

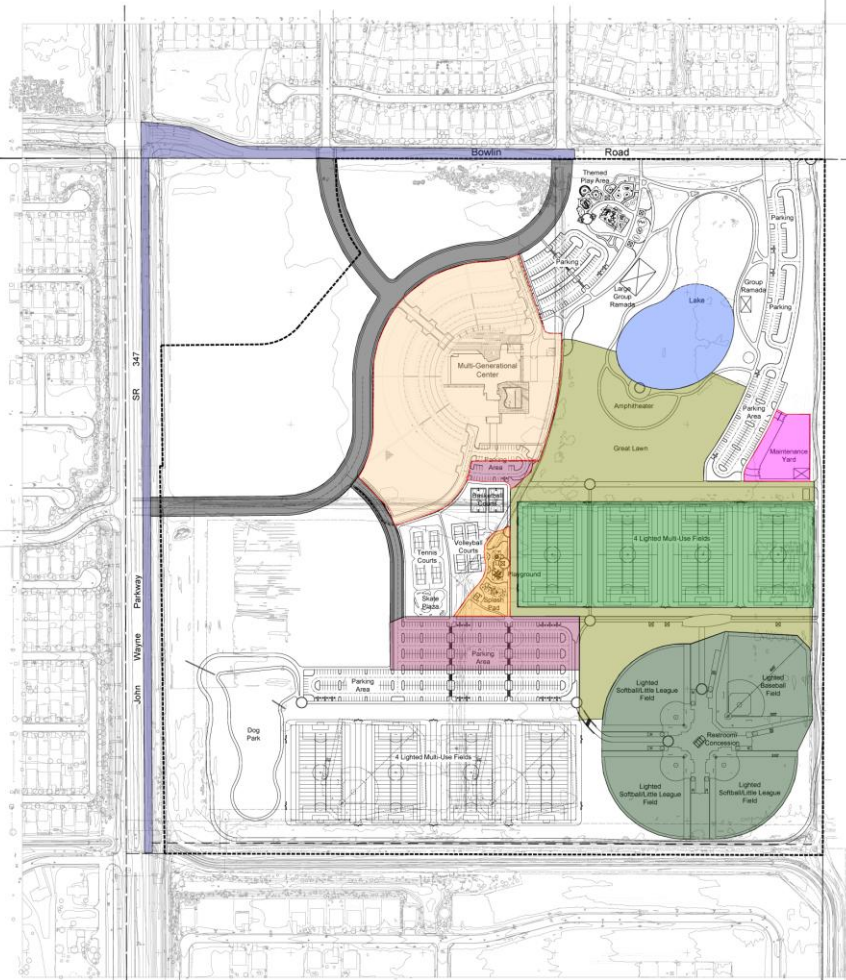


Park Build-Out

September 4, 2012



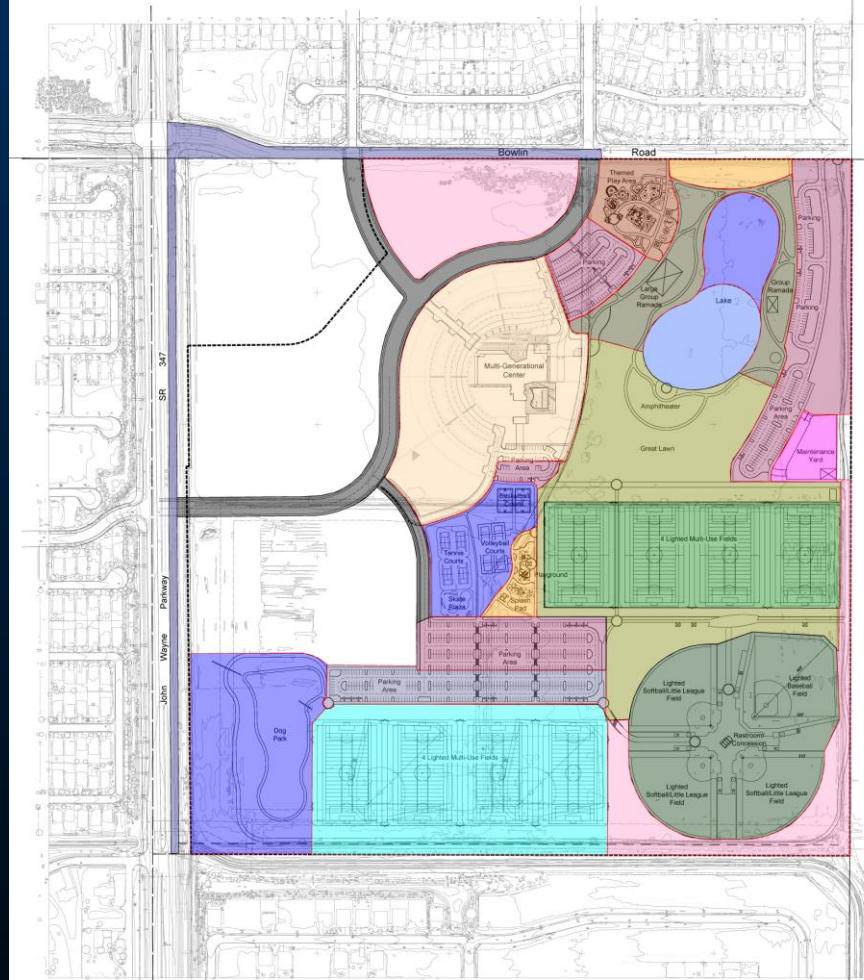
Phase 1 Park Buildout



Vekol Regional Park Master Plan

Date: 07.31.12
Scale: N.T.S.

Complete Park Buildout



Vekol Regional Park Master Plan

Date: 07.31.12
Scale: N.T.S.



Objectives

- A. Determine if the City has the capacity to construct the park to full build-out with the current G.O. bond authorization
- B. Determine if the City has the capacity to operate the park

A. November 4, 2008 Ballot Language

ISSUANCE OF BONDS PAYABLE FROM SECONDARY (AD VALOREM) PROPERTY TAX

Shall the City of Maricopa, Arizona (the "City"), be authorized to incur indebtedness by the issuance of bonds of the City in the principal amount of \$65,500,000 for the purpose of providing funds to pay (1) the costs to design, construct, improve, rehabilitate, and equip **library facilities**, including necessary related interests in real estate, appurtenances, vehicles, and equipment, and (2) the costs to design, construct, improve, rehabilitate, furnish, and equip **park and recreational facilities**, including necessary related interests in real estate, appurtenances, vehicles, and equipment and to pay all costs incidental to any of the foregoing and to the sale and issuance of such bonds; such bonds, or any series thereof, to be issued as general obligation bonds of the City, payable from secondary (ad valorem) property taxes levied upon all of the taxable property in the City, to mature not more than 40 years from their date and to bear interest at a rate of not to exceed 10% per annum?

