

FY 2018 to FY 2022 Capital Improvement Program Amendments

Town Hall Meeting
July 19, 2017



Agenda & Timeline

- Monday July 24: City Council Action on
 - School Bond Referendum Ordinance
 - \$120 million for GMHS
 - CIP Amendment Ordinance
 - “Full CIP” or “Modified CIP”
- August: File Referendum with Court
- November 7, 2017
 - Proposed School Bond Referendum

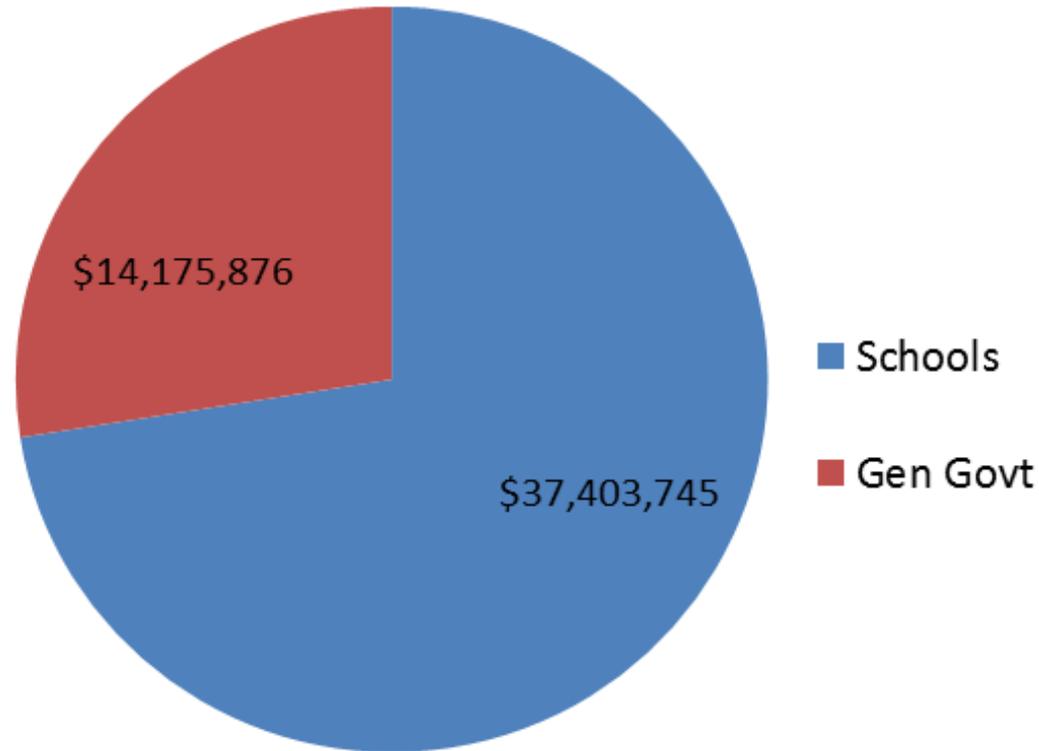


November Referendum

- QUESTION: Shall the City of Falls Church, Virginia, contract a debt and issue its general obligation bonds in an aggregate principal amount not to exceed one hundred twenty million dollars (\$120,000,000) for the purpose of paying the costs incident to constructing, expanding, reconstructing, renovating, equipping and/or reequipping, in whole or in part, a new or improved High School and part of a middle school in the City of Falls Church, and shall Ordinance No. XXX of the City authorizing the issuance of such bonds be effective?**

{ } YES { } NO

Current City Debt



\$51.2 Million Total

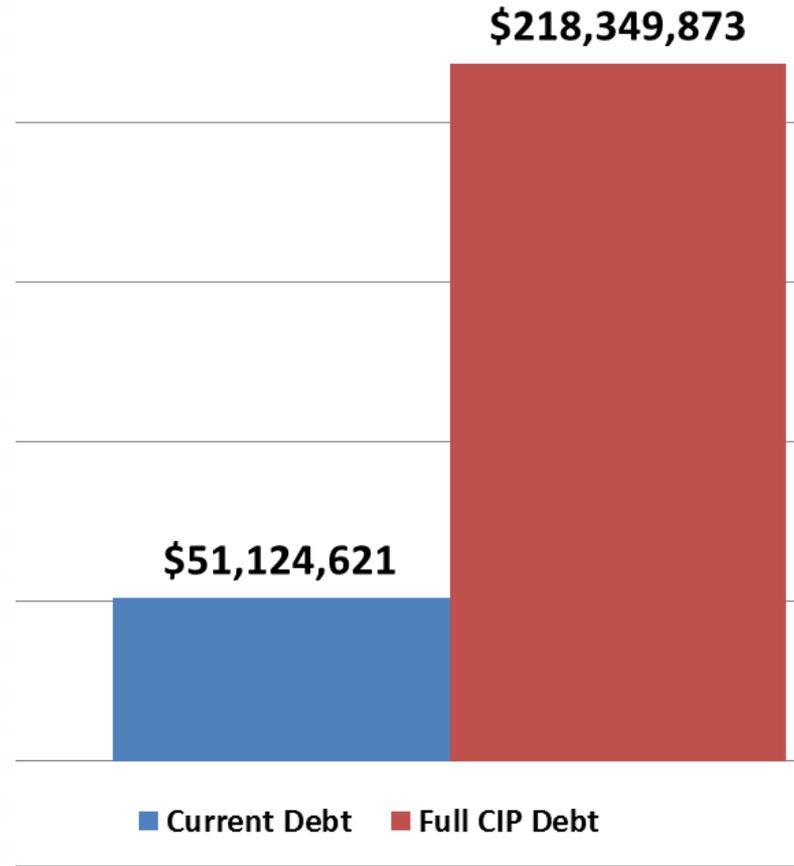
\$6.2 Million Annual Debt Service, 8% of budget

16 Cents on RE Tax Bill

Full CIP Debt

Library:	\$ 8.7 M
City Hall:	\$ 11.7 M
Other:	\$ 11.8 M
Adopted CIP:	\$ 33.2 M
GMHS:	\$120.0 M
TJES:	\$ 15.3 M
Total:	\$167.5 M

