

2012 – 2016
CAPITAL INVESTMENT PROJECTS
SCENARIO A, B, C, D

Scenario 5A	2012	2013	2014	2015	2016
Total Priority Projects	5,505	4,769,199	3,000,000	2,050,000	50,000
Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-
All Projects Total	3,505,505	8,269,199	8,000,000	6,050,000	50,000
Bond Funding Amount	3,505,505	7,462,899	8,000,000	6,050,000	50,000
METR/CS					
additional debt service(total) =	-	245,385	522,403	560,000	423,500
cumulative new debt service =	-	245,385	767,788	1,327,788	1,751,288
estimated Gen Fund budget =	52,867,500	55,510,875	58,286,419	61,200,740	64,260,777
additional debt service/ Budget =	0.00%	0.44%	1.32%	2.17%	2.73%
existing debt service	5,068,183	5,068,183	5,068,183	5,068,183	5,068,183
existing debt service/Budget =	9.59%	9.13%	8.70%	8.28%	7.89%
existing debt service + committed projects/Budget	9.59%	9.57%	9.12%	8.85%	7.89%
combined debt service/Budget =	9.59%	9.57%	10.01%	10.45%	10.61%

Scenario 5B	2012	2013	2014	2015	2016
Total Priority Projects	5,505	4,883,300	3,000,000	3,000,000	491,809
Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-
All Projects Total	3,505,505	8,383,300	8,000,000	7,000,000	491,809
Bond Funding Amount	3,505,505	7,577,000	8,000,000	7,000,000	491,809
METR/CS					
additional debt service(total) =	-	245,385	530,390	560,000	490,000
cumulative new debt service =	-	245,385	775,775	1,335,775	1,825,775
estimated Gen Fund budget =	52,867,500	55,510,875	58,286,419	61,200,740	64,260,777
additional debt service/ Budget =	0.00%	0.44%	1.33%	2.18%	2.84%
existing debt service	5,068,183	5,068,183	5,068,183	5,068,183	5,068,183
existing debt service/Budget =	9.59%	9.13%	8.70%	8.28%	7.89%
existing debt service + committed projects/Budget	9.59%	9.57%	9.12%	8.85%	7.89%
combined debt service/Budget =	9.59%	9.57%	10.03%	10.46%	10.73%

Scenario 5C	2012	2013	2014	2015	2016
Total Priority Projects	5,505	4,610,300	4,728,600	3,496,400	491,809
Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-
All Projects Total	3,505,505	8,110,300	9,728,600	7,496,400	491,809
Bond Funding Amount	3,505,505	7,304,000	9,728,600	7,496,400	491,809
METR/CS					
additional debt service(total) =	-	245,385	511,280	681,002	524,748
cumulative new debt service =	-	245,385	756,665	1,437,667	1,962,415
estimated Gen Fund budget =	52,867,500	55,510,875	58,286,419	61,200,740	64,260,777
additional debt service/ Budget =	0.00%	0.44%	1.30%	2.35%	3.05%
existing debt service	5,068,183	5,068,183	5,068,183	5,068,183	5,068,183
existing debt service/Budget =	9.59%	9.13%	8.70%	8.28%	7.89%
existing debt service + committed pr	9.59%	9.57%	9.12%	8.85%	7.89%
combined debt service/Budget =	9.59%	9.57%	9.99%	10.63%	10.94%

Scenario 5D	2012	2013	2014	2015	2016
Total Priority Projects	29,970	4,837,225	6,721,782	3,496,400	491,809
Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-
All Projects Total	3,529,970	8,337,225	11,721,782	7,496,400	491,809
Bond Funding Amount	3,529,970	7,530,925	11,721,782	7,496,400	491,809
METR/CS					
additional debt service(total) =	-	247,098	527,165	820,525	524,748
cumulative new debt service =	-	247,098	774,263	1,594,787	2,119,535
estimated Gen Fund budget =	52,867,500	55,510,875	58,286,419	61,200,740	64,260,777
additional debt service/ Budget =	0.00%	0.45%	1.33%	2.61%	3.30%
existing debt service	5,068,183	5,068,183	5,068,183	5,068,183	5,068,183
existing debt service/Budget =	9.59%	9.13%	8.70%	8.28%	7.89%
existing debt service + committed pr	9.59%	9.57%	9.12%	8.85%	7.89%
combined debt service/Budget =	9.59%	9.58%	10.02%	10.89%	11.19%

