



City of Franklin, Tennessee

FY 2017-2026 Capital Investment Program

**FY 2017-2026
Capital Investment Program
Financing Model**

**September 13, 2016
Board of Mayor & Aldermen**



City of Franklin, Tennessee

FY 2017-2026 Capital Investment Program

Outline

- Executive Summary**
- Available Resources**
- Phase I Project Details**
- Remaining Resources**
- Debt Capacity Review**



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?**
- How much will Phase I of the FY 2017-2026 Capital Improvement Program cost?**
- What will be the amount of remaining resources after those projects are paid for? And,**
- What will be the impact on the City's debt capacity and overall debt service?**



City of Franklin, Tennessee

FY 2017-2026 Capital Investment Program

Executive Summary

This model has three main sections:

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



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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.

The result is mostly positive - due to the prudent management of the community and the passage of the Invest Franklin initiative, the City can afford to take on all Phase I projects and have reasonable levels of remaining resources to fund additional phases of the FY 2017-2026 Capital Improvement Program.



City of Franklin, Tennessee **FY 2017-2026 Capital Investment Program**

Available Resources

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 nearly \$160,000,000 in cash (or over \$206,000,000 in cash + debt)*** is available for capital projects between now and the end of FY 2026.



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Available Resources

	Fund Balance Available	FY 2017	FY 2018	FY 2019	FY 2020	Ongoing Resources						Total Available
						FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	
Internal												
General												
Capital Funding Account	\$ 8,101,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,101,435
1.5 Cent Capital Set-Aside	\$ 1,034,046	\$ 680,736	\$ 687,543	\$ 694,419	\$ 701,363	\$ 708,377	\$ 715,460	\$ 722,615	\$ 729,841	\$ 737,140	\$ 744,511	\$ 8,156,051
Invest Franklin	\$ -	\$ 3,176,766	\$ 3,208,534	\$ 3,240,619	\$ 3,273,025	\$ 3,305,755	\$ 3,338,813	\$ 3,372,201	\$ 3,405,923	\$ 3,439,982	\$ 3,474,382	\$ 33,236,000
Sanitation Fund	\$ -	\$ 32,294	\$ 244,165	\$ 588,923	\$ 556,343	\$ 521,641	\$ 484,723	\$ 445,495	\$ 403,857	\$ 359,705	\$ 312,933	\$ 3,950,079
Road Impact Fund	\$ 4,582,150	\$ 298,664	\$ 838,593	\$ 111,484	\$ 131,256	\$ 153,639	\$ 352,228	\$ 372,842	\$ 103,176	\$ 76,783	\$ 98,114	\$ 7,118,929
Stormwater	\$ 4,436,729	\$ 222,266	\$ 216,697	\$ 210,537	\$ 203,759	\$ 196,328	\$ 188,214	\$ 179,373	\$ 169,778	\$ 159,377	\$ 148,135	\$ 6,331,192
Facilities Tax	\$ 6,348,411	\$ 2,912,000	\$ 2,312,000	\$ 2,312,000	\$ 2,312,000	\$ 2,312,000	\$ 2,312,000	\$ 2,312,000	\$ 2,312,000	\$ 2,312,000	\$ 2,312,000	\$ 30,068,411
Hotel Motel	\$ 2,388,275	\$ 881,418	\$ 1,134,099	\$ 1,139,140	\$ 1,295,873	\$ 1,458,643	\$ 2,049,163	\$ 2,401,230	\$ 1,843,140	\$ 2,547,764	\$ 2,709,614	\$ 19,848,360
In Lieu of Parkland	\$ 4,425,966	\$ 1,207,525	\$ 1,255,000	\$ 1,005,000	\$ 1,005,000	\$ 1,005,000	\$ 1,005,000	\$ 1,005,000	\$ 1,005,000	\$ 1,005,000	\$ 1,005,000	\$ 14,928,491
Water Funding*	\$ -	\$ 552,500	\$ 863,620	\$ 311,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,727,240
Sewer Funding*	\$ -	\$ 372,500	\$ 528,500	\$ 156,000	\$ 179,850	\$ 179,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,416,700
External												
MPO/TDOT	\$ -	\$ 8,630,000	\$ 1,555,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,185,000
Army Corp of Engineers	\$ -	\$ -	\$ -	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,000
County Facilities Tax	\$ 3,262,263	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 12,762,263
Utility Agreements	\$ -	\$ 475,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 475,000
Developer Agreements	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,000
Total	\$ 35,129,275	\$ 20,391,669	\$ 13,793,750	\$ 11,469,242	\$ 10,608,470	\$ 10,791,232	\$ 11,395,601	\$ 11,760,756	\$ 10,922,714	\$ 11,587,751	\$ 11,754,689	\$ 159,605,150