The issuance of these bonds will result in an annual levy of property taxes sufficient to pay the debt on the bonds.



A. Capacity to Construct to Full Build-Out

- Does the City have the authorization to issue additional bonds?
- Does the City have the legal debt capacity to issue additional bonds?
- What is the impact to a property owner's levy to cover the additional debt service payments?



A. Does the City have the authorization?

General Obligation Bonds Necessary for Completion of Phase I & Park Build-Out (Amounts in Millions)	Phase I Completion	Park Build-Out
Voter Authorization – November 4, 2008	\$65.5	\$65.5
Phase I – Bonds Issued March 3, 2010	\$20.0	\$20.0
Phase I – Planned Bond Issuance FY12-13	\$17.4	\$17.4
Full Build-Out – Est. Bond Issuance	_____	<u>\$12.8</u>
Total Phase I Planned Issuance	\$37.4	\$50.2
Remaining G.O. Bond Authorization	\$28.1	\$15.3

\$30.2 million

- The City would need to issue an additional \$30.2 million in G.O. bonds
- The City has the authorization



A. Does the City have the legal debt capacity?

Legal Debt Margin Analysis	FY12-13
Net Assessed Value (NAV)	\$207,853,562
Allowable G.O. Bond Debt Limit (26% of NAV)	\$54,041,926
Less: Outstanding Debt Remaining on \$20.0M Issuance	\$18,520,000
Less: Issuance Needed to Complete Full Build-Out	<u>\$30,200,000</u>
Legal Debt Margin (Must be Greater than \$0)	\$5,321,926

