



**Capital Funding Alternatives**



# Capital Project Funding Alternatives

## Bond/Debt Capacity

- Debt Position
- Types of Debt
- Interest Rate History
- Debt Service Comparison

## Potential Revenue Sources

- Cash, Property Tax, Sales Tax, Prepared Food and Beverage Tax, Impact and User Fees, Service and TIF Districts, and Economic Development Grants



## Debt Position

### Outstanding Debt

- 6/30/2012
- \$34.7M

### Debt Capacity

- 6/30/2012
- \$454M

### Debt Per Capita

- 6/30/2012
- \$411

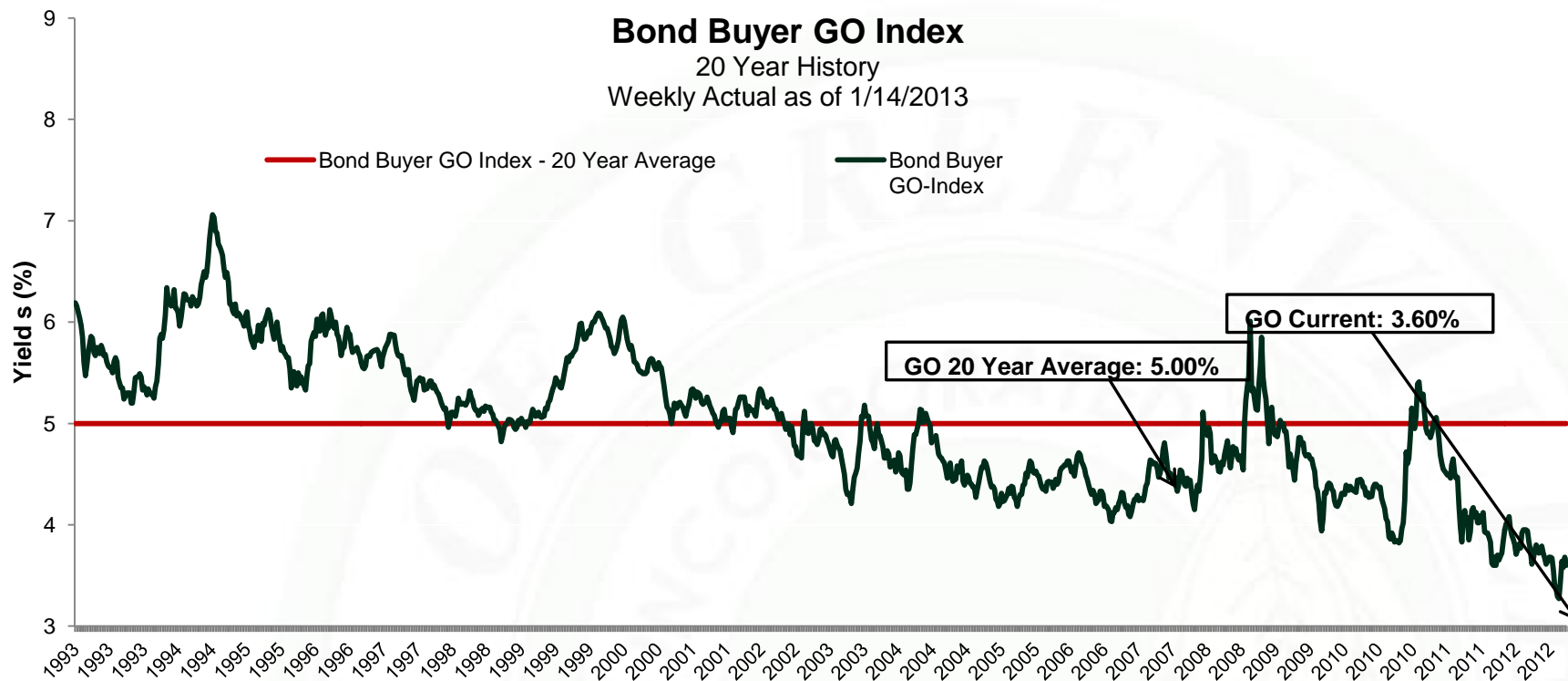


## Types of Debt

	<u>General Obligation Bonds</u>	<u>COPS or Installment Agreement</u>	<u>Special Revenue Bonds</u>
Citizen Vote	Yes	No	No
Collateral	Property Tax	Property	Revenue Stream
LGC Approval	Yes	Yes	Yes
Term of Financing	Normally 20 years	Varies	Normally 20 years
City of Greenville	Public Bldgs. & Street Improvements	2012 Refinancing & 2005 Public Facilities & Equip.	Enterprise and CVA



