



Office of Mayor-Elect Lenny Curry

Fiscal Responsibility Sub-Committee Meeting

June 16, 2015

Jacksonville University

Davis College of Business

Public Policy Institute

2800 University Blvd, Room 114

IN ATTENDANCE:

Mr. Jay Demetree, Chair

Mr. Ron Townsend, Member

Mr. Jack Webb, Member

Ms. Peggy Sidman, OGC Representative

Mr. Greg Pease, SME

Chief Charles Moreland, Co-Chair Transition Team

GUESTS:

The Honorable Lori Boyer

Mr. Mark Merritt, Jacksonville Public Library

Ms. Usha Mohan, COJ Information Technology

Mr. Joe Orfano, JEA Treasurer

Mr. Devin Carter, COJ

Ms. Marlene Russell, Transition Team

Ms. Wendy Jones, Recorder

Chair Jay Demetree opened the meeting at 3:05 p.m. Since there is not a quorum for approving the minutes the Chair asked Councilman Lori Boyer to present her information regarding CIP Special Committee findings and the Task Force Opinion on Internal Services.

Councilman Boyer went through the informational handout regarding the CIP (Capital Improvement Projects) Special Committee findings. (Please see the attached handout) Through the work of the Special Committee 25 million in cash was earmarked for current year projects, and 50 million dollars was earmarked for for Fiscal Year 16 projects. Of the 50 million: 15 to 18 million are for unrestricted Capital projects; 15 to 19 million are for fair share projects such as roadway improvements. The balance is restricted funds for projects for Historic preservation and Downtown investments. Many of the

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restricted funds are either due to statutory or ordinance restrictions. She noted that by Fiscal Year 2017 the BJP fund should once again have a positive cash flow so that more of the BJP projects can be started - after they have been reviewed and evaluated to determine if the projects are still needed. The BJP must end by December 31, 2030. The City and JTA have an agreement that has JTA taking over road projects using the Gas tax; however, beginning Fiscal year 2016 the City will receive 1 cent of the gas tax (which will roughly amount to 5 million) for capital projects. This CIP Special project has cleaned up the budget side but the revenue side of the CIP still needs to be cleaned up because there are funds that need to be cleaned up and closed; these are in All Year Funds.

The Committee discussed the idea that cleaning up the revenue side of the books needs to be done at least once a year and possibly more often.

Councilman Boyer then discussed the internal services that are charged to the departments. The consolidated task force called for the centralization of services throughout government agencies and over the past years they have become decentralized again. There was discussion about how internal charges need to be eliminated and that quality and timely service must be provided. This will make using agencies willing to come back to consolidation; and that by consolidating services the City has better purchasing power. An idea discussed was a zero based budget which could be phased in by dividing the departments into 3 groups and a then every 3 years add another group of departments to the process.

Ms. Peggy Sidman, OGC Representative, stated that there are laws on the books that require the City to run in a certain manner and there are personnel who are familiar with the laws and ordinances; therefore, they are not being followed or just ignored.

Mr. Greg Pease pointed out that there are areas that the City can expand on such as PAMO (Property Asset Management), Grants office (to locate additional grants) and Public-Private partnerships.

Chair Demetree adjourned the meeting at 4:30 p.m. since there was no new business or public comments.

NOTICE: The Meeting scheduled for Thursday, June 18, 2015 has been cancelled. The next meeting will be on Tuesday, June 23, 2015.



Office of Mayor-Elect Lenny Curry

AGENDA

Date: June 16, 2015

Time: 3:00 p.m.

