

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.

This is a question that I would answer in different ways based upon both internal and external circumstances. Today, based upon our current budget circumstances, the infrastructure of our city, the number of building projects in our city that will drive significant additions to the future tax base, and the economic climate in the US I would tend to be more willing to invest in the development of Farmers Branch by taking on some reasonable debt in order to accelerate various key projects around the city. This is why I am in support of all 3 bond projects. During the past 5 years (2012-17) overall property values have increased 39% (29% growth on existing property and 10% new construction). I believe during the next 5 years we will see accelerated growth, something more than 50%. This is based upon the economic condition of our region and the fact that during the last 5 years we had less than \$400,000 (total) new construction and during the next 5 years we already have about \$1.4 Billion in process. Additionally even conservative estimates would put the growth of our existing property values north of 30% (11% LY). The growth of the last 5 years has enabled us to add projects like the improvements to the police and justice center without incurring additional debt. Today Farmers Branch is in excellent health economically and nothing supported by the council (including the Bonds) will do anything to change that—we should only get stronger.

2. In your opinion, when should the city use a Certificate of Obligation?
In your opinion when should the city use General Obligation Bonds?
My Opinion: Certificate of Obligations should only be used in an emergency or when the council and city manager are in full agreement of a vital need that is comfortably paid for with the existing budget. My definition of an emergency would be a time sensitive challenges that require immediate action and would create a larger burden if not acted upon immediately (takes months to develop a bond election). An example: Police station burned down.

Mike Bomgardner responses to Branch Forum questions regarding bond propositions for 11/7/17 ballot

General Obligation bonds should be used for infrastructure development, repairs, or redevelopment and only when the budget revenue is structurally sound enough to manage the repayment of the debt and interest created.

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

At this time there is no plan for any additional debt and it is my belief that our growing tax revenues in the immediate future should be able to manage any major projects. That said, we potentially will need money to remodel the Library, finish our trail system (the current Bond addresses a significant portion and allows FB the opportunity to seek matching funds from the state and federal government), and some are pushing for a Museum at the Historical Park. It would be my desire to manage any future projects with General Obligation Bonds paid out of the General Fund.

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?

First I would say that the tone of the question suggests that you support investment in the development of FB which I support and from past discussions with Branch Forum leaders believe your PAC does as well. It confused and surprised me when you came out against 2 of the 3 citizen driven bond issues. Second, I have to say that I do not agree that the tax revenue created by the development on the west side will all be engulfed by providing additional service. Some will be required but per my answer in question 1 I believe our general fund property tax revenue could grow by as much as 50% over the next 5 years but even if our growth just matched the last 5 years I believe we should be able to manage it out of the general fund. Regardless, state law limits the real \$\$ growth city councils can enact and we have been and should be at or above that limit. Any tax increase would require a vote from the citizens. My belief is when we have needs and opportunities to accelerate FB as a “modern competitive city” we should be able to utilize the bond initiatives and take it to the citizens. A temporary “Bond” tax is much more palatable for me than a permanent tax increase.

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?

I have been the most vocal in raising the question related to "free" city services and amenities (I don't recall any discussion about the Library other than exploring if Addison is paying their fair share for utilizing our facilities). I believe this is an important discussion topic for the future and am honestly still collecting information. Here is some math:

At the Sr. Center in Fiscal Yr 13/14 the delta between fees collected and expense was \$612,400 and this years budget (4 yrs) calls for a delta of \$833,600 which equals a 36% (75% greater than the rate of the total General Fund Growth). Additionally our tax dollars pay for citizens from other cities that utilize our Sr. Center and pay nothing.

At the Aquatic center from FY 14/15 (yr finished) to this years budget more than doubled 122% growth in just 3 years (\$779,300)

From 2013/14 the Parks and Rec delta grew by 25.3% (20% faster than the GF expenditures over the same period.

The Growth to the GF budget for these 3 areas alone was \$1,710 Million and if we had just managed the growth at the same rate as the total General Fund during that period we would have saved \$629.7 thousand. This is annual re-occurring expenditures. These are not nickel's and dime's.as suggested in your question.

I believe every city has an obligation to provide amenities to it citizens but the funding should not be open ended. A line needs to be drawn and it is important to have a discussion where it should be drawn.

Here are some of my thoughts about why people move here: People move to FB for many reasons but most don't find out about the quality and value of our free services until they are here. Most people assume that they will pay for Garbage pickup, and that they would pay a fee for the privilege of attending the Sr. Center or taking a bus trip with other Sr.'s,, or attending a concert in the Park because that is what other city's do. I believe our amenities are the reason people stay in FB . It is the reason we all love living here—I am not looking to change that but we must have some fiscal management.

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

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First, these bond proposals were initiated by a citizen committee, not the council. It is up to the citizens to judge the character of the council they elected and future council's they will elect. I believe the citizens have done an excellent job of electing a council and mayor of strong character, that is diverse in its views, and works together for the benefit of FB. I trust them all and am honored to serve with them. Besides, what motive would we have? We all live in this community and have to answer for our actions. If the citizens of FB think the council is untrustworthy we have bigger challenges in the city than passing bond proposals.