### Interest Rate History



This graph depicts historical interest rates and their respective relationships. Future interest rates are dependent upon many factors such as, but not limited to, interest rate trends, tax rates, the supply and demand of short term securities, changes in laws, rules and regulations, as well as changes in credit quality and rating agency considerations. The effect of changes in such factors individually or in any combination could materially affect the relationships and effective interest rates. These results should be viewed with these potential changes in mind as well as the understanding that there may be interruptions in the short term market or no market may exist at all.



## Debt Service Comparison

Assumption: 20-year level principal payments

### Now

\$10M => Max. \$645,000  
Avg. \$593,830

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\$15M => Max. \$967,725  
Avg. \$890,745

### Future

\$10M => Max. \$720,000  
Avg. \$633,000

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\$15M => Max. \$1,080,225  
Avg. \$ 949,808

↑ 11%  
↑ 7%  
↑ 11%  
↑ 7%

The future includes an increase of .75%.



## **Summary of Bond & Debt Capacity**

- ✓ **Debt Capacity - \$454 million**
- ✓ **Types of Debt**
- ✓ **Interest rates at all time low**
- ✓ **Opportunity Costs**



## Potential Revenue Sources

<b>Cash/Fund Balance</b>	<b>Property Tax</b>	<b>Sales Tax</b>
<b>Prepared Food &amp; Beverage</b>	<b>Impact Fees</b>	<b>User Fees</b>
<b>Service Districts</b>	<b>Tax Increment Financing Districts</b>	<b>Economic Development Grants</b>



## Cash / Fund Balance

**Total**

- \$31,964,967

**Un-  
assigned**

- \$14,683,133

**Policy**

- \$10,094,032

**Excess  
of  
Policy**

- \$4.2 M Balancing and One Time Capital in Addition to Capital Reserve

+\$1.97 in Capital Reserve - \$1.7 reserved for Parking Deck



## Property Tax

<b><u>Tax Rate Per \$100</u></b>	<b><u>Rate Used</u></b>	<b><u>Change in Revenue</u></b>
.5400	+2 cents	\$1,123,380
.5300	+1 cent	\$561,690
.5200	Current Rate	NA



## What Could the City Afford?

<u>AMOUNT</u>	<u>DEBT SERVICE GO</u>	<u>DEBT SERVICE LOB</u>
\$1,000,000	\$65,000	\$70,000
\$10,000,000	\$645,000	\$691,000
\$17,000,000	\$1,097,000	\$1,175,000



# General Obligation Referendum

## Calendar 8- Months Preparation (February – November 2013)

<u>February</u>	<u>March</u>	<u>June</u>	<u>August</u>	<u>September</u>	<u>November</u>
•Final GO Project List	•Meet Financial Advisors •Community Support Meeting	•Findings Resolution	•LGC Application •Public hearing •Bond Order •Notice of Referendum	•Absentee Ballots Available •Rating Agency Presentation	•Holding of Bond Referendum



## Other Debt Calendar

### 4 - Months Preparation (March – June 2013)

<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
<ul style="list-style-type: none"><li>•LGC Call</li><li>•Bank Bids</li><li>•Preliminary Resolution</li></ul>	<ul style="list-style-type: none"><li>•LGC Application</li><li>•Public Hearing</li><li>•Final Resolution</li></ul>	<ul style="list-style-type: none"><li>•Approval of all documents</li><li>•LGC Approval</li><li>•Closing</li></ul>	<ul style="list-style-type: none"><li>•Bonds redeemed.</li></ul>



