



City of Franklin, Tennessee
Board of Mayor and Aldermen

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

BOMA Work Session

November 27, 2018



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Agenda

- Executive Summary**
- Available Resources**
- Debt Capacity Review**
- Unfunded Capital Obligations**
- Remaining Resources**



City of Franklin, Tennessee

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Executive 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?**
- What will be the impact on the City's debt capacity and overall debt service?**



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Executive Summary

This model has two main sections:

- 10-year Financing Analysis with detailed forecasts for most major internal funds of the City of Franklin.**
- This Executive Summary with summaries of current, future and remaining resources, a revised Debt Capacity Analysis, a list of unfunded capital obligations and a summary of unobligated resources for the ten-year horizon.**



City of Franklin, Tennessee

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Executive Summary

In building this model, staff has tried to be conservative with our revenue projections and prudent when determining available resources. "Available fund balances" are current estimated balances in most funds as of June 30th, less amounts reserved either through state law or BOMA policy.

There is one major difference of note: The FY 2019-2028 CIP presented to date has included Water & Sewer capital projects thus far. Those projects are not included within this financing model. A reconciliation is provided on the "Closing Summary" page of this model.



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Available Resources (Cash)

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 \$164,175,000 in cash is available* for capital projects between now and the end of FY 2028.



City of Franklin, Tennessee

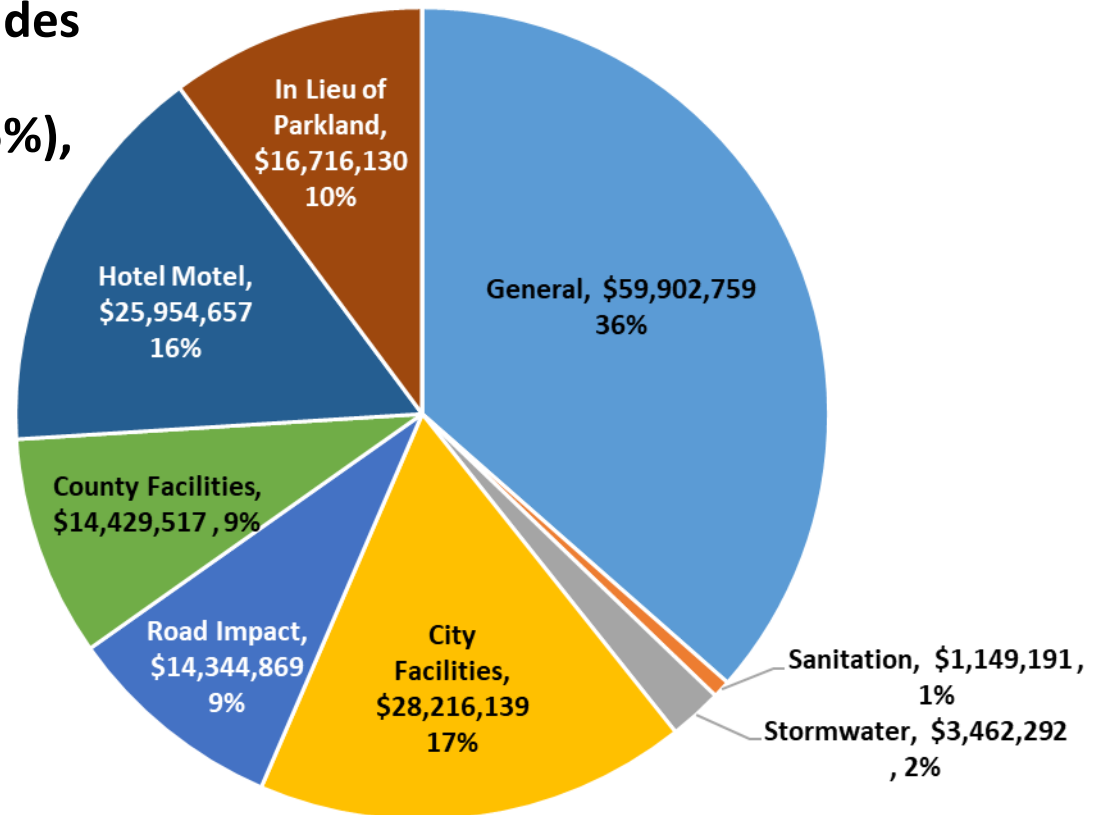
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Available Resources (Cash) - \$164,175,554

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 Bonds (beginning in FY 2024)

Projected Resources by Fund - FY 2018-2029





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Debt Capacity Review

Although the forecast of \$164.1 million in cash resources for capital projects is sizable, this amount is significantly less than the nearly \$675 million of general government capital requests over the next ten years (excluding Water & Sewer Utility projects). Staff has taken this into account and revised the Debt Capacity Analysis to determine a reasonable amount of additional debt for the City to take on over the next ten years.



