



# City of Del Mar Staff Report



TO: Honorable Mayor and City Council Members

FROM: Mark Delin, Assistant City Manager  
Via Scott W. Huth, City Manager

DATE: June 2, 2014

SUBJECT: City Hall Financing Capacity

REQUESTED ACTION/RECOMMENDATION:

Receive the report and provide any further direction to staff regarding the consideration of financing capacity for a City Hall and Town Hall.

DISCUSSION/ANALYSIS

As part of the City Hall and Town Hall Planning process, staff, the City's Financial Advisor, and the Finance Committee have presented information on the City's financial capacity to build a City Hall, Town Hall, and site work and additional parking. As reported at the City Council meeting on May 19, 2014, the estimated total project costs for a new City Hall and Town Hall range from \$9.8 million (base project supporting City needs) to \$17.9 million (base project with expanded building uses and full site structure parking). Four sources of revenue have been identified for this project: 1) General Fund financing capacity; 2) New Parking Revenues; 3) PEG Fees to help finance the TV Studio; and 4) Cash.

At today's low interest rates of 3.84 to 4 percent, these sources indicate a City Financing Capacity as follows:

Financing Revenue	Low	High
General Fund Backed Financing*	\$ 10,400,000	\$ 17,600,000
Parking Revenues - General Fund Backed Financing	6,284,000	8,160,000
PEG Fees Financing	370,000	494,000
Cash (CIP Reserve)	2,500,000	3,100,000
Cash (PEG Fees)	160,000	160,000
<b>TOTAL</b>	<b>\$ 19,714,000</b>	<b>\$ 29,514,000</b>

\*Low estimate by the City's Finance Committee, High Estimate by Fieldman Rolapp

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City Council Action:

The estimates listed above allow for the City's reserves to be fully funded, capital projects funded, and no impact to operations. These estimates are conservative.

The parking revenue estimates are based upon 82 percent of projected revenue to permit the recovery of operating expenses. The low estimate includes street parking revenues only, and the high parking estimate includes revenues from the proposed parking structure as well.

PEG fee financing capacity is based upon receiving 100 percent of the existing revenues (high) or 75 percent (low) (Attachment A).

In addition to its debt financing capacity, the City is projected to have \$3,100,000 in its CIP fund by the end of Fiscal Year 2014-2015. This entire amount could be used for the project or we can hold back an amount for unforeseen projects. Staff has listed a low of \$2.5 million to take this in to account.

All of the analyses have been based upon the City's 30-year forecast of its revenues, expenditures and General Fund Contingency with the "five percent forecast" scenario, which yields an effective average annual growth rate of 4.3 percent, well below the City's historic average annual growth rate of 5.9 percent.

The Finance Committee's maximum financing capacity was based upon taking one half of the available cash flow, and using this amount as the maximum available for debt service. The remaining cash flow could serve as a hedge against economic downturns or unforeseen expenses. The staff report and the presentation by the Finance Committee is included as Attachment B for reference.

Fieldman Rolapp was asked to do a professional independent financing capacity analysis based upon the same revenue growth projections selected by the Finance Committee (and supported by staff). They were asked to determine financing capacity in today's bond market, and to do a separate analysis which also added in parking revenues that the City could receive if it implemented paid street parking in downtown, and within a new parking structure (Attachment C).

Fieldman Rolapp (Attachment D) used a different approach which considered the City's ability to maintain adequate levels of reserves while paying the debt service payments. Fieldman Rolapp looked at reserve levels that would be considered desirable by credit rating agencies, and ran scenarios which would demonstrate that the City would maintain a General Fund contingency reserve of 30 percent during all years of debt service. Not only did they recommend that the City hold the minimum policy higher than the current Council policy of 10 percent, but they recommended that the 30 percent be applied to all General Fund O&M expenditures, all General Fund transfers to other operations and maintenance funds, as well as the debt service payment itself. The

Fieldman Rolapp analysis did not add in the additional reserve capacity that the City has from its \$500,000 Revenue Loss Reserve.

All of the Fieldman Rolapp runs include providing for the 30 percent contingency as calculated above. The overall summary of the Finance Committee and Fieldman Rolapp financing capacities is contained in Attachment E.

FISCAL IMPACT:

There is no fiscal impact from considering this report.

ENVIRONMENTAL IMPACT:

This action does not constitute a "project" within the meaning of CEQA in that it has no potential to cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and therefore does not require environmental review.

ATTACHMENTS:

- Attachment A – PEG Fee Financing Potential
- Attachment B - Financing Staff Report and Finance Committee Presentation
- Attachment C - Parking Revenue Staff Report
- Attachment D – Fieldman Rolapp Financing Presentation
- Attachment E – Summary of Finance Committee and Fieldman Rolapp Analyses



# City of Del Mar Staff Report



TO: Honorable Mayor and City Council Members

FROM: Andrew Potter, Administrative Services Director  
Via Scott W. Huth, City Manager

DATE: May 19, 2014

SUBJECT: Financing Capacity of the Public, Educational, and Government (PEG)  
Access Fees for Development of a TV Studio at a New City Hall/Town Hall

## REQUESTED ACTION/RECOMMENDATION:

Staff recommends that the City Council direct staff to designate the PEG fees to pay for the TV studio portion of the Town Hall and any remaining funds be used to pay for equipment. Additionally, staff recommends that the City Council request the Del Mar Television Foundation to fundraise and/or implement other revenue generating options to help pay for the costs of a new TV Studio that are not covered by the PEG fees.

## DISCUSSION/ANALYSIS:

As the City Council continues its discussions about planning for a new City Hall/Town Hall, it is anticipated that there will be costs incurred to facilitate a new TV studio component in a future Town Hall. Del Mar Television, and the live City Council, Design Review Board and Planning Commission meeting broadcasts made possible by the TV studio have always been an important source of communication within the City, and in recognition of this, the City has provided the use of the TV Studio, including maintenance and utilities, to the Del Mar Television Foundation (the operator of the TV studio) at no cost.

As part of the California Digital Infrastructure and Video Competition Act of 2006 ("DIVCA"), the City receives public, educational, or governmental ("PEG") fees from local cable TV franchise holders. The revenue can be used by the public agency for capital costs for public, educational, or governmental access facilities. (See Attachment A for the background on PEG fees.)

On average, the City receives approximately \$28,000 per year in PEG fee revenue from both franchise holders. At 5% interest for 30 years, this can finance up to \$430,000 in PEG-eligible expenditures. The City is proposing to utilize the PEG funds to primarily

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## City Council Action:

City Council Staff Report  
Financing Capacity of the Public, Educational, and Government (PEG) Access Fees for  
Development of a TV Studio at a New Civic Center  
May 19, 2014  
Page 2 of 3

fund the construction of a TV studio portion of the Town Hall. If funds remain, PEG funds may be used for equipment purchase and installation.

City staff has been working with the DMTV Foundation to identify space needs and the estimated costs for construction of a new TV studio.

#### *Space Needs for TV Studio*

The City currently contracts with the Del Mar Television (DMTV) Foundation to operate, broadcast, and provide production services for the Del Mar TV Studio. Through the City's agreement, the Foundation is required to operate the TV studio and produce government, educational, and community programming, as well as provide training opportunities. In addition, the Foundation provides a crew to produce, and broadcast approximately 50 government meetings per year. In addition to an annual contractual payment, the City provides TV studio facilities, including rent, utilities and maintenance to the Foundation at no cost.

Considering the size of the studio, the DMTV Foundation indicates that through a more efficient space, they may be able to consolidate their space needs. However, it is important to the DMTV Foundation that the cablecast room be separate from the control room due to the noise the equipment makes and the proper maintenance of equipment (i.e. access to the equipment in all areas from behind to place or replace cabling/connections, etc.). Also, the DMTV Foundation indicates their need to maintain its internship program and be able to accommodate the students. They estimate their space needs to be around 480 square feet plus storage space, for a total of approximately 600 square feet.

Based on the estimated space needs, it is estimated that the costs for constructing the TV studio portion of the Town Hall would be around \$400,000.

#### *Equipment Needs*

The DMTV Foundation estimates the total cost for equipment and specialty construction of a new TV studio would be around \$293,000 (excluding the cost of the building shell) (see Attachment B). The estimated costs are based on current technology.