**Water & Sewer resources shown only those available for Phase I capital projects. Amount to be further refined.*



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Phase I CIP Project Details

Eight (8) projects are identified in the funding analysis provided herein:

- East McEwen (Phase IV)**
- East / Southeast Multipurpose Park**
- Sidewalk “Gaps”**
- Fire Station 7**
- Franklin Road**
- Goose Creek Interchange Lighting**
- Major Street Resurfacing**
- Hillsboro Road Phase II**

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Phase I CIP Project Details

The following shows the financing needs for Phase I CIP projects as ranked by BOMA members and identified by staff.

	Ongoing Resources					Total Needed
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	
Internal						
General						
Cash	\$ 580,000	\$ 655,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,985,000
Debt	\$ 7,025,000	\$ 5,732,880	\$ 8,955,630	\$15,357,300	\$11,034,550	\$ 48,105,360
Sanitation Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Road Impact Fund	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,250,000
Stormwater	\$ 50,000	\$ 50,000	\$ 272,250	\$ 272,250	\$ -	\$ 644,500
Facilities Tax	\$ 225,000	\$ 2,102,500	\$ 3,552,500	\$ 1,500,000	\$ 1,500,000	\$ 8,880,000
Hotel Motel	\$ 195,000	\$ 195,000	\$ -	\$ -	\$ -	\$ 390,000
In Lieu of Parkland	\$ -	\$ 250,000	\$ 600,000	\$ 350,000	\$ 350,000	\$ 1,550,000
Water Funding	\$ 552,500	\$ 863,620	\$ 311,120	\$ -	\$ -	\$ 1,727,240
Sewer Funding	\$ 372,500	\$ 528,500	\$ 156,000	\$ 179,850	\$ 179,850	\$ 1,416,700
External						
MPO/TDOT	\$ 8,630,000	\$ 1,555,000	\$ -	\$ -	\$ -	\$ 10,185,000
Army Corp of Engineers	\$ -	\$ -	\$ 750,000	\$ -	\$ -	\$ 750,000
County Facilities Tax	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ 1,000,000
Utility Agreements	\$ 475,000	\$ -	\$ -	\$ -	\$ -	\$ 475,000
Developer Agreements	\$ -	\$ 550,000	\$ -	\$ -	\$ -	\$ 550,000
Total	\$ 18,855,000	\$ 13,232,500	\$ 15,097,500	\$ 18,159,400	\$ 13,564,400	\$ 78,908,800



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Phase I CIP Project Details

- Of the eight (8) projects in Phase I, two (Sidewalk “Gaps” & Fire Station 7) are fully funded as Pay-As-You-Go projects.
- Of the \$78,908,800 in Phase I projects, \$48,105,360 is proposed to be funded through debt financing, some **\$14 million less** than what was proposed in August in the Debt Capacity Analysis provided by PFM.
- Of the \$78,908,800 in Phase I projects, \$12,960,000 (17%) comes from “External Sources”; that is, sources such as the Federal or State governments, the MPO, the County Facilities Tax, or agreements and contributions from utility companies or private developers



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Remaining Resources

- The chart below shows the anticipated remaining resources after construction of all Phase I projects.

	FY 2017-2026 Projected Resources		Phase I Project Needs		Balance Remaining	
Internal						
110 General						
Pay-as-you-go Cash ¹	\$	16,257,486	\$	1,985,000	\$	14,272,486
Debt Service ²	\$	80,000,000	\$	48,105,360	\$	31,894,640
124 Sanitation Fund	\$	3,950,079	\$	-	\$	3,950,079
128 Road Impact Fund	\$	7,118,929	\$	1,250,000	\$	5,868,929
130 Stormwater	\$	6,331,192	\$	644,500	\$	5,686,692
135 Facilities Tax	\$	30,068,411	\$	8,880,000	\$	21,188,411
150 Hotel Motel	\$	19,848,360	\$	390,000	\$	19,458,360
155 In Lieu of Parkland	\$	14,928,491	\$	1,550,000	\$	13,378,491
421 Water	\$	1,727,240	\$	1,727,240	\$	-
431 Sewer	\$	1,416,700	\$	1,416,700	\$	-
External						
MPO/TDOT	\$	10,185,000	\$	10,185,000	\$	-
Army Corp of Engineers	\$	750,000	\$	750,000	\$	-
County Facilities Tax	\$	12,762,263	\$	1,000,000	\$	11,762,263
Utility Agreements	\$	475,000	\$	475,000	\$	-
Developer Contributions	\$	550,000	\$	550,000	\$	-
Total	\$	206,369,150	\$	78,908,800	\$	127,460,350

