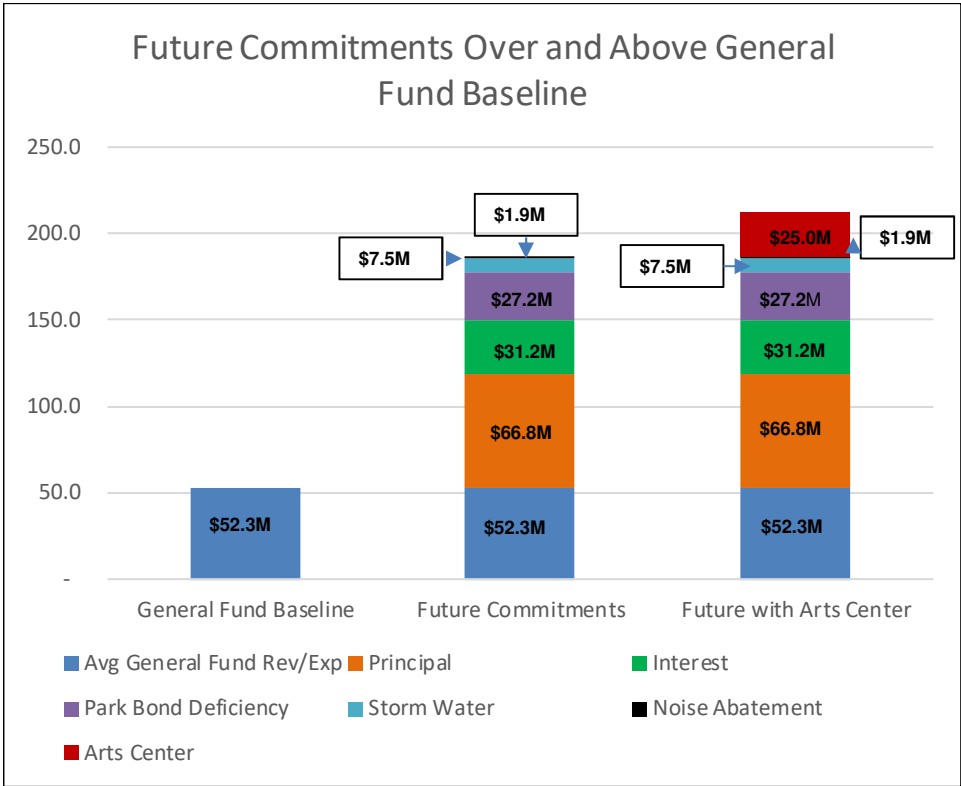




City of Johns Creek
Future Financial Commitments
January 17, 2019

*Prepared by Stephanie Endres, CPA
Johns Creek City Council Post 5*

GRAPHIC OF FUTURE FINANCIAL COMMITMENTS



“Promises Made, Promised Kept”

This financial representation is supported by information provided by the City of Johns Creek during previous meeting discussions of the City Council and provided to demonstrate the views and considerations of the presenter only.



SUMMARY FUTURE FINANCIAL COMMITMENTS

Avg Annual Revenue	\$ 52,300,000	Refer to Appendix A
Total Future Costs Due	\$ 134,602,000	Debt & Future Project Spending 257% 2.6 Times Avg Annual Revenue (2.5 Years)
Total Future Costs with Arts Center	\$ 159,602,000	Debt & Future Project Spending 305% 3.1 Times Avg Annual Revenue (3 Years)