As an alternative, to simply install sufficient equipment to broadcast the City Council, Planning Commission, and Design Review Board meetings, it is estimated that the total cost for basic equipment would be around \$130,000. Such basic equipment would likely require the DMTV Foundation to identify an alternate location to produce additional programming and provide training opportunities.

Since a majority of the PEG funds would be utilized for the construction costs, it is suggested that the DMTV Foundation begin analyze fundraising opportunities to fund their equipment needs.

City Council Staff Report  
Financing Capacity of the Public, Educational, and Government (PEG) Access Fees for  
Development of a TV Studio at a New Civic Center  
May 19, 2014  
Page 3 of 3

FISCAL IMPACT:

There is no fiscal impact associated with receiving this report. Depending on the City Council's direction, the information may be utilized for preparation of cost estimates for a new Civic Center.

ENVIRONMENTAL IMPACT:

There is no environmental impact associated with receiving this report.

PRIOR CITY COUNCIL REVIEW:

None.

ATTACHMENTS:

Attachment A – Background of PEG Fees  
Attachment B – Del Mar Television Foundation Equipment Needs Report



# City of Del Mar Staff Report



TO: Honorable City Council Members

FROM: Mark Delin, Assistant City Manager  
Via Scott W. Huth, City Manager

DATE: April 21, 2014

SUBJECT: Finance Committee Recommendation on Del Mar's Financing Capacity

## REQUESTED ACTION/RECOMMENDATION:

Receive report and give direction to staff regarding the Finance Committee's Bond Capacity Analysis.

## DISCUSSION/ANALYSIS:

In its meeting of April 16, 2014, the City's Finance Committee received a presentation by the Long-Term Affordability Subcommittee on the maximum debt financing capacity of the City.

Staff worked with the Finance Committee to prepare a 30-year Cash Flow Forecast as a basis for the analysis. The Finance Committee identified a General Fund cash flow of \$1.2 million/year over the ten year period from 2013 to 2023. The Finance Committee is recommending a methodology, which allows up to 50% of free cash flow to be used for Debt Service. This leaves 50% of cash flow to serve as a hedge against unexpected costs and economic downturns, and has resulted in the following borrowing capacity. Debt Service of \$600,000 under a 30 year bond would allow the City to borrow \$10.4 million at 4% interest or \$8.3 million at 6% interest.

City staff has reviewed the analysis and concurs that it is reasonable. Council is requested to consider the Finance Committee's report and to give staff appropriate direction as to how to move forward.

## FISCAL IMPACT:

There is no fiscal impact from considering this report.

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## City Council Action:

ENVIRONMENTAL IMPACT:

This action does not constitute a "project" within the meaning of CEQA in that it has no potential to cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and therefore does not require environmental review.

**CITY OF DEL MAR**  
**BOND CAPACITY ANALYSIS**  
**APRIL 21, 2014**  
**PREPARED BY FINANCE COMMITTEE**

# Modeling for Bond Capacity Analysis

- Finance Committee worked with Staff to convert the 30 year Budget Forecast to a comprehensive Cash Flow model including:
  - Inclusion of FY 2013 actual results as starting point
  - Detailed Revenue and Expenditure assumptions
  - Capital Improvement Projects according to 10 year Plan
  - Net Transfers In/Out
  - Pension Reserves according to Policy starting in 2015
  - 10 % Contingency Reserves
  
- Scenarios were created for Property Tax and TOT Revenue growth of 4%, 4.5%, 5% & 5.5%

## Historical Growth

Historical CAGR %	Property Tax	TOT	Sales Tax	Total Tax	General Fund Revenues
6 year	4.92%	2.41%	0.00%	3.19%	1.72%
10 year	7.79%	3.24%	2.55%	5.30%	4.78%
15 year	8.68%	3.24%	2.48%	5.46%	4.89%

**Scenarios for Property Tax and TOT growth of 4%, 4.5%, 5% & 5.5% fall within a reasonable range of historical growth**

## Total Revenues and Costs - 2013 to 2023

Scenario	Revenue Total (\$millions) 2013 to 2023	CAGR % 2013 to 2023
4%	150.2	2.97%
4.5%	152.6	3.29%
5.0%	155.1	3.62%
5.5%	157.6	3.96%

	Total Costs (\$millions) 2013 to 2023	CAGR % 2013 to 2023
Expenditures	118.6	3.39%
Transfers Out	15.3	
CIP	4.7	
Pensions	3.0	
Total Costs	141.6	2.60%

**The differential between the growth of Revenues and the growth of Costs fuels increasing Cash Flows over time**

## Total Cash Flow – 2013 to 2023

Scenario	Revenue Total (\$millions) 2013 to 2023	Total Costs (\$millions) 2013 to 2023	Total Cash Flow (\$millions) 2013 to 2023	Cash Flow to Revenue %	Cash Flow to Cost %
4%	150.2	141.6	8.65	5.8%	6.1%
4.5%	152.6	141.6	11.0	7.2%	7.8%
5%	155.1	141.6	13.5	8.7%	9.5%
5.5%	157.6	141.6	16.0	10.2%	11.3%

**Relatively small variability in Revenues or Costs could have a significant impact on available cash flows**

# Annual Cash Flows

(\$,000)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CF 4%	264	286	1,159	975	967	771	836	832	828	836	898
CF 4.5%	264	319	1,226	1,080	1,114	964	1,078	1,129	1,187	1,266	1,410
CF 5%	264	351	1,293	1,186	1,263	1,160	1,325	1,434	1,558	1,712	1,944
CF 5.5%	264	383	1,361	1,294	1,414	1,360	1,579	1,749	1,942	2,175	2,500

- Cash Flows during first 10 years are most reliable and most relevant to Bonding decisions
- Forecasts beyond 10 years generate large and less reliable cash flows given the compounding effect of these growth rate differentials. For example:

Annual Cash Flows (\$millions)	<u>2033</u>	<u>2045</u>
• 4%	\$2,436	\$4,005
• 4.5%	\$4,324	\$9,713
• 5%	\$6,377	\$16,225
• 5.5%	\$8,607	\$23,659

# Proposed Methodology

(\$,000)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CF 4%	264	286	1,159	975	967	771	836	832	828	836	898
CF 4.5%	264	319	1,226	1,080	1,114	964	1,078	1,129	1,187	1,266	1,410
CF 5%	264	351	1,293	1,186	1,263	1,160	1,325	1,434	1,558	1,712	1,944
CF 5.5%	264	383	1,361	1,294	1,414	1,360	1,579	1,749	1,942	2,175	2,500

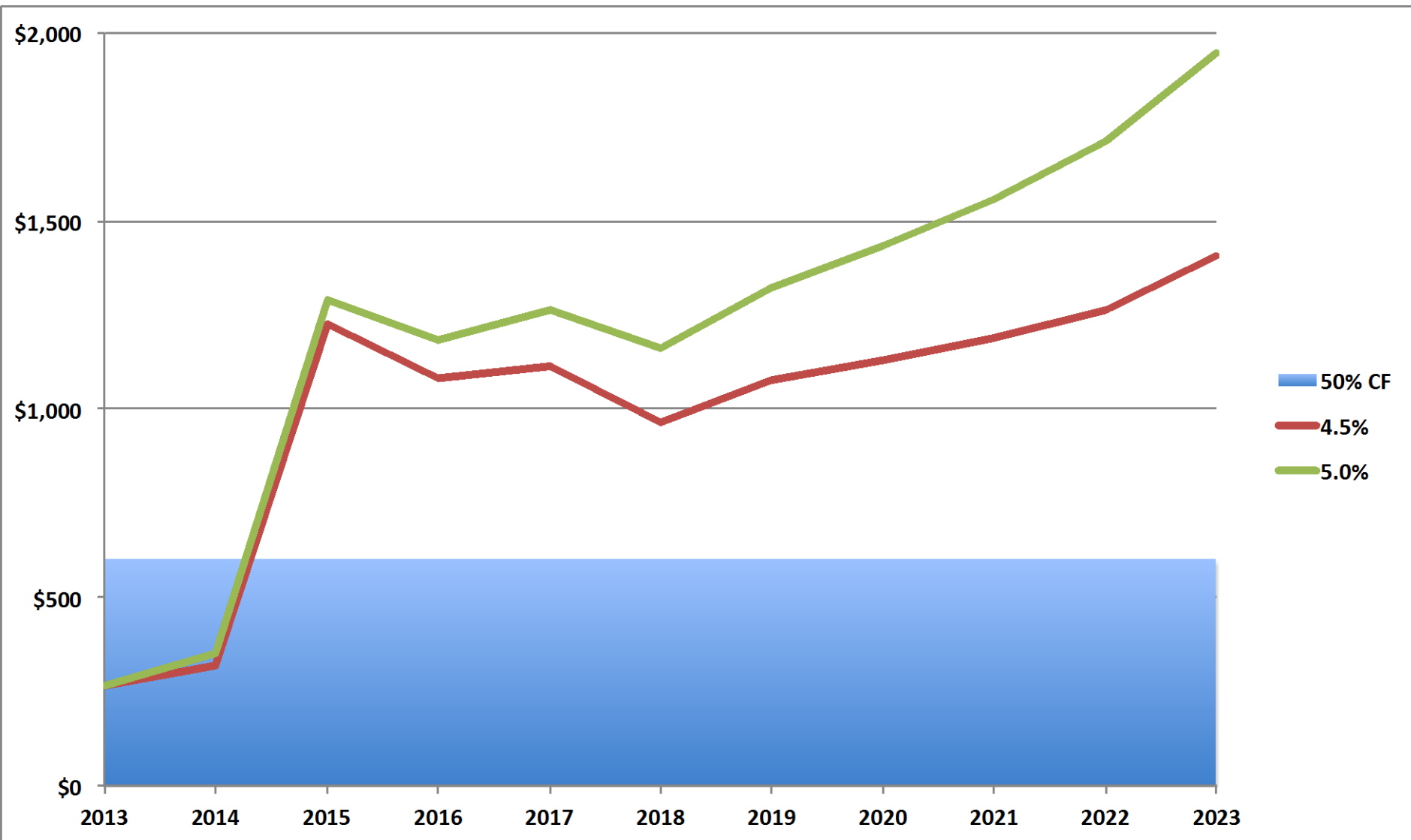
## Methodology:

- It is recommended the the City use Mid Range Cash Flows (4.5% to 5.0% scenarios) for the first 10 years as the basis for Bonding decisions.
- Borrowing should be limited to 50% of projected Mid Range Cash Flows to provide a hedge against variability in Revenues or Costs.

## Example:

- Mid range Cash Flows average \$1.2 million per year within a range of \$964 to \$1,944.
- Using \$1.2 million as the baseline with a 50% limit generates \$600,000 available for Debt Service annually

# Mid Range Cash Flow to Debt Service Chart



## Bond Capacity Examples

Interest Rates	4%	5%	6%
Annual Debt Service	\$600,000	\$600,000	\$600,000
30 year Bond	\$10.4 million	\$9.2 million	\$8.3 million
25 year bond	\$9.4 million	\$8.5 million	\$7.7 million
20 year Bond	\$8.2 million	\$7.5 million	\$6.9 million

- Determining Bond capacity is not a recommendation to borrow
- Borrowing decisions are driven by the details of specific projects

# Measurements

- Cash Flow to Debt Service Ratio
  - Measures coverage of Available Cash Flow for Debt Service
  - Benchmark 2 to 1
  - Proposed Methodology results in Ratio of:  
2.10 to 1 in 2015 to 2.78 to 1 in 2023
  
- Debt Service to GF Revenues Ratio
  - Measures Debt Service costs as % of GF Revenues
  - Benchmark < 10%
  - Proposed Methodology results in Ratio of:  
5% in 2013 to 3.5% in 2023

# Risk Management

- Using 10 year cash flow projections as basis for bonding decisions avoids the risks associated with uncertainty of longer term forecasts
- Using 50% of projected Cash Flows provides a cushion for unexpected costs and a hedge against economic downturns
- GF contingency reserves continue to grow and provide excellent resilience for the General Fund.
- DM weathered the last few economic downturns with limited revenue reductions and small but steady growth of property taxes.
- These Bond Capacity estimates are entirely dependent upon continued Revenue growth and tight cost control.

# Appendix

## Forecast Assumptions

- Scenarios include Property Tax and TOT increases of 4%, 4.5%, 5% and 5.5%
- Includes GF portion of \$650,000 Pension Reserve starting in 2015 (net of Water Fund loan payments).
- Includes other Pension cost increases projected by CalPERS
- Sales tax increase 1% in 2014 & 2015, 2% in 2016 & 2017 and 3% thereafter
- Salaries – 2.5% beginning in FY 2015 / 16
- Workers Compensation - 1% per year
- Other Benefits - 1% per year
- Sheriff Contract - 5% per year
- Fire Services - 3% per year
- Fire Lease - 5% per year
- Other Expenditures – 2.9% per year
- CIP Fund - Pay as you go according to 10 year plan

# Cash Flow – Conservative Case (4% Revenue growth)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
GF Beginning Balance	1,882,829	2,146,793	2,433,148	3,591,898	4,566,496	5,533,631	6,304,969	7,140,626	7,972,347	8,800,594	9,636,777
GF Revenues	11,934,801	11,981,802	12,327,051	12,709,237	13,089,407	13,515,084	13,950,793	14,413,087	14,904,990	15,429,643	15,991,093
GF Expenditures	9,222,963	9,496,540	9,408,050	9,812,567	10,194,004	10,620,304	11,062,289	11,523,933	11,959,994	12,423,452	12,873,720
Transfers Out	1,745,614	848,907	1,307,731	1,537,113	1,591,262	1,269,252	1,290,108	1,344,694	1,394,010	1,445,269	1,494,383
Transfer to CIP	702,260	1,350,000	280,000	219,000	177,000	452,000	340,000	290,000	300,000	302,000	302,000
Transfer to Pension Reserve	-	-	172,519	165,959	160,006	402,190	422,739	422,739	422,739	422,739	422,739
Expenditures and Tfirs Out	11,670,837	11,695,448	11,168,301	11,734,639	12,122,272	12,743,746	13,115,136	13,581,366	14,076,744	14,593,460	15,092,842
Cash Flow	263,964	286,355	1,158,751	974,598	967,135	771,338	835,657	831,721	828,246	836,183	898,251
GF Ending Balance	2,146,793	2,433,148	3,591,898	4,566,496	5,533,631	6,304,969	7,140,626	7,972,347	8,800,594	9,636,777	10,535,028
10% GF Contingency	922,296	949,654	940,805	981,257	1,019,400	1,062,030	1,106,229	1,152,393	1,195,999	1,242,345	1,287,372
Net Available Cash	1,224,496	1,483,494	2,651,093	3,585,240	4,514,231	5,242,939	6,034,397	6,819,954	7,604,594	8,394,431	9,247,656

# Cash Flow – Middle Case (4.5% Revenue growth)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
GF Beginning Balance	1,882,829	2,146,793	2,465,305	3,691,215	4,771,136	5,884,940	6,848,633	7,926,220	9,054,931	10,242,147	11,508,098
GF Revenues	11,934,801	12,013,960	12,394,211	12,814,559	13,236,076	13,707,440	14,192,722	14,710,077	15,263,960	15,859,411	16,502,969
GF Expenditures	9,222,963	9,496,540	9,408,050	9,812,567	10,194,004	10,620,304	11,062,289	11,523,933	11,959,994	12,423,452	12,873,720
Transfers Out	1,745,614	848,907	1,307,731	1,537,113	1,591,262	1,269,252	1,290,108	1,344,694	1,394,010	1,445,269	1,494,383
Transfer to CIP Fund	702,260	1,350,000	280,000	219,000	177,000	452,000	340,000	290,000	300,000	302,000	302,000
Transfer to Pension Reserve	-	-	172,519	165,959	160,006	402,190	422,739	422,739	422,739	422,739	422,739
Expenditures and Tfrs Out	11,670,837	11,695,448	11,168,301	11,734,639	12,122,272	12,743,746	13,115,136	13,581,366	14,076,744	14,593,460	15,092,842
Cash Flow	263,964	318,512	1,225,911	1,079,920	1,113,804	963,694	1,077,586	1,128,711	1,187,216	1,265,951	1,410,128
GF Ending Balance	2,146,793	2,465,305	3,691,215	4,771,136	5,884,940	6,848,633	7,926,220	9,054,931	10,242,147	11,508,098	12,918,226
10% Contingency	922,296	949,654	940,805	981,257	1,019,400	1,062,030	1,106,229	1,152,393	1,195,999	1,242,345	1,287,372
Net Available Cash	1,224,496	1,515,651	2,750,410	3,789,879	4,865,539	5,786,603	6,819,991	7,902,537	9,046,147	10,265,753	11,630,854

