



City of Franklin, Tennessee
Board of Mayor and Aldermen

**FY 2019-2028
Capital Investment
Program Financing Model**

BOMA Work Session

July 2, 2019



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

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Agenda

Summary

Revenues:

- Available Resources**
- Debt Capacity Review**

Expenses:

- Recommended FY 2019-2028 Project Tiers**
- FY 2020 Capital Budget**

Closing



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

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 the FY 2019-2028 Capital Improvement Program cost? And,**
- What will be the impact on the City's debt capacity and overall debt service?**



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Summary

This model has three main sections:

- This Executive Summary with summaries of current and future resources, annual and cumulative cost estimates for all FY 2019-2028 CIP projects and a revised Debt Capacity Analysis given the revised cost of projects.**
- 10-year Financing Analysis with detailed forecasts for most major internal funds of the City of Franklin.**
- FY 2019-2028 CIP Project Detail Sheets, which itemize the annual and cumulative funding needs by source by project.**



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Revenues: Available Resources (Cash)

This model shows gross available revenues for all committed and proposed capital projects. 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 *slightly more than \$179,392,570 in cash is available* for capital projects between now and the end of FY 2028.

Note: This is \$15 million more than we forecast in November; continued healthy growth in Development Funds and in Sales Tax collections have contributed to this increase.



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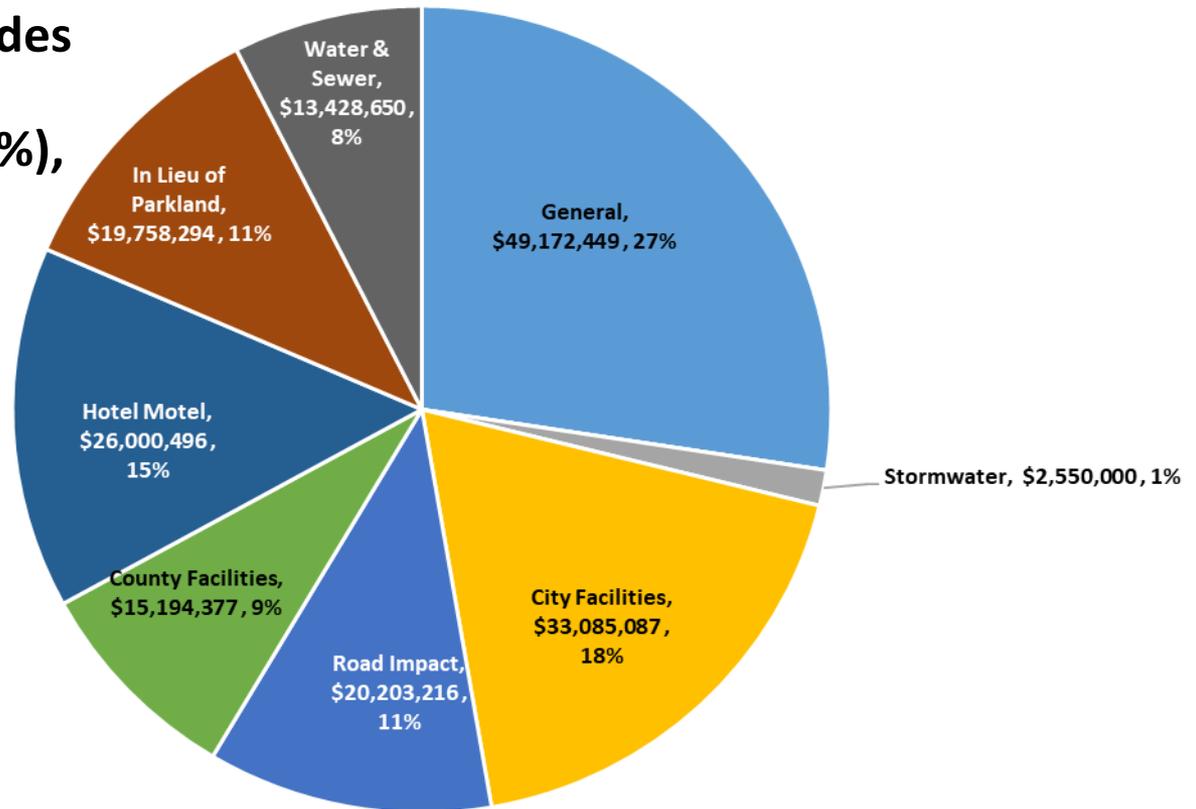
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Revenues: Available Resources (Cash) - \$179,392,570

