

Bond Referendum Committee

City of Laredo

September 30, 2024

Welcome and Thank you

- ▶ A. City Manager - Joseph W. Need
 - ▶ 1. Welcome Bond Referendum Committee and introduce key personnel.
 - ▶ 2. Presentation of Purpose, Scope, and Objectives for Bond Referendum Committee and Subgroups.
 - ▶ 3. Discuss the four project areas and the process for the selection of Subgroups.
 - ▶ 4. Establish Timeline for Objectives.
- ▶ B. City Secretary - Mario Maldonado
 - ▶ 1. Administration of the oath for citizen committee members.
- ▶ C. Finance Department Director - Frank Mata
 - ▶ 1. Establish Subgroups and provide explanation of the liaison role.
 - ▶ 2. Introduce Financial Consultant to provide overview of role and identify key points to consider.
 - ▶ 3. Introduce Bond Counsel to provide overview of role and identify key deadlines to consider.
- ▶ D. City Attorney - Doanh Nguyen “Zone”
 - ▶ 1. Overview presentation of open meetings and the voting process.
- ▶ E. Public Information Officer - Noraida Negron
 - ▶ 1. Establish expectations and timeline in order to effectively and efficiently disseminate information to the public.
- ▶ F. City Manager - Joseph W. Need
 - ▶ 1. Offer closing remarks

What is a bond election?

- ▶ This bond election process is to help City Council determine what projects and how many should be placed forward to the taxpayers of Laredo in May 2025.
 - ▶ Property Tax Bonds are only directed at General Fund expenses. Enterprise funds, such as bridge and water/sewer are not being considered.
- ▶ Municipal bonds allow cities to fund major projects such as roads, parks, facilities and other capital expenses.
 - ▶ Bonds are issued and repaid over an extended period of time, similar to the way many buyers finance the purchase of a home.
 - ▶ This strategy helps keep costs more equitable between current and future residents.
- ▶ Before issuing bonds which could potentially impact the tax rate, Texas cities are required to put any bond proposition to a vote.
 - ▶ If a proposition receives more than 50% of the vote, bonds may be issued for the purpose specified on the ballot.

Citizen Committee Composition

- ▶ Total Members: 28
- ▶ Selection Process:
 - ▶ City Council Appointments: Each City Council member appoints 3 representatives (total of 24 members).
 - ▶ Mayor's Appointments: The Mayor appoints 4 representatives with 1 serving as the Committee Chair.
 - ▶ Term Length: Members will serve from the committee's formation through the completion of the bond referendum election.

Subgroup Allocation

Public Safety:

•7 members

Public
Infrastructure:

•7 members

Enhancement
Services:

•7 members

Health and
Wellness:

•7 members

Subgroup Leaders: Each subgroup will elect a chair responsible for coordinating meetings and presenting findings to the full committee.

Timeline

- ▶ September 2024: Formation of the committee; members are appointed, and subgroups are established. Orientation meeting for all committee members, detailing the objectives, timeline, and expectations will occur by end of month.
- ▶ October - November 2024: Subgroup meetings begin, with each group reviewing relevant city department plans. Subgroups meet bi-weekly and may request presentations from city departments.
- ▶ December 2024 - January 2025: Full committee meetings commence to discuss and integrate subgroup reports into a comprehensive bond package recommendation.
- ▶ February 2025: Final review and approval of the bond package recommendation by the full committee.
- ▶ Prior to **February 14**: Presentation of the bond package to the City Council for final approval.
- ▶ February 2025 - April 2025: Additional public outreach and education campaign led by a private committee to inform citizens about the bond referendum.
- ▶ May 2025: Bond referendum election.

Meeting Schedule

- ▶ Full Committee Meetings: Orientation at end of September 2024, and monthly meetings beginning in December through February to ensure timely completion of the bond package recommendation.
- ▶ Subgroup Meetings: Bi-weekly from October to December 2024, with additional meetings as needed.
- ▶ Special Meetings: As required for urgent matters or final deliberations.

Staff Liaisons

Committee Liaison: The City Manager will designate a city staff member to act as the primary liaison between the committee and city departments.

- This individual will facilitate communication, coordinate meeting logistics, and ensure that the committee has access to all necessary resources and information.

Subgroup Liaisons: Each subgroup will be assigned a staff liaison from the relevant city department by the City Manager.

- These liaisons will provide expertise, answer questions, and assist with gathering data and documentation needed for the subgroup's review process.

Subgroup Committee Liaison will be a director or manager level city employee. It may change throughout the reviews to keep an individual familiar with the subject matter.