## Tax Rate Impact

<b><u>Property Value/HH</u></b>	<b><u>FY 2013 .52</u></b>	<b><u>FY 2014 @ .54</u></b>	<b><u>Annual Change</u></b>	<b><u>Monthly Change</u></b>
<b>\$100,000</b>	<b>\$520</b>	<b>\$540</b>	<b>\$20</b>	<b>\$1.67</b>
<b>\$150,000</b>	<b>\$780</b>	<b>\$810</b>	<b>\$30</b>	<b>\$2.50</b>
<b>\$200,000</b>	<b>\$1,040</b>	<b>\$1,080</b>	<b>\$40</b>	<b>\$3.33</b>
<b>\$250,000</b>	<b>\$1,300</b>	<b>\$1,350</b>	<b>\$50</b>	<b>\$4.17</b>
<b>\$300,000</b>	<b>\$1,560</b>	<b>\$1,620</b>	<b>\$60</b>	<b>\$5.00</b>
<b>\$350,000</b>	<b>\$1,820</b>	<b>\$1,890</b>	<b>\$70</b>	<b>\$5.83</b>

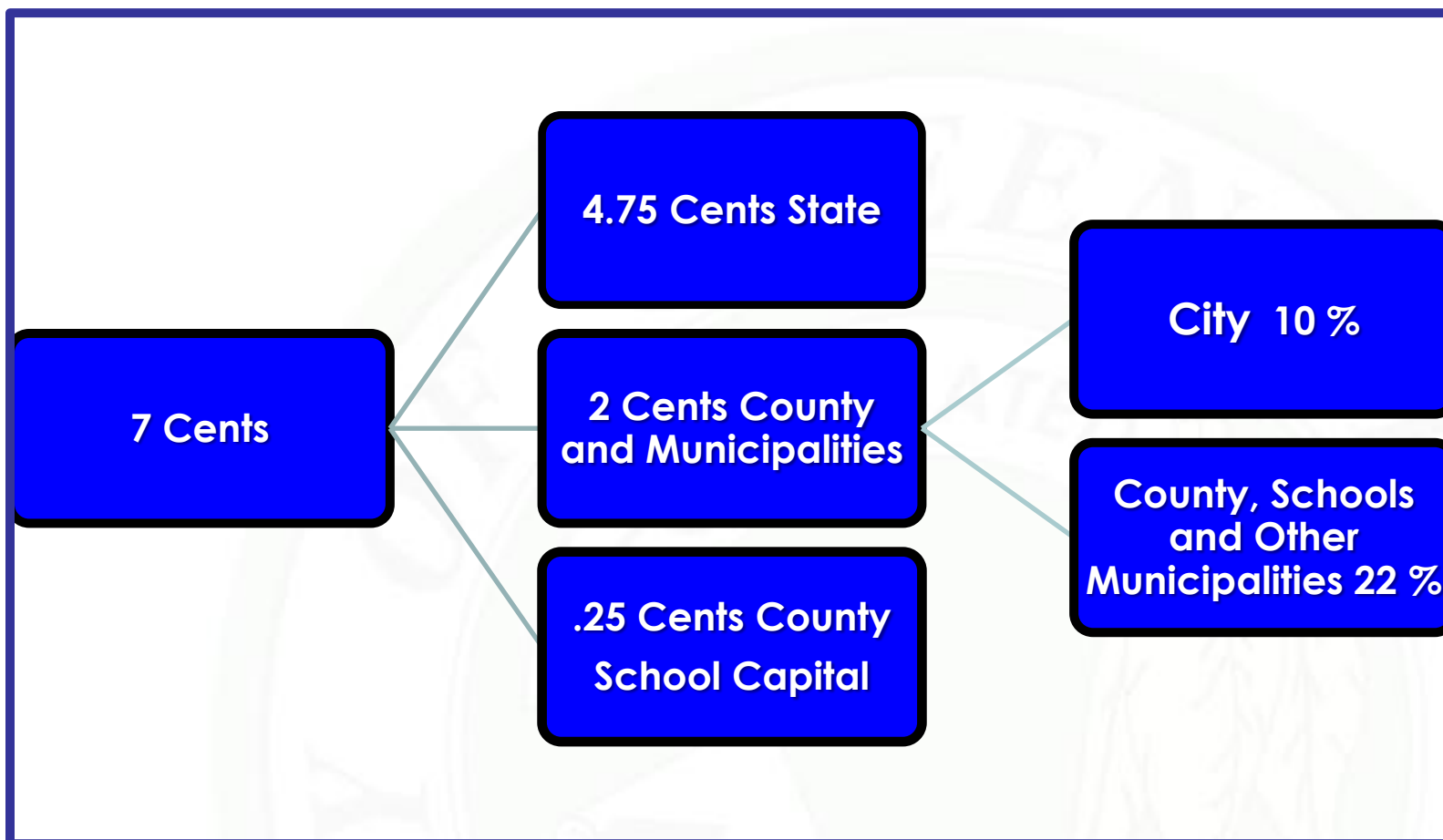


## Sales Tax Authorization

- ✓ **1971 Article 39 1% Local Option** - Point of Sale Basis of Collection and Distribution Method (per capita distribution within Pitt County )
- ✓ **1983 Article 40 ½%** - Statewide Collection Method and Per Capita Distribution
- ✓ **1986 Article 42 ½%** - Point of Sale Basis Collection Method and Point of Sale Distribution
- ✓ **Hold Harmless** - replaces the 2002 Article 44 ½ % which was based on Per Capita Distribution of Statewide Collections at 50% and Point of Sale Collections at 50%.

