

City of New Braunfels Proposed 2013 Bond Program Additional Frequently Asked Questions

Why is the Blieder's Creek/German Creek project included in the bond package? Won't the Veramendi Development take care of drainage problems on Blieder's Creek?

The regional stormwater facility (dam) being constructed as part of the Veramendi project will reduce many of the flooding problems arising from the Blieder's Creek watershed during normal rain events. There is still a portion of the watershed downstream of the two dams, however, that will contribute to flooding in the German Creek and Landa Lake area (and do so today) during these major events even after the regional stormwater facility is constructed. While the Veramendi dam is important and will improve flooding arising from these common events, the diversion channel compounds these benefits and is only engaged during a major rain event. It was always envisioned, and is part of the Veramendi Development Agreement, that a diversion channel at German Creek would be constructed in addition to the new dam to provide for a more robust solution to flooding in this area. The diversion channel, however, is a cost sharing arrangement between the Veramendi owners and the City because the diversion channel does not directly benefit the Veramendi development (they have mitigated all their fully developed stormwater impacts with construction of the regional dam and included additional space for upstream development). The development agreement requires that the landowners in Veramendi contribute the lesser of 50% of the total project cost or \$5 million dollars towards the project. They are to provide these funds at the later of ten years from when the agreement was adopted or 120 days after the City sends them notice that it has undertaken engineering and design of the project. Since the City is proposing to commence the engineering and possibly start construction of the diversion channel much earlier than originally anticipated when this piece was negotiated, the City will likely pay for the full cost of the project up front and seek reimbursement from the Veramendi developers at the 10 year mark (or in 2023).

Where will the Community Recreation Center be located? Will the city purchase land for this? If so, is that included in the amount?

Council approved the use of Landa Plaza for the site of the community recreation center; land acquisition was not necessary as this is City-owned property. The size of the building is to be approximately 55,000 square feet, with a cost recovery goal of 85 percent. Also approved by Council was a design contract through construction administration. Meetings are scheduled over the next several months for design review and updates. The community recreation center could include a double gymnasium, classrooms, fitness area, indoor walking track, and locker/shower facilities. The water recreation side could include lap lanes, a resistance/current channel, preschool play features, play slides, and spray features. The final determination of amenities included will occur after public input.

How much bonded indebtedness does the city have right now? How does this compare to other cities our size?

What other cities in the state are growing as fast as New Braunfels? What is their tax rate?

The chart at <http://www.nbtexas.org/DocumentCenter/View/5118> is a graph comparing tax rates for the cities New Braunfels normally uses for comparison purposes. These cities were selected based on their size and, for the most part, proximity to a major metropolitan area. Please also refer to this chart at <http://www.nbtexas.org/DocumentCenter/View/5119>.

Was inflation used with the average City taxable home value (\$130,730) when figuring the tax impact?

The \$130,730 is the current average City taxable home value (based on information provided by the appraisals districts in August 2012). This value was not inflated when calculating the tax impact as it is meant as a point of reference for individual taxpayers. This link will provide additional information to help evaluate individuals estimate tax impact on their homes from the proposed bond issue.

Who derived that figure of \$130,730?

This is the average taxable value calculated from the figures reported to the City by the Comal and Guadalupe Appraisal Districts (in August 2012). We calculate the City of New Braunfels average by taking the weighted average of what Comal and Guadalupe each report, since our city is in both counties. This is the City's *taxable* value; the City gives a 20% homestead exemption, which impacts the taxable value significantly.

After year five, when the rate is estimated at +8.8 cents per hundred, does it go down over the following years and if so, how much?

Yes, it declines over time as outstanding debt is paid off. By 2038 – in 25 years – the tax rate goes to 1.5 cents. This assumes that no debt is issued in that period beyond the \$86 million in proposed bonds.

What do the bond rating agencies say about our debt and this new proposed debt?

Moody's in their last rating said that the City's debt is manageable and affordable currently and is below the median for similarly rated entities. Fitch said our direct debt level is low but overlapping debt (including all taxing entities in the City like the school districts and the counties) is above average. They cited the City's increases in debt ratios resulting from funding the capital improvements needed as being mitigated by continued tax base growth and good financial performance.