# Cash Flow – Middle Case (5% Revenue Growth)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
GF Beginning Balance	1,882,829	2,146,793	2,497,474	3,790,875	4,977,138	6,239,735	7,399,492	8,724,835	10,159,107	11,717,346	13,429,480
GF Revenues	11,934,801	12,046,129	12,461,702	12,920,901	13,384,869	13,903,503	14,440,479	15,015,638	15,634,983	16,305,595	17,036,692
GF Expenditures	9,222,963	9,496,540	9,408,050	9,812,567	10,194,004	10,620,304	11,062,289	11,523,933	11,959,994	12,423,452	12,873,720
Transfers Out	1,745,614	848,907	1,307,731	1,537,113	1,591,262	1,269,252	1,290,108	1,344,694	1,394,010	1,445,269	1,494,383
Transfer to CIP Fund	702,260	1,350,000	280,000	219,000	177,000	452,000	340,000	290,000	300,000	302,000	302,000
Transfer to Pension Reserve	-	-	172,519	165,959	160,006	402,190	422,739	422,739	422,739	422,739	422,739
Expenditures and Tfrs Out	11,670,837	11,695,448	11,168,301	11,734,639	12,122,272	12,743,746	13,115,136	13,581,366	14,076,744	14,593,460	15,092,842
Cash Flow	263,964	350,681	1,293,401	1,186,262	1,262,597	1,159,757	1,325,343	1,434,273	1,558,239	1,712,134	1,943,851
GF Ending Balance	2,146,793	2,497,474	3,790,875	4,977,138	6,239,735	7,399,492	8,724,835	10,159,107	11,717,346	13,429,480	15,373,331
10% Contingency	922,296	949,654	940,805	981,257	1,019,400	1,062,030	1,106,229	1,152,393	1,195,999	1,242,345	1,287,372
Net Available Cash	1,224,496	1,547,820	2,850,070	3,995,881	5,220,334	6,337,462	7,618,606	9,006,714	10,521,347	12,187,135	14,085,959

# Cash Flow – Upper Case (5.5% Revenue Growth)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
GF Beginning Balance	1,882,829	2,146,793	2,529,643	3,890,857	5,184,476	6,598,001	7,957,572	9,536,598	11,285,197	13,226,847	15,402,116
GF Revenues	11,934,801	12,078,298	12,529,515	13,028,259	13,535,797	14,103,317	14,694,162	15,329,965	16,018,393	16,768,730	17,593,082
GF Expenditures	9,222,963	9,496,540	9,408,050	9,812,567	10,194,004	10,620,304	11,062,289	11,523,933	11,959,994	12,423,452	12,873,720
Transfers Out	1,745,614	848,907	1,307,731	1,537,113	1,591,262	1,269,252	1,290,108	1,344,694	1,394,010	1,445,269	1,494,383
Transfer to CIP Fund	702,260	1,350,000	280,000	219,000	177,000	452,000	340,000	290,000	300,000	302,000	302,000
Transfer to Pension Reserve	-	-	172,519	165,959	160,006	402,190	422,739	422,739	422,739	422,739	422,739
Expenditures and Tfrs Out	11,670,837	11,695,448	11,168,301	11,734,639	12,122,272	12,743,746	13,115,136	13,581,366	14,076,744	14,593,460	15,092,842
Cash Flow	263,964	382,850	1,361,214	1,293,619	1,413,525	1,359,571	1,579,026	1,748,600	1,941,649	2,175,269	2,500,240
GF Ending Balance	2,146,793	2,529,643	3,890,857	5,184,476	6,598,001	7,957,572	9,536,598	11,285,197	13,226,847	15,402,116	17,902,356
10% Contingency	922,296	949,654	940,805	981,257	1,019,400	1,062,030	1,106,229	1,152,393	1,195,999	1,242,345	1,287,372
Net Available Cash	1,224,496	1,579,989	2,950,052	4,203,220	5,578,601	6,895,541	8,430,369	10,132,804	12,030,847	14,159,771	16,614,984

## Property Tax and TOT Growth rates

Year (\$,000)	Prop Tax	Sales Tax	TOT	Total
2012 / 13	4,485	1,675	1,940	8,100
2006 / 07	3,362	1,666	1,682	6,710
CAGR 6 year	4.92%	-	2.41%	3.19%
2002 / 03	2,119	1,302	1,410	4,831
CAGR 10 year	7.79%	2.55%	3.24%	5.30%
1997 / 98	1,287	1,160	1,203	3,650
CAGR 15 year	8.68%	2.48%	3.24%	5.46%

## City of Del Mar Tax Revenue – General Fund Only

ATTACHMENT B

Year (\$,000)	Prop Tax	Sales Tax	TOT	Total
2012 / 13	4,485	1,675	1,940	8,100
2011 / 12	4,235	1,628	1,805	7,669
2010 / 11	4,146	1,551	1,705	7,402
2009 / 10	4,030	1,368	1,505	6,903
2008 / 09	3,857	1,362	1,418	6,647
2007 / 08	3,553	1,409	1,247	6,209
2006 / 07	3,362	1,666	1,682	6,710
2005 / 06	3,021	1,602	1,565	6,188
2004 / 05	2,641	1,496	1,489	5,626
2003 / 04	2,273	1,399	1,440	5,112
2002 / 03	2,119	1,302	1,410	4,831

### Notes

- Property Tax includes VLF in lieu of property tax
- Sales Tax includes Sales Tax in lieu of property tax



# City of Del Mar Staff Report



TO: Honorable City Council Members

FROM: Mark Delin, Assistant City Manager  
Via Scott W. Huth, City Manager

DATE: April 21, 2014

SUBJECT: Report on Potential Paid Parking Revenues in the Downtown Area for Parking Structure Financing

## REQUESTED ACTION/RECOMMENDATION:

Receive the report on potential parking revenues to finance a downtown parking structure, and provide direction if desired.

## DISCUSSION/ANALYSIS:

Proposals for the City Hall site have considered the development of a parking garage. Possible parking programs have ranged from as few as 70 spaces, which would support a City Hall and Town Hall and could be accomplished as surface parking, to over 200 spaces which could support a combined City Hall, Town Hall and additional uses such as restaurant/café, retail/office, housing, and/or supply additional parking to the existing Downtown area for both employees and patrons.

It is anticipated that the parking structure would be financed with the assistance of a combination of parking revenues and in-lieu fees.

### *Parking Meter Fees*

Parking meter revenues are a common way to help finance parking improvements. Within the Village area, parking meters currently are located in the L'Auberge Del Mar parking garage and along Maiden Lane at St. Peter's Episcopal Church. These meters have been returning an average of approximately \$3.50 per day per meter. Parking meters at the beach return an average of about \$20 per day per meter. To be conservative, the lower number is being used as a minimal parking meter return. At the \$3.50/day rate, placing meters on the 177 existing free-parking spaces in the Downtown area that front Camino del Mar & 15<sup>th</sup> Street only could generate approximately \$226,000 in gross annual revenues that could support financing for a substantial portion of the garage. A more detailed analysis could support a somewhat higher figure. The

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## City Council Action:

City Council Staff Report  
 Parking Revenues  
 April 21, 2014  
 Page 2 of 4

table below looks at the number of spaces per block and approximate occupancy rates that can be estimated based upon the Walker Parking Consultants Study from October 16, 2013 (<http://www.delmar.ca.us/349/Downtown-Parking-Management-Plan>) which was contracted by the City. This analysis only considers the spaces fronting either Camino del Mar (between 11<sup>th</sup> Street and just north of 15<sup>th</sup> Street) or on 15<sup>th</sup> Street, and assumes a five-month summer season, and utilization from 11 a.m. to 7 p.m. daily, or eight hours per day, and sets most parking meter rates at \$2/hour for prime locations, and \$1/hour for less desirable locations.

Utilization in the seven month winter season is projected at half of summer utilization, and all meter rates are dropped to \$1/hour. Combined summer and winter annual parking revenues are projected to be approximately \$435,000 based upon these assumptions.

