



City of Franklin, Tennessee
Board of Mayor and Aldermen

**FY 2019-2028
Capital Investment
Program Financing Model**

BOMA Work Session

July 2, 2019



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Agenda

Summary

Revenues:

- Available Resources**
- Debt Capacity Review**

Expenses:

- Recommended FY 2019-2028 Project Tiers**
- FY 2020 Capital Budget**

Closing



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Summary

This financing model has been built to determine answers to the following questions:

- What is the amount of available resources from all funds which can be spent on Capital Projects over the next ten years?**
- How much will the FY 2019-2028 Capital Improvement Program cost? And,**
- What will be the impact on the City's debt capacity and overall debt service?**



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Summary

This model has three main sections:

- This Executive Summary with summaries of current and future resources, annual and cumulative cost estimates for all Phase I CIP projects and a revised Debt Capacity Analysis given the revised cost of projects.**
- 10-year Financing Analysis with detailed forecasts for most major internal funds of the City of Franklin.**
- FY 2019-2028 CIP Project Detail Sheets, which itemize the annual and cumulative funding needs by source by project.**



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Revenues: Available Resources (Cash)

This model shows gross available revenues for all committed and proposed capital projects. Taking into account all available fund balances which can be used for capital purposes and forecasting all future revenues for the next decade, we project *slightly more than \$179,392,570 in cash is available* for capital projects between now and the end of FY 2028.

Note: This is \$15 million more than we forecast in November; continued healthy growth in Development Funds and in Sales Tax collections have contributed to this increase.



