



## FINANCE MEMORANDUM

#14-23

**DATE:** December 1, 2014

**TO:** Honorable Mayor Joyce Downing and City Council Members

**FROM:** John R. Pick, City Manager   
Jason Loveland, Director of Finance 

**SUBJECT:** Civic Campus Financing Options

### BACKGROUND:

At the November 3 Study Session, City Council was presented financing options to construct Phase I of a Civic Center Campus. The analysis compared General Obligation Bonds (GO) to Certificates of Participation (COP) in the current market. From the discussion, Council requested more comparative information on financing the project.

### UPDATE:

Listed below are summaries of various COP funding options. Attached to the memo is a more detailed analysis of the General Fund and Capital Projects Fund and the City's capacity to finance the Civic Center Campus project.

	Total Project & Financing Cost	Annual Payments
Scenario 1 – 20 Year, \$29M	\$48.4M	\$2.3M
Scenario 2 – 10 Year, \$19M	\$37.2M	\$2.3M
Scenario 3 – 20 Year, \$19M	\$42.6M	\$1.5M
Scenario 4 – 20 Year, \$24M	\$45.5M	\$1.9M

### Assumptions/Comments

- In each of the 20 Year options, the ½% sales/use tax would need to be extended beyond 2025.
- Scenarios 2 and 3 would require \$5 million from both the General Fund reserve and ½% sales/use tax reserve to pay for construction costs.
- Using \$5 million from the General Fund reserve, Fund Balance would be reduced from 77% to 55% based on the estimated 2014 balance.
- Each Scenario assumes \$2.5 million of the ½% sales/use tax would be spent in 2016 for soft costs of the project.

The detailed sheets depict the impact various Scenarios will have on the annual combined cash flow of the General Fund and Capital Project Fund, including the impact on the ½% sales/use tax reserve.

### STAFF REFERENCE:

If Councilmembers have any comments or questions, you may contact Jason Loveland at [jloveland@northglenn.org](mailto:jloveland@northglenn.org) or at 303-450-8817.

## CITY OF NORTHGLENN, COLORADO

### Combined General Fund & Capital Project Fund Proforma

#### Civic Campus, Phase I - \$31.5 Million

##### Scenario 1

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Total revenues</b>	<u>\$ 27,927,092</u>	<u>\$ 28,472,141</u>	<u>\$ 28,471,984</u>	<u>\$ 29,025,834</u>	<u>\$ 29,594,089</u>	<u>\$ 30,177,279</u>	<u>\$ 30,775,956</u>	<u>\$ 31,390,701</u>	<u>\$ 32,022,122</u>	<u>\$ 32,670,855</u>	<u>\$ 33,337,568</u>	<u>\$ 34,022,962</u>	<u>\$ 31,867,772</u>
<b>Expenditures</b>													
Operating expenditures	19,154,160	21,739,467	22,391,651	23,063,401	23,755,303	24,467,962	25,202,000	25,958,060	26,736,802	27,538,906	28,365,074	29,216,026	30,092,507
Phase I - cash funded 1/2% sales/use tax	-	-	2,500,000	-	-	-	-	-	-	-	-	-	-
Phase I - cash funded General Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	2,171,510	9,308,219	4,985,000	1,795,000	1,725,000	1,225,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Debt service	-	-	-	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
<b>Total expenditures</b>	<u>21,325,670</u>	<u>31,047,686</u>	<u>29,876,651</u>	<u>27,158,401</u>	<u>27,780,303</u>	<u>27,992,962</u>	<u>29,002,000</u>	<u>29,758,060</u>	<u>30,536,802</u>	<u>31,338,906</u>	<u>32,165,074</u>	<u>33,016,026</u>	<u>33,892,507</u>
Excess of revenues over (under) expenditures	<u>\$ 6,601,422</u>	<u>\$ (2,575,545)</u>	<u>\$ (1,404,667)</u>	<u>\$ 1,867,434</u>	<u>\$ 1,813,787</u>	<u>\$ 2,184,317</u>	<u>\$ 1,773,956</u>	<u>\$ 1,632,641</u>	<u>\$ 1,485,319</u>	<u>\$ 1,331,948</u>	<u>\$ 1,172,495</u>	<u>\$ 1,006,936</u>	<u>\$ (2,024,735)</u>
1/2% Sales/Use Tax Restricted Balance	\$ 7,896,303	\$ 9,085,504	\$ 5,549,097	\$ 5,737,326	\$ 5,950,437	\$ 6,163,548	\$ 6,401,790	\$ 6,665,414	\$ 6,954,675	\$ 7,269,828	\$ 7,611,133	\$ 7,978,851	\$ 8,373,246