2012 – 2016
CAPITAL INVESTMENT PROJECTS
SUMMARY PAGES

Scenario 5A

Staff Project Recommendation

2012-16 CIP Work Sheet

Priority	Project Description	2012	2013	2014	2015	2016	5 yr total	previous payments	project total
Committed Project 1	Hillsboro Road	1,000,000	1,000,000	5,000,000	4,000,000	-	11,000,000	9,000,000	20,000,000
Committed Project 2	Consolidated Public Works Facility	2,500,000	2,500,000	-	-	-	5,000,000	-	5,000,000
	Total Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-	16,000,000	9,000,000	25,000,000
Priority Projects:									
1	Consolidated Public Works Facility	-	-	-	-	-	-	-	-
	Net Funding Needs	-	-	-	-	-	-	-	-
2	Fire Station Design #7 & #8 Westhaven	-	225,000	-	-	-	225,000	-	225,000
	Net Funding Needs	-	-	-	-	-	-	-	-
3	Park @ Harlinsdale Farm Improvements	-	131,300	-	-	-	131,300	514,697	645,997
	Net Funding Needs	-	-	-	-	-	-	514,697	514,697
4	McEwen Drive, Wilson Pike to City Limit	-	240,000	-	-	-	240,000	-	240,000
	Net Funding Needs	-	240,000	-	-	-	240,000	-	240,000
5	McEwen Drive @ Wilson Pike Intersection	-	450,000	-	-	-	450,000	162,096	612,096
	Net Funding Needs	-	-	-	-	-	450,000	162,096	612,096
6	McEwen Drive Cool Springs to Wilson Pike	-	680,000	-	-	-	680,000	388,870	1,068,870
	Net Funding Needs	-	680,000	-	-	-	680,000	388,870	1,068,870
7	South Carothers Parkway (north segment)	-	2,585,899	3,000,000	2,050,000	50,000	7,685,899	-	7,685,899
	Net Funding Needs	-	2,585,899	3,000,000	2,050,000	50,000	7,685,899	-	7,685,899
8	Century Court/Beasley Drive Connector	5,505	457,000	-	-	-	462,505	162,096	624,601
	Net Funding Needs	5,505	457,000	-	-	-	462,505	162,096	624,601
9	McEwen Drive Temporary Connector	-	-	-	-	-	-	-	-
	Net Funding Needs	-	-	-	-	-	-	-	-
10	Carlisle Lane Signalization	-	-	-	-	-	-	-	-
	Net Funding Needs	-	-	-	-	-	-	-	-
Summary									
	Annual "small project" funding	-	-	-	-	-	-	-	-
	Total Priority Projects	5,505	4,769,199	3,000,000	2,050,000	50,000	9,874,704	1,227,759	11,102,463
	Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-	16,000,000	9,000,000	25,000,000
	All Projects Total	3,505,505	8,269,199	8,000,000	6,050,000	50,000	25,874,704	10,227,759	36,102,463
	Reserve Funding	-	-	-	-	-	-	-	-
	Bond Funding Amount	3,505,505	7,462,899	8,000,000	6,050,000	50,000	25,518,404	10,227,759	35,746,163
		2012	2013	2014	2015	2016			
	additional debt service(committed) =	0	245,000	245,000	350,000	0	843,000		
	additional debt service(priority) =	0	385	277,403	210,000	423,500	911,288		
	additional debt service(total) =	0	245,385	522,403	560,000	423,500	1,751,288		
	cumulative new debt service =	0	245,385	767,788	1,327,788	1,751,288			
	estimated Gen Fund budget =	52,867,500	55,510,875	58,286,419	61,200,740	64,260,777			
	additional debt service/ Budget =	0.00%	0.44%	1.32%	2.17%	2.73%			
	existing debt service	5,068,183	5,068,183	5,068,183	5,068,183	5,068,183			
	existing debt service/Budget =	9.59%	9.13%	8.70%	8.28%	7.89%			
	existing debt service + committed projects/Budget	9.59%	9.57%	9.12%	8.85%	7.89%			