City of Franklin, Tennessee

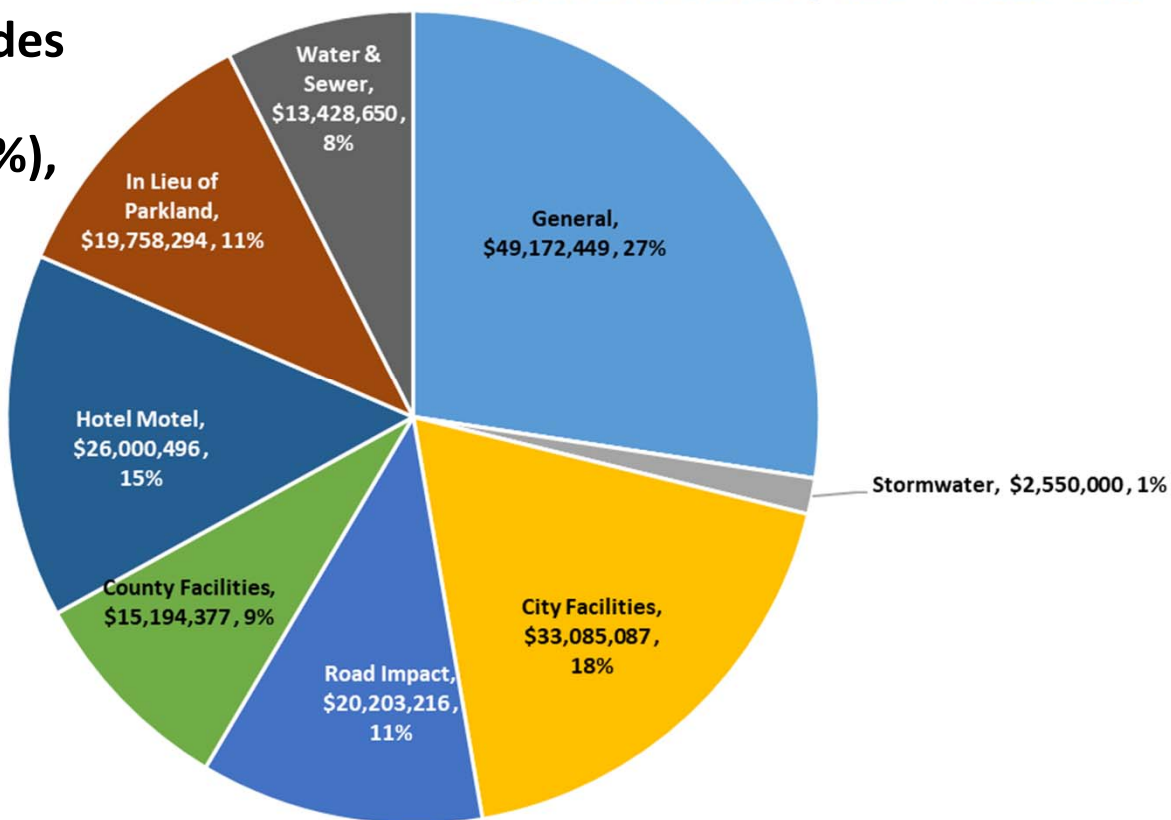
FY 2019-2028 Capital Investment Program

Revenues: Available Resources (Cash) - \$179,392,570

Of Note:

- General Fund Cash includes current Capital Funding Account balance (over 45%), Invest Franklin dollars, 50% of anticipated Sales Tax monies currently going to Williamson County for Schools (beginning in 2022) and 50% of Property Tax monies currently paying off TIF District (beginning in FY 2024)

Projected Resources by Fund - FY 2019-2028





City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Revenues: Debt Capacity Review

- Although the forecast of over \$179 Million in cash resources for capital projects is a notable achievement for the next ten years, there is far more need than what we can afford in cash alone. Staff continues to be a proponent of leveraging our cash resources and responsibly borrow to fund eligible capital projects.
- Staff proposes ***\$95 million in additional borrowing*** (to join the existing \$37 million already issued in debt) over the next 8 years to fund capital investment.



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Debt Capacity Review

A few notes:

- 1) The Debt Capacity Analysis takes into account all debt rolling off over the next ten years.**
- 2) The Debt Capacity Analysis assumes issuing bonds in level principal payments (the most conservative approach to issuing debt) at an annual rate of 4.5% for a duration of 20 years.**
- 3) The analysis is predicated on using monies generated from the Williamson County Schools taxes and the TIF district to service additional debt.**
- 4) Staff attempted to balance overall debt and cash at 50% each for the next ten years to fund capital.**