<b>Summer</b>						
<b>Camino del Mar</b>	# Spaces	Occupancy	Hours/Day	Days/Year	Rate/Hr.	
North of 15th (East)	9	80%	8	150	\$ 1.00	\$ 8,640
13th-15th (West)	30	90%	8	150	\$ 2.00	64,800
13th-14th (East)	16	80%	8	150	\$ 2.00	30,720
12th-13th (West)	16	90%	8	150	\$ 2.00	34,560
12th-13th (East)	12	90%	8	150	\$ 2.00	25,920
11th-12th (East)	23	80%	8	150	\$ 1.00	22,080
11th-12th (West)	31	90%	8	150	\$ 1.00	33,480
<b>15th Street</b>						
Stratford to CDM (North)	15	80%	8	150	\$ 2.00	28,800
Stratford to CDM (South)	12	90%	8	150	\$ 2.00	25,920
Stratford to Coast (South)	<u>13</u>	90%	8	150	\$ 2.00	<u>28,080</u>
	177					\$ 303,000
<b>Winter</b>						
<b>Camino del Mar</b>	# Spaces	Occupancy	Hours/Day	Days/Year	Rate/Hr.	
North of 15th (East)	9	40%	8	215	\$ 1.00	\$ 6,192.00
13th-15th (West)	30	45%	8	215	\$ 1.00	23,220
13th-14th (East)	16	40%	8	215	\$ 1.00	11,008
12th-13th (West)	16	45%	8	215	\$ 1.00	12,384
12th-13th (East)	12	45%	8	215	\$ 1.00	9,288
11th-12th (East)	23	40%	8	215	\$ 1.00	15,824
11th-12th (West)	31	45%	8	215	\$ 1.00	23,994
<b>15th Street</b>						
Stratford to CDM (North)	15	40%	8	215	\$ 1.00	10,320
Stratford to CDM (South)	12	45%	8	215	\$ 1.00	9,288
Stratford to Coast (South)	<u>13</u>	45%	8	215	\$ 1.00	<u>10,062</u>
	177					\$ 131,580

The rates in this analysis are consistent with typical rates in the City as indicated in the table below.

<b>City of Del Mar Parking Rates</b>		
<b>Area</b>	<b>Season</b>	<b>Off-Season</b>
St. Peters Church	\$1/hour	\$1/hour
L'Auberge	\$2/hour	\$1/hour
Coast Blvd.	\$3/hour	\$3/hour
Park Pay & Display – SD Bridge to Via de la Valle	\$3/hour	\$3/hour
Park Pay & Display – Border Road	\$1.50/hour	\$1.50/hour
Park Pay & Display – CDM Near Carmel Valley	\$1.50/hour	\$1.50/hour

### *Parking Structure Revenues*

Revenues from the parking structure can consist of parking meter revenues, in-lieu fees, or both.

Assuming that a 200-car structure is built, and 70 spaces are allocated to free parking for the City Hall, the remaining 130 spaces are available for metered parking. These spaces would be likely to be priced at \$1/hour to increase utilization for downtown business employee parking, and also to reflect that at the present time, that there is less business activity at the south end of downtown. Similarly, parking space occupancy rates are also projected to be lower, at least in the immediate future. Annual revenues are projected as follows:

<b>Potential Parking Garage Revenue - All Available Spaces Are Metered</b>						
	# Spaces	Occupancy	Hours/Day	Days/Year	Rate/Hr.	
Summer	130	70%	8	150	\$ 1.00	\$ 109,200
Winter	130	35%	8	215	\$ 1.00	78,260
						\$ 187,460

### *In-Lieu Fees*

Chapter 30.80 of the Del Mar Municipal Code allows the establishment of In-lieu fees for partial satisfaction of on-site parking requirements within the Central Commercial Zone. In-lieu fees are set by Council, but may not exceed the actual cost of developing the required parking. Present estimates for such costs range from \$25,000 to \$35,000 per space. In the larger potential garage configurations, in-lieu fees may provide funding from anywhere from 30 to 50 spaces. At the revenue midpoint, 40 spaces at \$30,000 each would generate \$1,200,000 in revenue.

### *Summary*

The total revenue estimated to be available from street parking, garage parking, and garage parking with in-lieu fees, as well as the amount of debt that the parking revenue could support, is indicated in the table below. Revenues from metered street parking and garage parking should support a bond issue of \$9,500,000, or alternately,

\$9,875,000 could be available for a parking structure through combined parking meter revenues and in-lieu fees.

<b><u>Scenario 1 - 200 Space Garage - No In-Lieu Spaces</u></b>			
	<b><u>Revenues</u></b>	<b><u>Bond Issue Size</u></b>	
Street Parking	\$ 434,580		
Garage Parking (No In-Lieu Spaces)	<u>187,460</u>		
Total	\$ 622,040	\$9,562,279	
<b><u>Scenario 2 - 200 Space Garage - 40 In-Lieu Spaces</u></b>			
Street Parking	\$ 434,580		
Garage Parking (Net of In-Lieu Spaces)	<u>129,780</u>		
Total	\$ 564,360	\$8,675,596	
Plus In-Lieu Revenues	-		<u>\$1,200,000</u>
Bond Issue Plus In-Lieu Fees			\$9,875,596

**FISCAL IMPACT:**

There is no fiscal impact from considering this report.

**ENVIRONMENTAL IMPACT:**

This action does not constitute a "project" within the meaning of CEQA in that it has no potential to cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and therefore does not require environmental review.

**PRIOR COUNCIL ACTIONS:**

The City Council received an update on the Parking Management Plan on November 18, 2013.



# City of Del Mar Staff Report



TO: Honorable City Council Members

FROM: Mark Delin, Assistant City Manager  
Via Scott W. Huth, City Manager

DATE: May 19, 2014

SUBJECT: Financial Advisor Report on the City's Financing Capacity

REQUESTED ACTION/RECOMMENDATION:

Receive the presentation from the financial advisor and provide direction to staff.

DISCUSSION/ANALYSIS:

In its meeting of April 21, 2014, the City Council received a presentation from the Finance Committee on the maximum debt financing capacity of the City. Staff worked with the Finance Committee to prepare several different 30-year Cash Flow Forecasts based upon various levels of growth in the City's largest sources of revenues, property tax and transient occupancy taxes. The Finance Committee and staff concurred that two of the more conservative options, which used annual growth rates of 4.5 percent and 5 percent in these two revenues, were appropriate to use as a basis for the analysis. The 30-year cash flow analysis yielded annual average cash flows (the amount of annual revenues above expenditures) of \$3.4 million and \$5.1 million respectively at the two forecast levels, and 10-year average annual cash flows of \$1.1 million and \$1.3 million. The Finance Committee, citing the greater reliability of the short-term data, used an estimate of \$1.2 million for available annual cash flow.

The Finance Committee recommended a methodology, which allows up to 50 percent of free cash flow to be used for Debt Service. This leaves 50 percent of cash flow to serve as a hedge against unexpected costs and economic downturns, and has resulted in \$600,000 available for annual debt service, yielding a borrowing capacity of \$10.4 million at 4% interest or \$9.2 million at 5% interest. If all of the available cash flow were used for debt service, the City estimates a maximum borrowing capacity would be twice this, or \$20.8 million at 4 percent and \$18.4 million at 5 percent interest.

City staff has requested that the financial advisory firm of Fieldman Rolapp (which has served as the City's financial advisory on past bond transactions) provide an

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City Council Action:

independent, professional opinion on the City's financing capacity based upon these same cash flows, and the current bond market. Fieldman Rolapp was instructed to use these cash flows with and without the added parking revenue available from street and structure parking as presented to Council in its April 21, 2014 meeting. Fieldman Rolapp was directed to also consider the City's ability to maintain the appropriate level of reserves required for it to maintain a AA+ General Fund revenue bond rating in this analysis. Note that the City currently has a AAA rating for its general obligation bond debt, but has no outstanding General Fund revenue bond debt. Revenue bonds typically carry a rating one notch below those of general obligation bonds.

Fieldman Rolapp will be presenting its analysis at the Council meeting.

FISCAL IMPACT:

There is no fiscal impact from considering this report.

ENVIRONMENTAL IMPACT:

This action does not constitute a "project" within the meaning of CEQA in that it has no potential to cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and therefore does not require environmental review.

PREVIOUS COUNCIL ACTION

Council received the Finance Committee's bond capacity report on April 16, 2014, and received the staff report on parking revenues on April 21, 2014.