Debt Payable		Total	Principal	Interest	Due in Years
GTIB - Paving		4,745,000	3,607,000	1,138,000	2019 - 2036
Certificates of Participation - City Hall		28,656,000	23,830,000	4,826,000	2019 - 2032
General Obligation Bonds - Parks Bond		64,639,000	39,400,000	25,239,000	2019 - 2047
Refer to Appendix B-C		98,040,000	66,837,000	31,203,000	
Percentage of Avg Annual Revenue		187%	128%	60%	
Park Bond Referendum Project Costing		Future Spending Needs	Bond Funding	Est Project Total	
Park Build Out		11,091,000	20,825,000	31,916,000	
Park Upgrades		3,337,000	3,634,000	6,971,000	
Other		12,759,000	15,541,000	28,300,000	
Refer to Appendix D		27,187,000	40,000,000	67,187,000	
Percentage of Avg Annual Revenue		52%		**	
		**From Rec & Park Strategic Plan			
Storm Water		\$ 7,500,000	Utilized cost of Public Works as baseline for Infrastructure need from FY2016 Approved Budget		
Percentage of Avg Annual Revenue		14%			
Noise Abatement			Stretch of road equivalent to McGinnis Ferry for average per subdivision below		
Abbotts Bridge (FY19 Budget Baseline)		1,250,000			
Council Policy Commitments					
Seven Oaks		312,500			
Vicarage		312,500			
Concord Hall		312,500			
Highland Park		312,500			
Oxford Mill		312,500			
Saint Ives		312,500			
		1,875,000			
Percentage of Avg Annual Revenue		4%			
Arts Center Estimated Ask		25,000,000			
Percentage of Avg Annual Revenue		48%			

Annual Average of fixed expenditures to run the City equal to average General Fund Revenue.

Interest is additional funding needed against future cash collections as well as repaying principal.

Interest Rates vary on debt between 2.56-5%. City earns less than 2% on available cash. Residents paying interest through additional taxation.

Commitments made to residents regarding park buildout. Current Bond does not appear to be sufficient to cover new park buildouts as committed to residents.

FY2019 "Year of Storm Water" – need to define financial requirements for infrastructure.

Council made policy commitments to McGinnis Ferry residents City will pay for noise abatement.

Performing Arts Feasibility Study requesting \$25 M investment from City of Johns Creek.

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APPENDIX

APPENDIX A – REVENUE DETAIL ANALYSIS



Department	2016 Actual	2017 Actual	2018 Revised	2019 Budget
Revenue				
Local Option Sales Tax	\$ 20,004,917	\$ 20,158,259	\$ 20,000,000	\$ 20,900,000
Real & Personal Property Tax	15,220,021	5,921,382	17,300,000	18,431,854
Insurance Premium Tax	4,794,999	5,105,651	4,800,000	5,100,000
Franchise Fees	4,279,345	4,275,633	4,000,000	4,030,000
Business & Occupation Tax	1,676,996	1,762,111	1,750,000	1,750,000
Municipal Court Fees	1,253,281	1,355,245	1,300,000	1,210,000
Alcoholic Beverage Tax	833,628	809,660	800,000	815,000
Building Residential	870,695	638,201	700,000	790,000
Other taxes, licenses and fees	4,945,730	4,296,597	3,700,200	3,667,100
	<u>\$ 53,879,612</u>	<u>\$ 44,322,739</u>	<u>\$ 54,350,200</u>	<u>\$ 56,693,954</u>
	Avg General Fund Annual Revenue			\$ 52,311,626

Data derived from 2019 Budget binder provided by Mayor Mike Bodker and Assistant City Manager Kimberly Greer. Only included true General Fund tax collection sources by fiscal budget year.

APPENDIX B – DETAIL DEBT SCHEDULES (CAFR)



Georgia Transportation Infrastructure Bank (GTIB)			
Payment Years	Principal	Interest	Total
2019	\$ 156,702	\$ 117,015	\$ 273,717
2020	161,968	111,749	273,717
2021	167,412	106,305	273,717
2022	173,038	100,679	273,717
2023-2027	956,426	412,159	1,368,585
2028-2032	1,128,310	240,275	1,368,585
2033-2036	862,733	49,657	912,390
	<u>\$ 3,606,589</u>	<u>\$ 1,137,839</u>	<u>\$ 4,744,428</u>

Fulton County			
Payment Years	Principal	Interest	Total
2019	\$ 247,694	\$ 15,518	\$ 263,212
2020	62,665	3,133	65,798
	<u>\$ 310,359</u>	<u>\$ 18,651</u>	<u>\$ 329,010</u>

Certificate of Participation - City Hall			
Payment Years	Principal	Interest	Total
2019	\$ 1,435,000	\$ 610,048	\$ 2,045,048
2020	1,475,000	573,312	2,048,312
2021	1,510,000	535,552	2,045,552
2022	1,550,000	496,896	2,046,896
2023-2027	8,365,000	1,868,672	10,233,672
2028-2032	9,495,000	741,376	10,236,376
	<u>\$ 23,830,000</u>	<u>\$ 4,825,856</u>	<u>\$ 28,655,856</u>

In 2009, the City entered into an agreement with Fulton County to assume the debt service for certain certificates of participation for maturity November 2019. It was explored to pay this off early however Fulton County was unable to handle the payment and record appropriately.