Total Debt



* TJES is not included in the FY 2018 to FY 2022 CIP

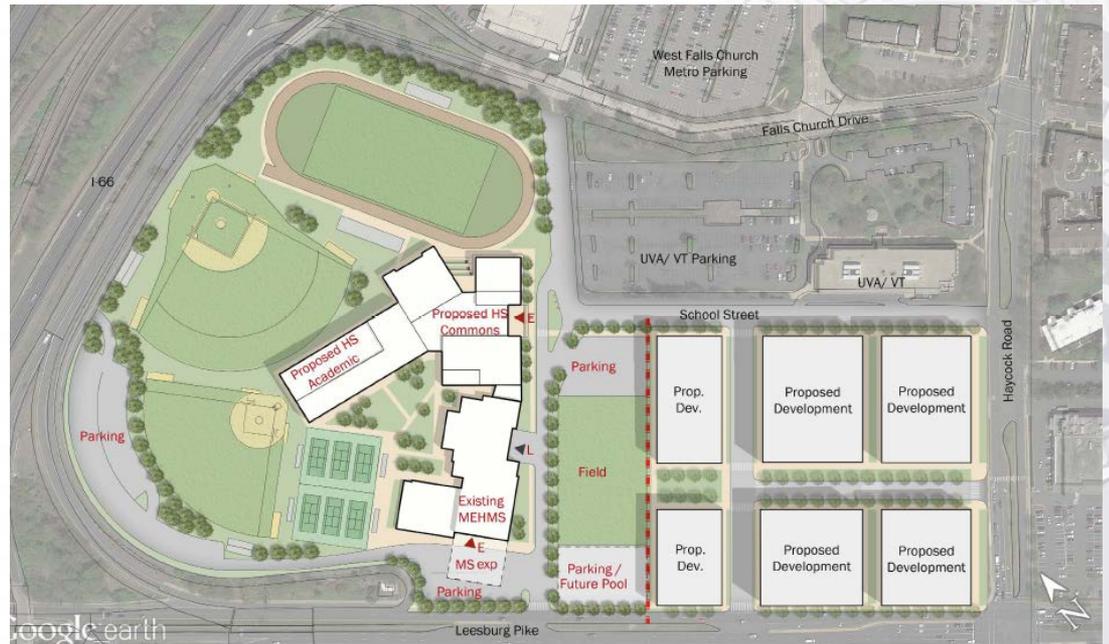
“Community School”

(School Board Preferred Option)

Construction Cost	\$ 110.0	M
“Soft” Costs	13.8	M
30% of listed reductions	- 6.5	M
Financing Cost	2.7	M
Total Debt Amount:	\$ 120.0	M

Potential Economic Development

- Multiple meetings with development community, County, VDOT, UVa and VA Tech over past two years
- One unsolicited proposal in 2015
- RFP in 2016
- Studies
 - ULI Panel
 - School Feasibility
 - Perkins Eastman
 - Land Valuation
 - Alvarez & Marsal



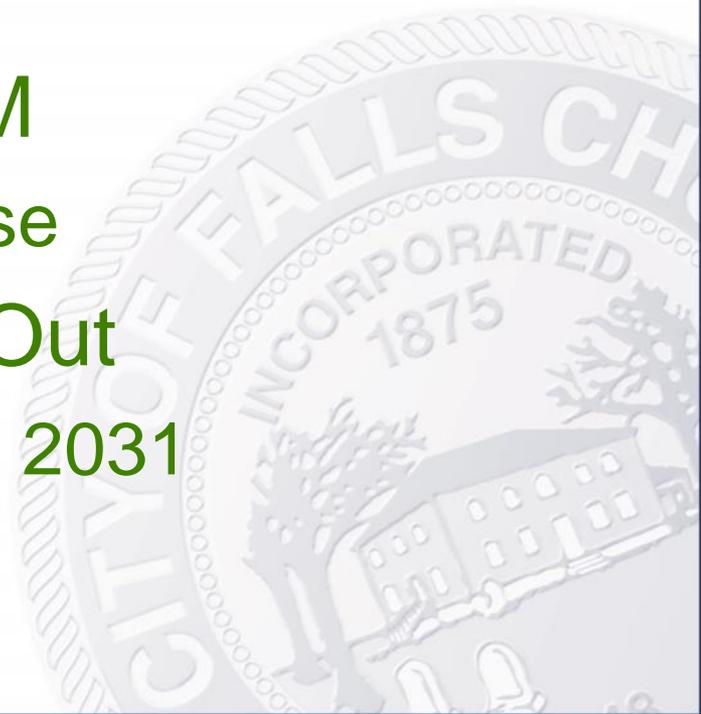
Land Development Assumptions

Alvarez and Marsal

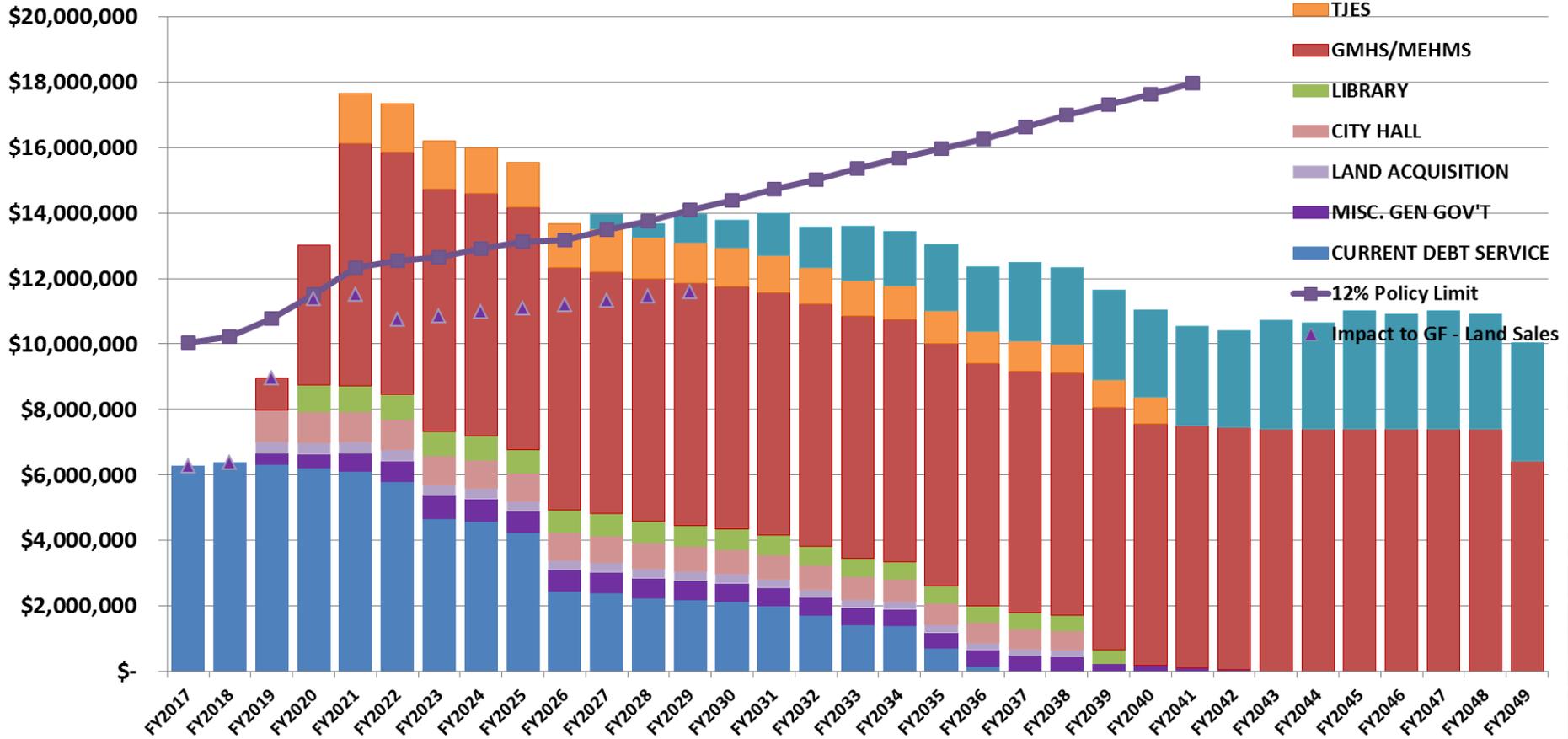
Component	Gross Sq. Ft	Units/Rooms
Retail	128,000	
Office	120,000	
Multifamily	621,000	816
+55 Multifamily	140,000	148
Hotel	75,000	110
Total	1,084,000 sq ft	
Parking	1,604 spaces	

