

City Faces Tough Decisions over Tax Increase Tied to Bonds

In November 2006 the Citizens of Sachse approved a \$37.5 million bond issue that provided for numerous street improvement projects, the construction of a new Municipal Government Complex, and the improvement of Salmon Park. The bonds were sold in December 2008 and payments are scheduled to begin in the 2009-2010 budget year. The first year's payment is just over \$1.9 million. City Council and City Staff now face some very tough decisions on how to raise the funds for the payments.

Usually when bonds are sold property taxes are raised to a level that will fund the payments. Given the taxable value of the property in Sachse, that would require a tax increase of 14 cents per \$100 valuation. While the 14 cents would be less than the 15 cents discussed during the bond election, financial times have changed in the past two years. Our City Council is very sensitive to the needs of the people and has charged our Staff to explore every possible avenue to reduce the tax impact or delay the implementation of some of the increase. Staff and Council have been working to look at all possible alternatives. City Manager Allen Barnes said "Mayor Felix and the other members of Council have taken a personal interest and have charged staff with coming up with 'out of the box' ideas to reduce the impact." He is further quoted as saying "We will recommend any action to Council that is legal for them to take. We are bound by the laws of the state and federal governments when it comes to bond repayment."

Barnes said "We are working with our financial advisors, bond attorneys, and City attorneys to determine if there is a legal way to reduce the impact of the bonds or to stall the implementation of a portion of the taxes." We have come up with several suggestions, but each suggestion has either negative legal implications or will negatively impact our tax calculations in future years."

The bond package is responsible for almost all of the construction work currently happening in Sachse. Murphy Road, DeWitt Road, Fifth Street, Bryan Street, and the Municipal Complex are all under construction or will be in a matter of weeks. The construction of Bunker Hill will be undertaken in a matter of months. We have saved significant amounts of taxpayer money and gotten "more bang for our buck" than if we would have delayed the projects. The projects are necessary for the continued advancement of Sachse.

The City's operation budget is only going up slightly in response to inflation. No new programs are planned for the upcoming year, and for the first time in memory, no employee pay raises will be granted next year. Barnes said, "Our employees and Department Heads have really done well in cutting their budgets. Our increases don't even keep up with inflation."

Mayor Mike Felix said, "We appreciate the efforts and the patience of our Employees in budget preparation, but there just was not enough room to cut more without cutting services. We will work until the last possible minute to determine how to best address these concerns. If there is any way we can legally reduce the impact on our Citizens we are going to do it."