- The City has the legal debt capacity

A. Authorization & Capacity Analysis

	At 7/1/2010	At 7/1/2011	At 7/1/2012	FY12-13 Full Build-Out Issuance	If Issuance Occurred in FY13-14
NAV	\$ 356,093,407	\$ 259,786,635	\$ 220,239,658	\$ 207,853,562	\$ 184,403,846
% NAV Reduction		-27%	-15%	-6%	-11%
Allowable 26% Debt Limit	\$ 92,584,286	\$ 67,544,525	\$ 57,262,311	\$ 54,041,926	\$ 47,945,000
Less: O/S G.O. Debt	\$ 20,000,000	\$ 19,270,000	\$ 18,520,000	\$ 18,520,000	\$ 17,745,000
Less: O/S G.O. Debt (est.)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>30,200,000</u>	\$ <u>30,200,000</u>
Legal Debt Margin	\$ 72,584,286	\$ 48,274,525	\$ 38,742,311	\$ 5,321,926	\$ 0
Remaining Authorization	\$ <u>45,500,000</u>	\$ <u>45,500,000</u>	\$ <u>45,500,000</u>	\$ <u>15,300,000</u>	
Capacity	\$ 27,084,286	\$ 2,774,525	(\$ 6,757,689)	(\$ 9,978,074)	

A. Estimated FY12-13 & FY13-14 CIP Budgets

- FY12-13 expenditure budget is set; therefore, City can spend up to \$27.9M
- The additional \$12.8M to fund build-out will have to be budgeted in FY13-14

In Millions	FY12-13 Budget		FY13-14 Estimate	FY13-14 Revised Estimate
Regional Park/Sports Complex	\$12.4		\$3.2	\$12.8
Multi-Gen/Aquatics Center	<u>\$10.5</u>		<u>\$3.4</u>	<u>\$ 6.6</u>
Total	\$27.9		\$6.6	\$19.4

A. Secondary Property Tax Levies

<u>Issuance (\$ in millions)</u>		<u>Debt Service Payments Covered by Levy</u>				
		<u>(millions)</u>				
Year	Total	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17
GO - FY09-10	\$ 20.0	\$ 1.44	\$ 1.44	\$ 1.44	\$ 1.44	\$ 1.44
GO - FY12-13 (est.)	\$ 30.2	\$ 0.60	\$ 2.22	\$ 2.22	\$ 2.22	\$ 2.22
	\$ 50.2	\$ 2.04	\$ 3.66	\$ 3.66	\$ 3.66	\$ 3.66

(Assumes No Change in NAV)	FY12-13 Adopted	FY13-14 Estimated Phase I	FY13-14 Estimated Full Build-Out
NAV	\$207,853,562	\$207,853,562	\$207,853,562
Estimated Debt Service	\$1,437,724	\$2,718,000	\$3,661,000
Secondary Property Tax Rate	\$0.6917	\$1.3081	\$1.7609



A. Secondary Levy Impact

(Assumes No Change in NAV)	FY12-13 Adopted	FY13-14 Estimated Phase I	FY13-14 Estimated Full Build- Out
House Value	\$100,000	\$100,000	\$100,000
NAV (Values x .1)	\$10,000	\$10,000	\$10,000
Secondary Property Tax Rate	\$0.6917	\$1.3081	\$1.7609
Total Tax (= Rate for every \$100 of NAV)	\$69.17	\$130.81	\$176.09
Levy Increase		\$61.64	\$45.28



A. Future Use of the Vekol Site

- If the City chooses to utilize a portion of the Vekol property for commercial development, the City would have to “purchase” the portion of the site.
- Cost could be up to \$2 million
- Due to G.O. bond restrictions

A. Question – Does the City have the capacity to construct the park to full build-out?

- Does the City have the authorization to issue additional bonds? - Yes
- Does the City have the legal debt capacity to issue additional bonds? - Yes
- What is the impact to a property owner's levy to cover the additional debt service payments? - \$46/year for a house valued at \$100,000

B. Capacity to Operate the Park at Full Build-Out

- Evaluate the O&M impact over the next five years
 - Baseline - General Fund Forecast with Phase I O&M costs
 - Option 1 - General Fund Forecast with park build-out O&M + 3.0 FTE's
 - Option 2 - General Fund Forecast with park build-out O&M + 3.0 FTE's, cash financing City Hall

B. General Fund Forecast

- Revised General Fund forecast
 - January 17 Forecast
 - No City Hall or park O&M data available
 - CIP comingled with General Fund O&M
 - No FTE increases were forecasted as to hold the line on expenditures



B. Major Baseline Assumptions

- Revenue
 - Assumes continuation of property tax levy reduction with recovery by FY17-18
 - Revised state shared revenue estimates based on Consensus Forecast
 - Revised non-construction sales tax estimates based on Consensus Forecast
 - Modest program revenue increases