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Debt Capacity Review

A few notes:

- 1) The Debt Capacity Analysis takes into account all principal scheduled to mature 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 expiration of TIF district to service additional debt.**
- 4) Staff attempted to balance overall debt and cash at 50% for the next ten years to fund capital.**

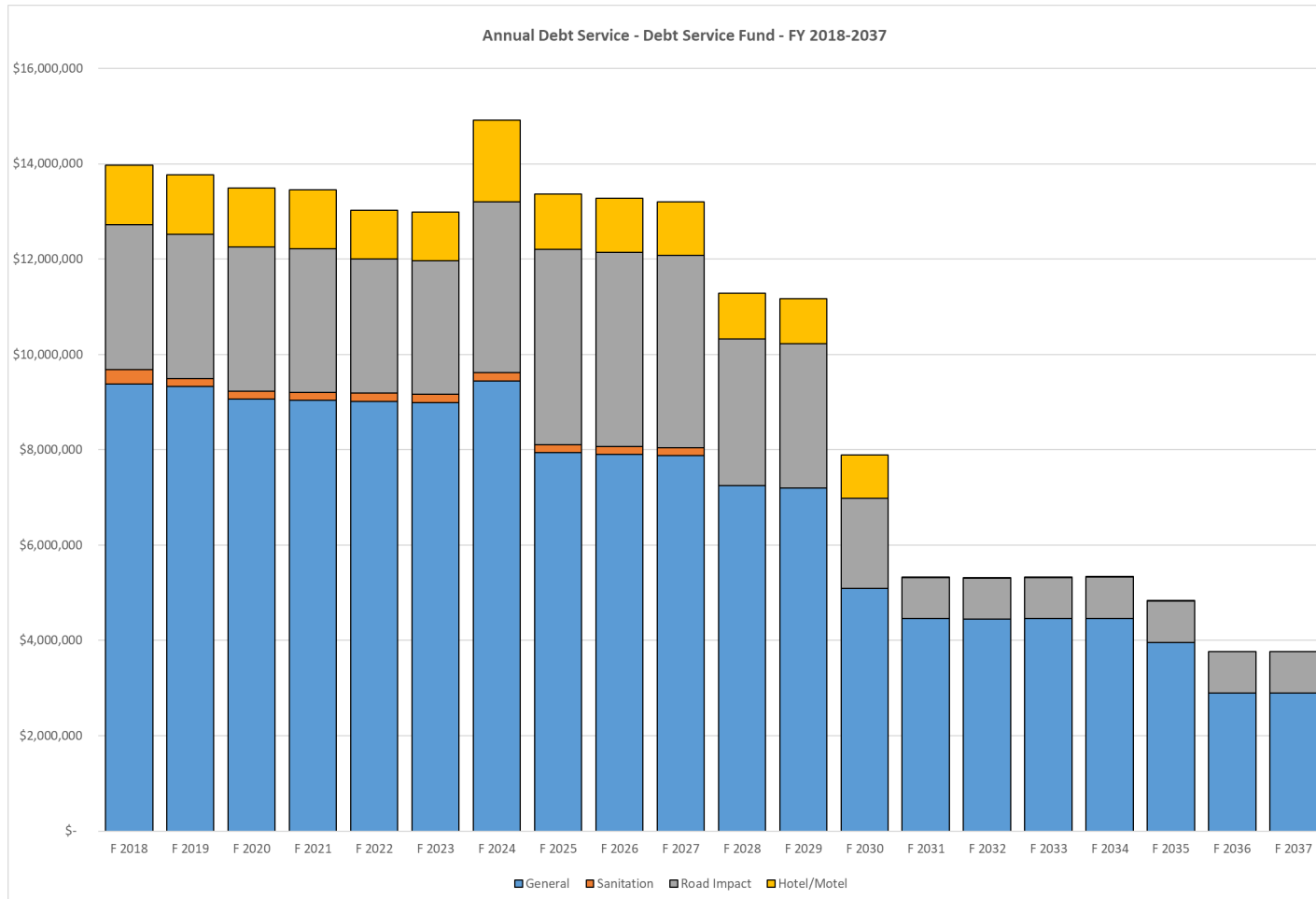


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Debt Capacity Review





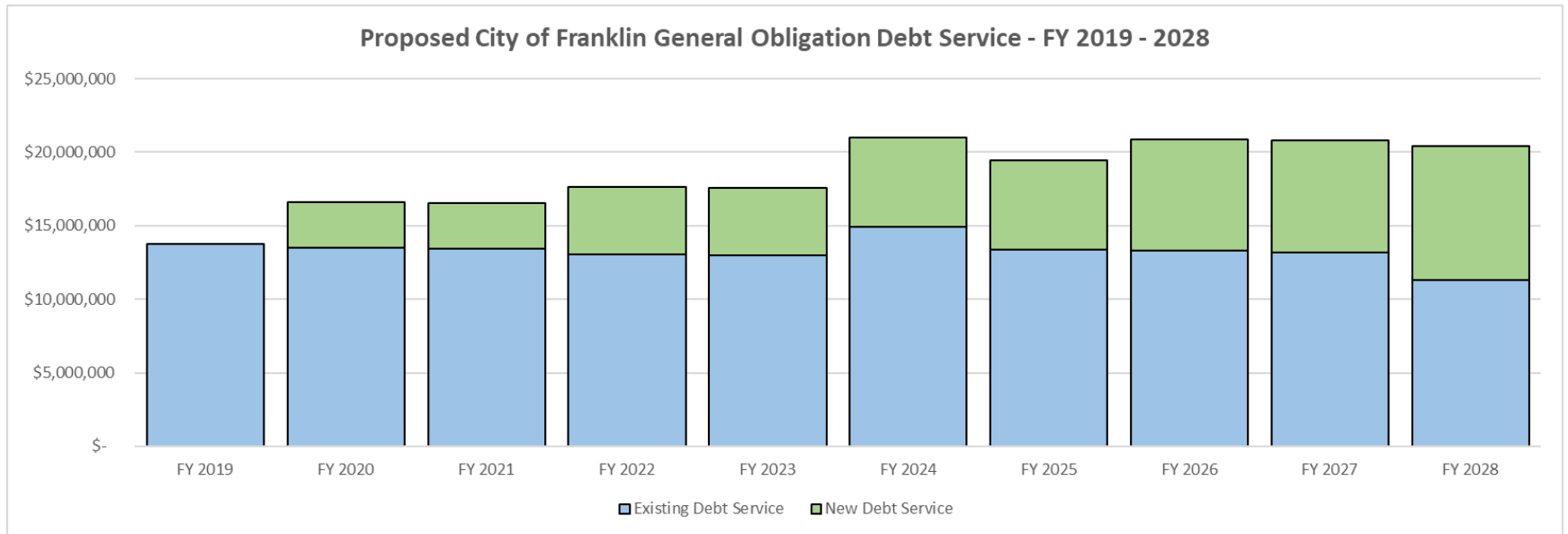
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Debt Capacity Review

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 2028-FY 2043)
FY	Interest Rate	Issuance Amt.											
2019	4.50%	\$ 40,000,000	\$ -	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000	\$ 34,100,000
2021	4.50%	\$ 20,000,000	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 19,500,000