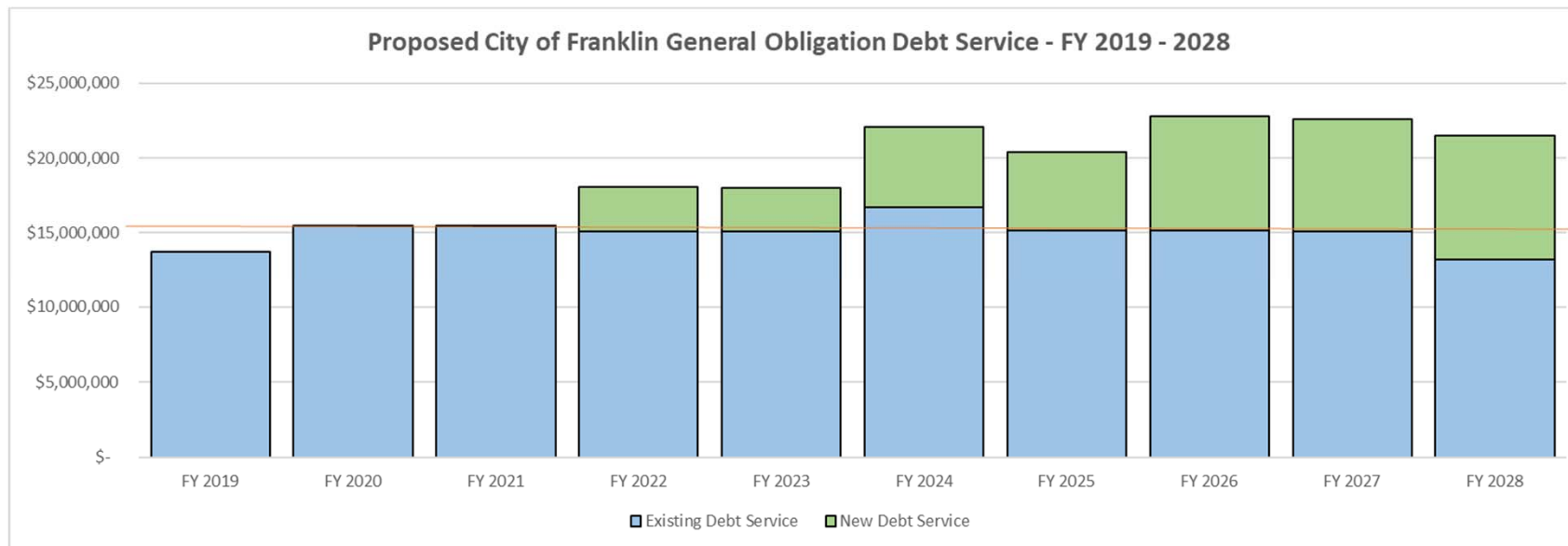


City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Revenues: Debt Capacity Review

| Proposed Debt Issuances | | | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Balance (FY 2029-FY 2047) |
|-------------------------|-------------------------------------|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------------------|
| FY | Interest Rate | Issuance Amt. | | | | | | | | | | | |
| 2021 | 4.50% | \$ 31,289,625 | \$ - | \$ - | \$ - | \$ 2,972,514 | \$ 2,902,113 | \$ 2,831,711 | \$ 2,761,309 | \$ 2,690,908 | \$ 2,620,506 | \$ 2,550,104 | \$ 26,744,807 |
| 2023 | 4.50% | \$ 26,833,855 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,549,216 | \$ 2,488,840 | \$ 2,428,464 | \$ 2,368,088 | \$ 2,307,712 | \$ 27,370,532 |
| 2025 | 4.50% | \$ 26,962,327 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,561,421 | \$ 2,500,756 | \$ 2,440,091 | \$ 32,199,759 |
| 2027 | 4.50% | \$ 10,000,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 950,000 | \$ 13,775,000 |
| A | New Debt Service | | \$ - | \$ - | \$ - | \$ 2,972,514 | \$ 2,902,113 | \$ 5,380,927 | \$ 5,250,149 | \$ 7,680,793 | \$ 7,489,350 | \$ 8,247,907 | \$ 100,090,098 |
| B | Existing Debt Service | | \$ 13,764,063 | \$ 15,455,385 | \$ 15,478,652 | \$ 15,091,564 | \$ 15,082,645 | \$ 16,680,553 | \$ 15,169,085 | \$ 15,127,656 | \$ 15,094,567 | \$ 13,236,744 | \$ 73,759,278 |
| C (A + B) | Cumulative G.O. Debt Service | | \$ 13,764,063 | \$ 15,455,385 | \$ 15,478,652 | \$ 18,064,078 | \$ 17,984,758 | \$ 22,061,481 | \$ 20,419,234 | \$ 22,808,448 | \$ 22,583,917 | \$ 21,484,650 | \$ 173,849,376 |



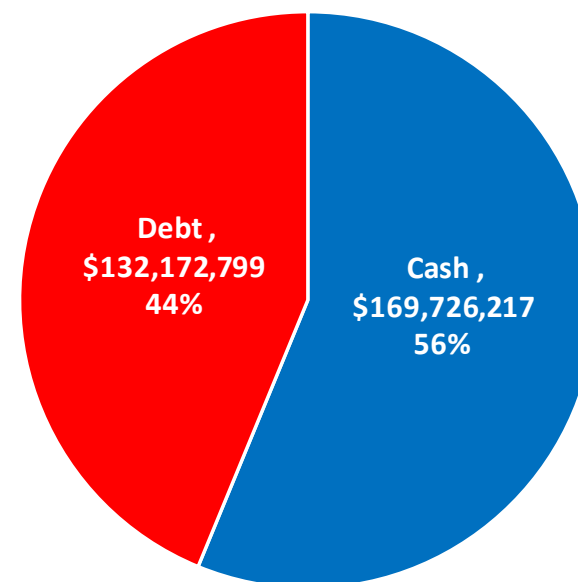


City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Revenues: \$301,899,016 available (all sources)