Summary of Findings

- GMHS Cost Estimate:
 - \$120 Million
- Land Value: \$43 to \$45 M
 - Ten Acres with sale or lease
- Net Tax Yield after Build Out
 - Approx. \$3.1 M per year in 2031



FULL CIP DEBT SERVICE



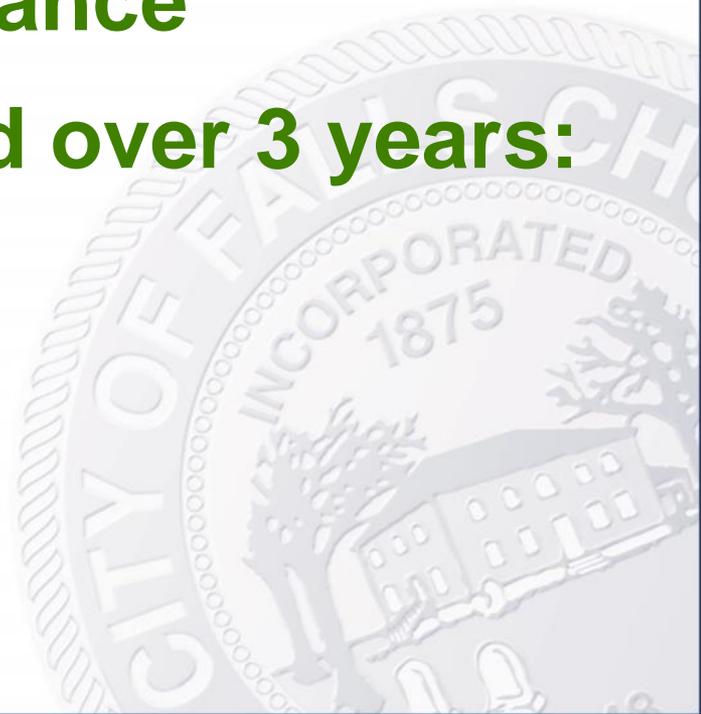
Full CIP Assumptions

Project	Year of Issuance	Amount	
		20-year	30-year
GMHS/MEHMS	FY 2018		\$120 M Level Debt
City Hall	FY 2018	\$11.7 M Level Principal	
Other CIP	FY 2018	\$11.8 M Level Principal	
Library	FY 2019	\$8.7 M Level Principal	
TJES	FY 2020	\$15.3 M Level Principal	

* Interest rates phased from 3.5% to 5%

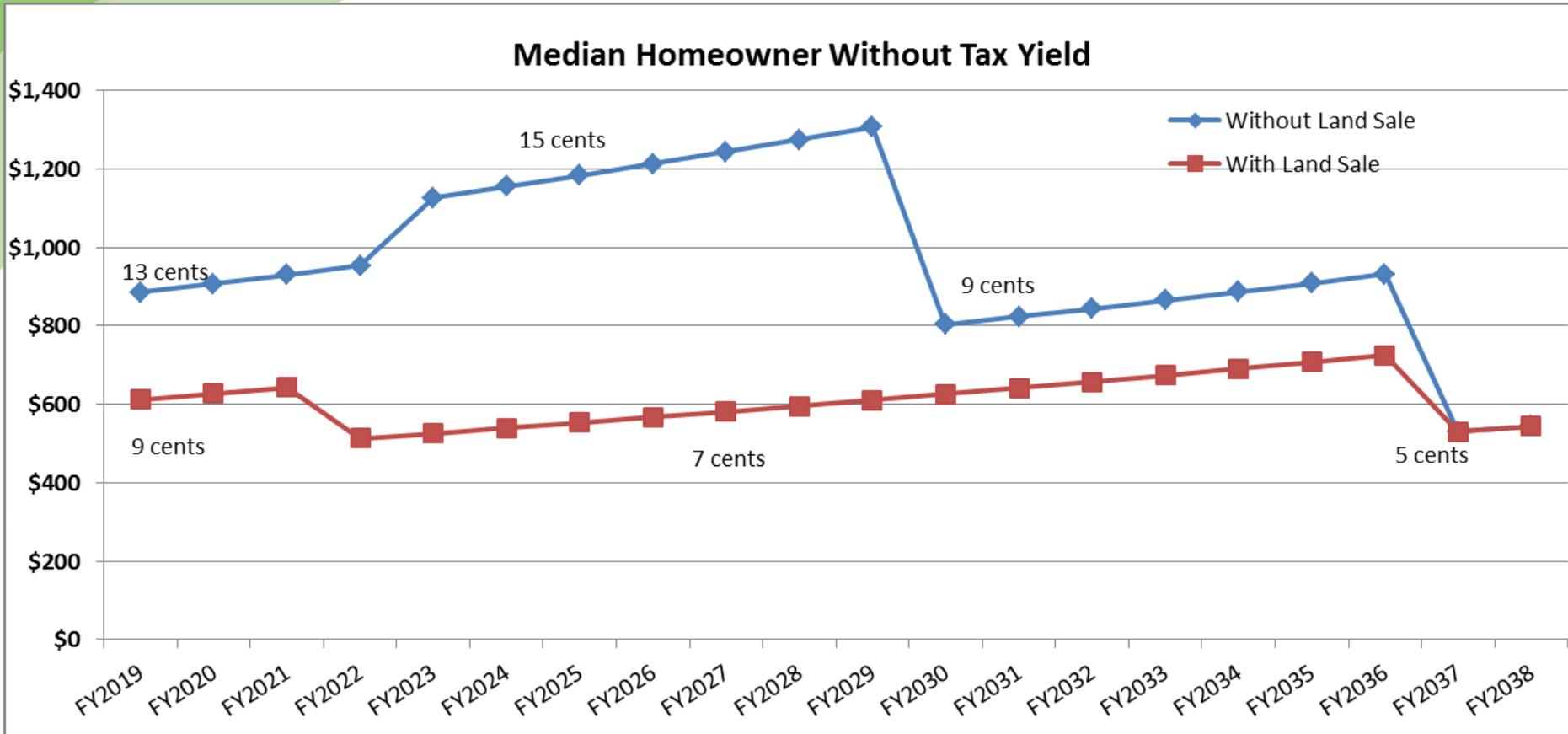
GMHS Debt Service Assumptions

- Interest rates from 3.5% to 5%
- 30-year level debt issuance
- GMHS/MEHMS phased over 3 years:
 - FY 2018: \$18M (15%)
 - FY 2019: \$54M (45%)
 - FY 2020: \$48M (40%)