2023	4.50%	\$ 20,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 22,500,000
2025	4.50%	\$ 20,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 25,500,000
2027	4.50%	\$ 20,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 28,500,000
A	New Debt Service		\$ -	\$ 3,100,000	\$ 3,100,000	\$ 4,600,000	\$ 4,600,000	\$ 6,100,000	\$ 6,100,000	\$ 7,600,000	\$ 7,600,000	\$ 9,100,000	\$ 130,100,000
B	Existing Debt Service		\$ 13,764,063	\$ 13,490,559	\$ 13,454,204	\$ 13,026,056	\$ 12,987,492	\$ 14,915,891	\$ 13,366,922	\$ 13,278,680	\$ 13,201,317	\$ 11,284,568	\$ 33,665,096
C (A + B)	Cumulative G.O. Debt Service		\$ 13,764,063	\$ 16,590,559	\$ 16,554,204	\$ 17,626,056	\$ 17,587,492	\$ 21,015,891	\$ 19,466,922	\$ 20,878,680	\$ 20,801,317	\$ 20,384,568	\$ 163,765,096





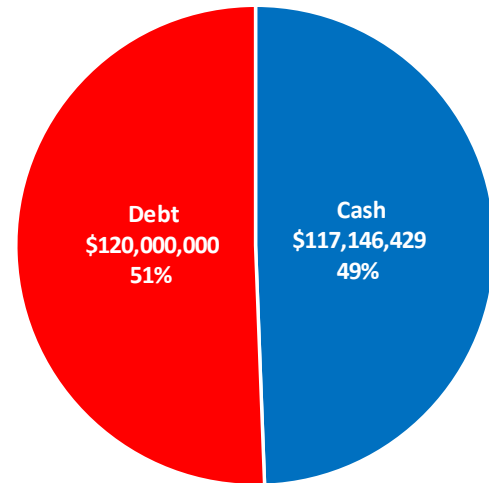
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Debt Capacity Review

