capital projects: (1) to enhance or meet unfilled needs in Public Safety and Security and (2) to improve the quality of life of our citizens. Certificates of Obligation are best suited for the first category, and this is exactly what I proposed and supported for the Justice Center improvements. As a city, we have a responsibility to protect our police officers and civilians that work daily at the Justice Center. In that case, we needed to move quickly to a solution, and a Certificate of Obligation provided this mechanism. Quality of Life improvements are different. I believe that we need citizen input on these obligations, which is what we did for the upcoming Bond Election. A Citizen's Bond Committee was formed from a wide cross section of citizens and met for 9 months. During this time, this committee held numerous public meetings and met with citizens at many public gatherings to receive feedback and input. Based on the committee's recommendations, the Council then chose those proposals that we felt would have the highest impact on improving the quality of life in Farmers Branch and modernizing our city. This is what we have before us on November 7th.

Now, I will address the question that was not asked: "So, if the Bond Proposals do not pass, will you use Certificates of Obligation to fund them

John Norwood responses to Branch Forum questions regarding bond propositions for 11/7/17 ballot

anyway?” My answer, which I gave at my District 3 Town Hall meeting, is emphatically no! I will not support actions that are contrary to the citizen vote. This is why we are having this Bond Election. We are asking the citizens – Do you want to modernize and improve our city, and do these proposals reflect what you want? I believe the answer to this is, “yes”, and why I support all three proposals. Our city is an aging, outer-ring suburb, and we lack many of the amenities that surrounding cities have and that residents (current and future) expect – trails, modern housing opportunities, and a vibrant city center with retail, restaurants and cultural/entertainment opportunities. If we are to remain on par with other cities in North Texas, we should not deny this and embrace this opportunity to take a step to make Farmers Branch more livable and attractive.

3. Do you believe our city will have to issue more debt for capital projects in the future or is this it?

A: No one has a crystal ball. It would be foolish to deny that future needs may arise. However, I believe that our tax base is expanding puts us in a good position to accommodate these needs. At the 17 October 2017 Study Session, our Economic Development Update shows close to one billion dollars in projects that are either underway or already on the books. Farmers Branch is growing and our tax base is still around 80 percent commercial and 20 percent residential. This puts in in a strong position, but without the ability to address larger scope projects for which debt may be the right tool for the city. I will always seek citizen input and direction when these situations arise.

4. Council members have discussed scheduling the sale of approved bonds over a period of years. This would use increases in property tax revenue to fund the debt, making a tax rate increase unnecessary. But this method has some downsides. First, as the west side needs more city services, these will have to be funded out of increased revenue limiting the amount available to fund debt. Second, if Council insists on funding debt by not increasing the tax rate, it precludes future capital projects that may need bond funding to be built. This scenario puts us back in a “pay as you go” mode, which has been the city’s default position for decades. Can Farmers Branch be a modern competitive city if we are not willing to increase our tax rate for needed improvements?

A: This question addresses several issues. I will address each in turn. It is true that the West Side development will require more city services, but these services are incremental to what the city already provides. Much of

John Norwood responses to Branch Forum questions regarding bond propositions for 11/7/17 ballot

the police and fire support to the West Side has been put in place; additionally we have a contract for trash pickup, which can be expanded. Also, the developer is providing amenities for new residents, many of which will benefit current residents of Farmers Branch. We will need to provide some additional service, so not all of the new tax revenue from the West Side development will be available for to fund new debt; however much of it will.

The current Council has been diligent in working to avoid increasing the tax rate, especially as it concerns debt. In the last 2 years, we have funded the Justice Center security upgrades out of General Obligation funds without taking on debt. Additionally, we saw that some existing debt was retiring, which would allow us to fund the relocation of Fire Station #2 without increasing the current tax rate. Essentially, we replaced old debt with new at no additional cost to the taxpayers of Farmers Branch. I think that this is exactly what citizens elected us to do. Be creative, use sound business practices and be fiscally responsible in our decisions.

I do not think the philosophy of "Pay as you Go" should apply to all of the city's financial obligations. I do believe that it is an effective tool but not the only tool. For example, consider a project, which is currently being planned – the relocation and improvement of the city's Service Center. Those that have not recently visited the current Service Center would be appalled at the overcrowding and working conditions that our city employees experience daily. The bays are too low to accommodate our fire trucks, so mechanics work outside in the sun on these items. We store valuable repair parts outside. There are not enough lockers and not enough showers for the number of employees and no separate facilities for females. The city has been saving up funds in our Capital Improvement Project account for 10 years for this project, as is appropriate and responsible. This year we achieved enough funds to proceed on this project. Was this the right tool for this project? I think so. My opinion is that we should use this same approach to fund road maintenance, rather than borrowing, as we had to do with our current Road Bond. This is the direction that the current Council is taking. We want to maintain adequate funds, so that the day-to-day needs and infrastructure projects are funding from internal accounts. But "pay as you go" will simply not work in every situation. Construction costs are continually rising, especially in our area. Unforeseen events occur, which we must sometimes address quickly. Times are changing and Farmers Branch must adapt to remain the great place to live that it has been for the last 50 years. This is where debt plays a role. The challenge for Council is to be responsible and fiscally accountable in the establishment and management of debt. I submit that this is exactly what this current Council has done and will continue to do.