Full CIP Tax Impact

Without Tax Yield

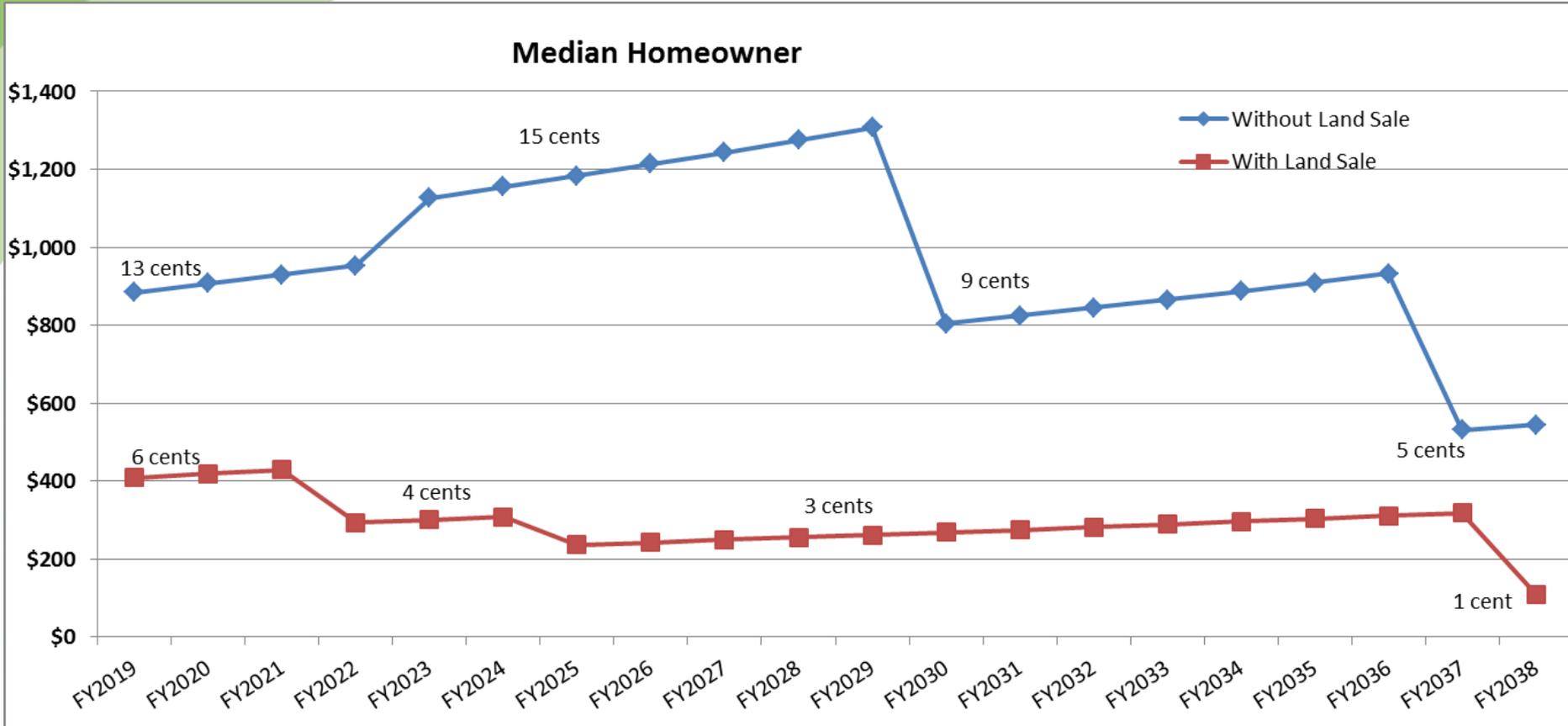


- Both include the use of current capital reserve of approx. \$10M
- Pension Investment savings (up to 1.5 cents) is reflected
- 1.5 cents for Capital is reflected
- Land Sale and Reserves are used to Buy Down Debt Service

Net Tax Yield from 10 Acres Commercial Development

Fiscal Year	Est. Tax Yield	Assumption
FY 2022	\$540,000	RE Taxes on raw land
FY 2023	\$540,000	"
FY 2024	\$540,000	"
FY 2025	\$797,179	Phase 1: 25% of Total Net Fiscal Impact
FY 2026	\$797,179	"
FY 2027	\$1,594,359	Phase 2: 50% of Total NFI
FY 2028	\$1,594,359	"
FY 2029	\$2,391,538	Phase 3: 75% of NFI
FY 2030	\$2,391,538	"
FY 2031	\$3,188,717	Phase 4: 100% NFI
FY 2032	\$3,188,717	"
FY 2033	\$3,188,717	"

Full CIP Tax Impact WITH Tax Yield



- Both include the use of current capital reserve of approx. \$10M
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Significant Risks

- Market Timing Risk
- Credit Downgrade
- Project Cost Control Risk
- Other Financing Needs
- Operating cost risk