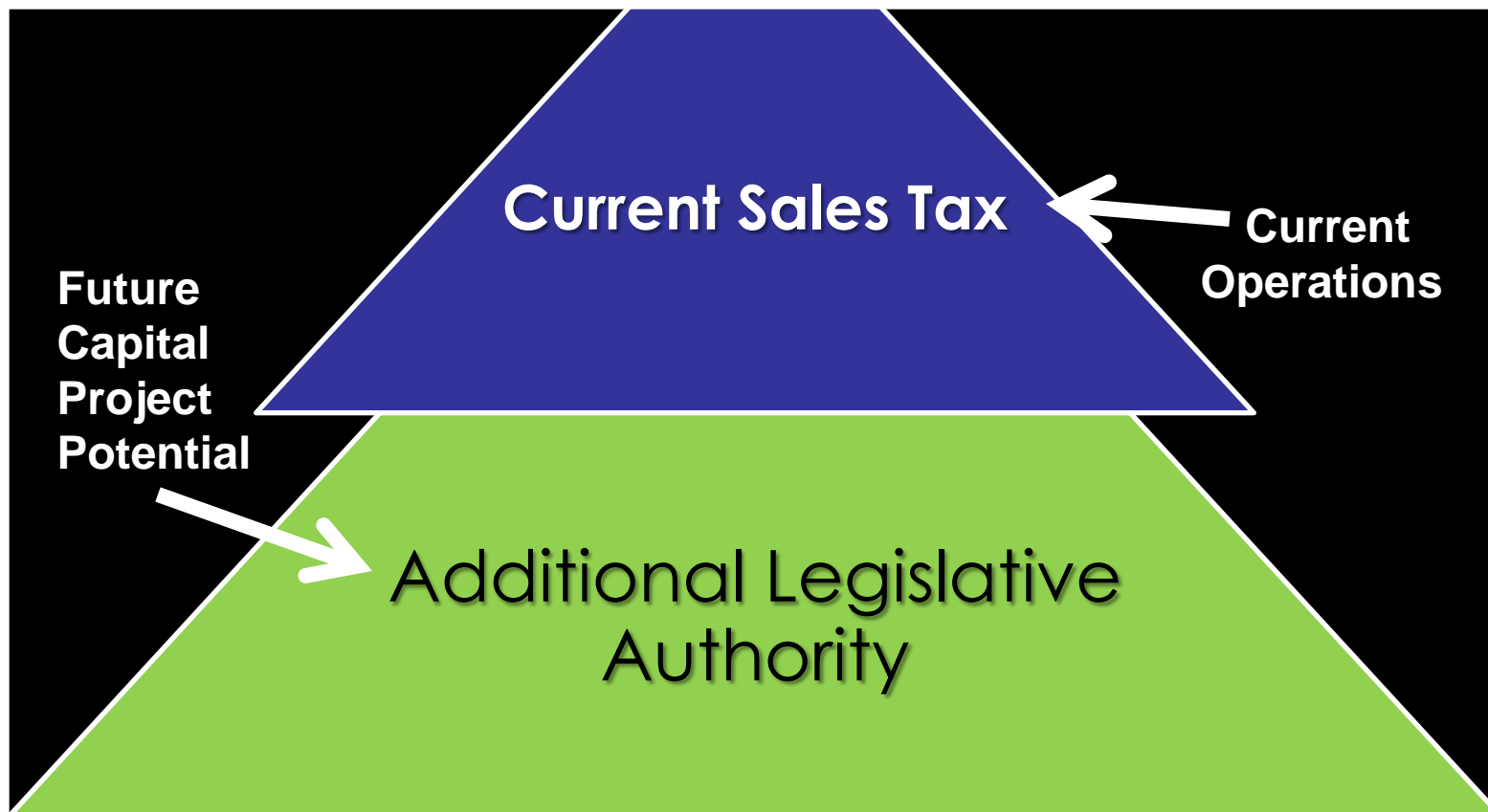


# Sales Tax





# Sales Tax





### Sales Tax

**Estimate for an additional  
\$.25**

**\$.25 → 1.4M**

**\* Estimate is based on receipts from the 1% local option**



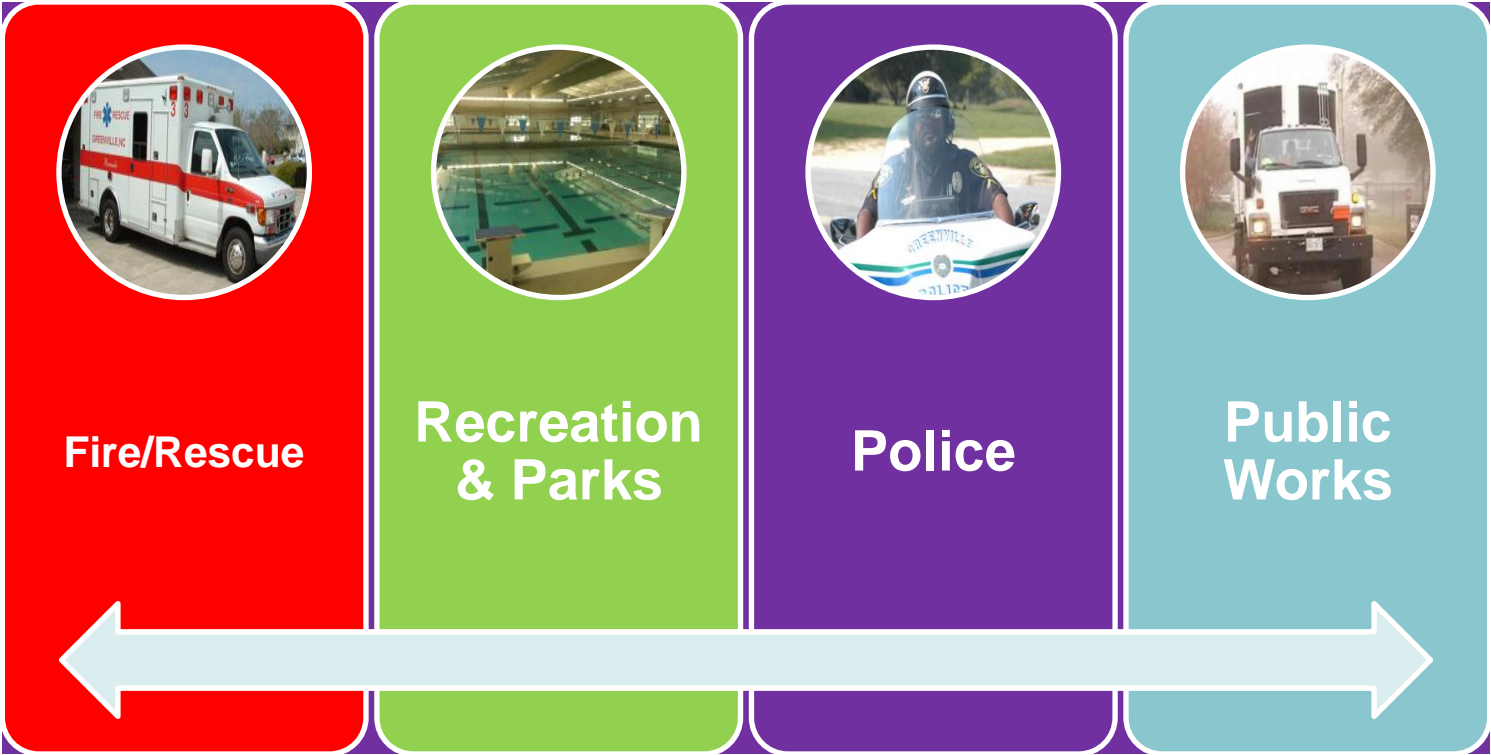
