

September 5, 2017

First, let me say “Congratulations, Lone Oak!” We made our last bond payment this summer. It’s like paying off a mortgage. We no longer have any long-term debt. This is something to be proud of. You will also see a drop in your 2017 overall tax rate as a result.

Now, why am I sending you this letter?

I am writing you at my own expense because our city has an important decision to make that will impact our future.

The decision is: Are we going to allow businesses that choose to locate outside of city limits to connect to city services?

Why is this an important issue? Typically, about three-fourths (3/4) or so of a city’s income is from property taxes and from city sales taxes collected by businesses in the city. When a business chooses to locate outside the city limits then they have chosen to not support the city in these ways.

Our city and community have actual value and you and I have a vested interest in that value. Our investment and equity are in real, tangible things that businesses need and want. As a city, we provide an infrastructure: roads, water lines, waste disposal, public works services, and law enforcement, to name a few.

Along with the infrastructure and identity, probably the most important thing we provide is an established customer base. The shoppers and consumers that a business needs to be successful.

To the question extending city services to those businesses that choose to locate outside of city limits, I say “No!”

It is not in the interest of the city to do so. The city gains next to nothing while surrendering any incentive for businesses to join the city and carry its share of the burden by paying property taxes and collecting sales tax for the benefit of the city. After all, why buy the cow when you can get the milk for free?

Also, the city would have the additional burdens of construction and the expenses of getting the necessary easements from affected property owners and right-of-way owners: private, county, and state. The easements are required to lay the piping and continuing permission to access the same area for maintenance and repairs. Also, there would be the ongoing liability for any damages that may result from the construction.

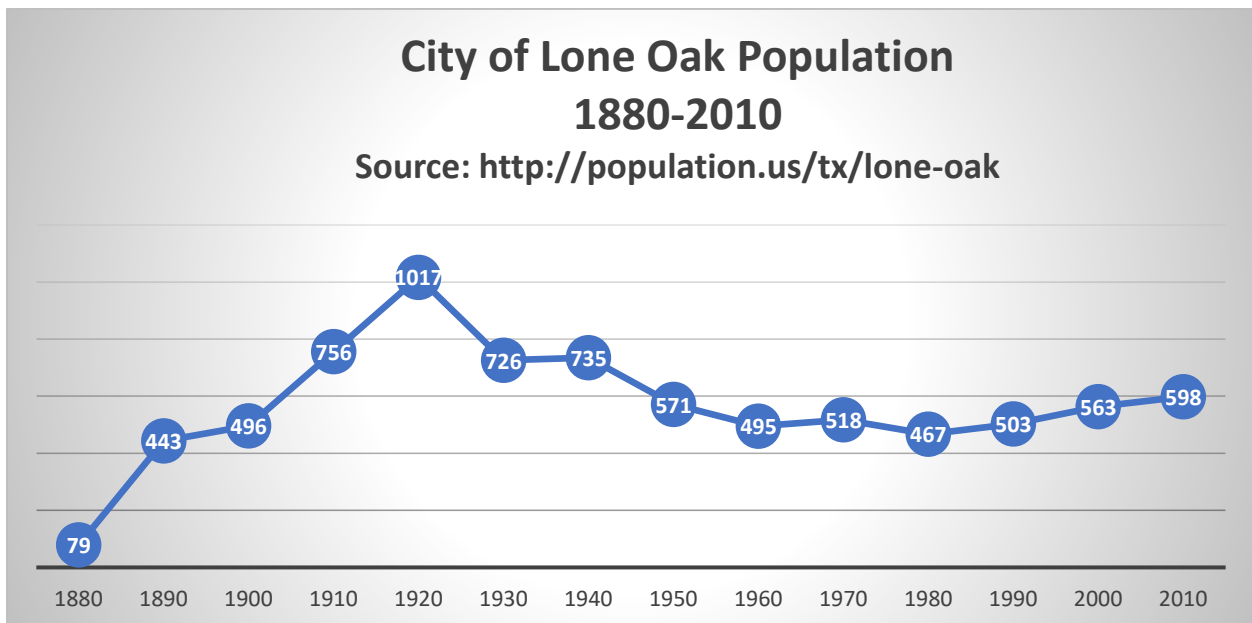
We need to define a larger strategy for the city. We want to improve the city services and appearances making it attractive to potential residents and businesses and that takes money.

So, where will the money come from? As I mentioned earlier, most of the city income comes from property taxes and sales tax collected by businesses within the city limits.

To the first point: property taxes. We go through phases where we talk about city growth. How to increase the size of the city. There are really only two options and they are forced annexation and voluntary annexation.

We need to be realistic. The first option is a non-starter. The city is not going to be doing any forced annexations. Currently, a city must have minimum population of 1,000 to do so. I've included a chart showing the historical population of Lone Oak going back to 1880. The last time Lone Oak had a population of 1,000 was in the 1920s – 1930s when it had 200+ businesses, two banks, and three railroads.

Even if forced annexation survives Texas legislative efforts to end it, we are not likely to see our population grow to meet the minimum requirement any time soon.



The second option, voluntary annexation, is simple but will require strategy, planning, and effort on our part. We must give property owners reasons to join the city. As I mentioned earlier, those reasons include quality infrastructure: roads, water lines, waste disposal, public works services, and law enforcement.

Another obvious reason is for the city to be nice looking — appealing to the eye.

To the second point: city sales tax. This one is pretty simple. The more businesses that we get inside our city limits and the more those businesses succeed the more the city benefits.

The city’s financial condition improved dramatically once we dealt with our bond obligations several years ago. Our credit rating is higher than it has been in anyone’s memory. We have been able to pay competitive wages to attract competent and dedicated city employees. We now have the most professional staff Lone Oak has ever had and it all boils down to handling our finances responsibly. We now have the staff in place to properly manage business growth in the city.

Now back to the original purpose of this letter: Should we allow businesses who choose to locate outside our city limits to hook up to city services? Again, I say “No!”

Businesses are free to choose where they locate but if they choose a location where they will not be sharing in the financial burdens and responsibilities of the city then the city is under no obligation to assist them. Let them make their own arrangements.

I have requested that this matter be placed on the next agenda for the next City Council meeting **Tuesday, September 12, 2017, 7:00 p.m. at City Hall.**

Please come to the meeting as a show of support and so you can see and hear the matter discussed first hand.

Please contact your elected representatives and the members of the EDC to let them know what your thoughts are. I have included contact information below.

Mayor and City Council	Economic Development Committee (EDC)
Douglas Williams, Mayor	Jerry McGee, President
Nikki Lovett, Place 1	Wes Owen, Vice President
Sandra Williams, Place 2	Susan Bishop, Secretary
Christene Barrow, Place 3	Susie Cooper, Treasurer
Gordon Galloway, Place 4	Kenny Lovett, Director
Wes Owen, Place 5, <i>Mayor ProTem</i>	Chris Moore, Director
	Joe Sterner, Director

The Mayor, City Council members, and EDC members can be contacted through City Hall or by using the contact information provided on the respective website.

City of Lone Oak: <http://www.cityofloneoak.com/index.shtml>

Economic Development Committed: <http://loneoaktexasedc.com/index.htm>

I have also posted a PDF version of this letter on my personal website at <http://www.loneoaktx.org>

Thank you for your time and consideration!

Please let your voice be heard. This is Lone Oak's future.

Sincerely,

Gordon Galloway