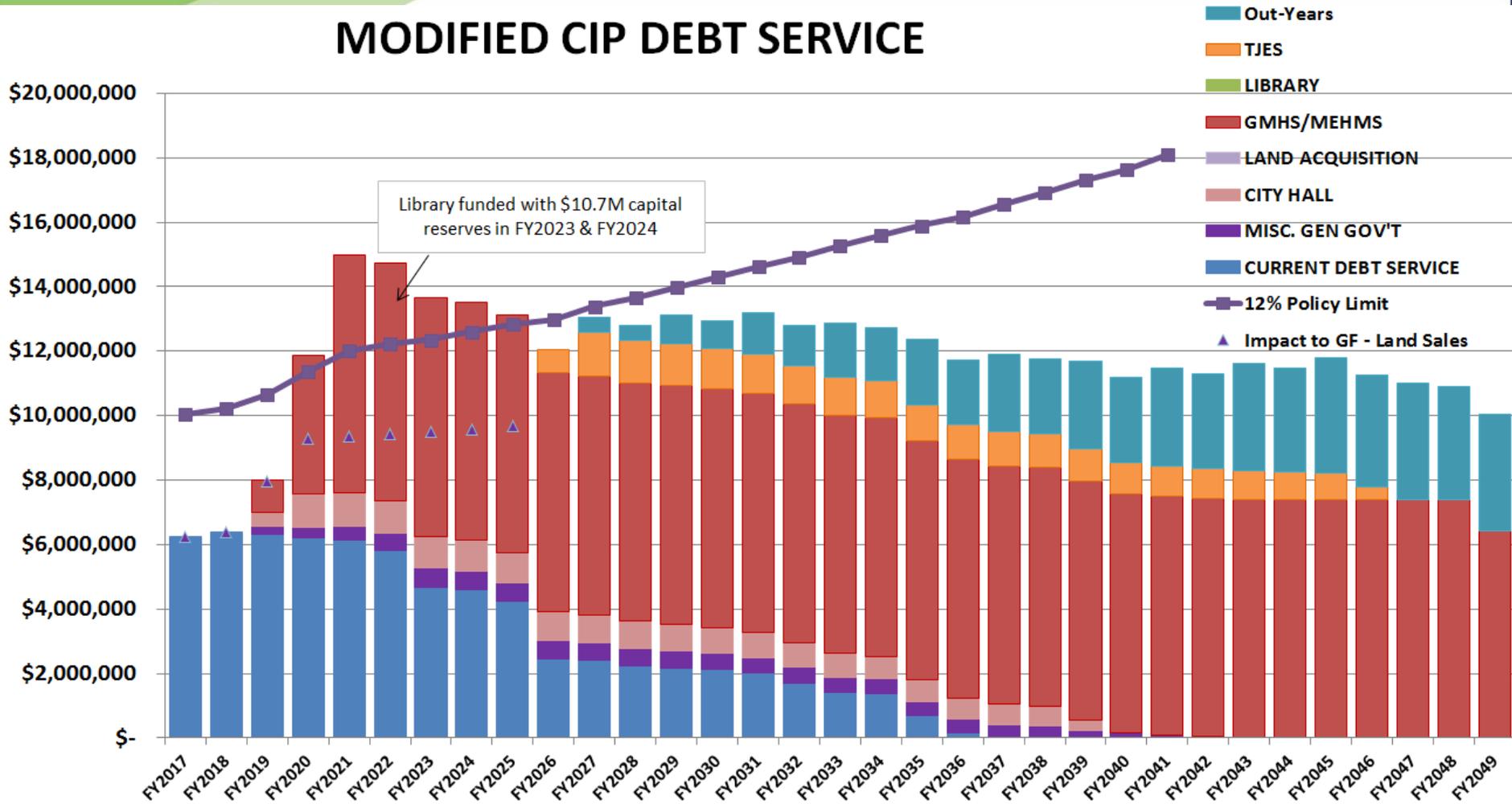
Reasons for a Modified CIP

Modified CIP: Delay \$30M of Projects Until after Land Transaction (Expected in 2022)

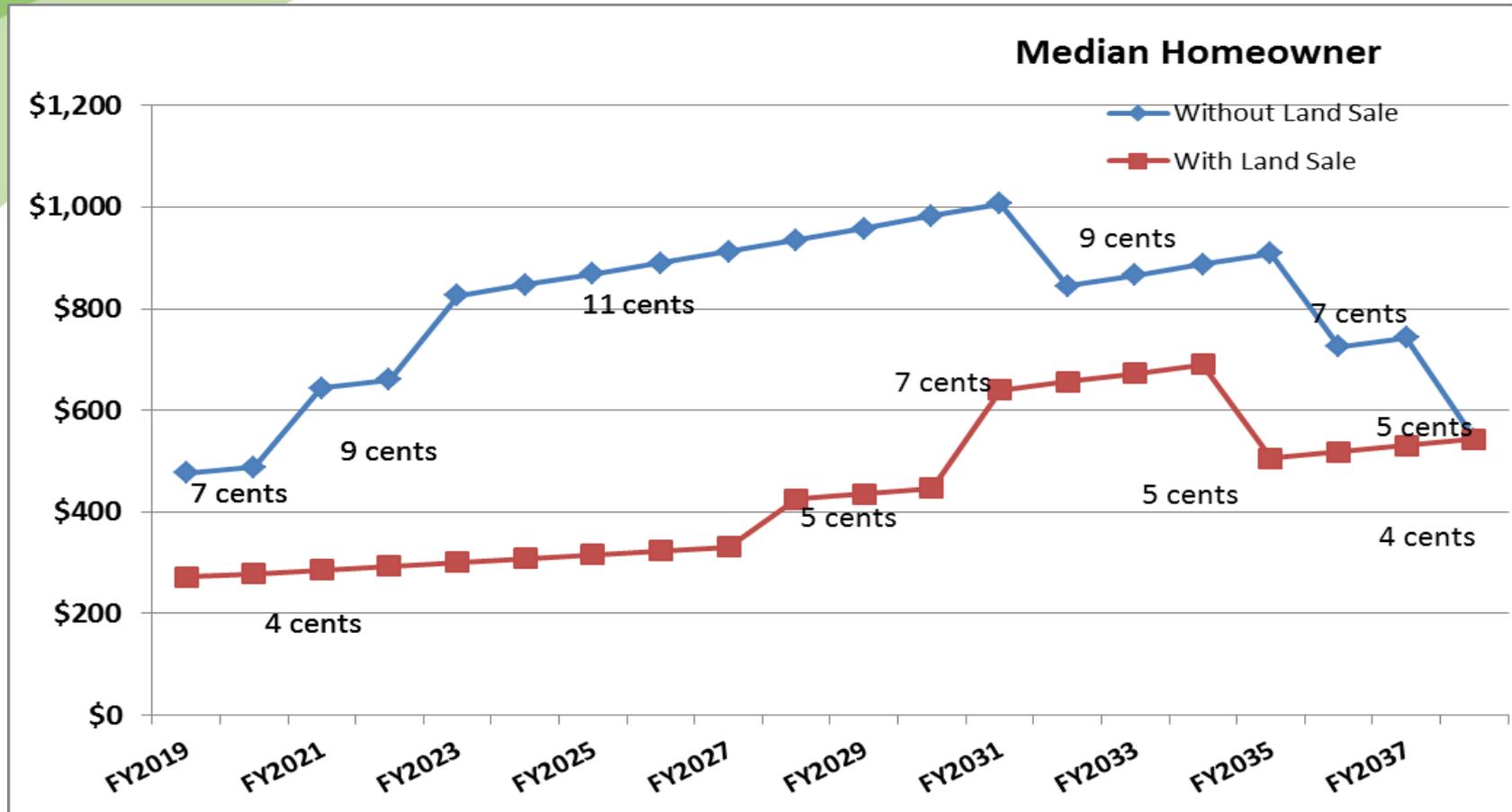
Project	Year of Issuance	Amount	
		20-year	30-year
GMHS/MEHMS	FY 2018		\$120 M
City Hall	FY 2018	\$11.7 M	
Other CIP	FY 2018	\$11.8 M	
		\$6.5 M	
Library	FY 2019	\$8.7 M	
	FY 2022	\$10.7 M	
TJES	FY 2020	\$15.3 M	
	FY 2025		