Committee: Fiscal Responsibility Subcommittee Meeting

- | | | |
|------|---------------------------------------------------------------------------------------------------|---------------------|
| I. | Review & Approval Minutes – 06.11.15 | Jay Demetree, Chair |
| II. | Presentation – CIP Special Committee Findings &
Task Force Opinion on Internal Service Charges | Councilwoman Boyer |
| III. | New Business | Jay Demetree |
| IV. | Public Comments | |

CIP Special Committee Summary

1. Why we were created: In last year's budget process we identified four issues that gave us great concern
 - a. Current debt service from the General Fund/GSD is close to 100 million annually, and has a major impact on funds available for operating expenses (ad valorem revenue is only 500 million)
 - b. There was in excess of 150 million of previously authorized, but not yet borrowed (for projects approved but not yet started) and the Mayor requested authorization for another 225 million beyond that- debt service on those two amounts would be in the vicinity of 50 million a year
 - c. Amortization schedules are not level so even though we were paying down 67 million of debt outstanding in fy14/15, debt service would go up 1.5 million without any new debt (the paydown does not create capacity in annual debt service)
 - d. We borrow in arrears for projects funded through the Banking Fund- that is we do the work, build up a cash deficit of 40-60 million and then borrow to repay the deficit; that process understates the debt service in the budget process because in reality there is 50 million that must be borrowed but is not reflected in the current outstanding schedules (7-8 million increase for 14/15 based on then existing banking fund deficit)
2. Add to that the fact that the CIP book itself was full of errors with respect to prior year appropriations, and total budgets on current projects and the previously approved projects were grossly inaccurate
3. And we had for several years been requested to waive our "debt affordability criteria" because we were exceeding the established minimums/maximums

Stopped all new authorization except new JFRD breathing apparatus (7 Million) and new Financial System (13 million) and a few JFRD vehicles

Reduced prior authorizations to only those projects in process with legal requirements to complete, pending contracts, etc.

Budget appropriations were from available cash and prior authorizations of debt, and the two new above

- CIP committee began work in September to review all current projects and capital subfunds to determine available funds (cash) for reallocation and to reduce borrowing authorizations where not needed
- BJP- Cash deficit of 16-30 million, but positive cash flow over debt service and should pay all deficit items and have funds available for new projects by 17; closed fully completed projects; transferred to JTA those projects assumed under new gas tax; have condemnation and landscape obligations before can move to new projects

- Stormwater- pledge of revenue to debt service had eaten into capital funding to the point that no new capital projects could be funded; allocation to operating too high; required \$6 million annually to Drainage System Rehab (capital projects under \$100,000 each) and 15% or 4 million whichever is greater to capital project before funds to operating; prohibited new debt service in utility; required to pay JEA 2.1 million annually for TMDL credits because we have not completed our projects; lists of backlog of stormwater and septic tank projects provided to committee as well as ranking criteria
 - Recurring Maintenance- reviewed last 10 years of CIP to establish budget guidelines for recurring capital maintenance items; need to be funded annually or backlogs develop- see attached Exhibit 1
 - Cleaned up significant budget discrepancies that had occurred and compounded over the last decade so that budgets reflected actual Council actions; **Warning: Revenue side not cleaned up and contains issues**
 - General capital projects- reviewed by Council District and closed completed projects with balances in excess of 9 million returned to accounts of origin
 - Identified approximately \$7 million in revenue in SF 322 available for next year's budget
 - Identified another 30 plus million in various restricted funds (fair share, historic preservation, TIF, etc. that are available for appropriation); see Exhibit 2
 - Refined procedure for 5 year CIP plan and first year budget
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**COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE
ANALYSIS OF BUDGETED DEBT SERVICE REQUIREMENTS
FY 2014/15 MAYOR'S PROPOSED BUDGET**

