



February 12, 2014

Sewer Survey—City of Granite Shoals

2221 N. Phillips Ranch Road

Granite Shoals, Texas 78654

To Our Residents and Property Owners:

The Granite Shoals City Council and the Sewer Committee Members extend a request to our residents and property owners to participate in our ongoing efforts to evaluate the desirability and feasibility of a sewer system for the City.

The Sewer Committee and City Council have evaluated the information received in the initial survey for the sewer system in 2013 and find the need for additional information from our residents and property owners. A Town Hall Meeting is set for February 22, 2014 to gather input from our residents and property owners. Please plan to attend this important meeting.

Regardless of whether or not you attend the Town Hall Meeting, we request that you complete the enclosed survey to provide further information on this issue.

Please return your completed survey by mail or in person by March 7, 2014. Mailing address is given above.

A financial fact sheet is enclosed to provide information of rough cost estimates and tax impacts for the project. These cost estimates are based on conservative factors with no offset from government grants or loan forgiveness programs which could reduce the impact on taxes. The cost estimates are rough and are based on previous concepts to provide a wastewater treatment plant and up to 500 connections for service.

Granite Shoals Town Hall Meeting 1 p.m. February 22, 2014

Granite Shoals Fire Station

City Council Members
Dennis A. Maier, Mayor
Tom Dillard, Mayor Pro-tem, Place 4
Anita Hisey, Place 1
Slayton Marks, Place 2
Eric Tanner, Place 3
Carl Brugger, Place 4
Peggy Metzger, Place 6

Sewer Committee Members
Mark Schneider
Earl 'Pete' Borths
Jim Farley
Terry Hartman
Sophie Schulze
Claudine Gonzales
Bessie Jackson
Frank Reilly
Carl 'Dave' Biziak, Chairman



Potential Financial impact on additional debt to the city:

Assumptions-To build a wastewater treatment plan with 500 connections for service (Initial phase)

1. The calculations below are based on additional debt of \$15,000,000 and \$25,000,000
2. There is 10% increase in the 2014 adjusted taxable Value of the property in Granite Shoals - \$374,337,752
3. There are no new annexations
4. Repayment of the loan is over a 30 year period, paid in two payments per year
5. Calculations are based on 3% and 4% interest rate on the loan
6. The increase in City property taxes amount is based on residence's value of \$100,000
7. Debt payments are solely funded by property taxes, no additional service fees, no grants or loan forgiveness are considered that would reduce taxes

| | <u>Loan Rates</u> | |
|---|--------------------|--------------------|
| <u>\$15 million Dollar Loan</u> | <u>3% Interest</u> | <u>4% Interest</u> |
| Annual Interest and Principle Payments per year | \$ 758,887 | \$ 859,348 |
| Increase in Property Tax rate per \$100 | \$ 0.2027 | \$ 0.2230 |
| Yearly Increase in Property Taxes for \$100,000 home | \$ 202.72 | \$ 229.56 |
| <u>\$25 million Dollar Loan</u> | <u>3% Interest</u> | <u>4% Interest</u> |
| Annual Interest and Principle Payments per year | \$ 1,264,812 | \$ 1,432,246 |
| Increase in Property Tax rate per \$100 | \$ 0.3378 | \$ 0.3826 |
| Yearly Increase in Property Taxes for \$100,000 home | \$ 337.80 | \$ 382.60 |
| <u>If the City receives Grants or Loan forgiveness, how will that affect payments?</u> | | |
| Every One Million Dollars of Grants and/or Loan Forgiveness | | |
| Yearly Decrease in Property Tax for \$100,000 home | \$ (18.02) | \$ (20.77) |

Note 1: The reason for the two different Loans (\$15 and \$25 million) is because there has been no detail engineering study completed and therefore, the above calculations are an estimate. Until an engineering study is prepared and completed to provide a more accurate cost of the sewer system, at that point, the impact on the increase in property tax can be properly calculated.

Note 2: The cost of the engineering study could cost the city approximately \$350,000. The tax increase to simply commission an engineering study would be approximately one cent per hundred dollar valuation, or \$10.00 for a house in Granite Shoals worth \$100,000.