General Obligation Bonds - Park Bond			
Payment Years	Principal	Interest	Total
2019	\$ 630,000	\$ 1,463,138	\$ 2,093,138
2020	660,000	1,431,638	2,091,638
2021	700,000	1,398,638	2,098,638
2022	730,000	1,363,638	2,093,638
2023-2027	4,240,000	6,232,187	10,472,187
2028-2032	5,420,000	5,126,188	10,546,188
2033-2037	6,920,000	4,132,475	11,052,475
2038-2042	8,830,000	2,871,425	11,701,425
2043-2047	11,270,000	1,219,298	12,489,298
	<u>\$ 39,400,000</u>	<u>\$ 25,238,625</u>	<u>\$ 64,638,625</u>

APPENDIX C - DETAIL DEBT INTEREST ANALYSIS



Current Debt - Interest Due by Taxpayers				
Payment Years	GTIB	City Hall	Park Bond	Total
2019	\$ 117,015	\$ 610,048	\$ 1,463,138	\$ 2,190,201
2020	111,749	573,312	1,431,638	2,116,699
2021	106,305	535,552	1,398,638	2,040,495
2022	100,679	496,896	1,363,638	1,961,213
2023-2027	412,159	1,868,672	6,232,187	8,513,018
2028-2032	240,275	741,376	5,126,188	6,107,839
2033-2037	49,657	-	4,132,475	4,182,132
2038-2042	-	-	2,871,425	2,871,425
2043-2047	-	-	1,219,298	1,219,298
	\$ 1,137,839	\$ 4,825,856	\$ 25,238,625	\$ 31,202,320

***NOTE - Interest paid by residents from taxpayer dollars**

The City has executed a note payable agreement with the State Road and Tollway Authority. Note financed through the Georgia Transportation Infrastructure Bank (GTIB) for \$4.0 million, principal and interest payments commencing February 2016 will not mature until January 1, 2036. Interest rate fixed at 3.31%.

In September 2017, the Georgia Municipal Association issued Certificates of Participation in the amount of \$23,830,000 to be used for financing the acquisition and construction of renovations to the new City Hall building. These bear interest at 2.56% and mature September 1, 2032.

In April 2017, the City issued \$40,000,000 of General Obligation Bonds (Series 2017) for the purpose of funding construction projects for the City. Interest rate varies between 3% and 5% and mature April 1, 2047.

Refer to Appendix B for detail debt schedules.

APPENDIX D – PARK BOND REFERENDUM



PARK BOND FUNDING ORIGINAL	A		B		% Change B / A
	Orig Project Total	Bond Funding	Future Project Funding Needs		
Park Build Out					
Morton Road	\$ 2,000,000	\$ 2,000,000	\$ -		0%
States Bridge Road	2,500,000	1,000,000	1,500,000		60%
Bell/Boles Road	900,000	900,000	-		0%
Linear Park (TPA Lakes)	6,925,000	6,925,000	-		0%
Cauley Creek	19,590,900	10,000,000	9,590,900		49%
	31,915,900	20,825,000	11,090,900		35%
Park Upgrades					
Newtown	1,598,300	\$ 1,234,000	364,300		23%
Ocee	650,900	\$ 340,600	310,300		48%
Shakerag	2,206,000	\$ 910,000	1,296,000		59%
Autrey Mill	2,515,500	\$ 1,149,500	1,366,000		54%
	6,970,700	3,634,100	3,336,600		48%
Acquisition	20,000,000	\$ 12,420,900	7,579,100		38%
Indoor Rec Facility	4,000,000	\$ 320,000	3,680,000		92%
Trails & Greenway	2,250,000	\$ 750,000	1,500,000		67%
Rogers Bridge	1,250,000	\$ 1,250,000	-		0%
Project Management	800,000	\$ 800,000	-		0%
	\$ 67,186,600	\$ 40,000,000	\$ 27,186,600		40%

*Original Project Total originated from Recreation & Park Strategic Plan.