Financing Options - \$29 Million project financing		
	Total Project Cost	Annual P&I
<b>Scenario 1</b>		
20 Year, \$29 Million	\$48.4 Million	\$2.3 Million
<b>Scenario 2</b>		
10 Year, \$19 Million	\$37.2 Million	\$2.3 Million
<b>Scenario 3</b>		
20 Year, \$19 Million	\$42.6 Million	\$1.5 Million
<b>Scenario 4</b>		
20 Year, \$24 Million	\$45.5 Million	\$1.9 Million

##### Assumptions/Comments

- \$2.5 Million of 1/2% sales/use tax reserve used for soft costs in 2016
- Annual debt service payments made from on-going 1/2% sales/use tax through 2025
- 1/2% sales/use tax expires in 2025
- Payment period 2017-2036 - requires sales/use tax extension beyond 2025 or payment from another source

## CITY OF NORTHGLENN, COLORADO

### Combined General Fund & Capital Project Fund Proforma

#### Civic Campus, Phase I - \$31.5 Million

#### Scenario 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Total revenues</b>	<u>\$ 27,927,092</u>	<u>\$ 28,472,141</u>	<u>\$ 28,471,984</u>	<u>\$ 29,025,834</u>	<u>\$ 29,594,089</u>	<u>\$ 30,177,279</u>	<u>\$ 30,775,956</u>	<u>\$ 31,390,701</u>	<u>\$ 32,022,122</u>	<u>\$ 32,670,855</u>	<u>\$ 33,337,568</u>	<u>\$ 34,022,962</u>	<u>\$ 31,867,772</u>
<b>Expenditures</b>													
Operating expenditures	19,154,160	21,739,467	22,391,651	23,063,401	23,755,303	24,467,962	25,202,000	25,958,060	26,736,802	27,538,906	28,365,074	29,216,026	30,092,507
Phase I - cash funded 1/2% sales/use tax	-	-	2,500,000	5,000,000	-	-	-	-	-	-	-	-	-
Phase I - cash funded General Fund	-	-	-	5,000,000	-	-	-	-	-	-	-	-	-
Capital outlay	2,171,510	9,308,219	4,985,000	1,795,000	1,725,000	1,225,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Debt service	-	-	-	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
<b>Total expenditures</b>	<u>21,325,670</u>	<u>31,047,686</u>	<u>29,876,651</u>	<u>37,158,401</u>	<u>27,780,303</u>	<u>27,992,962</u>	<u>29,002,000</u>	<u>29,758,060</u>	<u>30,536,802</u>	<u>31,338,906</u>	<u>32,165,074</u>	<u>33,016,026</u>	<u>33,892,507</u>
Excess of revenues over (under) expenditures	<u>\$ 6,601,422</u>	<u>\$ (2,575,545)</u>	<u>\$ (1,404,667)</u>	<u>\$ (8,132,566)</u>	<u>\$ 1,813,787</u>	<u>\$ 2,184,317</u>	<u>\$ 1,773,956</u>	<u>\$ 1,632,641</u>	<u>\$ 1,485,319</u>	<u>\$ 1,331,948</u>	<u>\$ 1,172,495</u>	<u>\$ 1,006,936</u>	<u>\$ (2,024,735)</u>
1/2% Sales/Use Tax Restricted Balance	\$ 7,896,303	\$ 9,085,504	\$ 5,549,097	\$ 737,326	\$ 950,437	\$ 1,163,548	\$ 1,401,790	\$ 1,665,414	\$ 1,954,675	\$ 2,269,828	\$ 2,611,133	\$ 2,978,851	\$ 3,373,246

Financing Options - \$29 Million project financing		
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<b>Scenario 1</b>		
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20 Year, \$24 Million	\$45.5 Million	\$1.9 Million

#### Assumptions/Comments

- \$2.5 Million of 1/2% sales/use tax reserve used for soft costs in 2016
- \$5 Million of 1/2% sales/use tax reserve used for construction costs
- \$5 Million of General Fund reserve used for construction costs
- Annual debt service payments made from on-going 1/2% sales/use tax through 2025
- 1/2% sales/use tax expires in 2025
- Payment period 2017-2026 - does not require sales/use tax extension beyond 2025