B. Major Baseline Assumptions (Continued)

- Expenditures
 - Includes park Phase I O&M (both the Regional Park/Sports Complex & Multi-Gen/Aquatics Center projects)
 - Continued increase in personnel related expenses (salary increases, health insurance, retirement costs, no increases in personnel)
 - Personnel
 - Baseline – No increases in personnel
 - Park Build Out – Increases in 3.0 FTE's (1.0 per PD audit, 2.0 per Development Services audit)

B. Major Baseline Assumptions (Continued)

- Expenditures (continued)
 - Continuation of City Hall lease/utilities
 - Anticipated utility increases
 - Anticipated liability insurance increases
 - Elimination of MUSD field maintenance agreement (50% in FY13-14, 100% in FY14-15)

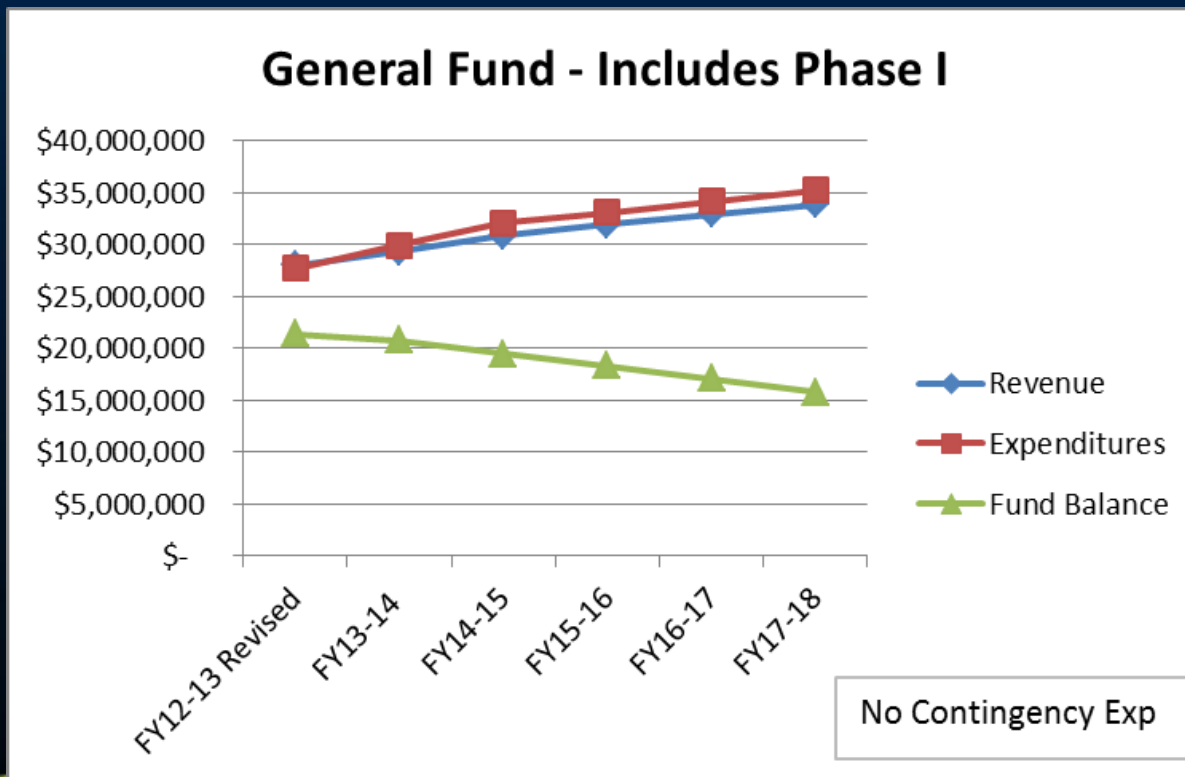
B. Baseline (Phase I) Assumptions

Baseline – Phase I O&M	Revenue	Expenditures		Net O&M Impact
Regional Park/Sports Complex	\$30,000	<\$1,024,800>	=	<\$994,800>
Multi-Gen./Aquatics Center	<u>\$1,082,544</u>	<u><\$1,443,393></u>	=	<u><\$360,849></u>
Total Phase I O&M	\$1,112,544	<\$2,468,193>	=	<\$1,355,649>

