

# CHESTNUT STREET PROJECT-PHASE III

**FINANCING OVERVIEW AND IMPACT OF ½ CENT SALES TAX**



# EXISTING DEBT FOR WORK ALREADY COMPLETED

- INCLUDES CHESTNUT STREET FROM 15<sup>TH</sup> NORTH TO EXPRESSWAY
- INCLUDES 23<sup>RD</sup> STREET FROM LOCUST TO CHESTNUT
- PAID FOR BY ISSUING HIGHWAY ALLOCATION BONDS
- OUTSTANDING DEBT OF \$2.675 MILLION
- ESTIMATED ANNUAL DEBT SERVICE REQUIREMENT OF \$200K PER YEAR – INCREASING TO \$285K IN 2024
- WILL BE PAID IN FULL IN 2032 (14 YEARS)
- CURRENT LEVY FOR DEBT SERVICE
  - 2017-18 - \$227,250
  - 2017 LEVY RATE – 0.083561

# PHASE III – EXPENSES - CONTRACTED

Project Costs	Bid	Contingency	TOTAL	Revenue Sources		
				Utilities	NDOR In Lieu	Bond
Group A - Removals and Grading (5% contingency)	\$ 640,508	\$ 32,025	\$ 672,534	\$ -	\$ -	\$ 672,534
Group B - Paving and Traffic Control (5% contingency)	\$ 2,545,476	\$ 127,274	\$ 2,672,750	\$ -	\$ -	\$ 2,672,750
Group C - Water Main Improvements (5% contingency)	\$ 349,669	\$ 17,483	\$ 367,152	\$ 367,152	\$ -	\$ -
Group D - Storm Sewer (10% contingency)	\$ 776,218	\$ 77,622	\$ 853,840	\$ -	\$ -	\$ 853,840
Group E - Sanitary Sewer (5% contingency)	\$ 114,490	\$ 5,725	\$ 120,215	\$ 120,215	\$ -	\$ -
Group F - Street Lighting Installation (15% contingency)	\$ 172,076	\$ 25,811	\$ 197,887	\$ -	\$ -	\$ 197,887
Other Project Costs						
Design Services (Engineering, Traffic Study, Geotech)	\$ 301,420		\$ 301,420	\$ -	\$ 301,420	\$ -
Construction Admin (Observation, Staking, Testing, Etc.) - 10%	\$ 459,844		\$ 459,844	\$ 48,737	\$ -	\$ 411,107
Overhead (Legal, Fiscal, Etc.) - 1%	\$ 45,984		\$ 45,984	\$ -	\$ 45,984	\$ 0
ROW/Easement Costs	\$ 70,000		\$ 70,000	\$ -	\$ 70,000	\$ -
Street lights	\$ 250,000		\$ 250,000	\$ -	\$ 182,596	\$ 67,404
<b>Total</b>	<b>\$ 5,725,685</b>	<b>\$ 285,940</b>	<b>\$ 6,011,626</b>	<b>\$ 536,104</b>	<b>\$ 600,000</b>	<b>\$ 4,875,522</b>
Updated using 4/5/2018 bid amounts						

# PHASE III – FINANCING - BONDING

<b>How will we finance the Bond?</b>	
Total Construction Need	\$ 4,875,522
Bond Issuance Expenses (1.5%)	\$ 73,133
Total to Borrow	\$ 4,948,655
Round:	<b>\$ 5,000,000</b>
20-Year Payment - 3.75% - Annual Debt Service Requirement	<b>\$ 360,000</b>

Updated using 4/5/2018 bid amounts for construction

# PROPERTY TAX REQUIREMENT

<b><u>ALL PROPERTY TAX</u></b>	
<b>Current Valuation = \$271,955,359</b>	
Levy amount needed to make \$360,000 bond payment each year with current valuation (in addition to existing levy amount)	<b>\$ 0.13237</b>

Makes total levy = 21.6 cents for debt service

# LOCAL OPTION SALES TAX

- MUNICIPALITIES HAVE OPTION OF UP TO 2%
  - 1% - APPROVED IN 1998 – NO SUNSET, USED FOR OPERATIONS
  - ½% - APPROVED IN 2016 – NO SUNSET, USED FOR CAPITAL IMPROVEMENTS – PRIMARILY PARKS AND RECREATION CAPITAL IMPROVEMENTS
  - ADDITIONAL ½% AVAILABLE
    - COUNCIL VOTED TO HAVE THIS ON BALLOT AT THEIR FEBRUARY 8 COUNCIL MEETING
    - REQUIRES INTERLOCAL AGREEMENT WITH OTHER POLITICAL SUBDIVISION – SAUNDERS COUNTY
      - NO FINANCIAL INPUT OR IMPACT TO COUNTY
      - SALES TAX ISSUE VOTED ON ONLY BY CITY OF WAHOO RESIDENTS

