OBJECTIVES

• Reduce the amount of proposed tax increase we are asking from our citizens from .35 to .25 while maintaining current service levels.

• Where possible improve the City’s debt position, reduce risk, and save on future net interest costs by making use of the City’s Balance Sheet.

• Reduce risk on Music Center Debt by providing a TIF revenue stream to fund debt service that is not reliant upon future build out.
2025 PLAN SUMMARY

• REDUCE amount of the income tax increase we are asking from our citizens from .35 to .25 by reallocating existing INCOME TAX currently allocated to Fire Capital and a New Fire House to the Fire Operations Fund and allocating a portion of program costs currently born by the Operating Funds to Non-Operating Funds. Accomplished – City Council placed a .25% Income Tax proposal on the ballot rather than a .35%. Citizens passed the additional .25% Income Tax. Also, Citizens separately passed the renewal of a .25% portion of the existing Income Tax for an additional 10 years.

• Reduce total city debt by using a portion of Non-Operating Funds surplus to pay off existing notes used to fund Public Infrastructure at Carriage Trails while at the same time putting these low yielding reserves to work and saving the difference between what we would pay in interest on this debt and the investment earnings we would receive on our surplus balances. This reduces debt, reduces risk and saves City approximately $180,000 per year in interest savings. Accomplished – City advanced monies from Non-Operating Funds surplus’ and repaid all but 2.205 million of these advances by issuance of short term Notes. The City has issued short term one year Notes rather than long term Bonds saving approximately 3% per year in interest costs.

• Music Center debt becomes less risky as a result of creation of new TIF district and reallocation of Carriage Trails TIF funds - as it will now be funded by existing revenue streams that are already proposed to be under construction or already completed. – Still Valid assumption but dependent on final valuations assigned to new construction and final effect of Non-School TIF at Parktowne on Fire house project.
Part 1

• Put forth new income tax of .25 for November ballot. For a 10 year period beginning January 1, 2015. Generates approximately 1.7 million in new revenue. - DONE

• Reallocate Fire Capital monies from current Income Tax to Fire Operations Fund. Provides $450,000 in Operating Funds without increasing tax or reducing service levels. - DONE

• Reassign existing program costs to Non-Operating Funds from the General Fund to save an additional $150,000 in operating cost within the Operating Funds - DONE

• Total of these generates the necessary funds to plug the 2.3 million annual operating fund deficient. - DONE
Action Required

• Place .25% Income Tax Increase on Ballot for November. To be a 10 year tax to fund Police and Fire Department Operations. - DONE

• Council to make determination thru resolution that funds previously set aside for a new fire house are no longer needed to pay debt service. In order to do this and to keep our promise to build a new fire house we need to designate other non-operating funds to pay debt service and fund the new fire house. - DONE (BY APPROPRIATION ORDINACE)

• Designate TIF funds to build new fire house, accomplished when construction approved, as it will benefit and provide service to the TIF districts as discussed in Part 2 of proposal. - DONE
## Income Tax Split

### Operating Funds
- General Fund
- Police Operating Fund
- Fire Operating Fund
- Recreation Fund
- Street Operating Fund
- Total Operating Funds

### Capital Funds
- Street Capital
- Fire Capital
- Fire House
- Total Capital Funds

*Discretionary Split*
## Income Tax Split

### Operating Funds
- General Fund
- Police Operating Fund
- Fire Operating Fund
- Recreation Fund
- Street Operating Fund
- Total Operating Funds

### Capital Funds
- Street Capital
- Fire Capital
- Fire House
- Total Capital Funds

### Rate
- General Fund: 0.8070
- Police Operating Fund: 0.5615
- Fire Operating Fund: 0.0715
- Recreation Fund: 0
- Street Capital: 0.25
- Total: 1.69%

### Total Capital Funds
- Total Capital Funds: 0.31

*Discretionary Split*
## Income Tax Split

### Operating Funds
- General Fund: Rate 0.8070, 2014 Est $5,592,900
- Police Operating Fund: Rate 0.5615, 2014 Est $3,877,950
- Fire Operating Fund: Rate 0.0715, 2014 Est $493,370
- Recreation Fund: Rate 0, 2014 Est $0
- Street Operating Fund: Rate 0.25, 2014 Est $1,730,400
- Total Operating Funds: Rate 1.69%, 2014 Est $11,694,620

### Capital Funds
- Street Capital: Rate 0.20, 2014 Est $1,383,290
- Fire Capital: Rate 0.06, 2014 Est $403,000
- Fire House: Rate 0.05, 2014 Est $326,110
- Total Capital Funds: Rate 0.31, 2014 Est $2,112,400