PARK BOND FUNDING	A		B		% Change B / A
	Revised 7/9/18	Orig Project Total	Future Project Funding Needs		
Park Build Out					
Bell/Boles Road	1,837,670	900,000	937,670		104%
Morton Road	\$ 3,551,270	\$ 2,000,000	\$ 1,551,270		78%
Cauley Creek	27,000,000	19,590,900	7,409,100		38%
States Bridge Road	2,780,010	2,500,000	280,010		11%
Linear Park (TPA Lakes)	6,925,000	6,925,000	-		0%
	\$ 42,093,950	\$ 31,915,900	\$ 10,178,050		32%

Provided for reference - project costs have been changing since initial estimation.

APPENDIX E - INFRASTRUCTURE MAINTENANCE ACCRUAL ROLLFORWARD – BY PROJECT



<i>Project Rollforward View</i>												
	Resurfacing	Sidewalks	Stormwater	Traffic Signals	Bridges/Tunnels	Parks	Fire Station	City Hall	Land Acquisition	Total		
2015 End Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accruals 2016	2,000,000	75,000	300,000	150,000	150,000	625,000	300,000	-	-	-	-	3,600,000
Utilization 2016	(2,000,000)	(36,000)	(150,000)	-	-	(320,000)	-	-	-	-	-	(2,506,000)
2016 End Balance	-	39,000	150,000	150,000	150,000	305,000	300,000	-	-	-	-	1,094,000
Accruals 2017	5,500,000	75,000	300,000	150,000	150,000	875,000	300,000	-	-	-	-	7,350,000
Utilization 2017	(2,000,000)	-	-	(160,000)	-	(295,000)	(12,000)	-	-	-	-	(2,467,000)
2017 End Balance	3,500,000	114,000	450,000	140,000	300,000	885,000	588,000	-	-	-	-	5,977,000
Accruals 2018	3,062,222	475,671	300,000	980,000	268,777	521,526	187,500	400,000	392,514	-	-	6,588,210
Utilization 2018	(7,000,000)	-	-	(1,110,000)	-	-	(8,250)	-	-	-	-	(8,118,250)
2018 End Balance	(437,778)	589,671	750,000	10,000	568,777	1,406,526	767,250	400,000	392,514	-	-	4,446,960
Accruals 2019	4,426,026	486,465	308,700	1,108,420	276,572	1,036,650	257,250	411,600	200,000	-	-	8,511,683
Utilization 2019	(3,975,000)	(200,000)	(300,000)	(1,230,000)	-	(1,000,000)	(204,630)	(20,000)	-	-	-	(6,929,630)
2019 End Balance	\$ 13,248	\$ 876,136	\$ 758,700	\$ (111,580)	\$ 845,349	\$ 1,443,176	\$ 819,870	\$ 791,600	\$ 592,514	\$ -	\$ -	\$ 6,029,013

A – Priority for 2019 – documenting specifically what should be accrued for and what balances represent by category.

B – Resurfacing is under reserved – add \$3.0M

C – Traffic Signals is under reserved

D – Can Infrastructure Maintenance Accrual be used for turf field since involves maintenance and replacement?

E – Land Acquisition in Park Bond, re-appropriate to other categories

APPENDIX F – CITY HALL COST/FINANCING



BUDGET - PURCHASE AND RENOVATION

Certificates of Participation (GMA Brick & Mortar financing) **Approved September 19, 2017**

Renovations/Improvements	\$ 14,000,000.00	<i>Lease/Buy Back program</i>	<i>Refer to A</i>
Additional budget approved 5/21/18	1,000,000.00		
Reimbursement for Purchase of Building	9,625,026.19		
Costs of Issuance	144,884.81		
Rounding Amount	30,089.00		<i>Refer to A</i>
	<hr/>		<i>Total Budget for Purchase and Renovation - Asset Capitalization</i>
Total Certificates of Participation	24,800,000.00		
		<i>Interest over the Lease Term</i>	
	5,439,399.67	<i>9/19/17 - 9/1/2032</i>	
* Georgia Municipal Association (GMA) Only financing source allowed under Georgia State Law	(1,400,000.00)		
Lease settlement received	<hr/>		
Sept 2017 - Sept 2032	\$ 28,839,399.67		Total Out of Pocket

- Budget was finalized in conjunction with the issuance of Certificates of Participation. Refer to Appendix A for schedules provided as part of the issuance documentation.