| FY 2019-2028 Projected Resources | | |
|----------------------------------|-------------|--------------------|
| Internal | Cash & Debt | |
| 110 General | | |
| Pay-as-you-go Cash ¹ | \$ | 9,248,697 |
| 2017 & 2019 G.O. Bonds | \$ | 37,086,992 |
| Additional Debt ² | \$ | 95,085,807 |
| 124 Sanitation Fund | \$ | - |
| 128 Road Impact Fund | \$ | 20,203,216 |
| 130 City Facilities Tax | \$ | 33,085,087 |
| 132 County Facilities Tax | \$ | 15,194,377 |
| 135 Stormwater | \$ | 2,550,000 |
| 150 Hotel Motel | \$ | 26,000,496 |
| 155 In Lieu of Parkland | \$ | 19,758,294 |
| 421 Water | \$ | 2,845,650 |
| 431 Sewer | \$ | 10,583,000 |
| External | | |
| Federal | \$ | 2,600,000 |
| State | \$ | 14,000,000 |
| Local | \$ | 12,582,400 |
| Private | \$ | 1,075,000 |
| Total | \$ | 301,899,016 |



Notes:

¹ Pay as you go cash includes the balance of the Capital Funding Account (over 45% of fund balance in the General Fund) and the accumulated total of the 1.5 Cent property tax allocation for capital projects.

² Debt Service resource is an estimated amount of \$95,000,000 based upon the amount of capacity gained from the amount of existing debt service to be retired and the addition of Sales Tax and TIF District revenues.



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Revenues: So what changed from November?

November: *Net* Internal Revenues only
Total: \$237 million
- \$95 million committed to prior projects
Available: \$142 million
(rounded to \$150M)

Today: *Gross* Internal & External Revenues shown
Total: \$302 million
(Increase *of \$65 million*)
+ \$30 M External (grants/ other gov't/private)
+ \$16 M Development Funds
+ \$12 M Water & Sewer
+ \$7 M Additional Debt



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Expenses: \$281,510,872 in total projects

The Projects: 37 recommended projects totaling \$281,510,872 over the next ten years.

They comprise 3 tiers:

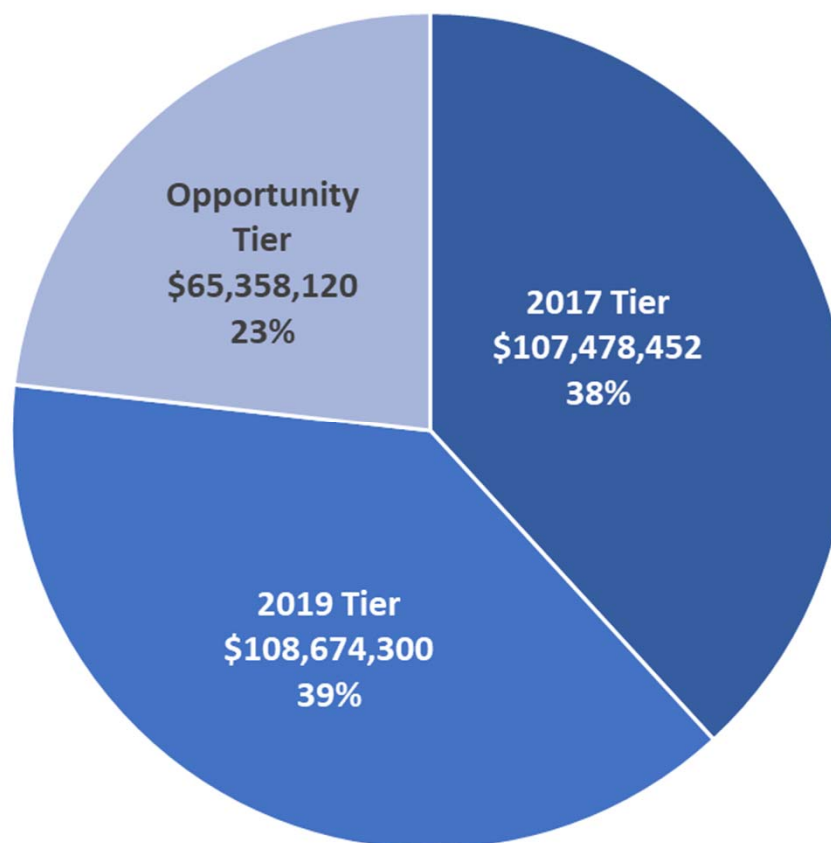
- 2017 Tier - 7 - (*BOMA Authorized under Res. 2016-69*)
- 2019 Tier - 13 - (*BOMA Prioritization from earlier in 2019*)
- Opportunity Tier - 17 – comprised projects which received majority support of BOMA members, or staff believes are either vital to achieve to maintain the health, safety and value of community assets or maximize external funding support.