Of Note:

- General Fund Cash includes current Capital Funding Account balance (over 45%), Invest Franklin dollars, 50% of anticipated Sales Tax monies currently going to Williamson County for Schools (beginning in 2022) and 50% of Property Tax monies currently paying off TIF District (beginning in FY 2024)

Projected Resources by Fund - FY 2019-2028





City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Revenues: Debt Capacity Review

- Although the forecast of over \$179 Million in cash resources for capital projects is a notable achievement for the next ten years, there is far more need than what we can afford in cash alone. Staff continues to be a proponent of leveraging our cash resources and responsibly borrow to fund eligible capital projects.
- Staff proposes ***\$95 million in additional borrowing*** (to join the existing \$37 million already issued in debt) over the next 8 years to fund capital investment.



City of Franklin, Tennessee

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Debt Capacity Review

A few notes:

- 1) The Debt Capacity Analysis takes into account all debt rolling off over the next ten years.**
- 2) The Debt Capacity Analysis assumes issuing bonds in level principal payments (the most conservative approach to issuing debt) at an annual rate of 4.5% for a duration of 20 years.**
- 3) The analysis is predicated on using monies generated from the Williamson County Schools taxes and the TIF district to service additional debt.**
- 4) Staff attempted to balance overall debt and cash at 50% each for the next ten years to fund capital.**



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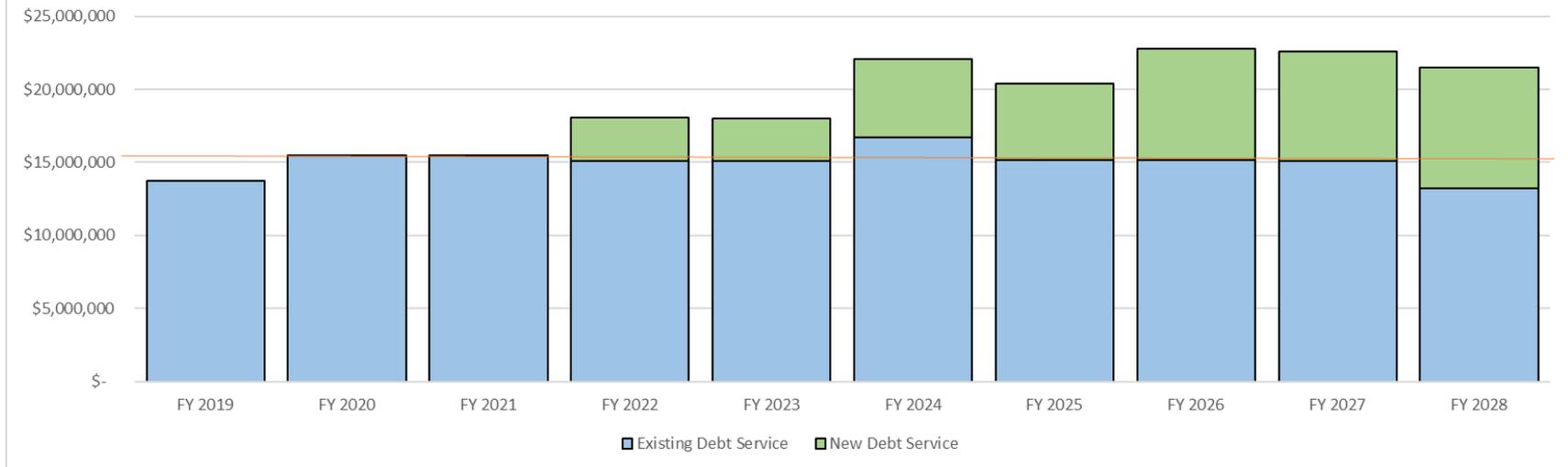
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FY 2019-2028 Capital Investment Program