Scenario 5B

Staff Project Recommendation

2012-16 CIP Work Sheet

Priority	Project Description	2012	2013	2014	2015	2016	5 yr total	previous payments	project total
Committed									
Project 1	Hillsboro Road	1,000,000	1,000,000	5,000,000	4,000,000	-	11,000,000	9,000,000	20,000,000
Committed									
Project 2	Consolidated Public Works Facility	2,500,000	2,500,000	-	-	-	5,000,000	-	5,000,000
	Total Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-	16,000,000	9,000,000	25,000,000
Priority Projects:									
1	Consolidated Public Works Facility	-	-	-	-	-	-	-	-
	Net Funding Needs	-	-	-	-	-	-	-	-
2	Fire Station Design #7 & #8 Westhaven	-	225,000	-	-	-	225,000	-	225,000
	Net Funding Needs	-	-	-	-	-	-	-	-
3	Park @ Harlinsdale Farm Improvements	-	131,300	-	-	-	131,300	514,697	645,997
	Net Funding Needs	-	-	-	-	-	-	514,697	514,697
4	McEwen Drive, Wilson Pike to City Limit	-	240,000	-	-	-	240,000	-	240,000
	Net Funding Needs	-	240,000	-	-	-	240,000	-	240,000
5	McEwen Drive @ Wilson Pike Intersection	-	450,000	-	-	-	450,000	162,096	612,096
	Net Funding Needs	-	-	-	-	-	450,000	162,096	612,096
6	McEwen Drive Cool Springs to Wilson Pike	-	680,000	-	-	-	680,000	388,870	1,068,870
	Net Funding Needs	-	680,000	-	-	-	680,000	388,870	1,068,870
7	South Carothers Parkway (south segment)	-	2,700,000	3,000,000	3,000,000	491,809	9,191,809	-	9,191,809
	Net Funding Needs	-	2,700,000	3,000,000	3,000,000	491,809	9,191,809	-	9,191,809
8	Century Court/Beasley Drive Connector	5,505	457,000	-	-	-	462,505	162,096	624,601
	Net Funding Needs	5,505	457,000	-	-	-	462,505	162,096	624,601
9	McEwen Drive Temporary Connector	-	-	-	-	-	-	-	-
	Net Funding Needs	-	-	-	-	-	-	-	-
10	Carlisle Lane Signalization	-	-	-	-	-	-	-	-
	Net Funding Needs	-	-	-	-	-	-	-	-
Summary									
	Annual "small project" funding	-	-	-	-	-	-	-	-
	Total Priority Projects	5,505	4,883,300	3,000,000	3,000,000	491,809	11,380,614	1,227,759	12,608,373
	Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-	16,000,000	9,000,000	25,000,000
	All Projects Total	3,505,505	8,383,300	8,000,000	7,000,000	491,809	27,380,614	10,227,759	37,608,373
	Reserve Funding	-	-	-	-	-	-	-	-
	Bond Funding Amount	3,505,505	7,577,000	8,000,000	7,000,000	491,809	27,024,314	10,227,759	37,252,073
		2012	2013	2014	2015	2016			
	additional debt service(committed) =	0	245,000	245,000	350,000	0	840,000		
	additional debt service(priority) =	0	385	285,390	210,000	490,000	985,775		
	additional debt service(total) =	0	245,385	530,390	560,000	490,000	1,825,775		
	cumulative new debt service =	0	245,385	775,775	1,335,775	1,825,775			
	estimated Gen Fund budget =	52,867,500	55,510,875	58,286,419	61,200,740	64,260,777			
	additional debt service/ Budget =	0.00%	0.44%	1.33%	2.18%	2.84%			
	existing debt service	5,068,183	5,068,183	5,068,183	5,068,183	5,068,183			