S/F	Account Title	FY 2013/14 Council Approved Budget	FY 2014/15 Mayor's Proposed Budget	Change From FY 2013/14	Explanation
GENERAL FUND / GSD (SF 011):					
222	1993 ETR	\$ 4,886,052	\$ 5,093,663	\$ 207,611	Increase in scheduled interest payment.
22C	2005A ETR	1,100,320	1,173,442	73,122	Saving in prior year caused by one-time credit for excess funds within bond reserve account.
22H	2006C ETR/CARLING	503,549	503,089	(460)	
22U	2001 RCR Sales Tax Bonds	12,098,158	7,887,792	(4,210,366)	Scheduled decrease in debt service due to structure of bonds.
253	2006A ETR (ref SSGF 95A)	3,043,454	3,038,733	(4,721)	
254	2006B ETR (ref 95A AMT)	2,126,582	2,136,094	9,512	
25A	2009A ETR 2009B ETR 2009C ETR	5,326,002	5,272,834	(53,168)	Decrease in scheduled interest payment for ETR 2009C bonds.
25B	2009C Spec Rev	4,535,208	4,181,732	(353,476)	Scheduled decrease in debt service due to structure of bonds.
25C	2010A Spec Rev - Courthouse Debt	3,210,506	2,361,498	(849,008)	Interest portion decreased due to partial refunding via 2013A Spec Rev.
25D	2011A Spec Rev - Courthouse Debt	2,190,214	2,295,026	104,813	Increase in scheduled principle payment.
25E	2012B Spec Rev (ref 2009C MTN)	33,860	33,796	(64)	
25F	2012C Spec Rev(ref ETR-01B, ETR-02B, GUAR ENT-02, LGST 1996, LGST 2002)	12,419,689	19,603,298	7,183,609	Increase in scheduled principle payment. Savings from refinance was frontloaded.
25G	2012D Spec Rev (ref ETR 2003A)	1,581,285	1,581,345	60	
25H	2012E Spec Rev (ref ETR 2003C)	608,019	607,315	(704)	
25I	2013A Spec Rev (ref 09C / 10A MTN)	-	1,367,143	1,367,143	Issued during FY 2013/14. Partially refunded 2009C Spec Rev and 2010A Spec Rev.
255	2006C ETR	678,523	677,025	(1,498)	
256	2007 ETR	2,898,313	2,895,552	(2,761)	
259	2008A (97S&02) 2008B (97S&02)	3,380,244	3,411,420	31,176	Increase in scheduled principle payment.
4F6	2005A ETR 2008A Cap Proj (ref 97s & 02) 2008B Cap Proj (ref 97s & 02)	-	119,725	119,725	Equestrian Center is now being funded by General Fund GSD.
561	Adam's Mark	1,071,608	1,071,608	(0)	
Total Non-Banking Fund - GSD Debt Service		\$ 61,691,585	\$ 65,312,131	\$ 3,620,545	
Banking Fund - GSD Debt Service		23,312,813	25,510,727	2,197,914	
Fiscal Charges - GSD Debt Service		507,290	461,580	(45,710)	
Total Budgeted - GSD Debt Service		\$ 85,511,689	\$ 91,284,437	\$ 5,772,749	
Budgeted Debt Service in All Other Sub-Funds (Principal, Interest and Fiscal Charges on Bonds and Commercial Paper)		110,660,846	118,415,189	7,754,343	Increase is due to proposed issuances for CIP, Stormwater, Solid Waste, and Sports Complex.
Total Budgeted Debt Service		\$ 196,172,535	\$ 209,699,626	\$ 13,527,091	

