



**Map Showing Proposed Street Improvements**

— Graphic by Frentress Engineering

## **Town Hall audience hears details on Frankston street improvements**

City of Frankston residents gathered Tuesday evening, Nov. 23 to hear a presentation by the city engineer and financial consultant regarding a proposal for extensive improvement in city streets and the proposed methods of financing such a project.

Presenting the financial figures for the proposed project was Jake Lawrence, Vice President of Government Capital Securities Corp. of South Lake. Representing the city engineers, Frentress Engineering of Athens, was Matt Mitchell.

Lawrence gave an extensive presentation of the various financing options for the project and was explaining the advantage of financing of a proposed \$4 million project with certificates of obligation which could be retired in either 20 or 25 years. He said advantages of that method would be saving the costs and other requirements of a bond issue election and having more flexibility in seeking a favorable interest rate.

Mitchell said the engineers had determined that some 16 roads or streets in Frankston possibly needed to be totally rebuilt. An earlier evaluation of the need indicated such roads represented some 2.7 miles, some requiring curb and gutters.

Street locations given were Reed Street, Commerce Street, Walters Street, North Garrison Street, Oak Street, Mary Street, Pecan Street, East Saunders Street, Ayers Street, Valley Street, South Miller Street, West Main Street, the Alley between South Miller and West Main, Garner Street Drainage Structure and Weldon Street drainage.

Mayor Tommy Carr said most of the project's cost would be on Garrison Street and streets east of Garrison. Particularly needed was extensive work to solve a drainage problem on the north end of Garrison Street where adequate culverts would be needed to handle the water.

He also noted the work needed on streets off of Garrison to the east and some work on streets west of SH 155, such as Garner Street drainage and Weldon Street drainage.

Those interested in the tax rate required for such a project were shown tax rates in other cities in the area, most of which had both maintenance and operation rates plus interest and sinking fund rates required to retire indebtedness.

It was pointed out that Frankston did not have an I&S rate because the city has not had any Securitized Debt Obligations for real property capital improvement projects. Any indebtedness assumed by Frankston for the proposed project would be retired by proceeds from an additional I&S rate determined by the funds needed annually to retire the debt. He said that figure and the necessary I&S rate might decline during the life of the obligation if the city's taxable value increases as expected during term of the indebtedness.

Currently the city M&O tax rate is \$0.4054 per \$100 valuation and the current taxable value of the city properties is \$71,679,000. Lawrence gave illustrations of what the addition of an I&S rate to retire the debt would be for either the 20-year term or the 25-year term.

He said that a 20-year term on \$4 million indebtedness at an interest rate of 2.85 percent would require annual debt service of \$267,300 and an I&S rate of \$0.3805. Total payback would be \$5,346,000 over the 20 years.

Lawrence said that a 25-year term on \$4 million indebtedness at an interest rate of 3.20 percent would require annual debt service of \$236,400 and an I&S rate of \$0.3365. Total payback would be \$5,910,000 over the 25 years.

Using the 25-year obligation as an example, Lawrence said the annual effect on property owners with homes valued for taxes from \$50,000 to \$150,000 would be from \$168 to \$504 or \$14 to \$42 per month.

Engineers have told city officials that the quality of improvements proposed would mean up to 40 years of use before any additional major improvements would be needed.

One question from the audience at the meeting was whether the money borrowed would be paid up front and Lawrence said that was customary. He said that unused money during the project could be invested to earn interest to help pay the annual debt service obligation, subject to any restrictions.

Mayor Tommy Carr expressed appreciation for those who attended the Town Hall and emphasized that planning is in the early stages and would be subject to adjustments as determined and nothing is set in stone. He said he would welcome anyone at City Council meetings who had more questions or he would be glad to meet with anyone who desires more information.