



Town Council Budget Retreat

FEBRUARY 12, 2021

Agenda

Time	Topic	Presenter
8:30 am	Check In	
9:00 am	Stormwater Utility	Marty, Mike
10:15 am	Break	-
10:30 am	How Sidewalk Needs are Identified & Prioritized	Jenna, Shannon
11:15 am	Proposed Bond Referendum	Vance, Amanda, Shawn
12:00 pm	Lunch	-
12:45 pm	Financial Condition Review	Vance
1:15 pm	Capital Project Prioritization Results & Discussion	Amanda, Kathryn
2:30 pm	Break	-
2:45 pm	Council Goals, Initiatives, & Indicators	Shawn, Amanda
4:30 pm	Wrap-up & Adjourn	

Proposed Bond Referendum

- What are the financial and tax rate effects of the bonds?
- What are the final projects for the referendum?*

Debt Calendar Under Consideration

- Issuance of \$5 million of \$12 million authorized and unissued Street and Sidewalk Bonds
 - To be used for paving, 10 year amortization period
 - Expected to be issued by private placement before June 30, 2021
- Issuance of \$8 million installment financing for PSS 6 and other projects
 - Spring/summer issuance
- LGC approval of a \$42 million GO referendum for streets and sidewalks
 - Spring/summer approval
 - Referendum in November 2021

Tax Supported Debt Service Limits

- The Town's policy limits debt service to 12% of the General Fund budget/expenditures
- Moody's does not give percentage guidance
 - Adjustment for "very high or low level"
- S&P gives percentage guidance
 - 8% to 15% - Strong
 - 15% to 25% - Adequate
- Rating agencies look at debt service as a % of expenditures less capital outlay and debt service

