



Mayor's Letter

August 15, 2017

Hello Everyone,

I'VE BEEN ASKED SEVERAL TIMES what they are building on Eldorado across from the Sunrise Bay entrance. It is an "event center", my understanding is that it these are used for receptions and large parties for several hundred people. The front part of the property is in Little Elm, with the majority of the property **residing in the county** in the Oak Point ETJ (none of it is in our jurisdiction). Let me paint a picture. You have several hundred people that have been "event-ing" all evening long who now get into their cars and exit onto the curve on Eldorado, which doesn't have **street lights**, and doesn't have a **raised median** in the middle. So my question is, will the drunk driver kill a Lakewood Village family when they don't realize that we are stopped in the left-turn lane, or will they just miss the curve all together and hit head-on and kill a family heading home to Frisco or Oak Point ? Can we have the Sherriff's department pull people over ? No, you can't stop someone until they do something illegal, and you can't set up a roadblock and shut-down Eldorado. It's hard for me to think of a worse thing you could put in a residential neighborhood. That's why last year when the owner asked if we would provide sewer for him, I told him no. The water provider, Aqua Texas also turned him down. Unfortunately, Little Elm rezoned the property frontage from residential to commercial and said they would provide him utilities. The dirt work you see along the road was Little Elm boring under Eldorado to bring him water.

IT DOES MATTER **Actually, it matters a lot.** We have a handful of people in Town and one council member who say the area on the north side of Eldorado doesn't matter. We should focus only on "my street" and what effects "my house". Let anyone build anything they want as long as it isn't next to me. Do nothing. Well, **I think that's a load of crap.** Suppose someone puts in thousands of apartments across the street, how do you think that will effect us ? Think of this, **have you EVER seen** a developer tear down apartments to put up single-family houses ? Of course not. No fool is going to destroy a thousand apartment units to put in a dozen houses. **Do you ever see** apartments going away once they are in ? I've never seen it. Same with strip-malls; have you ever seen them tear one down to put in a house ? Never. We are a quiet residential neighborhood. We don't need to sell-out and **we have to do everything we can to not blow it.**

Could we have done anything to stop the event center ? No. It is mostly in the county and **in the county you can build anything you want.** We do have the nearest wastewater treatment plant and a significant amount of unused capacity, which gives us **some** leverage over any high-density development. I had a meeting last year with a developer who had architectural designs for apartments and a strip-mall on a ten-acre parcel on Eldorado near our entrance. I told him we would not provide him utilities. They got mad and as they stormed out, they told me they were in the county and they could **"build whatever the hell they want"**. Having city utilities is great, but in reality, anyone willing to spend close to \$10 million to buy Steve Harvey's land might also be willing to spend another \$1 million to build their own sewer plant. So what are we going to do ? The easiest thing to do is to do nothing and just live with whatever ends up no matter how bad. **That's unacceptable.** We have to do everything we can to make sure that we don't blow this forever. I have spent hundreds of hours meeting with developers and reaching out to builders to sell them on how great Lakewood Village is. We need to have single family houses on both sides of Eldorado. Once the houses are in - there will never be apartments or commercial. **I'm not going to give up** until I get someone to put in homes to once and for all remove the threat of apartments and strip-mall commercial development surrounding us. It is my top priority.

OVER ↘

THE BUDGET AND CONCRETE ROADS There was some discussion at our last council meeting about the budget and the future concrete roads project. The approved budget has a General Fund surplus of \$16,000 after allocating \$10,000 towards the parks and \$30,000 in road repairs. **Lets apply some basic common sense.** I led the first road project, and I am responsible for financially planning the final project. One thing I do is to collect the latest information on other town's road projects. In the latest example, a couple of months ago the City of Melissa awarded a contract for the concrete road construction of Throckmorton Drive. The winning bid priced the concrete work at \$46 a square yard, which is 31 percent higher than the \$35 we paid for our project **three years ago in 2014**. Similarly, the 30 inch reinforced concrete pipe (RCP) is now \$90 a foot which is 17 percent higher than the \$77 we paid for RCP in 2014. That's why sooner is better than later and why I'm going to do everything I can to get us there in four years.

What's the financial plan ? **Well common sense.** If the cost is somewhere near \$4.5 million and we want to get there in four years. A couple of people say we should just save the money. Okay, sure, all we have to do is save \$1.1 million a year in the budget. That's going to be tough considering we only take in about \$300,000 annually and we have to run the town and pay for things like Fire & EMS services, the usual stuff that a city does. This year our surplus is \$16,000 so we'll have the money saved in just under 300 years. Of course by then there will be an app on our iPhone173's that will instantly teleport us anywhere in the world. Lets call that Plan "B". Instead, how about we keep Town Hall open, save as much as we can, pay as much cash up-front and borrow the rest at a super low interest rate. **Just like last time.**

Lakewood Village Historical Cash Balances		
<i>September 30th</i>	<i>Cash in Bank</i>	
2005	\$103,007	
2006	\$38,302	
Elected in May 2007		
2007	\$75,867	
2008	\$187,025	
2009	\$223,285	<= Paid off Utility Loan 4 yrs early (\$89,400)
2010	\$331,562	
2011	\$347,706	<= Paid \$84,310 for asphalt roads
2012	\$454,124	
2013	\$629,007	
30-Apr-14	\$703,722	<= June 30, 2014 Concrete Road Project Starts
2014	\$357,396	<= Utility CAPX \$250,631
2015	\$420,294	<= First year of bond payments
2016	\$261,295	<= Utility CAPX \$92,063
2017	\$250,000**	<= forecast (\$252,171 today)
2018	\$380,000**	
2019	\$500,000**	
2020	\$650,000**	
2021	\$850,000**	<= New Concrete Roads Project