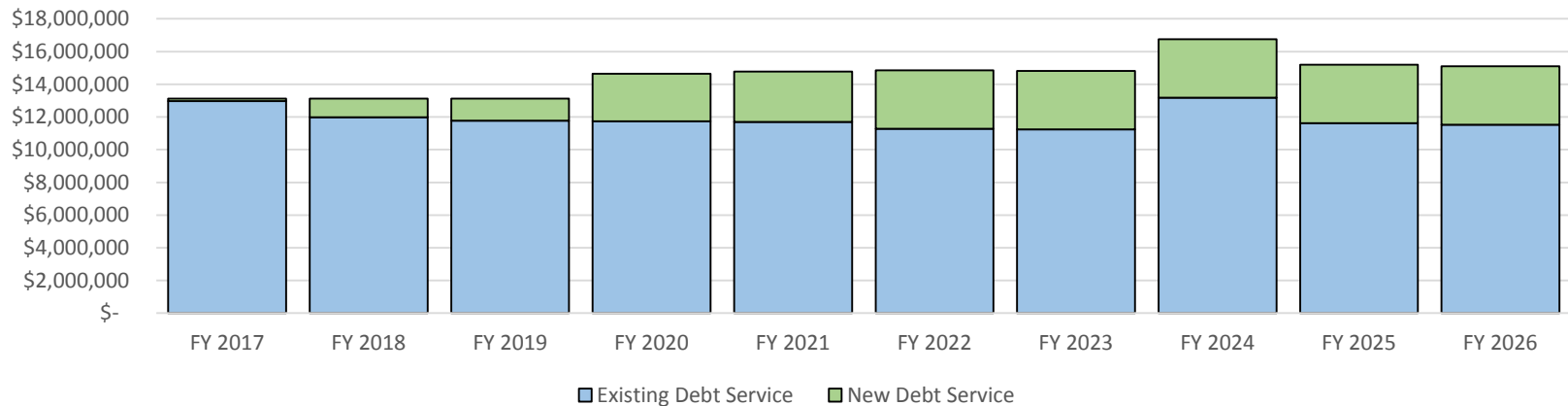
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Debt Capacity Analysis

- The model assumes three debt issuances in the next five years: \$15,000,000 in FY 2017, \$25,000,000 in FY 2019 and \$10,000,000 in FY 2021. The chart below shows the revised debt service chart for General Obligation debt during the horizon of the CIP.

Proposed City of Franklin General Obligation Debt Service - FY 2017 - 2026



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Debt Capacity Analysis & Invest Franklin

- The model assumes using most of the \$0.07 raised through the **Invest Franklin** initiative to service debt while other funds and capital reserves will be used for pay as you go projects. The table below shows the balance of **Invest Franklin** Funds if they are used in this way.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Net Increase Debt Service Year over Year	\$ 150,000	\$ 1,270	\$ (1,709)	\$ 1,535,939	\$ 1,656,442
Invest Franklin	\$ 3,176,766	\$ 3,208,534	\$ 3,240,619	\$ 3,273,025	\$ 3,305,755
Annual Balance of Invest Franklin Funds	\$ 3,026,766	\$ 3,207,264	\$ 3,242,328	\$ 1,737,087	\$ 1,649,314
Cumulative Net Balance Invest Franklin	\$ 3,026,766	\$ 6,234,029	\$ 9,476,357	\$ 11,213,444	\$ 12,862,758

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Net Increase Debt Service Year over Year	\$ 1,728,537	\$ 1,691,819	\$ 3,628,865	\$ 2,078,795	\$ 1,989,809
Invest Franklin	\$ 3,338,813	\$ 3,372,201	\$ 3,405,923	\$ 3,439,982	\$ 3,474,382
Annual Balance of Invest Franklin Funds	\$ 1,610,276	\$ 1,680,383	\$ (222,941)	\$ 1,361,188	\$ 1,484,574
Cumulative Net Balance Invest Franklin	\$ 14,473,034	\$ 16,153,417	\$ 15,930,475	\$ 17,291,663	\$ 18,776,237