*Discretional Split*
Total Revenue vs. Operating Expense

- Total Operating Funds Revenue
  - $17.2 million
- Total Operating Expenses
  - $19.5 million
- Operating Shortage
  - ($2.3 Million)
Total Revenue vs. Operating Expense

- Total Operating Fund Revenue: $17.2 million
- Total Operating Expenses: $19.5 million
- Shortage: ($2.3 Million)

.25 Income Tax Option with Fire Reallocation

1. New Tax Revenue @.25: $1.70 Million
2. Shift Engineering Cost to Non-Operating Funds: $150,000
3. Fire Cap Reallocation to Fire Operations Fund: $450,000

$0 Balanced
Part 2

- Create new TIF district to include the Parktowne area show on the attached map. - DONE

- This district was originally proposed as part of a larger District to committee in August of 2012. Bethel Schools expressed concerns about the size of the District since it did not have an end user for the entire district. Working with the Bethel Schools we agreed on a smaller district with the invitation to “come back” when we had a proposal that included an end user, and they would fully consider our proposal. - DONE

- The new TIF district would contain a new commercial mixed use development area which will provide funding for a new fire house which will service the district and very likely be located within the new district. - DONE

- Building a new fire house is a perfect use of TIF funds as the district will be served by the new fire house and will benefit from its construction and operation. - DONE
Proposed TIF District
Part 2 (cont’d)

• It is estimated this new TIF will generate new revenue that will pay approximately ½ of the costs necessary to fund the construction of the new fire house. – Parktowne TIF District not formed as a 70/30 TIF but was formed as a Non-School TIF greatly affecting the TIF dollars generated by this new district. TIF will generate approximately 1/3 not ½ of the costs of the new fire house.

• Remaining portion of fire house funding will be provided by the Carriage Trials TIF. The City can designate the new fire house as a project that benefits all of our TIF districts but in particular those located in Miami County. – CT TIF can still but may require Fire Capital to manage Cash flows.
Part 2 (cont’d)

- New TIF will generate 1.9 million over 30 years in new revenue assuming a 70/30 TIF for 30 years- (same as Trimble TIF) and 10 million in new construction value within the district. – Non-School TIF generates approximately 1.3 million over 30 years majority in years 11 - thru – 30.
- The City will need to propose the TIF to Bethel Schools and arrive at a mutually agreeable revenue sharing agreement. – No agreement by Schools needed. Non School TIF keeps the schools 100% whole and no school millage is captured by TIF.
- Debt service on new firehouse at 2 million in construction cost is approximately $153,000/year for 20 years – Financing plan for fire house has changed to reflect the decrease in TIF monies generated by new TIF. Accumulated balance from the Fire Capital Fund can be used to provide funding as needed to fund remaining portion of the Fire house if necessary.
- Will need to use approximately $50,000 to $75,000/ year of Carriage Trails TIF to help fund new firehouse depending on interest rates and the school compensation agreement. – Still valid by using accumulated Fire Capital.
Council Action

- City Administration to present proposal to Bethel Schools to work out agreement benefiting schools and TIF. - DONE
- Create New TIF as agreed.- DONE
- Work with the developer at Parktowne to build a firehouse while they build their project and build a fire house building that fits into their plans. - DONE
- Grant Zoning to new developer - DONE
- Designate fire house project as a TIF funded project benefiting all TIF districts but at minimum Miami County TIF Distircts. - DONE
Part 3

- Improve the City’s **debt position** and **reduce risk** by loaning non-operating surplus balances in water, sewer, storm, and road funds (**Not Local Income Tax supported Street Funds**) to the Capital Funds via the Carriage Trails TIF Fund to expand future public infrastructure at Carriage Trails and to pay off existing notes associated with the TIF portion of public infrastructure. – **DONE** to some extent, but can continue as necessary and funds are available. Need to reevaluate in 2018 in relation to DEC Development Agreement.
TIF Funds

- MUSIC CENTER
- FIRE HOUSE
- AQUATIC CENTER
Carriage Trails
Public Infrastructure
- Water
- Sewer
- Streets
- Storm

TIF Funds
MUSIC CENTER
FIRE HOUSE
AQUATIC CENTER

Water Sewer Street Storm Funds
TIF Funds

MUSIC CENTER

FIRE HOUSE

AQUATIC CENTER

Carriage Trails
Public Infrastructure
- Water
- Sewer
- Streets
- Storm

Water
Sewer
Street
Storm Funds

O K

$ $ $
TIF Funds

Water
Sewer
Street
Storm
Funds

Carriage Trails
Public Infrastructure
- Water
- Sewer
- Streets
- Storm

More restrictive

Less restrictive

MUSIC CENTER
AQUATIC CENTER
FIRE HOUSE

$ $ $ $ $ $ O K
TIF Funds

- MUSIC CENTER: Pay Off Excess
- AQUATIC CENTER: Pay Off Excess
- FIRE HOUSE: Pay Off Excess