# THE CITY OF DEL MAR



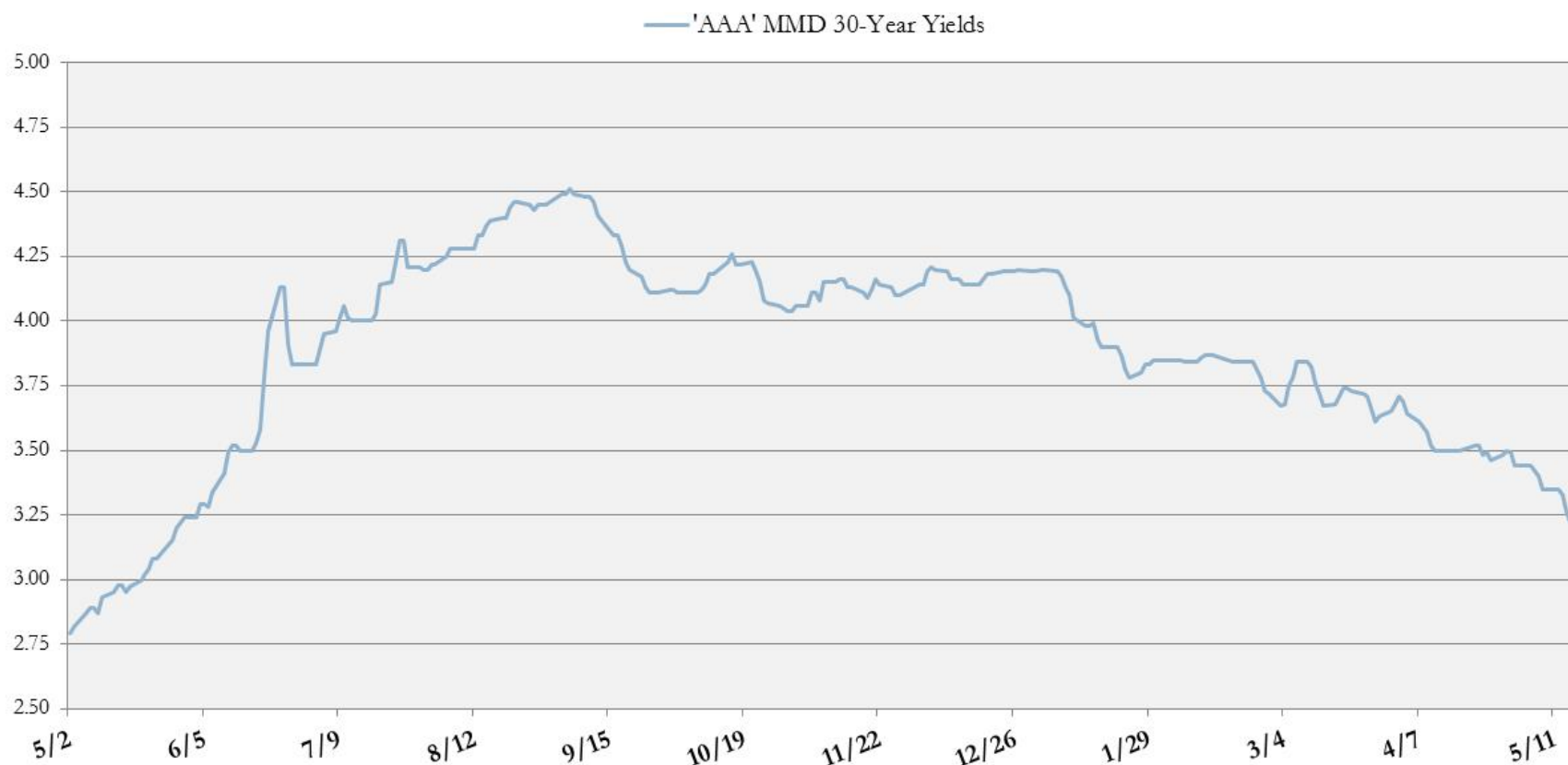
## CITY COUNCIL PRESENTATION MAY 19, 2014

### BOND MARKET UPDATE AND BORROWING CAPACITY

# Recent Tax-Exempt Interest Rates

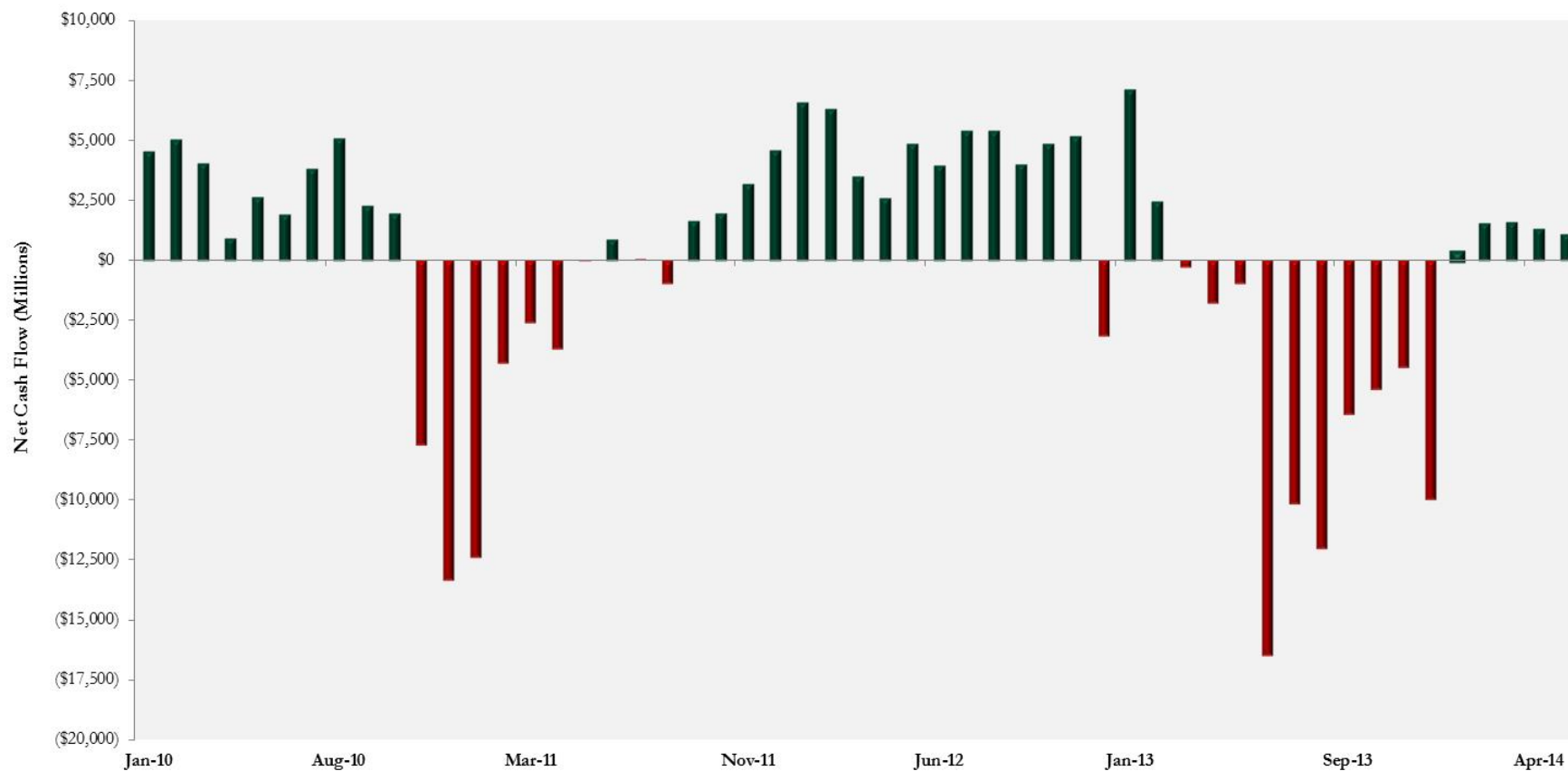
## Historical Change in 'AAA' MMD Yields