Revenue and Expenditure Forecast
FY 2015 - 2019

Departmental Expenses	FY 15 Proposed	FY 16 Projection	FY 17 Projection	FY 18 Projection	FY 19 Projection
Advisory Boards and Commissions	406,445	413,648	421,014	431,009	441,702
City Council	8,956,839	9,109,850	9,266,187	9,478,786	9,703,884
Courts	4,305,497	4,391,607	4,479,439	4,569,028	4,660,408
Downtown Investment Authority	1,447,969	1,473,668	1,499,907	1,531,777	1,564,874
Employee Services	5,447,955	5,543,845	5,642,010	5,770,476	5,906,446
Finance	6,472,117	6,584,138	6,698,904	6,854,662	7,020,418
Fire and Rescue	213,880,792	220,320,804	227,112,869	236,400,063	247,576,947
Human Rights Commission	828,200	842,068	856,273	876,120	897,220
Intra-Governmental Services	6,590,271	6,710,008	6,832,700	6,991,775	7,161,158
Mayor's Office	3,959,022	4,020,967	4,084,373	4,179,584	4,281,035
Medical Examiner	3,580,455	3,639,062	3,699,054	3,783,882	3,873,822
Military Affairs and Veterans	1,139,236	1,157,677	1,176,531	1,203,599	1,232,304
Office of Economic Development	2,147,050	2,182,520	2,218,753	2,267,130	2,317,728
Office of Ethics, Compliance & Oversight	263,602	348,808	355,294	362,629	370,185
Office of General Counsel	223,966	228,327	232,794	238,083	243,680
Office of Sports & Entertainment	1,447,025	1,473,949	1,501,431	1,532,733	1,565,060
Office of the Sheriff	407,762,668	419,371,321	431,655,206	448,770,276	469,272,816
Parks, Recreation & Community Svcs	41,585,127	42,390,149	43,213,664	44,166,600	45,166,850
Planning and Development	6,221,256	6,330,011	6,441,492	6,592,997	6,754,696
Public Defender	1,877,884	1,915,442	1,953,751	1,992,826	2,032,682
Public Health	1,448,548	1,477,319	1,507,069	1,537,211	1,567,955
Public Libraries	31,659,721	32,255,567	32,865,772	33,616,249	34,411,376
Public Works	38,796,926	39,541,280	40,302,340	41,178,333	42,094,053
Regulatory Compliance	15,176,658	15,454,382	15,739,150	16,111,642	16,509,935
State Attorney	2,399,260	2,447,245	2,496,190	2,546,114	2,597,036
Supervisor of Elections	8,819,664	8,990,416	9,164,922	9,361,451	9,566,127
Total Departmental Expenses	816,844,373	838,614,277	861,417,410	892,343,033	928,790,397
Non-Departmental Expenses					
City-Wide Activities	92,445,177	94,294,081	96,179,962	98,103,561	100,065,633
Contingencies	1,019,177	1,019,177	1,019,177	1,019,177	1,019,177
Debt Service Transfers - All	65,773,710	67,089,349	69,101,860	71,865,934	75,459,231
Gen Fd Transfer to Property Appraiser	9,356,025	9,543,146	9,734,008	9,928,689	10,127,262
Gen Fd Transfer to Tax Collector	6,875,898	7,013,416	7,153,684	7,296,758	7,442,693
Gen Fd Transfer to JCC	23,256,872	23,722,009	24,196,450	24,680,379	25,173,986
Transfer out to Other Funds	31,634,718	32,267,412	32,912,761	33,571,016	34,242,436
Total Non-Departmental Expenses	230,361,577	234,948,425	240,297,902	246,465,513	253,530,418
Total General Fund - GSD Expenses	1,047,205,950	1,073,562,702	1,101,715,311	1,138,810,546	1,182,320,815
GAP	0	(67,833,181)	(67,146,955)	(95,284,093)	(129,715,192)
Pension Costs					
	FY 15	FY 16	FY 17	FY 18	FY 19
GEPP	21,517,340	21,964,913	22,424,212	22,895,545	23,379,227
COPP	17,618,896	17,700,133	17,781,890	17,864,171	17,946,978
PPFP	153,014,791	157,406,220	161,973,306	166,723,075	171,662,835
Total Pension Costs	192,151,027	197,071,266	202,179,408	207,482,791	212,999,040

B3

Special CIP Committee Summary as of May

Time spent in Committee: 45 hours

Projects Closed: 1205

Projects De-Authorized but not Closed: 22

Banking Fund Borrowing de-authorized (in addition to amount De-authorized 9/15): \$7,840,005

Project Budgetary Capacity de-authorized: \$47,473,446

Identified, re-appropriated or transferred for use this fiscal year (post-budget): \$25,000,000+

\$10 million 5 year road program - resurfacing, signals, sidewalks, etc.

\$15 million + Storm water utility

Available for future CIP/capital projects \$50,000,000

2015-276 \$9,500,000+ return to accounts of origin- bond account reserves accts, TIF, etc.

2015-275 3,787,435.55 added to previously available original balance of \$1,856,359

2015-303 \$1,729,565.59 to DIA from residual funds in completed projects

Subfund 322 6,416,309 interest earnings, rent available for appropriation

Fair Share \$19,700,000- some in reserve, some limited by sector but available

Mobility \$5,000,000+

Miscellaneous in Council reserve accounts, Grant interest and return of unused funds, etc.- does not include funds in Tree Mitigation

Clean-up bill- 2015-308 addresses hundreds of millions of budgetary accounting discrepancies, DOES NOT address revenue side discrepancies that remain an issue- equal magnitude

Special CIP Committee work products

2015-113: closed out 285 BJP Projects with zero budgetary balances

2015-193: closed out 82 completed BJP projects and transferred \$18,742,108 of remaining budgetary capacity into a special council reserve for possible future pay-as-you-go projects based on receipt of sufficient sales tax revenue exceeding BJP debt service needs.