- 50% impact felt in FY13-14, 100% in FY14-15 & beyond

B. Baseline– No Contingency Exp

General Fund	FY12-13 Revised	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Estimated Revenue	\$ 27,972,623	\$ 29,290,743	\$ 30,790,130	\$ 31,904,784	\$ 32,912,647	\$ 33,833,221
Anticipated Expenditures	\$ 27,687,113	\$ 29,901,401	\$ 32,070,907	\$ 33,081,075	\$ 34,121,417	\$ 35,200,919
Excess/(Deficiency)	\$ 285,510	\$ (610,658)	\$ (1,280,777)	\$ (1,176,292)	\$ (1,208,770)	\$ (1,367,697)
Fund Balance	\$ 21,372,341	\$ 20,761,683	\$ 19,480,906	\$ 18,304,614	\$ 17,095,844	\$ 15,728,147



B. Option 1 - Park Build-Out Assumptions (+ 3.0 FTS's)

<u>Additional Impact of Park Build-Out O&M</u>	Revenue	Expenditures		Net O&M Impact
Regional Park/Sports Complex	\$45,000	<\$1,012,412>	=	<\$967,412>
Multi-Gen./Aquatics Center	<u>\$375,000</u>	<u><\$500,000></u>	=	<u><\$125,000></u>
Total Phase I O&M	\$420,000	<\$1,512,412>	=	<\$1,092,412>

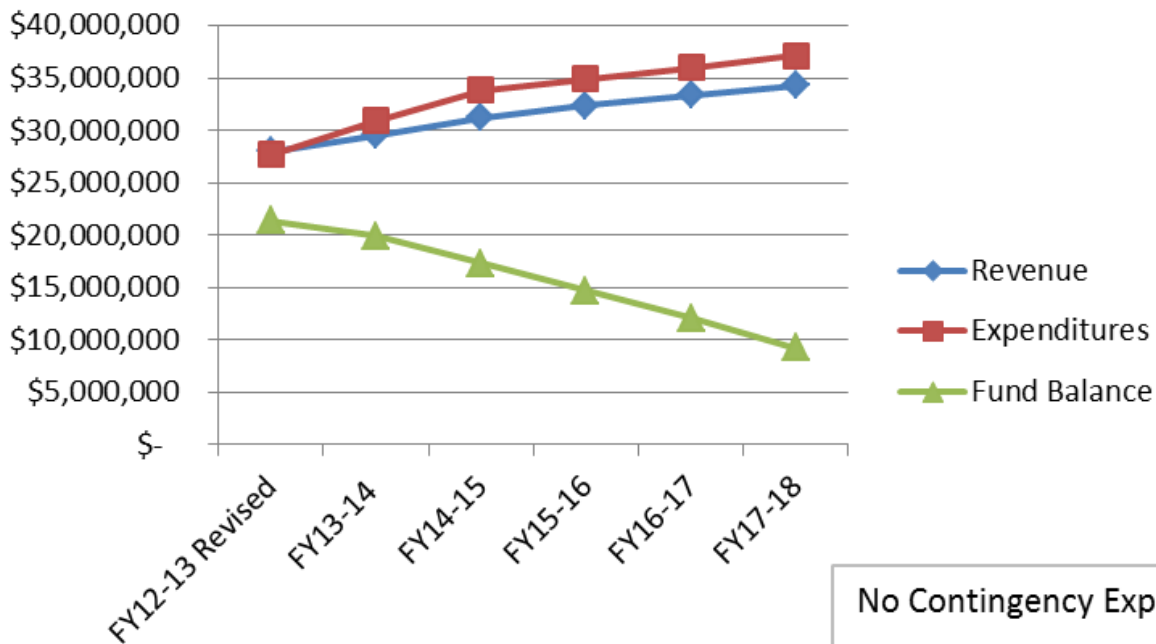
Additional Personnel per Police and Dev. Services Audits	Revenue	Expenditures		Net O&M Impact
Dev. Services Planner	-0-	<\$89,713>	=	<\$89,713>
Dev. Services I.T. Support	-0-	<\$93,471>	=	<\$93,471>
Police I.T. Support	<u>-0-</u>	<u><\$93,471></u>	=	<u><\$93,471></u>
Total Additional Personnel	-0-	<\$276,655>	=	<\$276,655>



B. Option 1 (Build Out + FTE's) - No Contingency Exp

General Fund	FY12-13 Revised	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Estimated Revenue	\$ 27,972,623	\$ 29,500,743	\$ 31,210,130	\$ 32,331,924	\$ 33,347,476	\$ 34,275,877
Anticipated Expenditures	\$ 27,687,113	\$ 30,927,461	\$ 33,859,974	\$ 34,907,391	\$ 35,985,793	\$ 37,104,184
Excess/(Deficiency)	\$ 285,510	\$ (1,426,718)	\$ (2,649,844)	\$ (2,575,468)	\$ (2,638,318)	\$ (2,828,308)
Fund Balance	\$ 21,372,341	\$ 19,945,623	\$ 17,295,779	\$ 14,720,311	\$ 12,081,993	\$ 9,253,686