## Prepared Food & Beverage

**Value of Greenville Sales  
\$265,113,000**

1% → 2.5M



# Impact Fees



**Fire/Rescue**

**Recreation  
& Parks**

**Police**

**Public  
Works**

New Fire  
Equipment

New Sites  
and  
Equipment

Increased  
Demand for  
Police  
Services

Increased  
Street  
Needs



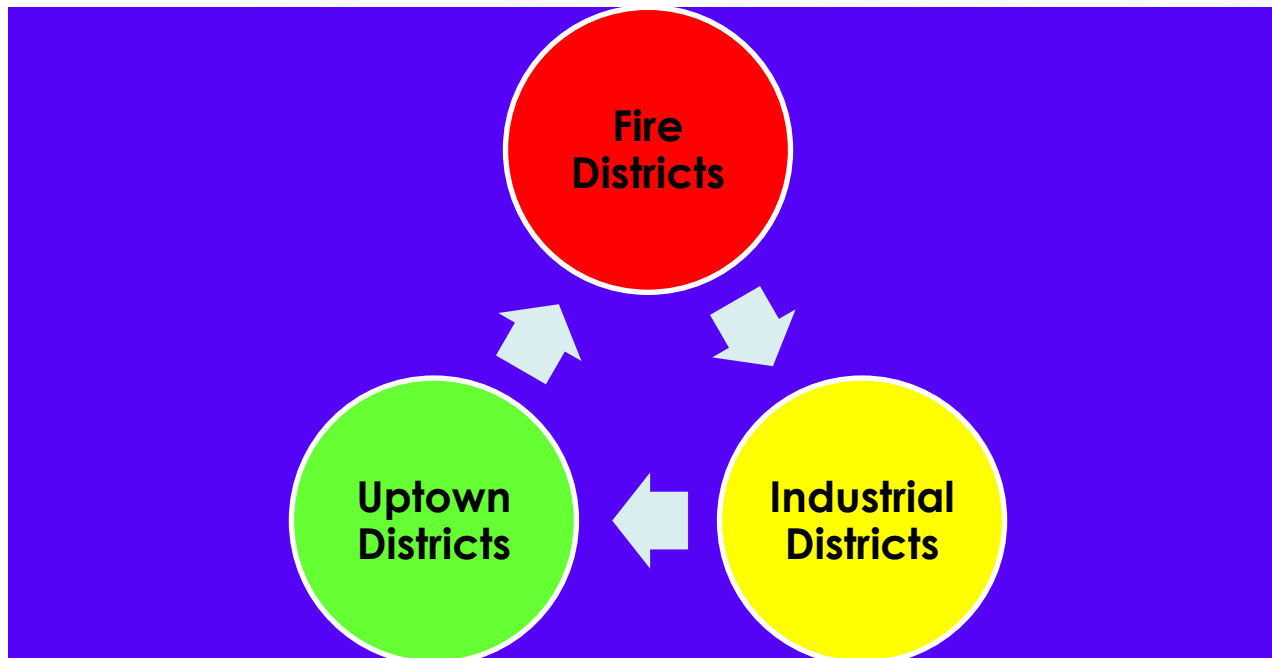
### User Fees

- ✓ User Fees are paid for Direct Services
- ✓ Process of Updating the City's Cost Allocation Plan
- ✓ Business license fees, Sanitation Fees, Recreation Fees, and Rescue Fees
- ✓ These Fees should be set Appropriately