# SALES TAX INCREASE OPTION

<b>ADDITIONAL 1/2 CENT SALES TAX</b>						
Total Taxable Sales - Wahoo (includes sales tax on sale of motor vehicles)	TOTAL					1/2 Cent Sales Tax
2017-2018 (6 months actual, 6 months est.)	\$52,049,740				EST →	\$ 260,249
2016-2017	\$48,337,573					\$ 241,688
2015-2016	\$46,450,752					\$ 232,254
2014-2015	\$45,793,348					\$ 228,967
Annual Debt Service Payment	\$ 360,000					
Less Amount from Sales Tax	\$ (240,000)				←	
Remaining Balance to be paid by Property Tax	<b>\$ 120,000</b>					
Levy amount needed to make \$130,000 bond payment each year with current valuation	<b>\$ 0.04412</b>					

Makes total levy = 12.7 cents for debt service

# SALES TAX ELECTION

• MAY 15, 2018

**“Shall the governing body of the incorporated municipality – the City of Wahoo - increase the local sales and use tax rate by an additional one-half of one percent ( $\frac{1}{2}\%$ ) from the current rate of one and one-half percent ( $1\frac{1}{2}\%$ ) to a rate of two percent ( $2\%$ ) and impose a sales and use tax at the increased rate upon the same transactions within such municipality on which the State of Nebraska is authorized to impose a tax, with all revenues generated by the additional one-half of one percent ( $\frac{1}{2}\%$ ) to be used for public infrastructure improvements, including the Chestnut Street Project?”**



FOR

said sales and use tax



AGAINST

said sales and use tax



**A VOTE FOR:** *If a majority of the votes cast upon such question shall be in favor of increasing such local sales and use tax by an additional one-half of one percent (½%), then the City Council of the City of Wahoo shall be empowered as provided by Section 77-27,142 of the Nebraska Statutes and shall forthwith proceed to increase the local sales and use tax rate from one and one-half percent (1 ½%) to two percent (2%) and impose a sales and used tax at the increased rate pursuant to the Local Option Revenue Act, with all revenues generated by the additional one-half of one percent (½%) to be used for public infrastructure improvements, including the Chestnut Street Project.*

**A VOTE AGAINST:** *If a majority of those voting on the question shall be opposed to such an increase of the local sales tax and use tax rate by an additional one-half of one percent (1 ½%), then the City Council of the City of Wahoo shall not impose such a tax and the local sales and use tax will remain unchanged at one and one-half percent (1 ½%).*

**Projects to be funded; savings, efficiencies and effect on other taxes or fees:** Additional revenues collected from increasing the sales and use tax by one-half of one percent ( $\frac{1}{2}\%$ ) will be used to fund in part and pay costs of public infrastructure projects, including the Chestnut Street Project that otherwise would be funded or payable from property taxes assessed to all property owners of the City of Wahoo, resulting in efficiency in operation of the city through reduced maintenance costs.

**Years revenue collected; payment of bonds:** The increased sales and use tax rate of one half of one percent ( $\frac{1}{2}\%$ ) will be implemented and related revenues collected beginning as soon as practicable after voter approval, with such increased sales and use tax continuing **for a period of ten years unless bonds are issued** with some or all of the additional revenues pledged for payment of such bonds, in which case the increased sales and use tax rate will remain in effect and additional revenues will be collected **until payment in full of such bonds and any refunding bonds.**

**Interlocal Agreement:** The City of Wahoo and the County of Saunders entered into an interlocal agreement for the long term development of unified governance of public infrastructure projects, specifically including the Chestnut Street Project. None of the additional revenues collected from increasing the sales and use tax rate will be used for purposes of the interlocal agreement.

# MOVING FORWARD

- IF SALES TAX ISSUE FAILS – MUST WAIT 23 MONTHS TO PLACE ISSUE ON BALLOT AGAIN
- CHESTNUT PROJECT HAS BEEN PUT UNDER CONTRACT WITH M.E. COLLINS CONTRACTING WITH WORK TO BEGIN MID-JUNE