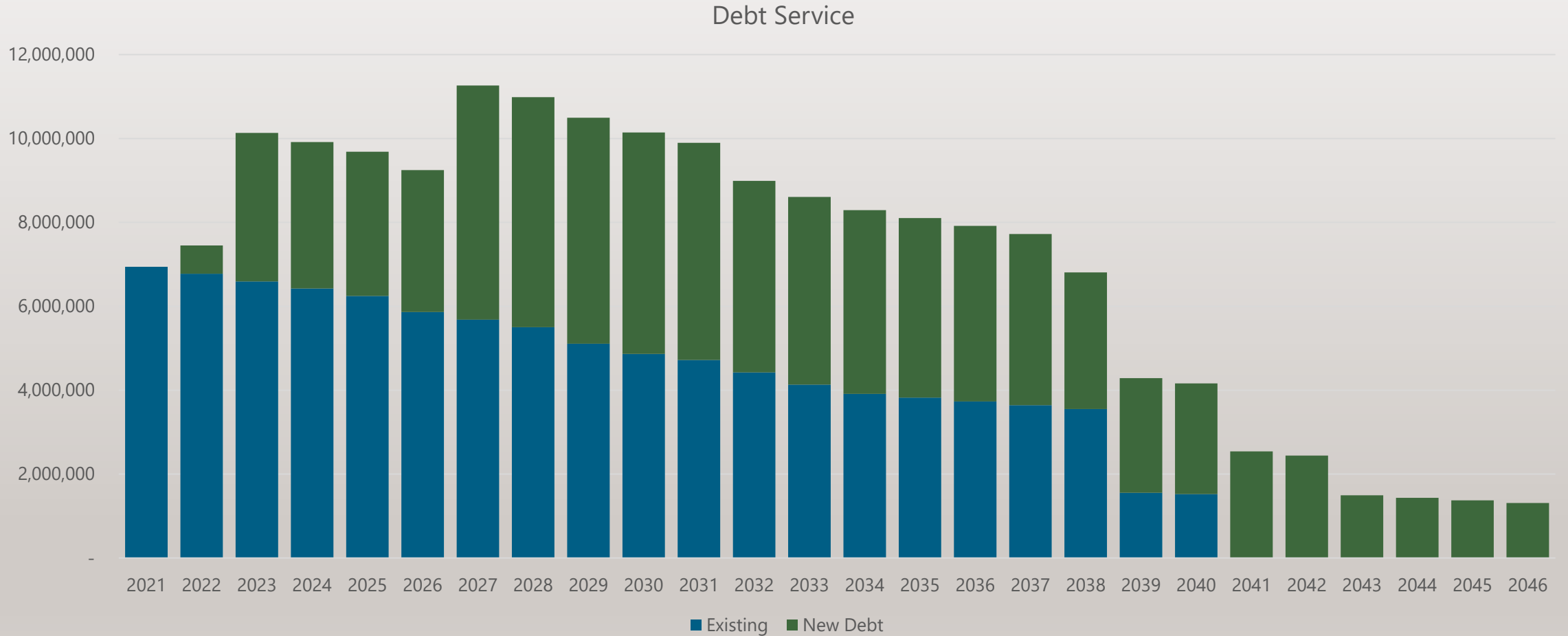
Debt Capacity -Tax Supported Debt

- Based upon projections of future budgets and interest rates, we project the amount of tax supported debt capacity to be:
 - Currently – \$17 million
 - FY 2026 – An additional \$25 million
 - The maximum tax increase needed to \$42 million of new bonds would be 3.14 cents in FY 2027
- This projection assumes issuance of \$12 million of currently authorized but unissued general obligation bonds and an \$8 million installment financing for other Town projects.
- This would take us to the 12% limit in the Town’s Fiscal Policy for debt service as a percentage of the GF budget.
 - Issuance of the \$5 million for paving would take us to 12.07% in 2023 due to shorter amortization period, about \$60,000 over limit. Back under 12% in 2024.
- This would take the Town into the “Adequate” range for two years (16.60% maximum in 2023), based upon how the rating agencies calculate this percentage.

Tax Rate Equivalent of \$17M and \$25M GO's

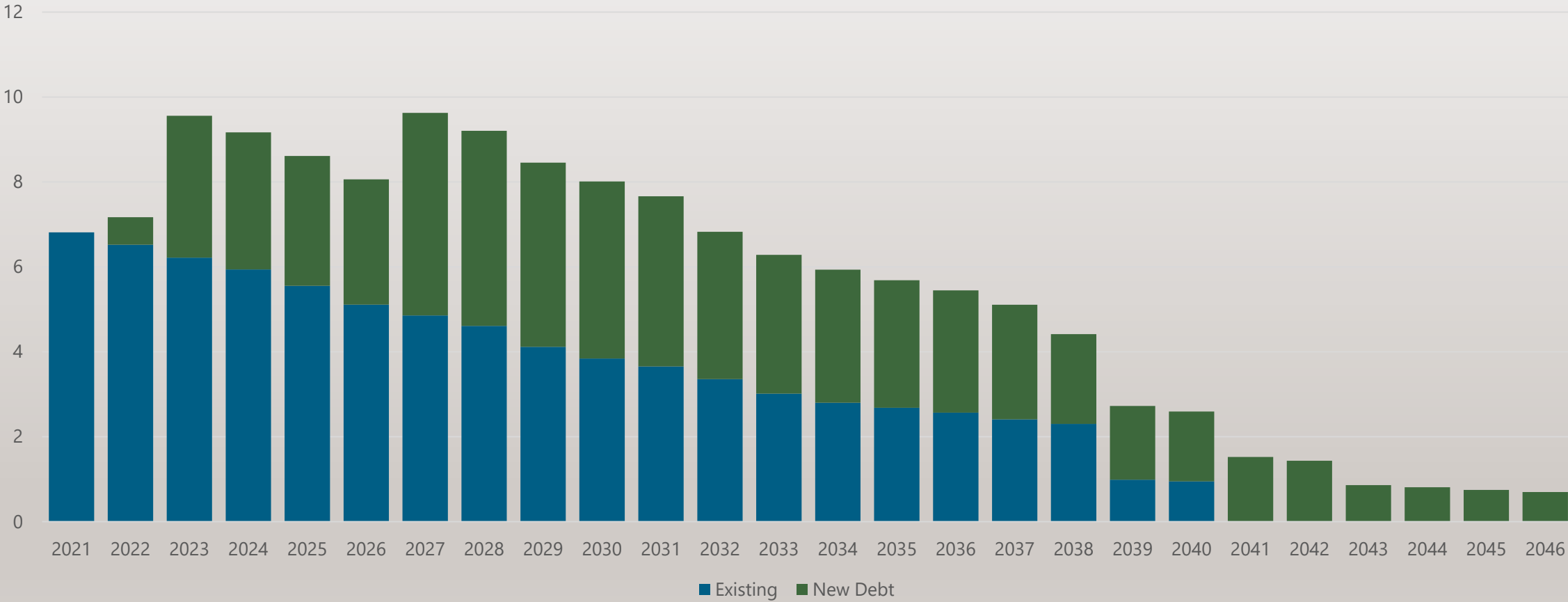
Fiscal Year	TRE \$17 Million GO's (Cents)	TRE \$25 Million GO's (Cents)	Total TRE (Cents)
2023	1.45		1.45
2024	1.39		1.39
2025	1.32		1.32
2026	1.27		1.27
2027	1.21	1.93	3.14
2028	1.17	1.86	3.03
2029	1.10	1.75	2.85
2030	1.05	1.69	2.74
2031	1.01	1.62	2.63
2032	.96	1.56	2.52