Revenues: Debt Capacity Review

Proposed Debt Issuances			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Balance (FY 2029-FY 2047)
FY	Interest Rate	Issuance Amt.											
2021	4.50%	\$ 31,289,625	\$ -	\$ -	\$ -	\$ 2,972,514	\$ 2,902,113	\$ 2,831,711	\$ 2,761,309	\$ 2,690,908	\$ 2,620,506	\$ 2,550,104	\$ 26,744,807
2023	4.50%	\$ 26,833,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,549,216	\$ 2,488,840	\$ 2,428,464	\$ 2,368,088	\$ 2,307,712	\$ 27,370,532
2025	4.50%	\$ 26,962,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,561,421	\$ 2,500,756	\$ 2,440,091	\$ 32,199,759
2027	4.50%	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 950,000	\$ 13,775,000
A	New Debt Service		\$ -	\$ -	\$ -	\$ 2,972,514	\$ 2,902,113	\$ 5,380,927	\$ 5,250,149	\$ 7,680,793	\$ 7,489,350	\$ 8,247,907	\$ 100,090,098
B	Existing Debt Service		\$ 13,764,063	\$ 15,455,385	\$ 15,478,652	\$ 15,091,564	\$ 15,082,645	\$ 16,680,553	\$ 15,169,085	\$ 15,127,656	\$ 15,094,567	\$ 13,236,744	\$ 73,759,278
C (A + B)	Cumulative G.O. Debt Service		\$ 13,764,063	\$ 15,455,385	\$ 15,478,652	\$ 18,064,078	\$ 17,984,758	\$ 22,061,481	\$ 20,419,234	\$ 22,808,448	\$ 22,583,917	\$ 21,484,650	\$ 173,849,376

Proposed City of Franklin General Obligation Debt Service - FY 2019 - 2028





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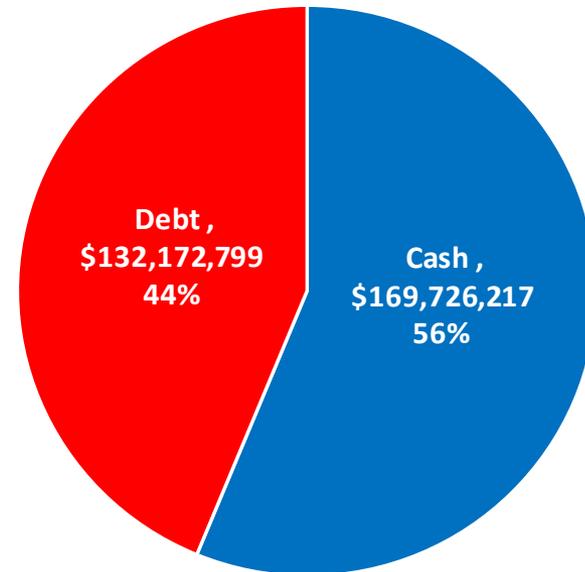
FY 2019-2028 Capital Investment Program

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Revenues: \$301,899,016 available (all sources)

FY 2019-2028 Projected Resources

Internal	Cash & Debt	
110 General		
Pay-as-you-go Cash ¹	\$	9,248,697
2017 & 2019 G.O. Bonds	\$	37,086,992
Additional Debt ²	\$	95,085,807
124 Sanitation Fund	\$	-
128 Road Impact Fund	\$	20,203,216
130 City Facilities Tax	\$	33,085,087
132 County Facilities Tax	\$	15,194,377
135 Stormwater	\$	2,550,000
150 Hotel Motel	\$	26,000,496
155 In Lieu of Parkland	\$	19,758,294
421 Water	\$	2,845,650
431 Sewer	\$	10,583,000
External		
Federal	\$	2,600,000
State	\$	14,000,000
Local	\$	12,582,400
Private	\$	1,075,000
Total	\$	301,899,016



Notes:

¹ Pay as you go cash includes the balance of the Capital Funding Account (over 45% of fund balance in the General Fund) and the accumulated total of the 1.5 Cent property tax allocation for capital projects.