* Interest rates phased from 3.5% to 5%

MODIFIED CIP DEBT SERVICE

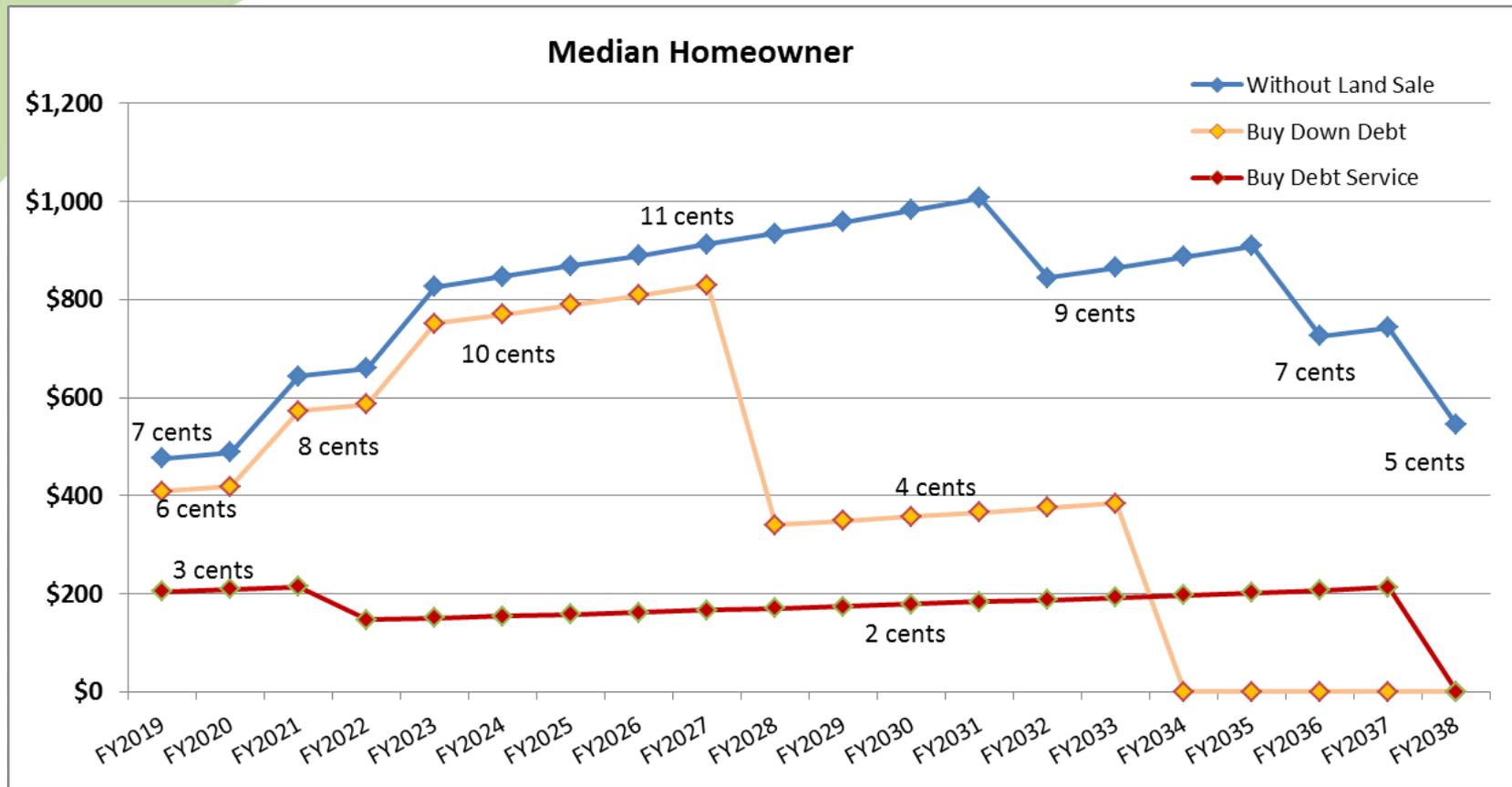


Modified CIP Tax Impact



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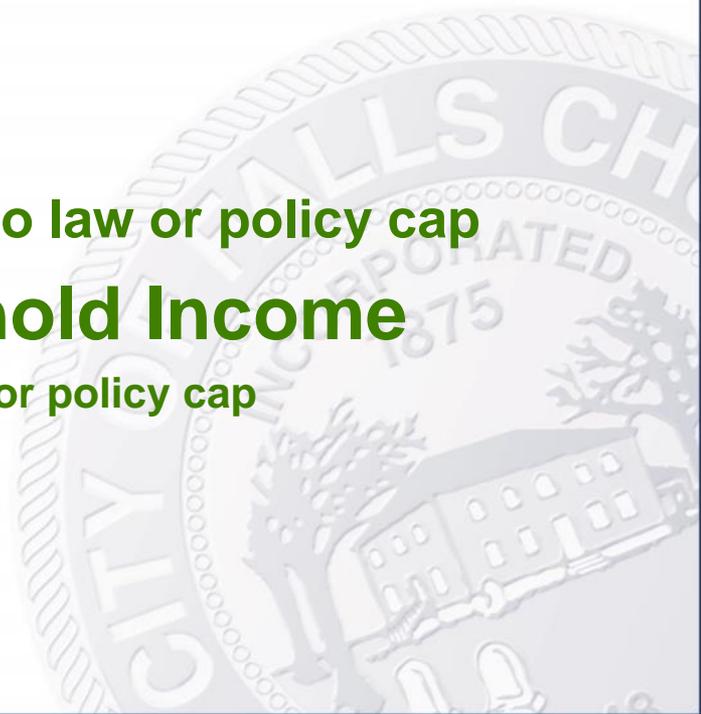
Modified CIP Tax Impact WITH Tax Yield



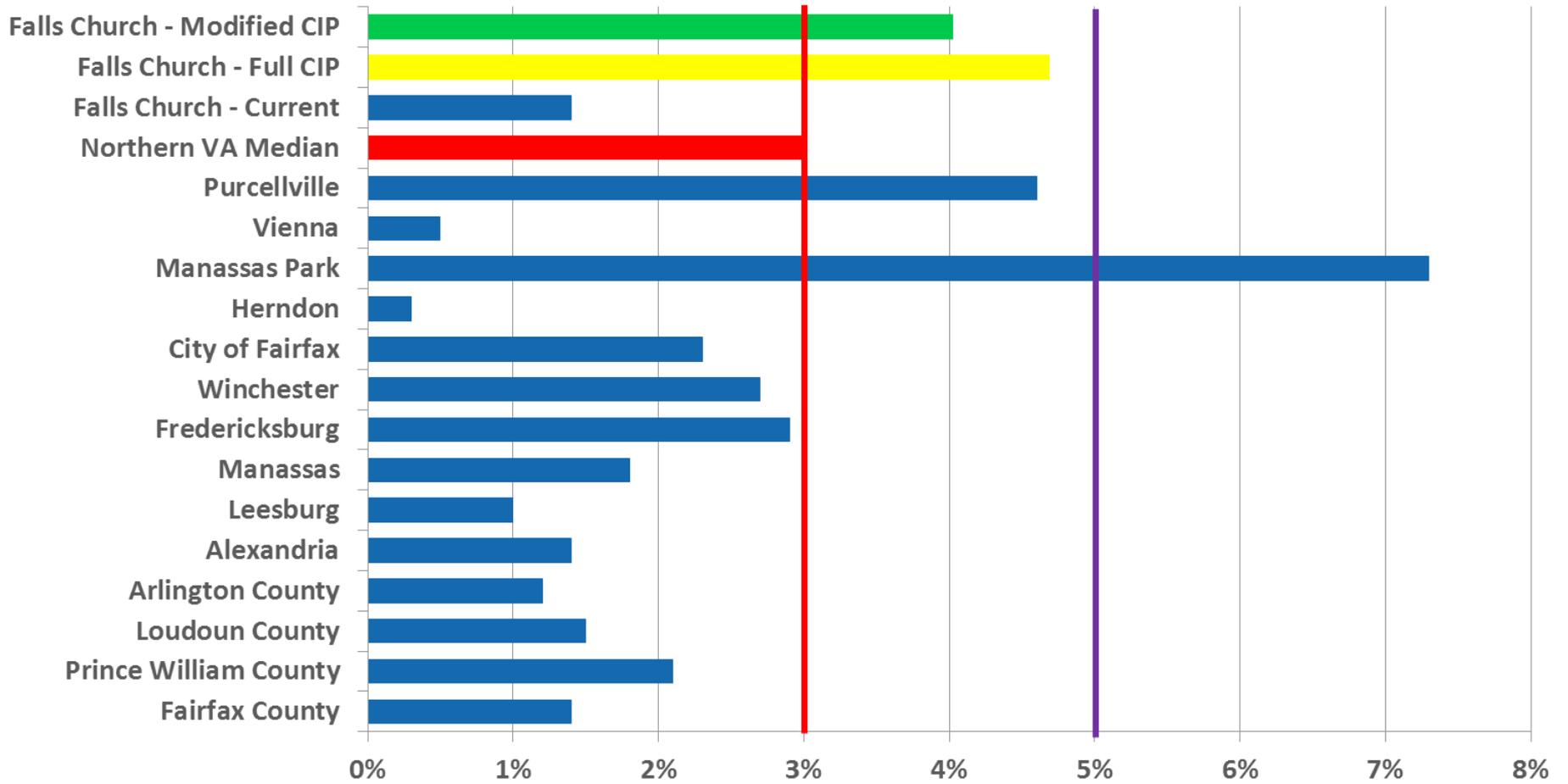
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Affordability Metrics