## CITY OF NORTHGLENN, COLORADO

### Combined General Fund & Capital Project Fund Proforma

#### Civic Campus, Phase I - \$31.5 Million

#### Scenario 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Total revenues</b>	<u>\$ 27,927,092</u>	<u>\$ 28,472,141</u>	<u>\$ 28,471,984</u>	<u>\$ 29,025,834</u>	<u>\$ 29,594,089</u>	<u>\$ 30,177,279</u>	<u>\$ 30,775,956</u>	<u>\$ 31,390,701</u>	<u>\$ 32,022,122</u>	<u>\$ 32,670,855</u>	<u>\$ 33,337,568</u>	<u>\$ 34,022,962</u>	<u>\$ 31,867,772</u>
<b>Expenditures</b>													
Operating expenditures	19,154,160	21,739,467	22,391,651	23,063,401	23,755,303	24,467,962	25,202,000	25,958,060	26,736,802	27,538,906	28,365,074	29,216,026	30,092,507
Phase I - cash funded 1/2% sales/use tax	-	-	2,500,000	5,000,000	-	-	-	-	-	-	-	-	-
Phase I - cash funded General Fund	-	-	-	5,000,000	-	-	-	-	-	-	-	-	-
Capital outlay	2,171,510	9,308,219	4,985,000	1,795,000	1,725,000	1,225,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Debt service	-	-	-	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Total expenditures</b>	<u>21,325,670</u>	<u>31,047,686</u>	<u>29,876,651</u>	<u>36,358,401</u>	<u>26,980,303</u>	<u>27,192,962</u>	<u>28,202,000</u>	<u>28,958,060</u>	<u>29,736,802</u>	<u>30,538,906</u>	<u>31,365,074</u>	<u>32,216,026</u>	<u>33,092,507</u>
Excess of revenues over (under) expenditures	<u>\$ 6,601,422</u>	<u>\$ (2,575,545)</u>	<u>\$ (1,404,667)</u>	<u>\$ (7,332,566)</u>	<u>\$ 2,613,787</u>	<u>\$ 2,984,317</u>	<u>\$ 2,573,956</u>	<u>\$ 2,432,641</u>	<u>\$ 2,285,319</u>	<u>\$ 2,131,948</u>	<u>\$ 1,972,495</u>	<u>\$ 1,806,936</u>	<u>\$ (1,224,735)</u>

1/2% Sales/Use Tax Restricted Balance \$ 7,896,303 \$ 9,085,504 \$ 5,549,097 \$ 1,537,326 \$ 2,550,437 \$ 3,563,548 \$ 4,601,790 \$ 5,665,414 \$ 6,754,675 \$ 7,869,828 \$ 9,011,133 \$ 10,178,851 \$ 11,373,246

Financing Options - \$29 Million project financing		
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#### Civic Campus, Phase I - \$31.5 Million

#### Scenario 4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Total revenues</b>	<u>\$ 27,927,092</u>	<u>\$ 28,472,141</u>	<u>\$ 28,471,984</u>	<u>\$ 29,025,834</u>	<u>\$ 29,594,089</u>	<u>\$ 30,177,279</u>	<u>\$ 30,775,956</u>	<u>\$ 31,390,701</u>	<u>\$ 32,022,122</u>	<u>\$ 32,670,855</u>	<u>\$ 33,337,568</u>	<u>\$ 34,022,962</u>	<u>\$ 31,867,772</u>
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Phase I - cash funded General Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	2,171,510	9,308,219	4,985,000	1,795,000	1,725,000	1,225,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Debt service	-	-	-	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
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Excess of revenues over (under) expenditures	<u>\$ 6,601,422</u>	<u>\$ (2,575,545)</u>	<u>\$ (1,404,667)</u>	<u>\$ (2,732,566)</u>	<u>\$ 2,213,787</u>	<u>\$ 2,584,317</u>	<u>\$ 2,173,956</u>	<u>\$ 2,032,641</u>	<u>\$ 1,885,319</u>	<u>\$ 1,731,948</u>	<u>\$ 1,572,495</u>	<u>\$ 1,406,936</u>	<u>\$ (1,624,735)</u>
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Financing Options - \$29 Million project financing		
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- Payment period 2017-2036 - requires sales/use tax extension beyond 2025 or payment from another source