Other Funds
Advance to Capital Funds
Infrastructure
Water/ Sewer/Street/Storm

Pay Back non-operating funds
Excess for other Public Projects
Part 3 (cont’d)

This will use monies earning less than 1% to pay off debt that will eventually need to be issued at over 4% netting 3% savings while freeing up Carriage Trails TIF funds supporting the existing notes associated with the TIF portion of public infrastructure. - Still Valid – rates are higher but spread still creates substantial savings and arbitrage opportunities.
Part 3 (cont’d)

• Currently there are approximately $4.9 million in Carriage Trails notes that will need to be issued as bonds in the next year. - Principal amount of Notes issued is 5.214 million have been issued.

• Additionally there is $900,000 in current expenditures that need to be funded. - Currently 199,000 is to be advanced to fund 17th amendment TIF funding request.

• We are recommending in the next appropriations ordinance to loan this $900,000 in funds from the non-operating funds to the Carriage Trails TIF infrastructure fund – Currently there is 2.205 million in unpaid TIF advances we recommend advancing the TIF funds for current expenditures for 2016.

• Not issuing this nearly 6 million as bonds will save the City approximately 180,000 per year in net interest (3%) – This is still true savings may be slightly less but still substantial savings as short term Notes not Bonds.
Part 3 (cont’d)

- Since Carriage Trails TIFs is no longer supporting this 6 million in debt, this frees up its cash flow to support the facilities projects that benefit it. – Still valid as interest only and small principal reductions are planned thru 2017 and Notes can be rolled.
- Other non-operating funds may be necessary to be loaned over the original 6 million in order to support the plan in early years. However, all of these loaned funds will be repaid as part of the financial plan. It will take approximately 10 years to be repaid. – Need additional 2 years as Parktowne TIF not providing as much cash flow as estimated and additional funding has been provided. Still able to support the expenditures just takes longer.
- Allocate the Aquatic Center debt service, approximately $560,000 per year, that is currently paid by the Montgomery County TIF to be repaid by the Carriage Trails TIF. - DONE
- Based on past performance and current estimates of build-out, Carriage Trails TIF, plus the new Parktowne TIF will support the new fire house, the existing debt on Carriage Trails infrastructure, and the Aquatic Center debt. - May take additional years but will support the debt except for shortage caused by Parktowne TIF Non-School structure.
Council Action

• Once Council acts to create TIF and designate fire house project as a TIF project benefiting all TIF districts, remaining portion of debt payment may only need to have appropriations that advance funds from other non-operating funds.

• **We will not need to issue debt for Carriage Public Infrastructure, TIF related.** - We are issueing Notes and may want to go long with Bonds depending on environment and circumstances faced at that time.

• Future Carriage Trails funding will include appropriations and advances as necessary rather than debt issues. These advances will be paid back as TIF funds are generated and it is estimated they will be paid back by 2025. – May require 2 additional years as more TIF funds are approved and Parktowne TIF structure.
Part 4

• Remaining TIF districts revenue will support the Music Center financing. – Still Valid but dependant on values of build out and assessed values of current buildings and current rate conditions.

• Using Carriage Trails TIF to fund the Aquatic Center means the City is no longer is relying on future build out to fund the Music Center. – Still Valid but dependant on values assessed and current conditions.

• Thus reducing the City’s risk in covering the future debt service of the Music Center. – Additional Build out will further reduce the City risk of covering annual cash flows for debt service.
Part 5

- Refunding the water fund debt provides additional savings that can be used to offset the portion of the costs assumed by water fund as a result of these some of proposals. DONE
- Savings to annual debt service to water fund is approximately $50,000/year. DONE – Total Debt Service reduced $2,550,000 avg. savings of $102,000 per year for remaining 25 years.
- Refinance the current fire house debt to reduce the necessary amount needed in Fire Capital. Pending bond council approval interest saving will be approximately 3% per year. Short maturity - final payment in 2018 - did not provide sufficient savings to justify moving forward at this time.
Council Action

• Issues bonds as necessary
Part 6

- Continue the process of allowing special assessment funding at Carriage Trails and continue the current notes into final bonds. – Still Ongoing process
- Rolling notes for 2 years and then issuing bonds as required.
- Currently approximately $900,000 special assessment notes to continue to roll forward. – Current 7/16 principal amount of special assessments notes are 3.04 million.