

Debt: What Does it Mean to Me?

By Mayor Susan Sample

Many of you have probably heard (including in the pages of the Essentials) about West U's Foundation for the Future initiative, investing in projects that will serve our community for generations. This program will be funded through the issuance of municipal bonds, called Certificates of Obligation (COs), which are guaranteed through property taxes. In other words, the City will be issuing debt to fund the construction of critical infrastructure.

It's no secret that, to some, "debt" is a scary word. From student loans to mortgages, almost all of us have had to come to terms with debt at some point in our lives. But what does this mean?

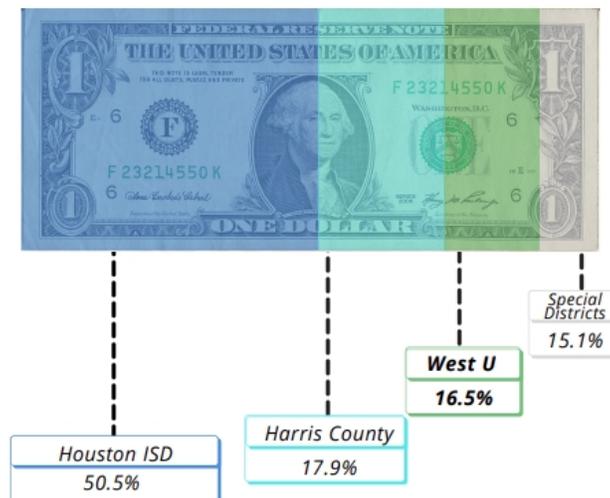
Tax Rate

When our community issues bonds, the unfortunate reality is that we have to pay them off. This annual payment is reflected in every resident's tax rate, which is divided into the debt service rate (paying off debt) and maintenance & operations (the funding necessary to keep the City running on a day-to-day basis).

It is a simple fact that without issuing bonds, West U, like nearly every other municipality, would not be able to pay for infrastructure improvements while still providing the daily services that our residents rely on. Roads, buildings, drainage improvements, and waterlines across Texas are made possible only by issuing COs.

It has been a priority of this Council to make sound investments in our community's infrastructure and quality of life, while minimizing impacts on residents' wallets, particularly given the current economic environment. Thankfully, due to strategic management (and our corresponding AAA Bond Rating), the City is able to issue COs for up to \$61.12 million in infrastructure projects, while maintaining one of the lowest tax rates in the Houston area.

Where Do My Property Taxes Go?



Whenever I tell people that we'll be lowering the City's property tax rate for the fourth year in a row, I inevitably get the question, "then why do my taxes keep going up?" The truth is, for every dollar in taxes that our residents pay, less than seventeen cents go to the City of West University Place. So while we do our part to reduce financial strain on residents, other agencies tend to have an outsize impact.

Return on Investment

While \$61 million is a significant price tag, the benefits of this initiative will quickly pay off. The Foundation for the Future will include infrastructure improvements throughout the city, including measures to further prevent flooding.

These investments will help to make sure West U remains a great place to live for decades to come. It's well known that debt is a serious thing, and shouldn't be taken on lightly. But just like your mortgage, it can provide the foundation for a great home and peace of mind.

For more information please visit www.westutx.gov/foundation . Council is scheduled to issue the sale of bonds on September 26th.