Scenario 5C									
Staff Project Recommendation									
2012-16 CIP Work Sheet									
Priority	Project Description	2012	2013	2014	2015	2016	5 yr total	previous payments	project total
Committed									
Project 1	Hillsboro Road	1,000,000	1,000,000	5,000,000	4,000,000	-	11,000,000	9,000,000	20,000,000
Committed									
Project 2	Consolidated Public Works Facility	2,500,000	2,500,000	-	-	-	5,000,000	-	5,000,000
	Total Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-	16,000,000	9,000,000	25,000,000
Priority Projects:									
1	Consolidated Public Works Facility	-	-	-	-	-	-	-	-
	Net Funding Needs	-	-	-	-	-	-	-	-
2	Fire Station Design #7 & #8 Westhaven	-	225,000	-	-	-	225,000	-	225,000
	Net Funding Needs	-	-	-	-	-	-	-	-
3	Park @ Harlinsdale Farm Improvements	-	131,300	-	-	-	131,300	514,697	645,997
	Net Funding Needs	-	-	-	-	-	-	514,697	514,697
4	McEwen Drive, Wilson Pike to City Limit	-	240,000	-	-	-	240,000	-	240,000
	Net Funding Needs	-	240,000	-	-	-	240,000	-	240,000
5	McEwen Drive @ Wilson Pike Intersection	-	450,000	-	-	-	450,000	162,096	612,096
	Net Funding Needs	-	-	-	-	-	450,000	162,096	612,096
6	McEwen Drive Cool Springs to Wilson Pike	-	150,000	-	-	-	150,000	388,870	538,870
	Net Funding Needs	-	150,000	-	-	-	150,000	388,870	538,870
7	South Carothers Parkway (south segment)	-	2,700,000	3,000,000	3,000,000	491,809	9,191,809	-	9,191,809
	Net Funding Needs	-	2,700,000	3,000,000	3,000,000	491,809	9,191,809	-	9,191,809
8	Century Court/Beasley Drive Connector	5,505	457,000	-	-	-	462,505	162,096	624,601
	Net Funding Needs	5,505	457,000	-	-	-	462,505	162,096	624,601
9	McEwen Drive Temporary Connector	-	257,000	1,728,600	496,400	-	2,482,000	-	2,482,000
	Net Funding Needs	-	257,000	1,728,600	496,400	-	2,482,000	-	2,482,000
10	Carlisle Lane Signalization	-	-	-	-	-	-	-	-
	Net Funding Needs	-	-	-	-	-	-	-	-
Summary									
	Annual "small project" funding	-	-	-	-	-	-	-	-
	Total Priority Projects	5,505	4,610,300	4,728,600	3,496,400	491,809	13,332,614	1,227,759	14,560,373
	Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-	16,000,000	9,000,000	25,000,000
	All Projects Total	3,505,505	8,110,300	9,728,600	7,496,400	491,809	29,332,614	10,227,759	39,560,373
	Reserve Funding	-	-	-	-	-	-	-	-
	Bond Funding Amount	3,505,505	7,304,000	9,728,600	7,496,400	491,809	28,976,314	10,227,759	39,204,073
		2012	2013	2014	2015	2016			
	additional debt service(committed) =	0	245,000	245,000	350,000	0	840,000		
	additional debt service(priority) =	0	385	266,280	331,002	524,748	1,122,415		
	additional debt service(total) =	0	245,385	511,280	681,002	524,748	1,962,415		
	cumulative new debt service =	0	245,385	756,665	1,437,667	1,962,415			
	estimated Gen Fund budget =	52,867,500	55,510,875	58,286,419	61,200,740	64,260,777			
	additional debt service/ Budget =	0.00%	0.44%	1.30%	2.35%	3.05%			
	existing debt service	5,068,183	5,068,183	5,068,183	5,068,183	5,068,183			