2015-194: closed out 63 completed BJP council district projects and returned \$257,716 in cash or budgetary authorization to the accounts of origin.

2015-195: closed 563 completed projects with zero balances.

2015-196 closes 6 pay-as-you-go stormwater projects and transferred \$4,339,878 in remaining balances from those 6 and 9 other still open projects to a Council Stormwater Pay-As-You-Go contingency fund for reallocation to other stormwater projects; de-authorized \$1,918,865 of Banking Fund borrowing authorization for stormwater projects; appropriated \$2,589,648 from the Stormwater Services – Operating and Capital account to the Drainage System Rehabilitation account; appropriated \$1,067,408 for stormwater debt service cleanup; authorized a total of \$9,915,801 in transfers among ongoing stormwater projects to realign available resources with immediate needs.

2015-197: appropriates the \$4,339,878 in stormwater pay-as-you-go funds from the Council Stormwater Pay-As-You-Go contingency fund to 6 ongoing projects to supplant the need for Banking Fund borrowing for the projects; de-authorized \$4,339,878 in Banking Fund borrowing authorization.

2015-198: appropriates \$1 million from Stormwater Master Plan/TMDL and \$1,630,514 from BMAP credit trading (\$2,630,514 total) to 4 specific drainage projects and to the Countywide Drainage System Rehab account (\$80,514).

2015-199: appropriates \$1,215,000 from the Drainage System Rehab account to 4 drainage improvement projects.

2015-226: appropriated \$294,550 from the Drainage System Rehab capital projects account to a judgments, claims and settlements account to settle an inverse condemnation lawsuit regarding a City drainage ditch.

2015-248: de-authorized \$47,473,446 in budgetary authorization for 7 BJP road improvement projects in recognition of the transfer of responsibility for construction of those projects from the City to the JTA via the recent Interlocal Agreement, to be funded with the proceeds of the extension of the local option gas tax.

2015-275: re-appropriates \$3,787,436 back to the Downtown Historic Preservation and Revitalization Trust Fund from two abandoned projects (\$1,050,000 from the Laura Street Trio/Cameron Kuhn project and \$400,000 from the Kimmik Corp. project) and \$2,321,350 in interest earnings on that Trust Fund.

2015-276: closes out 206 council district capital projects and returns \$8,513,615 in cash or budgetary authorization to the account of origin.

2015-303: the bill transfers \$1,729,566 in residual funding and authority for 9 completed or abandoned downtown projects to the Downtown Investment Authority to transfer budgetary authority for 6 area-specific projects (\$983,685,86) to the DIA and to reallocate \$745,879.73 of JEDC funding from 3 accounts to the DIA's Downtown Economic Development Fund for future use.

2015-305: amends the 5-year Road Program to close 2 completed projects, reallocating a total of \$4,442,312 from lower to higher priority projects within that overall program for FY14-15.

2015-308: de-authorizes \$1,581,262 in Banking Fund authorized borrowing and makes budget clean-up adjustments to several dozen subfunds and project accounts to rectify years of accounting errors in the posting of budgets to appropriate accounts due to changing accounting practices, confusion among similarly named project accounts, changes in project scopes, etc. The authorized transactions range from as little as a \$0.04 cleanup to allocate a few cents of interest earnings on a project account to \$454,930,502, which authorizes the consolidation of two local option gas tax accounts (\$276,898,205 and \$178,032,297) into a single account to more clearly reflect that with the adoption of the Better Jacksonville Plan and the execution of an Interlocal agreement between the City and the JTA for JTA mass transit operations, all local option gas tax funds are now being transmitted to the JTA for that purpose.