² Debt Service resource is an estimated amount of \$95,000,000 based upon the amount of capacity gained from the amount of existing debt service to be retired and the addition of Sales Tax and TIF District revenues.



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FY 2019-2028 Capital Investment Program

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Revenues: So what changed from November?

**November: *Net* Internal
Revenues only
Total: \$237 million
- \$95 million committed
to prior projects
Available: \$142 million
(rounded to \$150M)**

**Today: *Gross* Internal &
External Revenues shown
Total: \$302 million
(Increase *of \$65 million*)
*+ \$30 M External (grants/
other gov't/private)*
+ \$16 M Development Funds
+ \$12 M Water & Sewer
*+ \$7 M Additional Debt***



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Expenses: \$281,510,872 in total projects

The Projects: 37 recommended projects totaling \$281,510,872 over the next ten years.

They comprise 3 tiers:

- 2017 Tier - 7 - (*BOMA Authorized under Res. 2016-69*)
- 2019 Tier - 13 - (*BOMA Prioritization from earlier in 2019*)
- Opportunity Tier - 17 – comprised projects which received majority support of BOMA members, or staff believes are either vital to achieve to maintain the health, safety and value of community assets or maximize external funding support.



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Capital Project Tiers





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Capital Project Tiers: 2017 Tier

Project	Total Project Cost	FY 2020 Budget
FD16001 - Fire Station 7	\$ 7,062,500	\$ 5,082,305
ST16007 - McEwen Phase 4	\$ 34,057,000	\$ 5,000,000
ST16009 - Franklin Road	\$ 18,178,952	\$ 8,296,432
Major Road Resurfacing	\$ 8,425,000	\$ 2,725,000
FM19003 - Sanitation Facility	\$ 3,255,000	\$ 1,755,000
PK16014 - SE Park - Phase I	\$ 31,200,000	\$ 1,300,000
<u>ST16020 - 96 West Trail</u>	<u>\$ 5,300,000</u>	<u>\$ 3,500,000</u>
	\$ 107,478,452	\$ 27,658,737



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Capital Project Tiers: 2019 Tier

Project	Total Project Cost	FY 2020 Budget
ST16017 - Long Ln and Old Peytonsville Rd Connector	\$ 22,288,800	\$ 450,000
PK16020 - Bicentennial Park	\$ 4,175,000	\$ 300,000
SW16003 - 100 Block Battle Avenue Drainage Improvements	\$ 2,500,000	\$ 2,500,000
FM19001 - 5th Ave Parking Lot	\$ 500,000	\$ 500,000
ST16011 - Mallory/N Royal Oaks & Liberty Intersection Imp.	\$ 15,000,000	\$ 450,000
PK16013 - Greenway & Bridge (Harlinsdale to Chestnut Bend)	\$ 3,032,960	\$ 350,000
PK16016 - Lockwood Glen Park	\$ 5,530,000	\$ 602,300
ST16006 - Jordan Road (Aspen Grove Dr-Mallory Ln)	\$ 4,670,480	\$ 200,000
ST16030 - Lewisburg Ave Sidewalk Improvements	\$ 1,162,260	\$ 426,380
FM16001 - New City Hall	\$ 24,500,000	\$ 250,000
PK19001 - FSSD (Freedom Middle/Poplar Grove)	\$ 5,150,000	\$ 276,300
ST16012 - E McEwen Dr. Ext. (Wilson Pike to City Limits)	\$ 19,634,800	\$ 250,000
SW16007 - Maplewood Stormwater Project	\$ 530,000	\$ 530,000
	\$ 108,674,300	\$ 7,084,980



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

Capital Project Tiers: 2019 Tier

- Totals 13 projects; these were prioritized by BOMA earlier in 2019.
- 2 projects **NOT** included within this recommendations though they were prioritized by the BOMA:
 - a) **#ST16014 – Franklin Rd. & Mallory Station Intersection Improvement - \$6,740,000** – Staff strongly suggests waiting and seeing impact of current improvements as part of the Ironhorse PUD development and if TDOT will want to participate on expanding Franklin Road before embarking on this improvement.
 - b) **#ST16022 – Carothers Pkwy Widening (Long Lane to Falcon Creek) - \$12,030,800** – Staff recommends improving the northern section of Carothers first (Falcon Creek to Hwy 96) at a cost of more than double (\$26.2M est.) Otherwise there will be a bottleneck on Carothers.