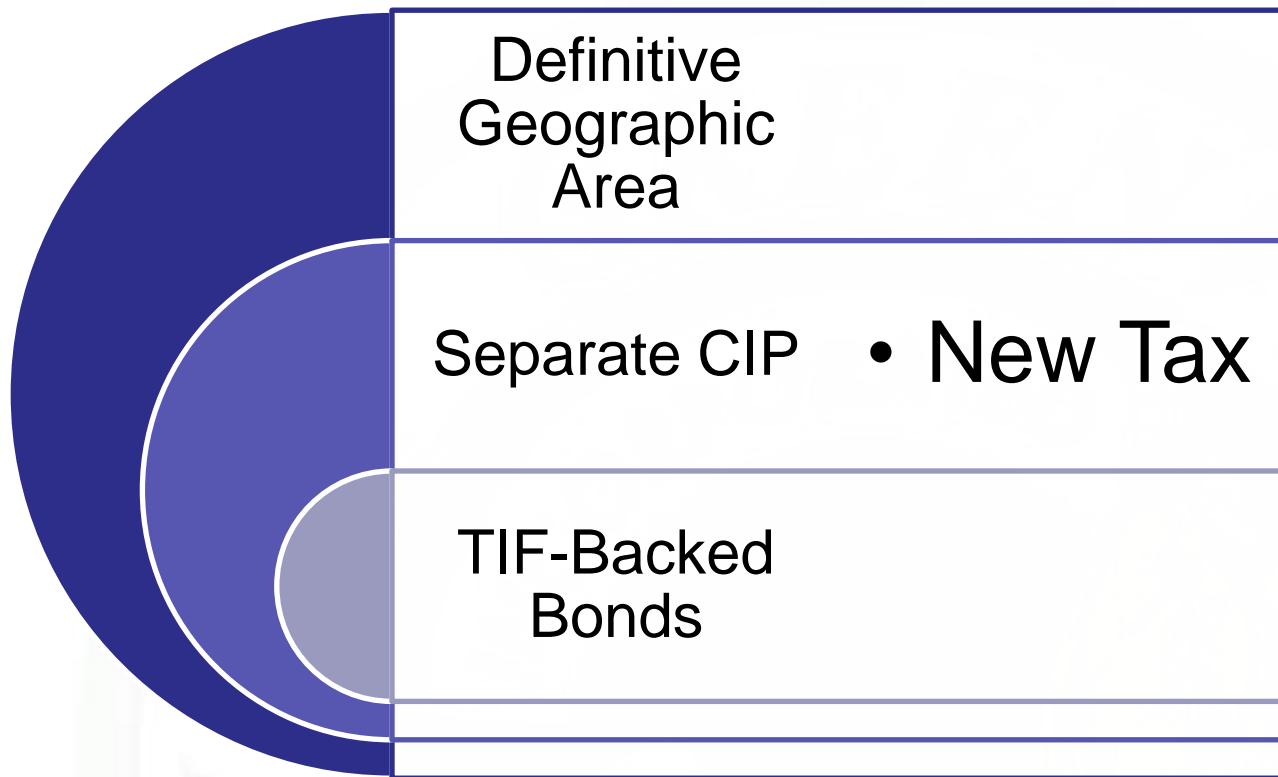
# Service Districts

- **Area in which the City levies an additional property tax in order to provide extra services to the residents or properties in the district.**





# Tax Increment Financing Districts





# **Economic Development Grants**

**Economic Development  
Administration (EDA)**

**US Department of Housing  
and Urban Development  
(HUD)**



## Summary

### Bond and Debt Capacity

- **\$454 Million**
- **Issue Now vs. Later**
- **\$65,000 per Million**
- **Timeframe Difference 8 Mos.  
vs. 4 Mos. To Issue**



# Summary

## Potential Revenue Sources

<b>Cash</b>	<b>\$4.2 M Balancing and One Time Capital</b>
<b>Property Tax</b>	<b>+2 Cents Supports \$17m – New Capital</b>
<b>Sales Tax</b>	<b>+.25 Cent yields - \$1.4 m</b>
<b>Prepared Food &amp; Beverage Tax</b>	<b>1% Yields - \$2.5 m</b>
<b>Impact Fees</b>	<b>For Police, Fire/Rescue, Parks, &amp; etc.</b>
<b>User Fees</b>	<b>User Fee Study</b>
<b>Service Districts</b>	<b>Specific Areas-Pay for Specific Services</b>
<b>Tax Increment Financing</b>	<b>+Tax in an Area to Pay - Investment</b>
<b>Economic Development Grants</b>	<b>Require Additional Research</b>



# Questions