General CIP "Capital Maintenance" Project

Capital Maintenance Area	Minimum	Target
Roadway Resurfacing	12,000,000	18,000,000
Sidewalk Repair	2,500,000	3,000,000
Sidewalk "New"	250,000	500,000
Drainage System Rehab (DSR)	5,000,000	6,000,000
Facilities Capital Maintenance	1,500,000	3,500,000
Intersection Improvements	1,000,000	1,500,000
Periodic Maintenance (Bridge Repair/Replacement)	3,000,000	4,000,000
Pavement Markings (previously combined with Signal Repair/Upgrade)	350,000	750,000
Roadway Signal Repair/Upgrade (previously combined with Pavement Markings)	2,000,000	2,500,000
Traffic Calming	75,000	150,000
Roadway Safety Program (Pedestrian Crossings - midblock & other)	250,000	500,000
Traffic Street Lights	75,000	150,000
Railroad Crossings	30,000	50,000
Bulkhead repair/replace	1,500,000	2,500,000
Environmental Compliance	7,000,000	9,000,000
Park Capital Maintenance	2,000,000	3,000,000

1 Introduced by Council Members Boyer, Anderson, Love, Crescimbeni,
2 Gulliford and Schellenberg:

3
4
5 **ORDINANCE 2015-**

6 AN ORDINANCE REGARDING DEBT AFFORDABILITY;
7 AMENDING PART 5 (CITY BANKING FUND), CHAPTER
8 110 (CITY TREASURY), *ORDINANCE CODE*, TO REPEAL
9 SECTION 110.508 (MODIFICATION OF PROJECT
10 DESCRIPTIONS) AND AMEND SECTION 110.509 (USEOF
11 EXCESS BUDGETED FUNDS); AMENDING SECTION
12 106.111 (DEBT MANAGEMENT PARAMETERS), CHAPTER
13 106 (BUDGET AND ACCOUNTING CODE), *ORDINANCE*
14 *CODE*, TO _; PROVIDING AN EFFECTIVE DATE.

15
16 **BE IT ORDAINED** by the Council of the City of Jacksonville:

17 **Section 1. Amending Part 5 (City Banking Fund), Chapter**

18 **110 (City Treasury), Ordinance Code.** Part 5 (City Banking Fund),
19 Chapter 110 (City Treasury), *Ordinance Code*, is hereby amended to
20 read as follows:

21 **Chapter 110. City Treasury.**

22 * * *

23 **Part 5. City Banking Fund.**

24 * * *

25 **Sec. 110.508. ~~Modification of project descriptions.~~ Reserved.**

26 ~~Unless otherwise provided in the legislation authorizing such~~
27 ~~funding, descriptions of projects approved for funding through the~~
28 ~~City Banking Fund may be modified or substituted, at the discretion~~
29 ~~of the Director of Finance, and with prior approval of the City~~
30 ~~Council Finance Committee, provided that the total funding budgeted~~
31 ~~for such department in the City Banking Fund is not affected by~~

1 **Code.** Section 106.111, Chapter 106 (Budget and Accounting Code),
2 **Ordinance Code,** is hereby amended to read as follows:

3 **Chapter 106. Budget and Accounting Code.**

4 * * *

5 **Sec. 106.111. Debt management parameters.**

6 The City is establishing appropriate objective guidelines and
7 parameters for future debt issuance. Guidelines that are too
8 restrictive do not provide enough debt capacity to finance needed
9 infrastructure. Guidelines that are not restrictive enough may
10 result in excessive debt issuance in the near term, which will
11 reduce future budgetary flexibility by creating an excessive debt
12 service demand on the City's resources, contributing to a
13 deteriorating credit position. Objective guidelines typically take
14 the form of debt ratios. Below are five debt service ratios
15 identified by the City to control its debt position.
16

	Target	Maximum/ Minimum
Overall net debt to estimated market value	2.50%	3.50%**
Debt per capita	\$2,600	\$3,150**
<u>General Fund/General Services District (GF/GSD) Debt Service to General</u> <u>Fund / General Services District GF/GSD revenues</u>	11.5%	13.0%**
Ten-year principal paydown – GF/GSD	50%	30%*
Ten-year principal paydown – All	<u>50%</u>	<u>30%*</u>
<u>Unreserved, Unassigned undesignated General GF/GSD Fund Balance to</u> <u>GF/GSD revenues</u>	10%	5%*

17 * Measured as a minimum

18 ** Measured as a maximum

19
20 For purposes of this section, the following definitions and
21 exclusions shall apply:

1 (b) The Director of Finance shall conduct a debt affordability
2 analysis each year. Proposed capital projects that require
3 funding by the issuance of additional City debt shall be
4 evaluated on the basis of the analysis to assist the Council
5 in setting priorities among capital projects and related
6 appropriations. The Debt Management Policy shall be reviewed
7 and re-adopted by the Council every five (5) years.