The table shows our recent financial history. In 2006, **there were no annual audits**, the accounting system was junk, the city secretary didn't know how to balance the checking accounts, and no one on the Town Council had any financial expertise. One of the things I teach to executives and MBA's is budgeting. Its pretty simple; if your cash is rapidly decreasing from 2005 and you start out 2006 with only \$38,000 in the bank, you can't increase spending on CAPX by over \$100,000. Of course one way around that problem is just to add an extra \$80,000 to the utility revenues, because, you know, that will make it balance. Wonderful. So the Mayor's budget showed Utility Fund Revenues of just under \$300,000 when the actual revenues were only \$225,000. I was elected in May of that year and calculated that we were going to be out of money by October and

default on our bank loan (we owed Independent Bank \$ 137,500). I took over the Town's finances at that point and have been responsible ever since. Look at the numbers. Despite the great recession and property values tanking, we paid off that bank loan early and steadily grew our balances. **We saved for the road project. We had independent audits done each year.** We peaked with \$703,722 in the bank **in April**. By coincidence, the bid requests for financing **went out in May**, the banks all loved us, and we ended up with an interest rate below two percent. Except it wasn't a coincidence, it was exactly as I planned. I know the credit formula's that rating agencies use. I know how to maximize our scoring. We went from being insolvent to one of the highest rated municipalities in just a few years. Look at the numbers. We don't need any apartment developer to "save" us financially. Its finance. I got this. Seriously.

In the last couple of years we have spent down our cash as we made massive improvements to our utilities as I have documented in my last letter. Also, as I said previously the \$0.05 temporary tax only covered about a quarter of the bond payment, so we had to cut back and tap into our reserves for the first years. As you can see, I expect the spend-down to reverse next year. With nearly all of our CAPX projects complete, I am forecasting our cash balances to grow steadily and peak when it is time for the new road project. I am assuming no new developments, just our regular growth. We've expanded our utilities, property values are up, and sales tax growth is strong, we're through the toughest part.

DARK SKIES Several months ago Clint Bushong and myself were discussing some long-range planning issues dealing with the future road project. As we did with Lakecrest's and Peninsula's new water mains and hydrants, we need to identify areas of infrastructure improvements **well before we put down the concrete streets**. One area that I have begun looking at is our street lights. At first, I wondered if they were master planned at all, as there does not appear to be any coherent strategy with respect to style, type, location, or function. The more I thought and researched about the lighting issue, I came to the conclusion that we should adopt dark skies policies.

I think it would be consistent with our small town quality of life **to become the first and only city in the metroplex** to be certified as a dark skies community. **Dark skies does not mean we go dark** - it means that we take stringent steps to reduce light pollution in the sky through shielding and technology. It does not compromise safety or functionality. There is no reason to shine lights into the sky. Since we do not have commercial enterprises lighting up our town it should be doable. **Yet another reason to not sell-out to commercial**. I am strongly in favor of this. **I have met with CoServ** and they are enthusiastic about partnering with us on this venture. There is no reason that any new developments in our town should not be environmentally sound and improve our quality of life. We should make this a requirement ASAP.

At our last meeting, I presented my proposal to the Council, who approved moving ahead with exploring this important issue. **Mayor Pro-tem Ed Reed will be leading the project**. In the short time since our meeting Ed has already reached out to several organizations including the International Dark Skies Association (IDA) as well as CoServ. As I have said many times, when it comes to projects in our town, **we do it, we pay someone else to do it, or it just doesn't get done**. Ed needs your help. We need a couple of people willing to help us learn and plan for this. You don't need any expertise, just a willingness to help your community. You can contact Ed via email ed@lakewoodvillagetx.us. What a perfect project for our Town. Lakewood Village - quiet lakefront community, woods, trails, wild animals, and you can see the stars at night - that's the vision, what a great place.

Council Actions. The council approved the MDD and Town Budgets. I have proposed no change in the tax rate which will be considered at the September meeting. Several years ago the Town wisely purchased the lot at 595 Melody

Council Vote on Consideration Items

	✔	✘
MDD 2018 Budget	Unanimous	
Town 2018 Budget	Reed, Newsome, Bushong,	Tantalo, Shields
Replat of 595 Melody Lot	Reed, Newsome, Bushong, Shields	Tantalo
Sale of 595 Melody Lot	Unanimous	

Lane for the extension of Stowe Lane to our entrance. Currently if you block the road at the Highridge mailboxes, you cut off access for the southern two-thirds of the Town. Today, this would never be allowed in any planned community, there must always be a second access point. After working with the engineers, we have designed the road so that we only need 0.25 acres, leaving 1.01 acres remaining. My proposal to the council was that we replat the property and sell the 1 acre that we don't need. The council approved and you will soon see a **"For Sale by LWV"** sign on the lot. As a lot owner myself, I think there's never been a better time to invest in

Lakewood Village. Additionally the Council had discussions (no action) on updating our investment policy and the dark skies initiative. Minutes of the meeting will be available next month.

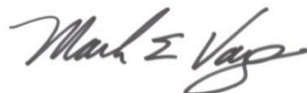
KEY FIGURES: For the first 15 days of August:

- Average daily water production was 114,300 gallons or 39% of our maximum production.
- At the sewer plant, the average daily flow was 44,346 gallons or 44% of our capacity.

The community celebration of our **40th anniversary** will be on **October 14th**. Sponsored by the MDD, there will be live bands and plenty of food. More information next month.

We're working hard and with your help we can make LWV great. It's never been a better time to be in Lakewood Village.

Dr. Mark E. Vargus
Mayor



(cell) 214-558-6947
Mark@lakewoodvillagetx.us