



Street Improvement Plan

Residential/Local Reconstruction

Funding Options – Part 3



Council Presentation
July 28, 2015



Funding Options



		Debt Funded *			Cash Funded		
	Funding Option	Estimated Tax Rate Increase	Total Cost of Borrowing (principal and interest)	Dollars for Projects (Utilities are approximately 1:1)	Estimated Tax Rate Increase	Total Cost	Dollars for Projects (Utilities are approximately 1:1)
1	\$10 million for 10 years	+ \$0.041	\$158,719,450	\$100,000,000	+ \$0.059	\$100,000,000	\$100,000,000
2	\$15 million for 10 years	+ \$0.053	\$238,085,625	\$150,000,000	+ \$0.088	\$150,000,000	\$150,000,000
3	\$20 million for 10 years	+ \$0.066	\$317,448,975	\$200,000,000	+ \$0.118	\$200,000,000	\$200,000,000
4	\$30 million for 10 years	+ \$0.093	\$476,162,300	\$300,000,000	+ \$0.176	\$300,000,000	\$300,000,000
5	\$40 million for 10 years	+ \$0.122	\$634,877,850	\$400,000,000	+ \$0.235	\$400,000,000	\$400,000,000
6	\$60 million for 10 years	+ \$0.183	\$952,310,375	\$600,000,000	+ \$0.353	\$600,000,000	\$600,000,000
7	\$25 million for 32 years	+ \$0.087	\$1,318,651,650	\$800,000,000	+ \$0.147	\$800,000,000	\$800,000,000
8	\$50 million for 32 years	+ \$0.188	\$2,637,347,425	\$1,600,000,000	+ \$0.294	\$1,600,000,000	\$1,600,000,000

* - Debt includes the cost of funding arterial and collector streets at \$55,000,000 every 2 years for 10 years.



Funding Utilities with General Obligation Bonds



PRO'S

- Does not add pressure to utility rates or to utility revenue bonding capacity.
- Cost of borrowing for general obligation bonds is less than that of utility revenue bonds.

CON'S

- Burden of paying the debt is shifted to property owners. Those with higher values will pay more.
- Owners of commercial properties would be paying for residential streets.
- Increased debt due to utilities would reduce general obligation bonding capacity.



Calling an Election



- ❑ The Texas Election Code does not allow cities to simply call elections for tax increases unless the City Charter provides for referendum elections at the initiation of the governing body.
- ❑ The City of Corpus Christi's Charter does not allow this and excludes the "levy of taxes" from the referendum process.



Decision Points



1. Decide how to pay for utility work associated with residential streets:
 - a. Issue general obligation debt for streets and utility revenue bonds for associated utilities
 - b. Issue general obligation debt for both streets and utilities
 - c. Cash fund through the property tax rate for streets and issue utility revenue bonds for associated utilities
 - d. Cash fund through the property tax rate for both streets and utilities



Decision Points (con't)

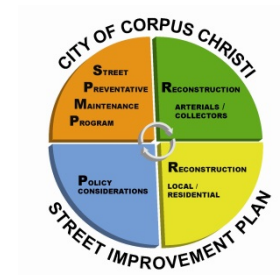


2. Hold a bond election in November 2015 to fund residential streets.
3. Adopt a tax increase exceeding the rollback rate with an amount above the rollback rate dedicated to streets.
4. Couple a tax increase with a Charter revision to establish a portion of the Maintenance and Operations (M&O) property tax devoted for residential streets and call an election.
5. Revise the City Charter to allow City Council-submitted referendums. Then submit questions of establishing a fund dedicated to streets to the voters.
6. Survey the citizens to get their opinions on how to fund residential streets.

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Discussion



Extending the life of our streets.