

# Summary of City Hall Financing Capacity

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**DEL MAR CITY COUNCIL**  
**JUNE 2, 2014**

# Summary of Financing Sources

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- General Fund annual cash flow (difference between revenues and expenses)
- PEG Fee revenues (to fund TV Studio construction)
- Cash reserves
  - General Fund Contingency
  - Capital Improvement Program Reserve
  - Accumulated PEG Fees
- New Revenues
  - Parking meter income
  - Other

# Range of City Financing Capability

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

# General Fund Financing

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- Finance Committee Analysis (Low)
  - 50% of available annual net revenue can be applied to debt service = \$600,000 in annual cash flow, which can finance \$10,400,000 at 4% interest
- Fieldman Rolapp Analysis (High)
  - \$1,000,000 in debt service can be supported by projected net revenues while maintaining a 30 percent contingency reserve – yielding \$17,600,000 in available funding at 3.84 % interest, including financing costs
  - Reserves should meet credit rating agency criteria for a AA+ lease revenue bond financing

# Parking Revenue Estimates

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- Gross parking revenues are \$434,580 (street) and \$187,460 (garage)
- Fieldman Rolapp adjusted Parking Revenues to 82 percent of total to reflect anticipated O&M and management, and added annual costs of \$25,000 for parking equipment
- Net amount that can be financed by parking revenues:
  - Low bonding estimate of \$ 6,284,000 excludes potential paid parking garage revenue
  - High bonding estimate of \$ 8,160,000 includes potential paid parking garage revenue (130 paid spaces)

# PEG Fee Financing

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- Public, Educational & Government Fees
- \$28,000 annual cash flow
- High – could finance \$494,000 at 4 percent interest
- Low – 75% of this amount, or \$370,000
  
- Note that satellite TV providers, and streaming internet video services do not pay PEG fees. As these services increase, they will cause the City's receipts of PEG fees to decline

# Cash Financing

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- Projected ending CIP Fund balance of \$3,100,000 for Fiscal Year 2014-2015
- High scenario directs all of these funds into a City Hall project
- Low scenario retains \$600,000 in the CIP Reserve, thus netting \$2,500,000 for cash City Hall Funding
- \$160,000 in accumulated PEG fees is available for cash funding of the TV studio

# Conclusion

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- Financing projections are based upon very conservative revenue growth assumptions – 4.3% projected growth versus 5.9% average historic growth
- “Conservative Approach”
  - Data suggest cash/debt financed project of \$13.3 million can be financed using only half of the City’s annual net revenues
- “Conservative Approach with Parking Revenues”
  - Data suggest cash/debt finance project of \$19.7 million is possible with new parking revenues, while still meeting rating agency reserve requirements
- Current bond market suggests City capacity to finance additional \$8+ million (though this is not the staff recommendation)



- END

# Parking Revenues – New Paid Street Parking

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## Summer

	# Spaces	Occupancy	Hours per Day	Days per Year	Rate/Hr.	Revenue
<b>Camino del Mar</b>						
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

# Parking Revenues New Paid Street Parking

## Winter

<b>Camino del Mar</b>	# Spaces	Occupancy	Hours per Day	Days per Year	Rate/Hr.	Revenue
North of 15th (East)	9	40%	8	215	\$ 1.00	\$ 6,192
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