Scenario 5D

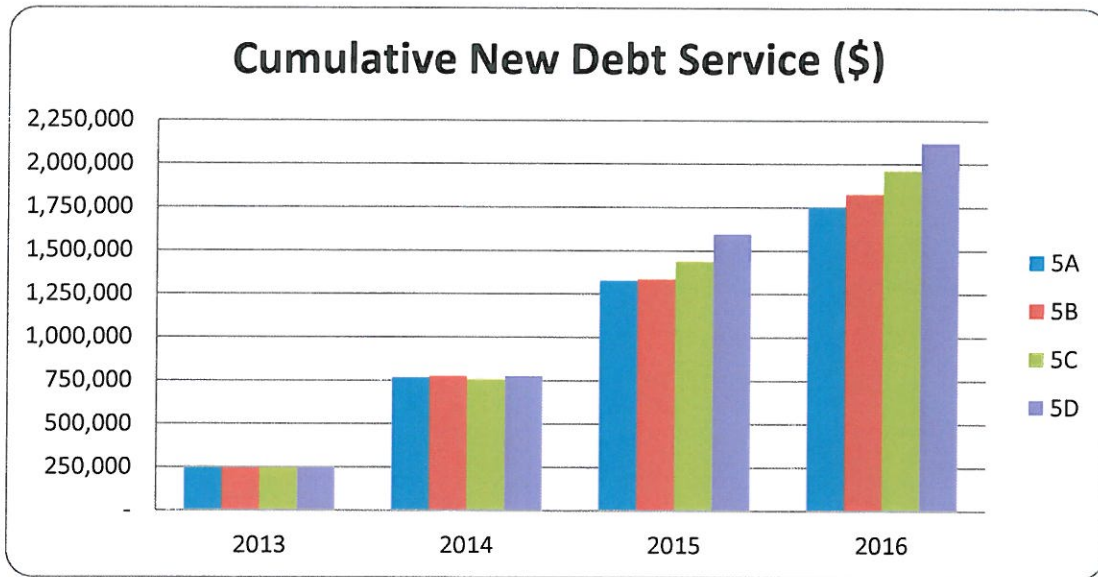
Staff Project Recommendation

CIP Work Sheet

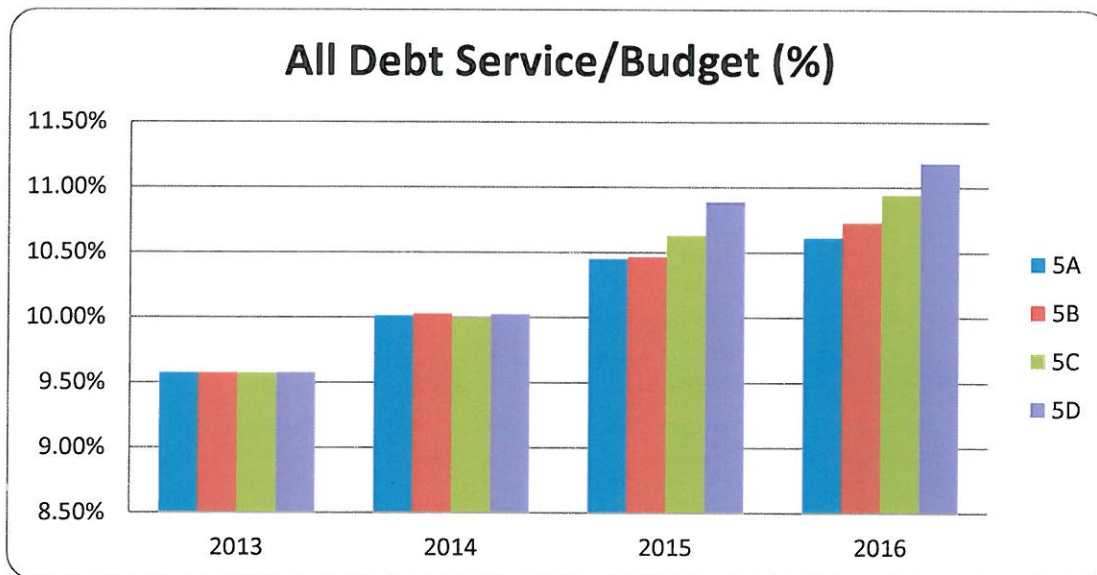
Priority	Project Description	2012	2013	2014	2015	2016	5 yr total	previous payments	project total
Committed									
Project 1	Hillsboro Road	1,000,000	1,000,000	5,000,000	4,000,000	-	11,000,000	9,000,000	20,000,000
Committed									
Project 2	Consolidated Public Works Facility	2,500,000	2,500,000	-	-	-	5,000,000	-	5,000,000
	Total Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-	16,000,000	9,000,000	25,000,000
Priority Projects:									
1	Consolidated Public Works Facility	-	-	-	-	-	-	-	-
	Net Funding Needs	-	-	-	-	-	-	-	-
2	Fire Station Design #7 & #8 Westhaven	-	225,000	-	-	-	225,000	-	225,000
	Net Funding Needs	-	-	-	-	-	-	-	-
3	Park @ Harlinsdale Farm Improvements	-	131,300	-	-	-	131,300	514,697	645,997
	Net Funding Needs	-	-	-	-	-	-	514,697	514,697
4	McEwen Drive, Wilson Pike to City Limit	-	240,000	-	-	-	240,000	-	240,000
	Net Funding Needs	-	240,000	-	-	-	240,000	-	240,000
5	McEwen Drive @ Wilson Pike Intersection	-	450,000	-	-	-	450,000	162,096	612,096
	Net Funding Needs	-	-	-	-	-	450,000	162,096	612,096
6	McEwen Drive Cool Springs to Wilson Pike	-	150,000	-	-	-	150,000	388,870	538,870
	Net Funding Needs	-	150,000	-	-	-	150,000	388,870	538,870
7	South Carothers Parkway (south segment)	-	2,700,000	3,000,000	3,000,000	491,809	9,191,809	-	9,191,809
	Net Funding Needs	-	2,700,000	3,000,000	3,000,000	491,809	9,191,809	-	9,191,809
8	Century Court/Beasley Drive Connector	5,505	457,000	-	-	-	462,505	162,096	624,601
	Net Funding Needs	5,505	457,000	-	-	-	462,505	162,096	624,601