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Capital Project Tiers





City of Franklin, Tennessee FY 2019-2028 Capital Investment Program

Capital Project Tiers: 2017 Tier

| Project | Total Project Cost | FY 2020 Budget |
|--------------------------------|-----------------------|----------------------|
| FD16001 - Fire Station 7 | \$ 7,062,500 | \$ 5,082,305 |
| ST16007 - McEwen Phase 4 | \$ 34,057,000 | \$ 5,000,000 |
| ST16009 - Franklin Road | \$ 18,178,952 | \$ 8,296,432 |
| Major Road Resurfacing | \$ 8,425,000 | \$ 2,725,000 |
| FM19003 - Sanitation Facility | \$ 3,255,000 | \$ 1,755,000 |
| PK16014 - SE Park - Phase I | \$ 31,200,000 | \$ 1,300,000 |
| <u>ST16020 - 96 West Trail</u> | <u>\$ 5,300,000</u> | <u>\$ 3,500,000</u> |
| | \$ 107,478,452 | \$ 27,658,737 |



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Capital Project Tiers: 2019 Tier

| Project | Total Project Cost | FY 2020 Budget |
|--|---------------------------|-----------------------|
| ST16017 - Long Ln and Old Peytonsville Rd Connector | \$ 22,288,800 | \$ 450,000 |
| PK16020 - Bicentennial Park | \$ 4,175,000 | \$ 300,000 |
| SW16003 - 100 Block Battle Avenue Drainage Improvements | \$ 2,500,000 | \$ 2,500,000 |
| FM19001 - 5th Ave Parking Lot | \$ 500,000 | \$ 500,000 |
| ST16011 - Mallory/N Royal Oaks & Liberty Intersection Imp. | \$ 15,000,000 | \$ 450,000 |
| PK16013 - Greenway & Bridge (Harlinsdale to Chestnut Bend) | \$ 3,032,960 | \$ 350,000 |
| PK16016 - Lockwood Glen Park | \$ 5,530,000 | \$ 602,300 |
| ST16006 - Jordan Road (Aspen Grove Dr-Mallory Ln) | \$ 4,670,480 | \$ 200,000 |
| ST16030 - Lewisburg Ave Sidewalk Improvements | \$ 1,162,260 | \$ 426,380 |
| FM16001 - New City Hall | \$ 24,500,000 | \$ 250,000 |
| PK19001 - FSSD (Freedom Middle/Poplar Grove) | \$ 5,150,000 | \$ 276,300 |
| ST16012 - E McEwen Dr. Ext. (Wilson Pike to City Limits) | \$ 19,634,800 | \$ 250,000 |
| <u>SW16007 - Maplewood Stormwater Project</u> | <u>\$ 530,000</u> | <u>\$ 530,000</u> |
| | \$ 108,674,300 | \$ 7,084,980 |



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Capital Project Tiers: 2019 Tier

- Totals 13 projects; these were prioritized by BOMA earlier in 2019.
- 2 projects **NOT** included within this recommendations though they were prioritized by the BOMA:
 - a) **#ST16014 – Franklin Rd. & Mallory Station Intersection Improvement - \$6,740,000** – Staff strongly suggests waiting and seeing impact of current improvements as part of the Ironhorse PUD development and if TDOT will want to participate on expanding Franklin Road before embarking on this improvement.
 - b) **#ST16022 – Carothers Pkwy Widening (Long Lane to Falcon Creek) - \$12,030,800** – Staff recommends improving the northern section of Carothers first (Falcon Creek to Hwy 96) at a cost of more than double (\$26.2M est.) Otherwise there will be a bottleneck on Carothers.