General Fund - Includes Build-Out + FTE's



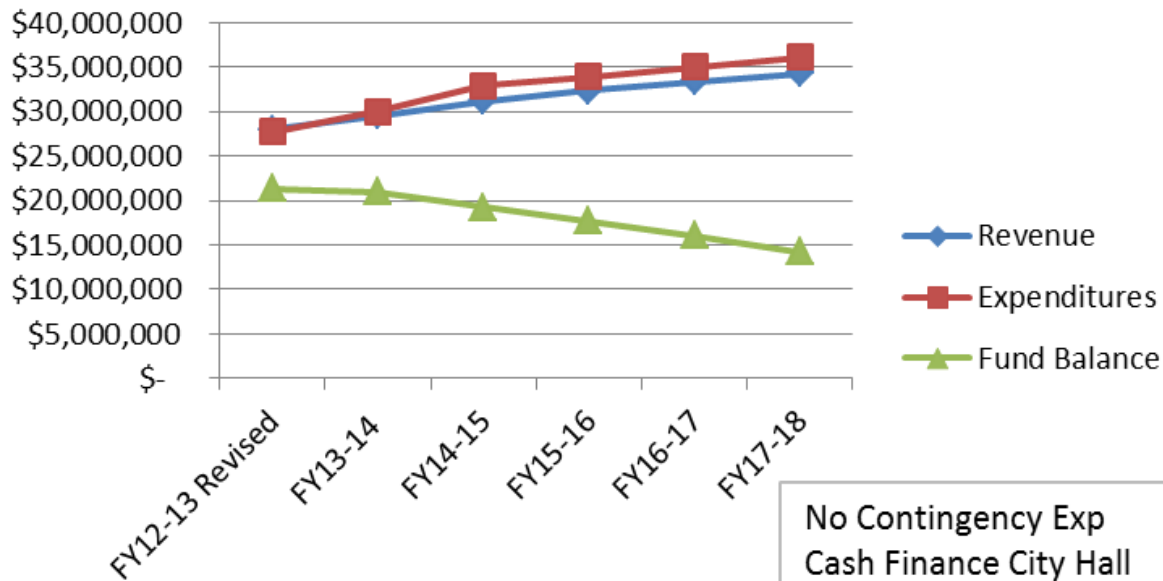
B. City Hall Financing

- Budgeted for annual appropriation debt
 - Total debt = \$13.4 million
 - Annual debt service (paid from the General Fund) = \$986,000
- Could “cash finance” City Hall from Gen'l Governmental CIP Fund – 2 Options
 1. Alternate funding source for certain projects (e.g. grants) or
 2. Budget certain projects in future Gen'l Gov't CIP

B. Option 2 – (Build-Out+ FTE's+ Cash Fin. City Hall) - No Contingency Exp

General Fund	FY12-13 Revised	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Estimated Revenue	\$ 27,972,623	\$ 29,500,743	\$ 31,210,130	\$ 32,331,924	\$ 33,347,476	\$ 34,275,877
Anticipated Expenditures	\$ 27,687,113	\$ 29,941,461	\$ 32,873,974	\$ 33,921,391	\$ 34,999,793	\$ 36,118,184
Excess/(Deficiency)	\$ 285,510	\$ (440,718)	\$ (1,663,844)	\$ (1,589,468)	\$ (1,652,318)	\$ (1,842,308)
Fund Balance	\$ 21,372,341	\$ 20,931,623	\$ 19,267,779	\$ 17,678,311	\$ 16,025,993	\$ 14,183,686

**General Fund - Build-Out + FTE's + Cash
Finance City Hall**



Questions?

- Should full build-out proceed?
 - Phase I
 - Budget Deficit Projection = \$1.2M (FY14-15)
 - Structural Deficit Projection = \$3.2M
 - Build-Out
 - Additional \$46/year property taxes (\$100,000 home)
 - Budget Deficit Projection = \$2.5M (FY14-15)
 - Structural Deficit Projection = \$4.5M

Questions? (Continued)

- Should City Hall be cash financed?
 - Build-Out
 - Budget Deficit Projection = \$1.6M (FY14-15)
 - Structural Deficit Projection = \$3.6M



QUESTIONS?

