

Gendy Street Task Force CFW Capital Funding Options

Planning and Data Analytics Department

February 23, 2023

CFW Capital Funding Options

- General Obligation Bonds – Bond referendum, voter approval, 20 year debt service
- Certificates of Obligation – Council authorization, 20 year debt service
- Tax Notes – Council authorization, 7 year debt service
- PAYG (annual cash capital) – Council authorization, annual General Fund allocation, cash funding dedicated to ongoing infrastructure maintenance

Property Tax Supported New Money Debt

Bond Program Authorization

- 2018 Bond Program Authorization - \$83,165,000
 - Prop 1: Streets (\$54,230,080)
 - Prop 2: Parks & Recreation (\$18,015,600)
 - Prop 3: Public Library (\$4,868,500)
 - Prop 4: Fire Safety (\$2,975,820)
 - Prop 6: Police Facility (\$3,075,000)
- 2022 Bond Program Authorization - \$85,000,000
 - Prop 1: Streets and Mobility (\$65,774,000)
 - Prop 2: Parks & Recreation (\$10,670,000)
 - Prop 3: Public Library (\$712,500)
 - Prop 4: Public Safety Improvements (\$4,843,000)
 - Prop 5: Natural Area and Open Space (\$0)

Property Tax Supported Debt

- Certificates of Obligations - \$93,000,000 +/-
 - City Hall Upgrades (up to \$50MM)
 - Convention Center Improvements for Phrase I (\$43MM) self-supported from C&T revenues
- Tax Notes - \$18,320,000 +/-
 - Annual Planned Fire Apparatus Replacement and trucks (\$13.72MM)
 - Northwest Radio Tower (\$4.60MM)

General Obligation Debt Capacity Analysis

- Model is dynamic and continually updated by staff and FAs as conditions change
- Issuance plan maximizes project capacity under the current tax rates
- Estimated Available Bonding Capacity: \$605 million (Note: Capacity Model to be updated again once Certified Taxable Values are received in late July)
 - \$475 million remaining from 2022 bond program
 - \$130 million unallocated capacity (Staff recommends reserving capacity for emergency purposes, grant projects that need matching funds, and other unexpected future capital needs)

Capacity Input	Current Assumption
I&S Tax Rate	Flat at \$0.1475
Property Tax Revenue Growth Rate	4% for tax years 2023 – 2028; 2% for 2029 – 2033; 1% for 2034 – 2038 and flat thereafter
Annual Delinquents, Penalties and Interest	\$4,500,000
Self-Supporting Debt	Portions of certain obligations paid from CCPD funds, C&T revenues, Solid Waste revenues, Parking System revenues, TIRZ revenues and Car Rental taxes will continue to be funded.

Debt Input	Current Assumption
Tax Note Program	\$17,000,000 in 2024 through 2028, growing 3% thereafter
2018 Bond Program	Remaining authorization issued in 2023
Projected 2023 Issuances	All projected issues included in capacity model, estimated at market rates
Projected Future Bond Program	Planned \$560 million 2022 bond program – issued in 2023 (\$85MM), 2024 (\$120MM), 2025 (\$125MM), 2026 (\$130MM) and 2027 (\$100MM)
Interest Rate Assumptions	Market rates as of December 22, 2022 + 0.50% – 2.5% to accommodate potential market volatility, rise in interest rates, etc.

Observations

- Debt service capital funding can be considered for building renovation
- GO Bond projects are in high demand, compete with other infrastructure projects city-wide; bonds require voter approval
- CO's and Tax Notes are extremely limited and have prior ongoing commitments i.e. fire apparatus; proposed legislation to restrict use of these debt instruments
- Currently \$130 million unallocated capacity (reserve capacity for emergency purposes, grant projects that need matching funds, and other unexpected future capital needs)
- General Fund PAYG is limited – FY2023 Budget includes \$65MM with \$47MM for streets and remainder for Property Management, IT, PARD and Neighborhood Improvement Program

Questions and Comments

