



City of Eagle Lake

2023 Street Improvement Bond Opportunity

The City of Eagle Lake recently held three Town Hall meetings to discuss an opportunity to issue a bond for street improvements. This potential bond would NOT increase the current local property tax rate. There have been a few questions raised that we feel it is important to get factual information to our citizens about.

Q. The approximately \$2.5 million is not enough to do all the streets.

This is correct, it will do between 25%-35% of the street and infrastructure improvements that are needed. Bonding enough to do all the work needed throughout town would require significant tax increases. This is a starting point that allows us to repair the streets in the worst condition. We must start somewhere.

Q. Are there grants available for street improvements (TxDOT, etc.)

There are very limited grants available for local streets. Those that exist are federal grants that we would be competing against major cities for (New York, Los Angeles, Houston, Chicago, etc.). That makes our chances very slim of receiving any funding. We do watch those grants, and at any time if we find one that we have the slightest chance of receiving, we will apply for it.

Q. Our property tax rate is more than double that of other cities in Colorado County. Why is our tax rate higher?

We cannot simplistically compare the three cities in Colorado County. Very few possible comparisons would be apples to apples. Once you understand the significant differences in the cities, it is really comparing apples to oranges to grapefruit.

Understanding Eagle Lake's property tax rate is far more than just looking at the current rate. Yes, the rate for the City of Eagle Lake is more than double the rate for the City of Columbus, yet our total property tax collection is over \$100,000 **less** per year than Columbus. How is that possible? It is quite simple actually; no two financial factors are the same between cities. Columbus property values are more than double what ours are. If your Eagle Lake property was within the Columbus city limits it would be valued significantly higher, and even with their lower tax rate, your total tax payment each year would be as much or even higher than what it is in Eagle Lake. The fact that our values run less than 50% of the values in neighboring cities means our tax rate must be higher to fund necessary services. And yes, Weimar's property values are higher than ours too, which means a lower tax rate for them as well.

Q. With the higher tax rates we should have more funding in our budget?

Not true. The population of Columbus and Eagle Lake are almost identical. Yet, we don't even come close. Our approximately \$2.0 million general fund budget is about half of the over \$4.0 million general fund budget Columbus has each year. However, based on the population, we should have the same number of police and public works employees to keep our city safe and keep our services running.

Q. A higher tax rate and we still have less total revenue?

This is correct. Another significant difference is the annual collections from sales tax. In 2019 the City of Eagle Lake collected almost \$314,000 in sales tax compared to just over \$1,680,000 in Columbus. Sales tax revenues are the other revenue source that cities have to pay for police, streets and all other operational costs.

Q. If we move forward with the bond, our taxes will not go up, right?

This is correct. The portion of our city taxes that is assigned to debt service will remain unchanged in the coming years. This is possible because the city paid off the previous bond during this fiscal year.

Q. This proposed bond would only be used for streets?

This is correct. The proposed bond would only be used for streets and the infrastructure (water, sewer, etc.) that is underneath them. The wording on the bond would restrict any monies from the bond from being used for any other purposes.

Q. We need a complete plan for what streets will be updated with the bond prior to approval of the bond?

This is not correct. Part of the process will be engineering the street improvements that will be made. Engineering costs money and the results are not good forever. If the engineering was done in advance and the city did not move forward, we would end up paying for it again in the future.

Q. Does the approval of a bond require a vote of the citizens?

The short answer is no. A City Council can approve Certificate of Obligation bonds without holding an election. Cities can choose to hold a special election related to bonds, just keep in mind, elections cost money, and that money can be used to fix another street!

Q. What happens if we do not move forward with the bond?

We all see the condition of the streets throughout our city. If we do not move forward, they will continue to decay. Think of it like maintenance on your house. If you fix the leak in the roof when it first appears, it is simple and doesn't cost much. If you continue to ignore it, soon enough you need a whole new roof and the costs increase significantly.

The street is the river of life of the city, the place where we come together, the pathway to the center.

--- William H. Whyte