Internal	Cash Only	Cash & Debt
110 General		
Pay-as-you-go Cash ¹	\$ 59,902,759	\$ 12,873,634
Debt Service ²	\$ -	\$ 120,000,000
124 Sanitation Fund	\$ 1,149,191	\$ 1,149,191
128 Road Impact Fund	\$ 14,344,869	\$ 14,344,869
130 Facilities Tax	\$ 28,216,139	\$ 28,216,139
132 County Facilities Tax	\$ 14,429,517	\$ 14,429,517
135 Stormwater	\$ 3,462,292	\$ 3,462,292
150 Hotel Motel	\$ 25,954,657	\$ 25,954,657
155 In Lieu of Parkland	\$ 16,716,130	\$ 16,716,130
Total	\$ 164,175,554	\$ 237,146,429



Notes:

¹ Pay as you go cash includes the balance of the Capital Funding Account (over 45% of fund balance in the General Fund), Invest Franklin, and 50% of the assumed annual contributions from the TIF Roll-Off and the .5% Sales Tax increase.

² Debt Service resource is an estimated amount of \$120,000,000 based upon the amount of capacity gained from the amount of existing debt service to be retired and the addition of the \$0.07 of property tax from the *Invest Franklin* initiative, the TIF District Roll-Off and the .5% Sales Tax increase from early 2018 coming back to the City.



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Unfunded Capital Obligations

The City has already made commitments to projects which need to be funded. The chart below shows those projects already committed to funding by the City and the outstanding balances necessary to complete them.

Project Needs		
<u>Phase I CIP - Approved under Res 2016-69</u>	<u>City Balance</u>	<u>Potential Source</u>
East McEwen Phase IV	\$ 23,837,992	General, Road Impact
SE Municipal Complex Phase I	\$ 19,653,110	General/Parkland/Sewer
Franklin Road	\$ 14,528,952	General
Mallory Station/Royal Oaks/Liberty Pike	\$ 2,499,235	Road Impact, County Facilities
Municipal Services (Century Court)	\$ 1,755,000	Sanitation/General
<u>City Projects which we have obligated to participate in</u>	<u>City Balance</u>	
East McEwen Phase V	\$ 9,192,400	General, Road Impact
Harlinsdale Trail	\$ 1,032,960	Parkland, Private Partnership, General
Long Lane & Olds Peytonsville Rd. Connector	\$ 22,288,800	General, Road Impact
Total	\$ 94,788,449	



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Remaining Resources

This financing model has identified just short of \$240 million dollars of anticipated revenue which can be dedicated to general government capital projects (non-water & sewer) over the course of the next ten years. But some of these resources have already been committed. The net amount, over \$140,000,000 is detailed below:

Total FY 2019-2028 CIP Projects (134 projects)	\$	710,548,854
<u>less Water & Sewer Projects</u>	<u>\$</u>	<u>(37,359,730)</u>
Net FY 2019-2028 CIP Projects (82 Projects)	\$	673,189,124
Financing		
Total Estimated FY 2019-2028 Financing (less water & sewer)	\$	237,146,429
<u>less Obligated Financing Needs</u>	<u>\$</u>	<u>(94,788,449)</u>
Net Estimated FY 2019-2028 Financing Resources	\$	142,357,980



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Summary

- Staff estimates that ***\$142 million of resources are available*** over the next ten years to fund capital projects from the list totaling near ***\$675 million in requests.***
- ***Model is inherently conservative.*** It assumes the City take on additional debt, but the city has the ability to pay all of the recommended debt with ongoing revenue streams and could afford to take on more should the board wish to do more projects.



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Summary

- Even with the addition of \$120,000,000 of new debt over the course of the next ten years, the ***overall annual balance of General Fund cash capital is nearly \$12,000,000 a year*** - meaning that the City would be able to remain in its favored position of having cash resources available to take advantage of opportunities and grant matching should those opportunities arise in the future (as they have in the past).
- It also assumes that of new revenue sources - the .5% Sales Tax currently going to Williamson County Schools until nearly FY 2022 and the roll-off of the TIF district in FY 2024 - ***only 50% of that total would be dedicated to capital needs (the rest held in reserve for operational growth)***. There is a possibility that these streams could produce more capacity for capital projects, with more accurate projections closer to 2022 and 2024, respectively.



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Questions