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Capital Project Tiers: Opportunity Tier

| Project | Total Project Cost | FY 2020 Budget |
|---|---------------------------|-----------------------|
| PK16009 - Liberty Park Improvements | \$ 5,400,000 | \$ 250,000 |
| PK16002 - Main Barn, Harlinsdale | \$ 1,719,070 | \$ 217,870 |
| PK16018 - Eastern Flank Road Circle | \$ 160,000 | \$ 160,000 |
| PK16011 -Greenway Aspen Grove Park to Mack Hatcher | \$ 1,555,000 | \$ 75,000 |
| ST19004 - McEwen Drive Interchange Modifications | \$ 1,000,000 | \$ 1,000,000 |
| ST19006 - Church St. (Columbia to 2nd Ave S) | \$ 11,231,644 | \$ 215,415 |
| ST16005A - Peytonsville Rd & Pratt Ln Int. Improvements | \$ 9,913,416 | \$ - |
| ST16005B - Pratt Ln Bridge Replacement | \$ 1,500,000 | \$ 100,000 |
| SW19003 - USACE - Home Raising Project | \$ 4,000,000 | \$ 4,000,000 |



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Capital Project Tiers: Opportunity Tier

| Project | Total Project Cost | FY 2020 Budget |
|--|---------------------------|-----------------------|
| SW19004 - West Main Bridge Widening Project | \$ 455,000 | \$ 60,000 |
| ST16001 - Carlisle Ln (SR96W-Future Mack Hatcher Pkwy) | \$ 8,490,720 | \$ - |
| PK19010 - Thompson Alley Neighborhood Park | \$ 222,000 | \$ 20,000 |
| ST19001 - Main St Sidewalk Repair Project | \$ 2,200,000 | \$ 520,000 |
| ST16024 - Mack Hatcher Multiuse Trail (Franklin-Hillsboro) | \$ 3,600,000 | \$ - |
| PK19007 - Greenway (Pinkerton Park to Franklin Rd. Bridge) | \$ 5,328,400 | \$ - |
| FM19002 - New Public Parking Structure or Surface Lot | \$ 8,100,000 | \$ - |
| PK16001 - Hayes Home Restoration (Harlinsdale) | \$ 482,870 | \$ - |
| | \$ 65,358,120 | \$ 6,618,285 |



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

FY 2020 Capital Budget

- In keeping with our commitment to further enhance our financial management of the community and communicate a clear expectation of what will be accomplished in the upcoming year, we have broken down for the first time this ten-year CIP year by year. This effort represents an annual capital budget, to be reviewed and appropriated by the BOMA annually.**
- This will occur for FY 2020 through the first budget amendment at the August Budget & Finance Committee. Moving forward, this will be submitted as part of the Annual Operating Budget in May for your consideration.**



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

FY 2020 Capital Budget

- The FY 2020 Capital Investment Budget will consist of elements of 31 of the 37 projects, totaling **\$41,362,002**.
 - All 7 of the 2017 Tier Projects (**\$27,658,737**)
 - All 13 of the 2019 Tier Projects (**\$7,084,980**)
 - 11 of the 17 Opportunity Tier Projects (**\$6,618,285**)
- This is an aggressive capital work plan for the next 12 months. While some of this investment is in the actual production of projects (Fire Station 7, Sanitation Facility Improvements, Major Road Resurfacing, Franklin Road, Maplewood Stormwater, 100 Battle Ave, etc.) the majority of expenditures are for design of future projects in the 10-year window. This is to maximize future funding and construction opportunities.



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Summary

- Staff estimates that ***\$301 million of resources are available*** over the next ten years to fund 37 capital projects from the list totaling over ***\$281 million in requests.***
- ***Model is conservative with revenue assumptions, but maximizes funding opportunities.*** It assumes the City take on additional debt, but the city has the ability to pay the recommended debt with ongoing revenue streams.
- This will be revisited every two years and amended.



City of Franklin, Tennessee
FY 2019-2028 Capital Investment Program

Questions