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Capital Project Tiers: Opportunity Tier

Project	Total Project Cost	FY 2020 Budget
PK16009 - Liberty Park Improvements	\$ 5,400,000	\$ 250,000
PK16002 - Main Barn, Harlinsdale	\$ 1,719,070	\$ 217,870
PK16018 - Eastern Flank Road Circle	\$ 160,000	\$ 160,000
PK16011 -Greenway Aspen Grove Park to Mack Hatcher	\$ 1,555,000	\$ 75,000
ST19004 - McEwen Drive Interchange Modifications	\$ 1,000,000	\$ 1,000,000
ST19006 - Church St. (Columbia to 2nd Ave S)	\$ 11,231,644	\$ 215,415
ST16005A - Peytonsville Rd & Pratt Ln Int. Improvements	\$ 9,913,416	\$ -
ST16005B - Pratt Ln Bridge Replacement	\$ 1,500,000	\$ 100,000
SW19003 - USACE - Home Raising Project	\$ 4,000,000	\$ 4,000,000



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Capital Project Tiers: Opportunity Tier

Project	Total Project Cost	FY 2020 Budget
SW19004 - West Main Bridge Widening Project	\$ 455,000	\$ 60,000
ST16001 - Carlisle Ln (SR96W-Future Mack Hatcher Pkwy)	\$ 8,490,720	\$ -
PK19010 - Thompson Alley Neighborhood Park	\$ 222,000	\$ 20,000
ST19001 - Main St Sidewalk Repair Project	\$ 2,200,000	\$ 520,000
ST16024 - Mack Hatcher Multiuse Trail (Franklin-Hillsboro)	\$ 3,600,000	\$ -
PK19007 - Greenway (Pinkerton Park to Franklin Rd. Bridge)	\$ 5,328,400	\$ -
FM19002 - New Public Parking Structure or Surface Lot	\$ 8,100,000	\$ -
PK16001 - Hayes Home Restoration (Harlinsdale)	\$ 482,870	\$ -
	\$ 65,358,120	\$ 6,618,285



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

FY 2020 Capital Budget

- In keeping with our commitment to further enhance our financial management of the community and communicate a clear expectation of what will be accomplished in the upcoming year, we have broken down for the first time this ten-year CIP year by year. This effort represents an annual capital budget, to be reviewed and appropriated by the BOMA annually.
- This will occur for FY 2020 through the first budget amendment at the August Budget & Finance Committee. Moving forward, this will be submitted as part of the Annual Operating Budget in May for your consideration.



City of Franklin, Tennessee

FY 2019-2028 Capital Investment Program

FY 2020 Capital Budget

- The FY 2020 Capital Investment Budget will consist of elements of 31 of the 37 projects, totaling **\$41,362,002**.
 - All 7 of the 2017 Tier Projects (**\$27,658,737**)
 - All 13 of the 2019 Tier Projects (**\$7,084,980**)
 - 11 of the 17 Opportunity Tier Projects (**\$6,618,285**)
- This is an aggressive capital work plan for the next 12 months. While some of this investment is in the actual production of projects (Fire Station 7, Sanitation Facility Improvements, Major Road Resurfacing, Franklin Road, Maplewood Stormwater, 100 Battle Ave, etc.) the majority of expenditures are for design of future projects in the 10-year window. This is to maximize future funding and construction opportunities.



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Summary

- Staff estimates that ***\$301 million of resources are available*** over the next ten years to fund 37 capital projects from the list totaling over ***\$281 million in requests.***
- ***Model is conservative with revenue assumptions, but maximizes funding opportunities.*** It assumes the City take on additional debt, but the city has the ability to pay the recommended debt with ongoing revenue streams.
- This will be revisited every two years and amended.



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Questions