May 2, 2013 through May 16, 2014



# Monthly Flow of Funds

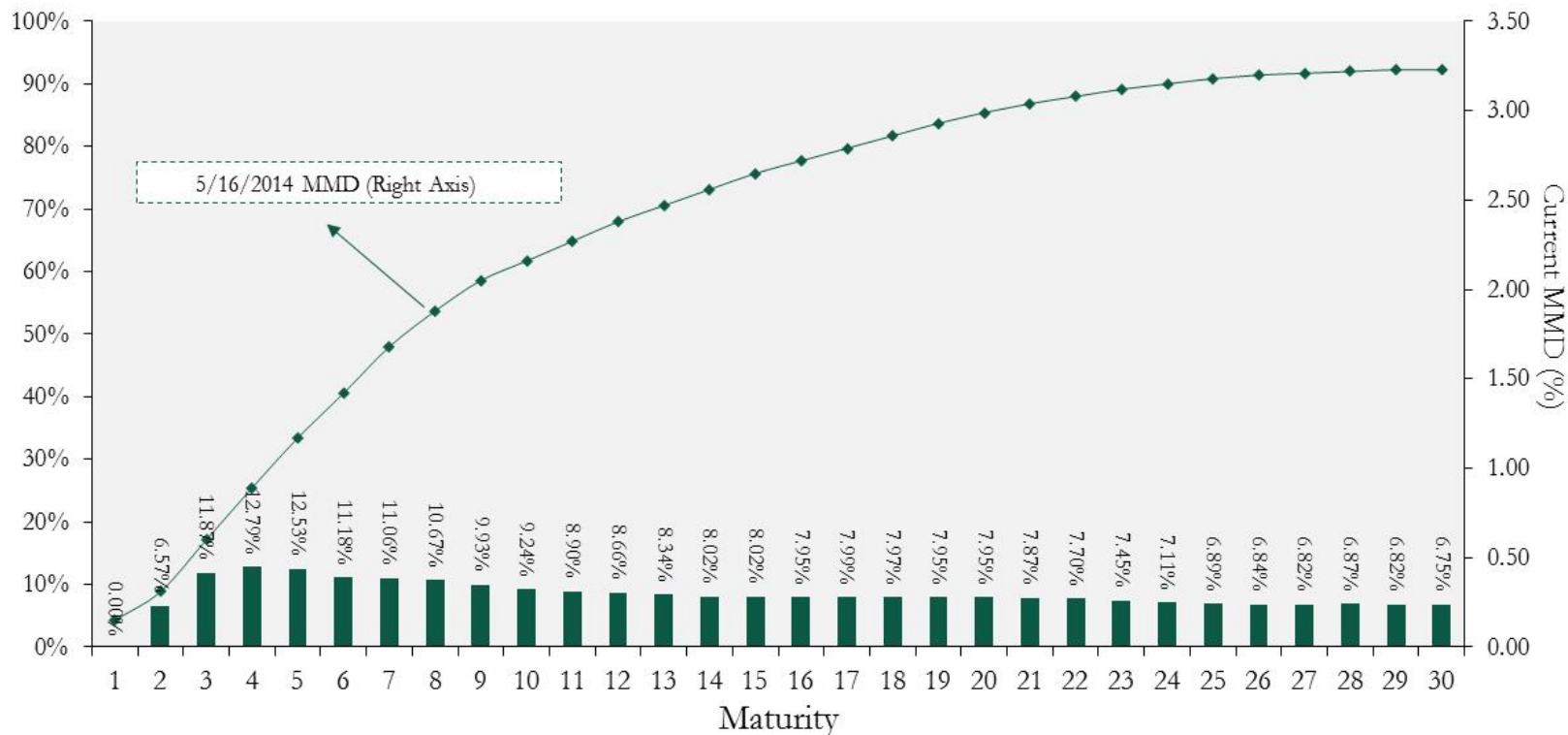
Monthly Flow of Funds  
Municipal Bond Mutual Funds





# Current Municipal Interest Rates/Relative to History

**Current "AAA" MMD and Percentage of Time Historical "AAA" MMD has been Lower than Current "AAA" MMD**  
*from January 2, 1998 thru May 16, 2014*





# Status

- City is reviewing its financial forecast to reflect potential future capital improvements:
  - New City Hall Facility
  - Downtown Parking
- Does the City have the ability to fund these capital projects?

# Maximum Borrowing Capacity 4.50% Forecast General Fund Projections\*

\$900,000 Maximum Annual Borrowing Capacity in order to maintain at least a 30% Contingency†

20 Year Financing ≈ \$12,890,000 project proceeds

30 Year Financing ≈ \$15,840,000 project proceeds

	<i>Projected FY 2016-2017</i>	<i>Projected FY 2017-2018</i>	<i>Projected FY 2018-2019</i>	<i>Projected FY 2019-2020</i>	<i>Projected FY 2020-2021</i>
<b>BEGINNING FUND BALANCE</b>	\$ 3,571,136	\$ 3,830,122	\$ 3,879,307	\$ 4,031,395	\$ 4,216,140
<b>REVENUES</b>	\$ 13,231,258	\$ 13,692,931	\$ 14,167,224	\$ 14,666,111	\$ 15,190,083
GF Expenditures	\$ 10,194,004	\$ 10,620,304	\$ 11,062,289	\$ 11,523,933	\$ 11,959,994
Transfers Out, net of Transfer to CIP Fund	1,591,262	1,269,252	1,290,108	1,344,694	1,394,010
Transfer to CIP Fund (CIP Expenditures)	177,000	452,000	340,000	290,000	300,000
Transfer to Pension Reserve Fund	160,006	402,190	422,739	422,739	422,739
<b>EXPENDITURES &amp; TRANSFERS OUT</b>	\$ 12,122,272	\$ 12,743,746	\$ 13,115,136	\$ 13,581,366	\$ 14,076,744
<b>BOND FINANCING</b>	\$ 850,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
<b>NET CHANGE IN FUND BALANCE</b>	\$ 258,986	\$ 49,185	\$ 152,088	\$ 184,745	\$ 213,340
<b>ENDING FUND BALANCE</b>	\$ 3,830,122	\$ 3,879,307	\$ 4,031,395	\$ 4,216,140	\$ 4,429,480
<b>CONTINGENCY (%)</b>	30.31%	30.33%	30.42%	30.62%	31.08%

\*Borrowing Capacity Assumptions based on General Fund Only and "AA+" Lease Revenue Scale as of May 8, 2014

June 2, 2014

†Contingency is calculated based on projected fund balances divided by the sum of the General Fund Expenditures, Transfers Out, Net of CIP and Annual Debt Service.

# Maximum Borrowing Capacity 5.00% Forecast General Fund Projections\*

\$1,000,000 Maximum Annual Borrowing Capacity in order to maintain at least a 30% Contingency<sup>†</sup>

20 Year Financing ≈ \$14,330,000 project proceeds

30 Year Financing ≈ \$17,600,000 project proceeds

	<i>Projected FY 2016-2017</i>	<i>Projected FY 2017-2018</i>	<i>Projected FY 2018-2019</i>	<i>Projected FY 2019-2020</i>	<i>Projected FY 2020-2021</i>
<b>BEGINNING FUND BALANCE</b>	\$ 3,477,138	\$ 3,813,713	\$ 3,955,334	\$ 4,248,803	\$ 4,628,119
<b>REVENUES</b>	\$ 13,378,847	\$ 13,885,368	\$ 14,408,605	\$ 14,960,681	\$ 15,542,637
GF Expenditures	\$ 10,194,004	\$ 10,620,304	\$ 11,062,289	\$ 11,523,933	\$ 11,959,994
Transfers Out, net of Transfer to CIP Fund	1,591,262	1,269,252	1,290,108	1,344,694	1,394,010
Transfer to CIP Fund (CIP Expenditures)	177,000	452,000	340,000	290,000	300,000
Transfer to Pension Reserve Fund	160,006	402,190	422,739	422,739	422,739
<b>EXPENDITURES &amp; TRANSFERS OUT</b>	\$ 12,122,272	\$ 12,743,746	\$ 13,115,136	\$ 13,581,366	\$ 14,076,744
<b>BOND FINANCING</b>	\$ 920,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
<b>NET CHANGE IN FUND BALANCE</b>	\$ 336,575	\$ 141,621	\$ 293,469	\$ 379,316	\$ 465,894
<b>ENDING FUND BALANCE</b>	\$ 3,813,713	\$ 3,955,334	\$ 4,248,803	\$ 4,628,119	\$ 5,094,013
<b>CONTINGENCY (%)</b>	30.02%	30.69%	31.82%	33.37%	35.49%

\*Borrowing Capacity Assumptions based on General Fund Only and "AA+" Lease Revenue Scale as of May 8, 2014

June 2, 2014

<sup>†</sup>Contingency is calculated based on projected fund balances divided by the sum of the General Fund Expenditures, Transfers Out, Net of CIP and Annual Debt Service.