Responsibilities of Departments in Providing a Recommended Plan to the Committee

- ▶ Submit comprehensive project proposals aligned with strategic goals
 - ▶ Provide detailed cost estimates and funding requirements
 - ▶ Include impact assessments for each proposed project
 - ▶ Projects have been identified through the current CIP and VIVA Laredo plans.
- ▶ Ensure all legal and regulatory requirements are addressed
- ▶ Participate in presentations and Q&A sessions with committee subgroups
- ▶ Respond promptly to committee requests for additional information or clarification
- ▶ Collaborate with assigned staff liaisons to facilitate information flow

Public Involvement

Public Hearings: The committee will host a minimum of two public hearings and/or Town Halls (December 2024 and January 2025) to gather input from residents.

- City Council is recommending more than 2 town halls.
- There will also be 1 public hearing at the City Council level.

Transparency: Meeting minutes and reports will be made available to the public through the city's website.

Capital Improvement Bonding - Best Practices

- ▶ Bonding may be used for capital improvements, not operational costs.
 - ▶ Limited exceptions to this rule
- ▶ Preparation of needs should be no more than 5-7 year timeframe
 - ▶ City may submit for future referendums for additional projects every 5 years.
 - ▶ Anything built will also need operational funding. City cannot complete everything at once due to these limitations.
- ▶ Bond repayment is expected to be over a 20 year timeframe.
- ▶ **All financial information should be considered as estimates until final analysis is completed.**
 - ▶ **Project estimates are currently based on rough estimates**
 - ▶ **Tax rate is based upon present values. Values may change prior to final expectations.**

Property Tax Rate 10-year adjustment

Tax Year	Total Tax Rate Per \$100 Taxable Value	Portion of Rate for M&O	Portion of Rate for Debt Service
2025	\$0.51	\$0.40	\$0.11
2024	\$0.53	\$0.42	\$0.11
2023	\$0.57	\$0.45	\$0.12
2022	\$0.62	\$0.47	\$0.15
2021	\$0.63	\$0.49	\$0.14
2020	\$0.63	\$0.49	\$0.14
2019	\$0.63	\$0.49	\$0.14
2018	\$0.64	\$0.49	\$0.15
2017	\$0.64	\$0.49	\$0.15
2016	\$0.64	\$0.49	\$0.15
2015	\$0.64	\$0.49	\$0.15

The City of Laredo has reduced its total tax rate successfully by 13 cents per 100 from 2015 to 2025.

Important Financial Points to Consider

Each Penny (estimates)	0.01
Amount generated per penny increase in tax rate	\$2,474,733
Amount of bond capacity created through increase of tax rate	\$41,666,667

Estimates per penny from 1 cent to 25 cent per 100

Each Penny (estimates)	0.01	0.05	0.10	0.15	0.20	0.25
Amount generated per penny increase in tax rate	\$2,474,733	\$12,373,665	\$24,747,330	\$37,120,995	\$49,494,660	\$61,868,325
Amount of bond capacity created through increase of tax rate	\$41,666,667	\$208,333,333	\$416,666,667	\$625,000,000	\$833,333,333	\$1,041,666,667

Annual Effect on Property Tax Amount

Home Valuation	Current M&O	Current Debt	Total Current Rate	Increase of each penny annually					
				0.01	0.05	0.10	0.15	0.20	0.25
	0.40	0.11	0.51	0.01	0.05	0.10	0.15	0.20	0.25
\$100,000	\$400	\$110	\$510	\$10	\$50	\$100	\$150	\$200	\$250
\$200,000	\$800	\$220	\$1,020	\$20	\$100	\$200	\$300	\$400	\$500
\$300,000	\$1,200	\$330	1,530	\$30	\$150	\$300	\$450	\$600	\$750
\$400,000	\$1,600	\$440	\$2,040	\$40	\$200	\$400	\$600	\$800	\$1,000
\$500,000	\$2,000	\$550	\$2,550	\$50	\$250	\$500	\$750	\$1,000	\$1,250

Potential Items for Referendum

Intended Presentations for Committee

• Public Safety - \$250,000,000:

- o Police (Citywide) - Police Department
- o Fire (Citywide) - Fire Department

• Public Works - \$376,000,000:

- o Streets and Sidewalks (Citywide) - Engineering/Public Works
- o Downtown Infrastructure in District 8 - Engineering
- o Mines Road Improvements in District 7 - Engineering/Traffic

• Engagement Services - \$138,000,000:

- o Recreation Centers in Districts 6 & 8 - Parks
- o Convention Center in District 5 - CVB/Economic Development
- o Transit Building for Vehicle Maintenance - El Metro/HTG
- o Waterpark at Buena Vista Sports Complex - Parks
- o Rio Grande Riparian Improvements - Environmental

• Health and Wellness - \$80,000,000:

- o Unfunded Liabilities (Citywide) - HR/Finance
- o Pediatric Hospital Development - Health
- o Hamilton Hotel Improvements with Assisted Living - Community Development