- Capital asset budgets are developed around two components 1) capital asset and 2) direct expenses.
- The capital asset acquisition (meaning the asset the city will own) will be expensed over the life of the asset (40 years). All costs directly related to acquisition, build out, improvements, etc... that are permanently affixed to the building are considered part of the asset as well as any engineering, architectural, project management costs incurred.
- At the time of purchase, certain costs are expensed as incurred (like interest expense).

- As part of the termination of the 3rd party lease that existed at the time of acquisition of 11360 Lakeside Drive, the city received a settlement of \$1.4 million. This money can be used to cover additional costs over the budget or apply against the interest and principle payments. It is being treated as the latter in this data representation.

Calculation of Renovations/Improvements

75,273	Total square feet of purchase
	Agreed upon cost for
	renovation costs (all in)
\$ 186	
<hr/>	
\$ 14,000,778	
(778)	
<hr/>	
A \$ 14,000,000	

APPENDIX G – FIRE STATION 64



Page 3 - Executive Summary

FIRE STATION 64 - ESTIMATED INITIAL CAPITAL COSTS	
Description	Extended Cost 2-13-2017
Land Acquisition	\$ 900,000
Architectural Drawings	100,000
Fire Ending (Including all tools & equipment)	798,000
Fire Station 64 Construction & Outfitting *	1,350,000
Fuel Pump	19,000
Portable Radios and Accessories Total	31,500
Total	\$3,198,500

* Costs may increase or decrease depending on station design.

FIRE STATION 64 - ESTIMATED PERSONNEL COST INCREASE	
Description	Extended Cost 2-13-2017
Firefighter 1 (including salary & benefits)* (12 EEs)	\$ 1,386,600
Recruiting Cost **	13,272
Salary increases associated with promoting 3 Captains and 3 FAO's. <i>Then promoting various ranks to back-fill these.***</i>	150,618
Equipment, PPE, Uniforms ****	65,220
Total	\$1,615,710

* Figured at "Top Pay" to include salary & benefits

** Only applicable the first year

*** Promotions associated with the new station, then promotions to back-fill ranks below. These costs will vary depending on which member is promoted figured at "Top Pay".

**** Will decrease after the first year.

Revised Cost 2-26-2018	Variance \$	Variance %
\$ 379,000	\$ (521,000)	-58%
250,000	150,000	150%
798,000	-	0%
2,600,000	1,250,000	93%
19,000	-	0%
31,500	-	0%
\$ 4,077,500	\$ 879,000	27%

Revised Cost with Full Staffing		
Revised Cost 2-26-2018	Variance \$	Variance %
\$ 379,000	\$ (521,000)	-58%
250,000	150,000	150%
798,000	-	0%
2,600,000	1,250,000	93%
19,000	-	0%
31,500	-	0%
\$ 4,077,500	\$ 879,000	27%

Revised Cost 2-26-2018	Variance \$	Variance %
\$ -	\$ (1,386,600)	-100%
-	(13,272)	-100%
-	(150,618)	-100%
-	(65,220)	-100%
\$ -	\$ (1,615,710)	-100%

Staff will be reassigned from Station 63 as originally planned with no additional staffing outlay in years forward to back fill.

Revised Cost 2-26-2018	Variance \$	Variance %
\$ 1,386,600	\$ -	0%
13,272	-	0%
150,618	-	0%
65,220	-	0%
\$ 1,615,710	\$ -	0%

Spent 2017_18 hiring fire staff to meet minimum requirements. Won't build a fire station for storage only - needs will be for full staffing

Grand Total	\$4,814,210
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\$ 4,077,500	\$ (736,710)	-73%
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\$ 5,693,210	\$ 879,000	18%
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