Tax Supported Debt Service



Tax Rate Equivalent General Fund Debt Service

Tax Rate Equivalent in Cents



Proposed Bond Referendum

Bond Option 1			
Project Title	Cost	FY21 Issue	FY26 Issue
Apex Peakway North Widening (Center St. to Old Raleigh Rd.)	\$5,400,000		X
Apex Peakway Southwest Connector	\$15,500,000	X	
Center St RR Crossing Improvements & Sidewalk	\$800,000	X	
Chatham St. RR Crossing Improvements & Sidewalk	\$1,300,000	X	
Jessie Dr. Phase 1 (Ten-Ten to Production)	\$8,500,000		X
Pavement Management Backlog	\$5,000,000		X
W. Williams St. Sidewalk	\$850,000		X
Totals	\$37,350,000	\$17,600,000**	\$19,750,000

**Capital funds or bond premium expected to cover \$600,000 to reduce bond issue to \$17 million.

Bond Option 2			
Project Title	Cost	FY21 Issue	FY26 Issue
Apex Peakway North Widening (Center St. to Old Raleigh Rd.)	\$5,400,000		X
Apex Peakway Southwest Connector	\$15,500,000	X	
Center St RR Crossing Improvements & Sidewalk	\$800,000	X	
Chatham St. RR Crossing Improvements & Sidewalk	\$1,300,000	X	
Jessie Dr. Phase 1 (Ten-Ten to Production)	\$8,500,000		X
Pavement Management Backlog	\$5,000,000		X
W. Williams St. Sidewalk	\$850,000		X
Burma Dr. Phase 2/Pristine Water Dr. to Lufkin Rd-^	\$3,600,000		X^
Tingen Rd. Pedestrian Bridge^	\$3,700,000		X^
Production Dr. Extension to Jessie Dr-^	\$4,400,000		X^
Totals	\$41,000,000^	\$17,600,000**	\$24,000,000

**Capital funds or bond premium expected to cover \$600,000 to reduce bond issue to \$17 million.

^One of these three projects can be selected. If the total amount exceeds \$41 million, capital funds or bond premium may be used to cover the difference.

Proposed Bond Referendum

Bond Option 3			
Project Title	Cost	FY21 Issue	FY26 Issue
Apex Peakway Southwest Connector	\$15,500,000	X	
Pavement Management Backlog	\$1,000,000	X	
SRTS Projects	\$1,000,000	X	
Center St RR Crossing Improvements & Sidewalk	\$800,000		X
Chatham St. RR Crossing Improvements & Sidewalk	\$1,300,000		X
Apex Peakway North Widening (Center St. to Old Raleigh Rd.)	\$5,400,000		X
Jessie Dr. Phase 1 (Ten-Ten to Production)	\$8,500,000		X
SRTS Projects	\$5,000,000		X
Pavement Management Backlog	\$4,000,000		X
W. Williams St. Sidewalk	\$850,000		X
Totals	\$43,350,000	\$17,500,000*	\$25,850,000**

*Capital funds or bond premium expected to cover \$500,000 to reduce bond issue to \$17 million.

**Capital funds or bond premium expected to cover \$850,000 to reduce bond issue to \$25 million.