

Rowlett

On the Water. On the Move.

A Monthly Message From Mayor Todd Gottel

September, 2016 - Fiscal Year 2017 Budget Adopted

The Fiscal Year 2017 Budget was adopted at the regular City Council meeting held on Tuesday, September 20. Having spent many months discussing the current needs of the City, most notably in the areas of public safety, streets and infrastructure, the City Council determined that this year would not be the appropriate time to lower the tax rate by one penny, as was presented in the Proposed Fiscal Year 2017 budget.

Two years ago, Council took action by approving a 4 cent increase in the tax rate to address issues such as our aging infrastructure, a high employee turnover rate, and several years of deferred maintenance. Continuing down the same path was no longer an option. Since that time, strategies have been developed and implemented to retain employees through pay plan changes, for bringing streets and alleys to a minimum acceptable standard, enhancing economic development efforts to attract new business into this community, and to enact zoning changes to provide for a more diversified housing inventory so that Rowlett can be sustainable far into the future. And we have made great progress. The first form based code project, Harmony, welcomed their new residents on September 1. The Homestead at Liberty Grove now has several homes under construction. Restaurants and new businesses are going vertical downtown and all along SH66. Rowlett is becoming an attractive option in the development community, a prime example is Bayside!

However, the City is not yet sustainable. The December 26, 2015 tornado heavily impacted this community. Although the response was swift and aid from all over poured in, construction projects were delayed for months. With rising material costs, there is concern that funds allocated for these purposes will not be sufficient and may cause projects to be deferred.

Public safety, always a priority, was also a consideration. To that end, this budget does provide for the purchase of tactical vests for our police officers. Very soon though, the new growth our community is experiencing will strain the current level of resources, both in Police and Fire Rescue. Staffing levels will need to be addressed in order to meet the new demands and continue to provide the exemplary services citizens currently enjoy.

We won't begin to see a positive budget impact from new development until at least Fiscal Year 2018. Two years cannot offset the 5-6 years when maintenance was deferred, projects were delayed, employee turnover increased, infrastructure was impacted due to drought, and a decline in home values occurred. Although the City has made extraordinary progress, it is not sustainable yet.

Some perspective? For the average home value of just under \$160,000, that penny on the tax rate equates to just \$1.33 per month. That same penny kept on the tax rate could fund more street repairs, police officers and firefighters.

In Fiscal Year 2017, City staff and the City Council will continue this discussion and develop strategies to identify the deliverables that must be attained, such as when our new development actually impacts revenues, in order to reduce the tax rate in the future. The City Council's decision Tuesday night to maintain the existing tax rate was very difficult and not lightly entered into. The promises made to Rowlett citizens when the tax rate was raised are taken very seriously and this budget reflects that commitment!


Mayor Todd Gottel



*With one of the many fantastic
pets available for adoption from
our Rowlett Animal Shelter!*

Fiscal Year 2017 - Realizing Rowlett 2020



Bayside

Realize Rowlett 2020 is a community vision that was adopted in September, 2011.

This plan became our comprehensive plan for Rowlett and was designed to create a vision to make Rowlett:

“a community with diverse lifestyle choices for living, working, playing and learning.”

Critical elements of the vision included diversifying our housing stock, creating new employment opportunities, and developing an after-hours lifestyle for evening and weekend entertainment and recreation. Little did we think in 2011 it could happen so quickly! Today, we have major, high-quality projects going vertical in every quadrant of the City. These projects, like The Homestead at Liberty Grove (Woodside Living), Harmony (North Shore), The Village of Rowlett (Downtown), and Terra Lago (Healthy Living) would be amazing by themselves. Add in Bayside and **Rowlett has \$1.5 billion in private investment** – absolutely staggering.

While there are significant single-family projects underway in Rowlett, many of these new projects will add quality, high end multi-family options providing an alternative “living” atmosphere. New businesses in Bayside will provide the types of employment opportunities in retail and entertainment not yet experienced in Rowlett. In addition, Bayside will add 1.75 million square feet of commercial space that will include retail and shopping, restaurants and other entertainment venues. Both The Village of Rowlett and Bayside will truly create the after-hours feel that citizens have asked for, but hasn’t been previously available in Rowlett.



Harmony



Terra Lago



Homestead at Liberty Grove

So, What’s Notable in the FY2017 Budget?

Strategic Allocation of Property Tax Dollars

Improved tax values and new growth provide opportunities to address aging infrastructure, revitalize neighborhoods, and enhance our community amenities and assets. Prioritizing these needs is a strategic decision that must be carefully weighed.

Strategic Debt Management

Maintain the debt portion of the tax rate to take advantage of future bond capacity.

Capital Assets and Infrastructure

Use combination of future bond capacity and increased tax values to address aging infrastructure and obsolescence.

Employee Compensation

Provide competitive pay to reduce turnover and provide quality customer service.

Staffing Strategy

Strategically add positions to address existing gaps and prepare Rowlett for future growth.

Public Amenities

Add and enhance public amenities to improve the quality of life for Rowlett residents.