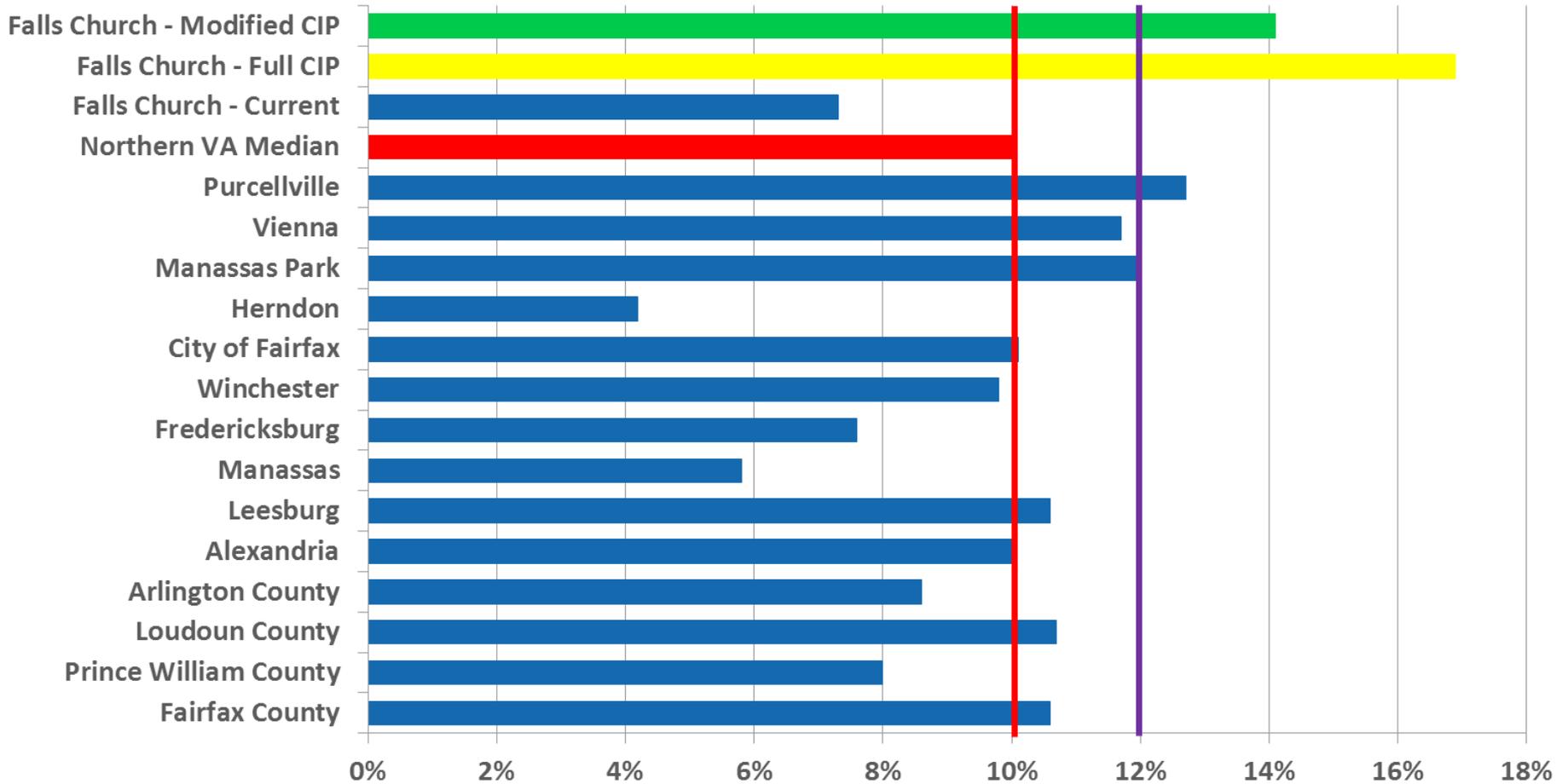
- **Debt to Assessed Value (AV)**
 - 5% City policy cap
- **Debt service to total expenses**
 - 12% City policy cap
- **Debt per capita**
 - Regional comparisons; no law or policy cap
- **Debt to total Household Income**
 - Regional comparisons; no law or policy cap