8 (1) The Director of Finance shall annually prepare a
9 baseline debt affordability report, to be presented to
10 the Finance Committee and the City Council standing
11 committee to which matters regarding Audits are
12 referenced on or before May 31st of each year
13 ~~concurrent with the submission of the City's Capital~~
14 ~~Improvement Plan each year,~~ for purposes of providing
15 a framework for the Council to evaluate and establish
16 priorities for bills that propose the authorization of
17 additional City debt during the next budget year.

18 (2) The baseline report shall include, but not be limited
19 to:

20 (i) A listing of City debt outstanding, other debt
21 secured by City revenues, and other contingent
22 debt current through April 30th of such year.

23 (ii) An estimate of revenues available for the next
24 five fiscal years to pay debt service,
25 including general revenues plus any revenues
26 specifically pledged to pay debt service.

27 (iii) An estimate of additional debt issuance for
28 previously authorized debt to be issued under
29 the next five fiscal years for the City's
30 existing borrowing programs.

1 ~~such modification or substitution. The Treasury division shall~~
2 ~~provide a report to the Finance Committee of City Council at the~~
3 ~~time the transfer is requested that relates in detail all project~~
4 ~~description modifications and substitutions.~~

5 **Sec. 110.509. Use of excess budgeted funds.**

6 Any funds which have been authorized to be spent on projects
7 approved for funding through the City Banking Fund and which were
8 in excess of the amount actually required for funding such projects
9 (the "Excess Budgeted Funds") may, at the request of a department
10 head having Excess Budgeted Funds, and with the prior approval of
11 the Director of Finance, and prior approval of the City Council
12 ~~Finance Committee~~ be used to cover overages in other approved
13 ~~projects, modified projects, or substituted projects within the~~
14 ~~requesting department.~~ Any Excess Budgeted Funds that are not used
15 as described in the previous sentence shall become "Undesignated
16 Funds" and may be disbursed in accordance with Section 110.510
17 below.

18 * * *

19 **Sec. 110.514. Annual debt affordability analysis.**

20 (a) It is the public policy of this City to encourage fiscal
21 responsibility on matters pertaining to City debt. In an
22 effort to finance essential capital projects for the benefit
23 of residents at favorable interest rates, the City must
24 continue to maintain its excellent credit standing with
25 investors. Authorizations of City debt must take into
26 account the ability of the City to meet its total debt
27 service requirements in light of other demands on the City's
28 fiscal resources. The Council declares that it is the policy
29 of this City to exercise prudence in undertaking the
30 authorization and issuance of debt.

1 Finance Committee and the City Council standing
2 committee to which matters regarding Audits are
3 referenced concurrent with the submission of the
4 City's Capital Improvement Plan and Capital
5 Improvement Plan Budget each year, for purposes of
6 providing a framework for the Council to evaluate and
7 establish priorities for bills that propose the
8 authorization of additional City debt during the next
9 budget year. This updated report shall contain the
10 information provided in baseline report, updated to
11 reflect the impact of the issuance of additional debt
12 on both the debt affordability parameters in the code
13 as well as the debt service schedules for the next
14 five years. The amount of additional debt used in the
15 analysis shall be the amount proposed in the proposed
16 Capital Improvement Plan Budget and Capital
17 Improvement Plan as well as a schedule depicting the
18 impact on debt service and debt affordability of each
19 ten million dollar increase or decrease from that
20 proposed up to 50% greater than the proposed budget.
21 The schedule shall note breakpoints at which debt
22 affordability criteria must be waived to permit such
23 authorization.