Address the Health of the Utility Fund

Reduce transfers and capital maintenance for two years to rebuild cash balances. This would add \$2.8 million to the operating fund cash balances by the end of FY2017.

During the four year period FY2012-FY2015, north Texas was in the grip of a significant drought, which wreaked havoc on the infrastructure and impaired the health of Rowlett’s Utility Fund. While higher than normal precipitation in the spring of 2015 brought area lakes above normal, the Utility Fund experienced losses in those years as well that further eroded reserves.

The City no longer has adequate reserves to sustain continued revenue loss from lower sales. The length of the drought, the severity of continued water restrictions, and above normal precipitation over the past year have led to financial losses in the utility system for the past several years. It is imperative that we improve our financial position and make Rowlett’s utility system healthy and sustainable.

Budget Impact & Recovery 2015 Tornado

In April of this year, the federal government approved disaster support through public assistance. This means that local cities (i.e. Rowlett, Garland, Sunnyvale, etc.) qualify for reimbursement for certain costs related to tornado repairs and debris removal. As of June 30, 2016, this estimate is over three million dollars, much of which will be reimbursed through FEMA, the Texas Department of Emergency Management (TDEM) and insurance. Rowlett initially set aside \$1.2 million to cover its portion of the cost; however, in early July, the City was able to free up \$700,000 of those funds for previously scheduled projects. The good news is that Rowlett’s final out-of-pocket cost is expected to be \$500,000 or less. The development already occurring today will also help provide significant resources for the future, allowing the City to address a plethora of neighborhood needs, from streets and alleys to drainage and parks.

Our community still has a long road to recovery ahead of us. We will come through this together, Rowlett Strong!

Growth, Growth and More Growth!

The period between FY2010 through FY2014 created an atmosphere where the City cut costs and deferred maintenance to address the revenue decline during the Great Recession. Since FY2015, the City has experienced a significant turnaround as the market in the DFW area restored property tax values back to pre-FY2010 levels. Economic growth, however, will most notably impact Rowlett's finances in FY2018 and beyond.

In May, 2015, the City of Rowlett and its development partner, Donahue Development, closed on Elgin B. Robertson, acquiring the property from the City of Dallas. This is a very exciting development for Rowlett! Renamed Bayside, this master planned 262 acre mixed-use site will be built under the City's form-based code, ensuring a high quality development with numerous amenities. The complete build-out is expected over eight to ten years and will include 1.75 million square feet of commercial space and 3,000 residential units. *Bayside is expected to add nearly one billion dollars in new taxable value resulting in nearly \$150 million in revenue from property, sales and hotel occupancy taxes over the next 20 years.*

Bayside alone would be a fantastic story; however, it doesn't stop here. Today, major projects in every quadrant of the City are under construction including, The Homestead at Liberty Grove, Terra Lago, Harmony and The Village of Rowlett, not to mention smaller developments and projects along Highway 66 (Lakeview Parkway) and elsewhere. While some projects will take time to develop in phases, many will be built in one phase. Over the next five years, they will add an additional \$800-\$950 million in new investment, potentially *adding \$10-\$15 million in property taxes alone.*

So, what does this mean to Rowlett?

With this level of growth, Rowlett can truly make a difference in the everyday lives of our citizens.

It provides a sufficient income stream to meet existing needs and new community amenities while building a more sustainable future; and

It diversifies the housing stock, which will help maintain property values in future recessions and types of markets; and

It provides the ability for additional dollars for infrastructure and to issue more bonds in the future without increasing the tax rate; and

It provides a sufficient income stream to seriously consider reducing the property tax rate in the future; and

It provides the opportunity to reduce unsold water under the North Texas Municipal Water District's take-or-pay agreement and perhaps even reduce future rates and fees.

This level of growth also creates special challenges.

FIRST

IT IS NOT POSSIBLE TO MOVE THIS MANY PROJECTS THROUGH THE DEVELOPMENT PROCESS WITHOUT ADDITIONAL RESOURCES FOR PLANNERS, ENGINEERS, AND INSPECTORS.

SECOND

IT WILL REQUIRE ADDITIONAL RESOURCES TO PROVIDE SERVICES FOR PUBLIC SAFETY, PUBLIC WORKS, PARKS & RECREATION, AND THE LIBRARY.

FINALLY

IT WILL REQUIRE THE CITY AND THE COMMUNITY TO STRATEGICALLY PRIORITIZE BETWEEN ADDRESSING UNMET CAPITAL INFRASTRUCTURE NEEDS (I.E. STREETS AND ALLEYS) VERSUS PROVIDING ENHANCED OR ADDITIONAL AMENITIES (I.E. MEDIAN IMPROVEMENTS, PARKS AND FACILITIES) VERSUS REDUCING THE TAX RATE.



“The combination of improved tax values, new growth, and additional tax dollars will continue to provide opportunities to address aging infrastructure, revitalize neighborhoods, and enhance our community amenities and assets. In just a few years, Rowlett will look and feel noticeably different and it will be uniquely Rowlett. Truly, this is an exciting time to live in Rowlett.”