# Maximum Borrowing Capacity 4.50% Forecast

## General Fund and Parking Revenues Projections\*

\$900,000 Maximum Annual Borrowing Capacity plus a major portion of Parking Revenues in order to maintain at least a 30% Contingency<sup>†</sup>

20 Year Financing ≈ \$21,825,000 project proceeds

30 Year Financing ≈ \$27,475,000 project proceeds

	Projected FY 2016-2017	Projected FY 2017-2018	Projected FY 2018-2019	Projected FY 2019-2020	Projected FY 2020-2021
<b>BEGINNING FUND BALANCE</b>	\$ 3,571,136	\$ 3,949,562	\$ 4,091,973	\$ 4,339,131	\$ 4,620,829
General Fund Revenues	\$ 13,231,258	\$ 13,692,931	\$ 14,167,224	\$ 14,666,111	\$ 15,190,083
Parking Revenues	634,440	647,129	660,071	673,273	686,738
<b>TOTAL REVENUES</b>	\$ 13,865,698	\$ 14,340,060	\$ 14,827,295	\$ 15,339,384	\$ 15,876,822
GF Expenditures	\$ 10,194,004	\$ 10,620,304	\$ 11,062,289	\$ 11,523,933	\$ 11,959,994
Amorization of Parking Equipment	25,000	25,625	26,266	26,922	27,595
Transfers Out, net of Transfer to CIP Fund	1,591,262	1,269,252	1,290,108	1,344,694	1,394,010
Transfer to CIP Fund (CIP Expenditures)	177,000	452,000	340,000	290,000	300,000
Transfer to Pension Reserve Fund	160,006	402,190	422,739	422,739	422,739
<b>EXPENDITURES &amp; TRANSFERS OUT</b>	\$ 12,147,272	\$ 12,769,371	\$ 13,141,402	\$ 13,608,288	\$ 14,104,339
<b>BOND FINANCING</b>	\$ 1,340,000	\$ 1,428,278	\$ 1,438,735	\$ 1,449,398	\$ 1,460,271
<b>NET CHANGE IN FUND BALANCE</b>	\$ 378,426	\$ 142,411	\$ 247,158	\$ 281,698	\$ 312,211
<b>ENDING FUND BALANCE</b>	\$ 3,949,562	\$ 4,091,973	\$ 4,339,131	\$ 4,620,829	\$ 4,933,040
<b>CONTINGENCY (%)</b>	30.03%	30.67%	31.40%	32.21%	33.24%

\*Borrowing Capacity Assumptions based on General Fund Only and "AA+" Lease Revenue Scale as of May 8, 2014<sup>†</sup>

June 2, 2014

<sup>†</sup>Contingency is calculated based on projected fund balances divided by the sum of the General Fund Expenditures, Transfers Out, Net of CIP and Annual Debt Service.



# Maximum Borrowing Capacity 5.00% Forecast

## General Fund and Parking Revenues Projections\*

\$1,000,000 Maximum Annual Borrowing Capacity plus a major portion of Parking Revenues in order to maintain at least a 30% Contingency<sup>†</sup>

20 Year Financing ≈ \$24,335,000 project proceeds

30 Year Financing ≈ \$30,865,000 project proceeds

	Projected FY 2016-2017	Projected FY 2017-2018	Projected FY 2018-2019	Projected FY 2019-2020	Projected FY 2020-2021
<b>BEGINNING FUND BALANCE</b>	\$ 3,571,136	\$ 3,982,151	\$ 4,156,202	\$ 4,482,348	\$ 4,894,590
General Fund Revenues	\$ 13,378,847	\$ 13,885,368	\$ 14,408,605	\$ 14,960,681	\$ 15,542,637
Parking Revenues	634,440	647,129	660,071	673,273	686,738
<b>TOTAL REVENUES</b>	\$ 14,013,287	\$ 14,532,496	\$ 15,068,677	\$ 15,633,954	\$ 16,229,375
GF Expenditures	\$ 10,194,004	\$ 10,620,304	\$ 11,062,289	\$ 11,523,933	\$ 11,959,994
Amorization of Parking Equipment	25,000	25,625	26,266	26,922	27,595
Transfers Out, net of Transfer to CIP Fund	1,591,262	1,269,252	1,290,108	1,344,694	1,394,010
Transfer to CIP Fund (CIP Expenditures)	177,000	452,000	340,000	290,000	300,000
Transfer to Pension Reserve Fund	160,006	402,190	422,739	422,739	422,739
<b>EXPENDITURES &amp; TRANSFERS OUT</b>	\$ 12,147,272	\$ 12,769,371	\$ 13,141,402	\$ 13,608,288	\$ 14,104,339
<b>BOND FINANCING</b>	\$ 1,455,000	\$ 1,589,074	\$ 1,601,130	\$ 1,613,424	\$ 1,625,960
<b>NET CHANGE IN FUND BALANCE</b>	\$ 411,015	\$ 174,051	\$ 326,145	\$ 412,243	\$ 499,076
<b>ENDING FUND BALANCE</b>	\$ 3,982,151	\$ 4,156,202	\$ 4,482,348	\$ 4,894,590	\$ 5,393,667
<b>CONTINGENCY (%)</b>	30.02%	30.78%	32.06%	33.73%	38.86%

\*Borrowing Capacity Assumptions based on General Fund Only and "AA+" Lease Revenue Scale as of May 8, 2014<sup>42</sup>

June 2, 2014

<sup>†</sup>Contingency is calculated based on projected fund balances divided by the sum of the General Fund Expenditures, Transfers Out, Net of CIP and Annual Debt Service.



# Borrowing Capacity Assumptions\*

- “AA+” Lease revenue bond interest rates as of May 8, 2014
  - 20 Year Financing
  - 30 Year Financing
- No debt service reserve fund requirement

\*Preliminary, subject to change and market conditions.



# Borrowing Structure

- Lease revenue bonds
  - A borrowing instrument that under State Constitution is not considered debt
  - Backed by the General Fund of the City
  - May be repaid over a long period of time
  - May be repaid using General Fund or other available revenues
  - Senior to payment of other obligations after payment of expenditures
  - No voter approval required



# Borrowing Costs

- Cost of Issuance – pays the following fees and expenses:
  - Bond Counsel
  - Disclosure Counsel
  - Financial Advisor
  - Rating Agency
  - Trustee
  - Title Insurance
  - Posting and Printing of Disclosure Document
- Underwriter's Discount – pays the investment bank the following fees and expenses:
  - Takedown (cost to sell bonds)
  - Expenses



# Methodology of the Rating

- The following are the major elements of the makeup of a local government general obligation rating:
  - Institutional framework – 10%
  - Economy – 30%
  - Management – 20%
  - Budgetary flexibility – 10%
  - Budgetary performance – 10%
  - Liquidity – 10%
  - Debt and contingent liabilities – 10%
- A lease revenue rating is usually one notch below the general obligation rating ("AAA")

### Summary of Finance Committee and Fieldman Rolapp Analyses

Source of Projection	Growth Assumption	Available General Fund Cash Flow	Added Parking Revenue Cash Flow*	Interest Rate	Bonding Capacity
Finance Committee	4.5 or 5 percent	\$ 600,000	n/a	4%	\$ 10,400,000
Finance Committee	4.5 or 5 percent	\$ 600,000	n/a	5%	\$ 9,200,000
Finance Committee	4.5 or 5 percent	\$ 600,000	n/a	6%	\$ 8,300,000
Fieldman Rolapp	4.5 percent	\$ 900,000	n/a	3.8%	\$ 15,840,000
Fieldman Rolapp	5.0 percent	\$ 1,000,000	n/a	3.8%	\$ 17,600,000
Fieldman Rolapp	4.5 percent	\$ 900,000	\$ 528,278	3.8%	\$ 27,475,000
Fieldman Rolapp	5.0 percent	\$ 1,000,000	\$ 528,278	3.8%	\$ 30,865,000

\*Fieldman used 82 percent of the City's estimate, to reflect amortization of parking equipment, and parking enforcement and management. Revenues from enforcement were not included. Parking revenues are assumed to grow at 2 percent per year.