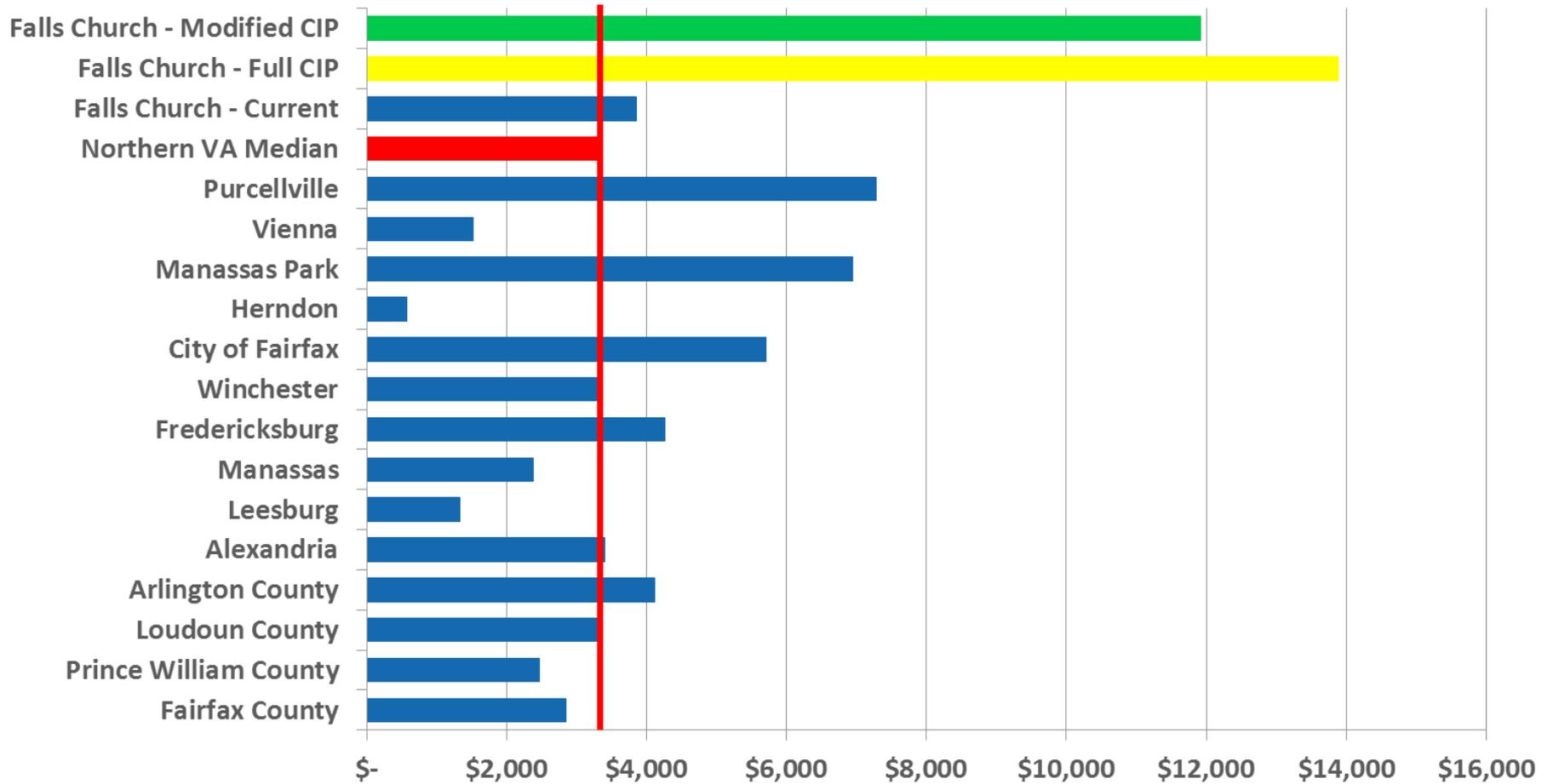
Debt to Assessed Value



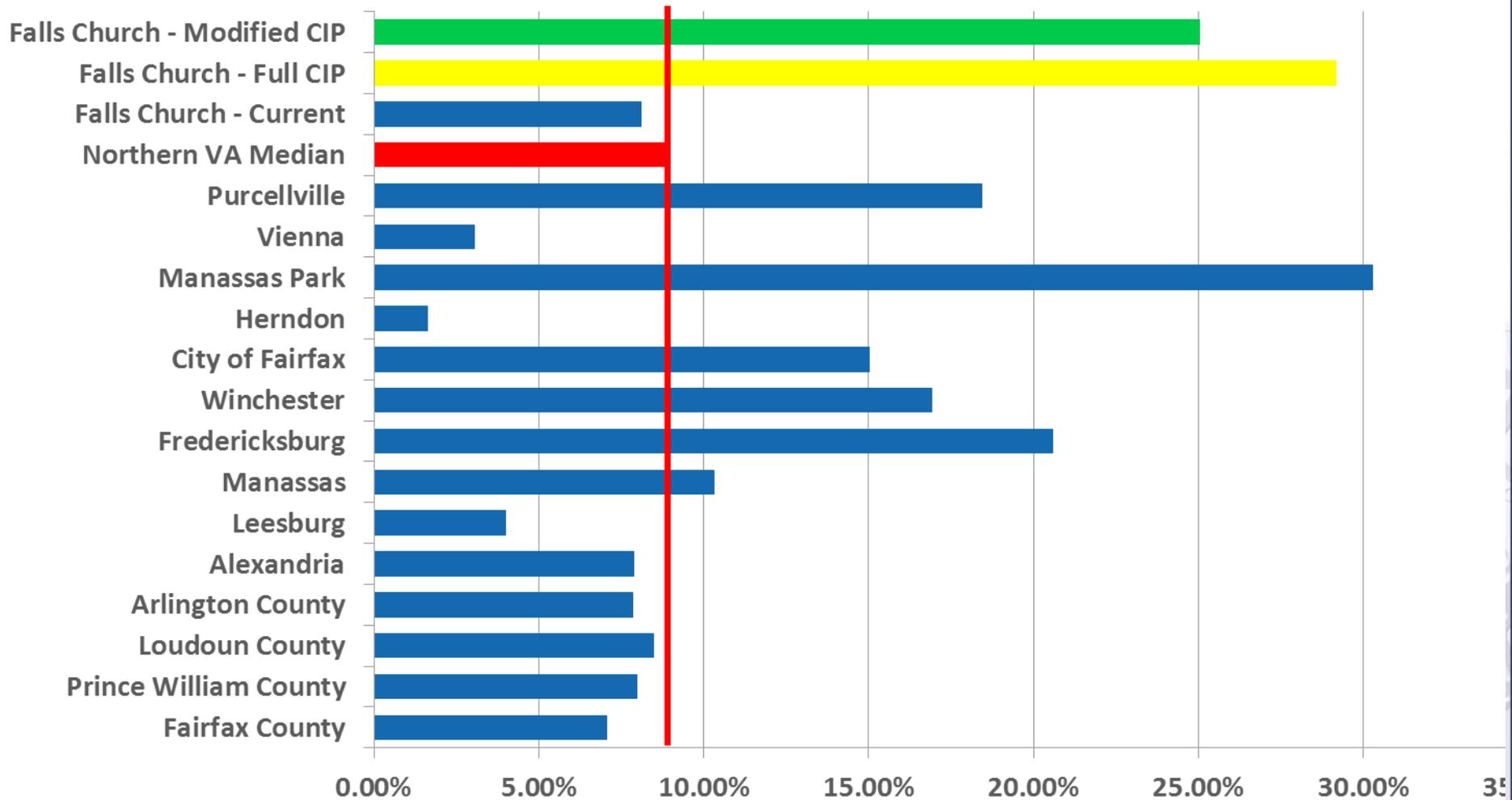
Debt Service vs. Expenditures



Debt per Capita



Debt to Total Household Income



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Questions

Thank you