9	McEwen Drive Temporary Connector	-	257,000	1,728,600	496,400	-	2,482,000	-	2,482,000
	Net Funding Needs	-	257,000	1,728,600	496,400	-	2,482,000	-	2,482,000
10	Carlisle Lane Signalization	24,465	226,925	1,993,182	-	-	2,244,572	176,380	2,420,952
	Net Funding Needs	24,465	226,925	1,993,182	-	-	2,244,572	176,380	2,420,952
Summary									
	Annual "small project" funding	-	-	-	-	-	-	-	-
	Total Priority Projects	29,970	4,837,225	6,721,782	3,496,400	491,809	15,577,186	1,404,139	16,981,325
	Committed Projects	3,500,000	3,500,000	5,000,000	4,000,000	-	16,000,000	9,000,000	25,000,000
	All Projects Total	3,529,970	8,337,225	11,721,782	7,496,400	491,809	31,577,186	10,404,139	41,981,325
	Reserve Funding	-	-	-	-	-	-	-	-
	Bond Funding Amount	3,529,970	7,530,925	11,721,782	7,496,400	491,809	31,220,886	10,404,139	41,625,025
		2012	2013	2014	2015	2016			
	additional debt service(committed) =	0	245,000	245,000	350,000	0	840,000		
	additional debt service(priority) =	0	2,098	282,165	470,525	524,748	1,279,535		
	additional debt service(total) =	0	247,098	527,165	820,525	524,748	2,119,535		
	cumulative new debt service =	0	247,098	774,263	1,594,787	2,119,535			
	estimated Gen Fund budget =	52,867,500	55,510,875	58,286,419	61,200,740	64,260,777			
	additional debt service/ Budget =	0.00%	0.45%	1.33%	2.61%	3.30%			
	existing debt service	5,068,183	5,068,183	5,068,183	5,068,183	5,068,183			
	existing debt service/Budget =	9.59%	9.13%	8.70%	8.28%	7.89%			
	existing debt service + committed projects/Budget	9.59%	9.57%	9.12%	8.85%	7.89%			
	combined debt service/Budget =	9.59%	9.58%	10.02%	10.89%	11.19%			