24 (4) Any entity issuing debt secured by City revenues shall
25 provide the information necessary to prepare the debt
26 affordability report.

27 (c) Failure to comply with this section shall not affect the
28 validity of any debt or the authorization of such debt.

29 * * *

30 **Section 2. Amending Section 106.111 (Debt management**
31 **parameters), Chapter 106 (Budget and Accounting Code), Ordinance**

1 (iv) A current schedule of the annual debt service
2 requirements by bond issue or Banking Fund
3 Issuance, including principal and interest
4 allocation, on the outstanding City debt and
5 an estimate of the annual debt service
6 requirements on the debt included in
7 subparagraph (iii) for each of the next five
8 fiscal years. Such schedules shall not include
9 projected savings from anticipated refinancing
10 but shall be based on current terms and
11 conditions. Assumptions regarding interest
12 rates on variable debt shall be disclosed.

13 (v) An overview of the City's issuer, general
14 obligation, if any, covenant and specific
15 revenue credit ratings.

16 (vi) Identification and calculation of pertinent
17 debt ratios, including, but not limited to,
18 ~~the debt affordability parameters and ratios~~
19 ~~established by code. debt service to revenues~~
20 ~~available to pay debt service, debt to~~
21 ~~personal income, and debt per capita for the~~
22 ~~City's net tax supported debt.~~

23 (vii) A comparison of the debt ratios prepared for
24 subparagraph (vi), with the comparable debt
25 ratios for the national average for cities and
26 counties of size and rating comparable to the
27 City.

28 (3) The Director of Finance shall prepare an update of the
29 report set forth above in conjunction with any
30 proposal to issue new City debt including an updated
31 debt affordability report, to be presented to the

1
2 Overall net debt to estimated market value shall be computed as the
3 aggregate City and overlapping debt (debt issued by other
4 jurisdictions within the boundaries of the local government that is
5 repaid from the same tax base) divided by the market value of that
6 tax base. The estimated market value shall not include the portion
7 of taxable values of properties located in the Beaches and Baldwin
8 service districts upon which the City has the inability to collect
9 property taxes. For purposes of this calculation, the taxable value
10 of Beaches properties shall be reduced by thirty percent (30%) and
11 the taxable values of Baldwin properties shall be divided by
12 118.8%.

13
14 Debt per capita shall include overlapping debt.

15
16 GF/GSD Debt Service to GF/GSD Revenue shall include all GF/GSD debt
17 service, as well as any debt service supported by GF/GSD transfers
18 to Enterprise or other internal funds. This shall include banking
19 fund debt repayments within individual departments and non-
20 departmental accounts. This parameter requires a comparison to
21 total GF/GSD Revenues, rather than total operating expenditures.

22
23 The Ten-Year Principal Paydown is computed as the total principal
24 repayment scheduled for the next ten years divided by the total
25 debt currently outstanding and shall be computed for two separate
26 measures.

27 1. Ten-Year Principal Paydown - GF/GSD shall apply only to GF/GSD
28 debt service as described above.

29 2. Ten-Year Principal Paydown shall apply to all outstanding City
30 debt regardless of the pledged revenue source.

1 Unassigned GF/GSD Fund Balance to GF/GSD Revenues shall be computed
2 as the aggregate of unassigned GF/GSD fund balance divided by total
3 GF/GSD operating revenues and shall not include any Fund Balance
4 within any other General Revenue Fund subfund. The fund balance
5 within any other General Fund subfund, including the City Council
6 Emergency Reserve, shall not be included in the unassigned fund
7 balance for purposes of this calculation. A second optional ratio
8 may be provided that includes such fund balances if they are
9 included by ratings agencies in their evaluation of the City's
10 credit status, but such calculation shall not replace the
11 established unreserved/undesignated target and minimum for guiding
12 the City's borrowing decisions.

13 **Section 2. Effective Date.** This ordinance shall become
14 effective upon signature by the Mayor or upon becoming effective
15 without the Mayor's signature.

16
17 Form Approved:

18

19 _____

20 Office of General Counsel
21 Legislation Prepared By: Margaret M. Sidman

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