5. In recent study sessions the Council has discussed the option of charging user fees for "amenities" like Park & Rec and Senior Center activities, events and library. Isn't that why we pay taxes? Should some level of amenity be included in the taxes we pay? Do you feel that this nickel and dime strategy makes our city less competitive and less attractive to potential residents? If not, why not?

A: This discussion sprang out of recent review of the city's budget, and I am glad we are having it. No decisions have made at this point, and we will tee up this discussion, along with others, in the January-May 2018 time frame. I invite any and all citizen input in this process, and as always our meeting are publicized and open to the public. I have two thoughts on this topic. First, most of us (myself included) come out of a business and management background. We are sensitive to rising expenses and have been responsible to investors and shareholders for the execution of our annual budgets. During this year's budget discussions, we took a detailed look at the expenses of the Parks and Recreation Department. Three of these items – the Senior Center, the Recreation Center and the Pool – amount to about \$3 million per year in expense to the city and continue to grow. This is big number, and I believe we must take a comprehensive look at it. Secondly, I took what I believe is a very balanced approach to these expenses. If you review the video of our discussion, I said that expense like these are necessary investments for the quality of life of our citizens. We cannot run these amenities as business, expecting to break even or perhaps make a modest profit. Cities take in tax dollars and invest them in many necessary categories of which some are services and some are amenities. The discussion we need to have is how to allocate our limited resources among these categories, as well as which should be free to our citizens, which should be subsidized and which should be self-supporting. Concerning the Senior Center specifically, I believe that it was built to meet a specific need identified by our citizens. I am reluctant to begin charging our citizens for use of the facility. However, I am also aware that we do not charge residents of other cities – Carrollton, Dallas, Addison – to use our facility either. Maybe this needs to change. Additionally, the commercial buses that are being used for trips are also not reimbursed and can be significant. Maybe we need to charge just enough for trips to cover this expense, or alternatively, maybe we need use the city's bus. I don't know what the right answer is, but I know that we need to have this discussion. I also know that we owe a debt to our seniors and should provide a place for them to gather, remain active and enjoy life. So, do I support a nickel and dime strategy? No. I support a fiscally responsible strategy that is open to looking closely at how we spend our limited resources and making reasoned decisions that are in the best interests of all our residents.

6. Why are these 3 propositions priorities for the city at this time?

John Norwood responses to Branch Forum questions regarding bond propositions for 11/7/17 ballot

How can residents be sure that the bond monies will be used for the exact projects in their description? i.e. That the trail money will be used to build out the trails in the central area instead of toward trail projects on the Westside or Eastside? How is this done especially as council members change out over time?

A: The 3 bond propositions are priorities for the city, because the citizens told us that they were. The Citizen's Bond Committee spent 9 months helping us sort this out. On November 7th, we will see how well they heard. I support the 3 propositions, because I think they all serve to position our city for growth and modernization.

Trails are a high priority for a wide spectrum of the city. We heard this clearly in both the Citizen's Bond Committee and in the recent Citizen's Satisfaction Survey. This bond money will be spent across the city. It improves the Burke Nature Preserve (West side), it funds a study on how to cross Midway Road, which is a key challenge to connecting the East side and it builds and improves trails in Central part of the city. We need to begin thinking of Farmers Branch as a single city and not as a disconnected grouping of 3 parts. We now have residents from Inwood and the Dallas North Tollway, though the central part of the city and continuing all the way to the far western edge of the city at Royal Lane next to Las Colinas. This project is desired by a large number of citizens, and I hope that it passes.

The Pike Street improvement will allow us to capitalize on the great things that are happening in the Mustang Station area. This area is rapidly becoming our city center and continues to add amenities. In that area, we have the DART station, Phase II of the Mustang Station Apartment, the Firehouse Theater, Mustang Crossing Patio Homes, a new Town Home development, 3 Nations Brewery, the Grove Farmers Market, the Star Center, as well as the brand new restaurant park that is underway. We need to allocate resources to maintain this momentum and encourage continued development. The city plays a key role in this, and setting aside bond monies is a way to accelerate this process. We can't say that we want gathering places, entertainment and restaurants without setting aside resources to accomplish it. We will work with developers and encourage them to invest in Farmers Branch, but we do not currently have the resources of a Frisco or Carrollton to incentivize them. I strongly support this proposal.

The Housing Revitalization proposal is no less important. The city has been very successful in buying up distressed houses and incentivizing individuals and contractors to build new houses in Farmers Branch. This process is an innovative mechanism to replace dilapidated homes in older neighborhoods. An excellent example of the success of this program is

John Norwood responses to Branch Forum questions regarding bond propositions for 11/7/17 ballot

the renaissance in the Branch Crossing area of Farmers Branch. We need to continue and accelerate this process, and that takes money. My experience says that when something is working, you plow into it not retreat from it. We should expand this program, and continue to explore other options to incentivize residents renovate their homes. We are not proposing to tear down all the older homes in Farmers Branch. What we are doing is similar to the Pike Street proposal – accelerating the pace of change and encouraging other development in our great city. It is worth noting that surrounding cities have followed our lead in this program and now offer them as well. To stop this program now would weaken our position in the surrounding markets; larger investment in this program will further strengthen our position. That is why I strongly support the passage of this bond proposal.