2012 – 2016
CAPITAL INVESTMENT PROJECTS
CHARTS

cumulative new debt s



additional debt service



ADMINISTRATION

Russell B. Truell
Assistant City Administrator, CFO
Finance



ITEM #12
WRKS 03/27/2012

Eric S. Stuckey
City Administrator

H I S T O R I C
F R A N K L I N
T E N N E S S E E

March 20, 2012

TO: Members of the Board of Mayor & Aldermen
Eric Stuckey, City Administrator

FROM: Russ Truell, ACA/CFO

RE: Discussion of Assumption in the PFM Debt Capacity Model

Purpose

The purpose of this item is to provide background on the calculation of debt service for future years in PFM debt capacity model.

Background

The debt capacity model attempts to provide an indication of financial capacity in future years. It does so by making calculations about the level of debt service and converting those numbers into ratios that are customarily used by rating agencies and investors. To look at overall financial health, several ratios are used, in much the same way that a doctor uses blood pressure, temperature, height/weight ratios, blood work, etc., to gain a sense of a patient's overall condition.

The staff recommendation, as modified in the three scenarios offered in the attachments, will not add a significant amount of bonded debt in relation to the existing debt plus the future debt already assumed in the PFM capacity model. [Note: \$11 million in additional debt for the Hillsboro Road project was included in the original capacity calculations in 2009.] Because the change is small relative to numbers already approved, it is difficult to see a substantial change in the charts that PFM provides. For that reason, we have included at the bottom of the attached spreadsheets the numerical impact of adopting scenario 5A, 5B, and 5C. This gives more detail on the exact amounts needed to fund the projects, as well as one of the ratios. The "debt service as a percentage of the General Fund budget," on which we have focused most of our attention during meetings, has been calculated with and without the projects proposed in the staff recommendation.

It should be noted that the numbers provided have been calculated using a number of assumptions about interest rates, the timing of the expenditures, the timing of debt issuance, the amounts issued in each installment, and the growth of general fund budget.

For example, at current interest rates the amount required for debt service is roughly \$6 per year for each \$100 of borrowing. The model assumes \$7 per \$100.

The expenditures are assumed to be made at the beginning of the fiscal year in which the project is budgeted. It is unlikely that such a project schedule will hold true, given that FY2012 is 75% complete as of this meeting. Nevertheless, we have assumed that the expenditures are on the front end of the time period.



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As a companion to the expenditures, the borrowing for those expenditures in year one are assumed to occur within the same year of the expenditures with the debt service beginning to be paid in the next fiscal year. Thus, borrowing in FY2012 is assumed at mid-year, with principal and interest payments due in full in FY2013. As a matter of procedure, it is unlikely that we would issue debt that quickly. The only reason to do so would be to take advantage of current low interest rates or to optimize the use of issuing debt under the “bank-qualified” rule for small issuers.

One significant assumption is that there will be zero contribution from impact fees in offsetting the principal and interest payments of the borrowed funds. We know that there will be a significant contribution of impact fees from the area surrounding the South Carothers project, but we have not included those as an offset to the cost of the project or a potential source for debt service payments.

Even using the very conservative assumptions described above, the ratio of debt service as a percentage of General Fund budget would move from roughly 9.6% to 11.0% using Scenario 5C, the most expensive of the three scenarios provided. In dollars, the additional debt service would top out at \$2 million per year and the additional debt, including the portion already approved for Hillsboro, would total \$29 million; that compares to our annual reduction (payoff of principal on existing debt) of over \$6 million per year.