FY 2018
CAPITAL IMPROVEMENT PLAN (CIP)
STRATEGIC PLANNING SESSION

June 24, 2017

Agenda

1. Department Requests
2. City Facilities

FY 2018 – FY 2022 CIP Requests

PROJECT	CODE	FY 2017/2018	FY 2018/2019	FY 2019/2020	FY 2020/2021	FY 2021/2022	5-Year Total
Street Projects (Bond Issuance)	1	$6,000,000	$4,674,334	-	-	-	$10,674,334
Public Works Building/Construction	1	4,000,000	1,325,000	-	-	-	5,325,000
PB Isles Bridge-Culvert Replace/Construction	1	1,000,000	1,000,000	-	-	-	2,000,000
IT Master Plan	1	1,500,000	1,000,000	1,000,000	1,000,000	-	4,500,000
Fire Station 2 Rebuild	1	100,000	2,450,000	1,750,000	-	-	4,300,000
Singer Island Dune Restoration	1	500,000	500,000	500,000	500,000	500,000	2,500,000
Public Library/Buildings	1	500,000	-	1,000,000	1,000,000	1,000,000	3,500,000
IT Trailer/Buildings	1	175,000	-	-	-	-	175,000
Singer Island Beach Access Path Creation	1	92,900	-	-	-	-	92,900
Southside Comm Ctr ($400K add'l needed)	1	1,155,000	-	-	-	-	1,155,000
Cunningham Park ($775K add'l needed)	1	1,570,000	-	-	-	-	1,570,000
Technology Enhancements/Equipment	2	80,000	80,000	80,000	80,000	80,000	400,000
Body Worn Cameras	2	234,589	-	-	-	-	234,589
Milling & Resurfacing	2	365,000	-	-	-	-	365,000
Parking Master Plan	2	128,500	-	-	-	-	128,500
Access Control	2	150,000	-	-	-	-	150,000
Economic Opportunity	2	209,142	144,742	104,642	48,415	-	506,941
Fire Station 3 Rebuild	2	-	100,000	1,950,000	1,750,000	-	3,800,000
Aerial Platform/Equipment	2	-	150,000	150,000	150,000	150,000	600,000
Unsafe Structures (Demolition & Acquisition)	2	250,000	250,000	250,000	250,000	250,000	1,250,000
Neighborhood Sector Plan	2	2,025,000	-	-	-	-	2,025,000
Blue Heron Bridge Underdeck Lighting	3	577,996	-	-	-	-	577,996
Sidewalk Repair & Replacement	3	50,000	50,000	50,000	50,000	50,000	250,000
Repair of Concrete Driveways at Station 1	3	-	70,000	-	-	-	70,000
Traffic Calming Construction / Renovations	3	50,000	50,000	50,000	50,000	50,000	250,000
Total		**$20,713,127**	**$11,844,076**	**$6,884,642**	**$4,878,415**	**$2,080,000**	**$46,400,260**

1 SEVERE 2 HIGH 3 LOW

Facilities in Need

- City Hall
- Library
- Police Station(s)
- Fire Stations
- Emergency Operations Center
- Parks and Recreational Venues
- Furniture, fixtures and equipment

BEA Presentation

Cash on Hand

The has City idle cash funded CIP appropriations in the amount of $11.1M, as detailed below:

Public Services Complex	$7,380,052
City Hall Improvements	391,127
South End Community Center	714,250
Library Building Replacement	38,455
Trailer for Information Technology	175,000
Fire Station #2 Improvements	365,000
Neighborhood Sector Improvements	1,000,000
Neighborhood Sector Improvements - District 1	271,390
Neighborhood Sector Improvements - District 2	375,000
Neighborhood Sector Improvements - District 4	375,000
	$11,085,274

FP&L Tax Revenues

- In FY16, the City began to capture the tax benefits of the new FP&L power plant - $7.6M
- In FY17, the additional tax revenue received increased to $8.2 M
- The City budgeted the funds for two purposes: CIP and a CRA operating subsidy.
- Moving forward, the City anticipates that the FP&L funds will be reduced by approximately 4% per year
- Expected revenues over the next ten fiscal years are as follows:

Fiscal Year	
2018	$7,872,000
2019	7,544,000
2020	7,216,000
2021	6,888,000
2022	6,560,000
2023	6,232,000
2024	5,904,000
2025	5,576,000
2026	5,248,000
2027	4,920,000
	$63,960,000

Penny Sales Tax

In November 2016, the One-Penny Sales Surtax was passed:

- For the improvement of district-owned school buildings, equipment, technology and security; purchase school buses, public safety vehicles and equipment; and equip, construct and repair roads, bridges, signals, streetlights, sidewalks, parks, drainage, shoreline and wastewater infrastructure, recreational and governmental facilities.

For the City:

- $2 M in Year 1
- $23.9 M over ten years

Various Funding Sources

Impact Fees

The unappropriated balance of impact fees is currently $0.554M. Impact fees, other than those collected for roads, would be available for public facilities.

Donations

The City is undertaking a study to determine opportunities for private donations designed for the construction of the library. The goal at the library is to raise $2.5 M. Revenue opportunities such as Naming Rights should be available, not only for the library, but for all City facilities, excluding maybe City Hall.

Major Disaster Fund

The Major Disaster Fund current has a cash balance of $4.6M, some of which could be appropriated towards an Emergency Operations Center. The City's insurance deductible is $0.5 million per occurrence.

Port Center Rent

The estimated $400K of rent costs could be reprogrammed for the new City Hall complex.

Taxes from City Hall Property Development

New taxes generated from the current City Hall complex should be included in fiscal impact statements.

Sale of Assets

Sale of Assets

- The City owns properties that may be declared surplus and eligible to be sold.
- Two of the more valuable clusters of parcels are:
  - Four properties - a fifth parcel in the same block is owned by the CRA - bordered by Broadway to the east, Avenue E to the west, W 23rd to the north and W 22nd to the south
  - Three parcels purchased in 2013 for the public safety/public works facility.
  - Assessed values of the properties are presented below.
- The clusters are appraised at $0.7 M and $10.2 M, respectively

Property Control Number	Assessed Value
56-43-42-28-24-002-0010	$292,626
56-43-42-28-24-002-0150	161,494
56-43-42-28-24-002-0240	20,057
56-43-42-28-24-002-0250	20,057
56-43-42-28-24-002-0260	26,473
	520,707
56-43-42-29-55-000-0060	119,301
56-43-42-29-55-003-0010	5,060,965
56-43-42-29-55-004-0010	1,547,910
	6,728,176
	$7,248,883

Fire Assessment Fees

Fire Assessment Fees

- In 2012, the City undertook a study to develop a Fire Assessment fee (Fire Fee). The Fire Fee was not adopted at that time.
- The Fire Fee could be implemented solely for the purposes of funding capital items such as the Fire Department's rolling fleet or replacement of the fire stations.
- Should the City elect to adopt the Fire Fee, an updated study would need to be completed.
- The Rate Scenarios as developed in 2012 are presented below:

Category	Option 1 Rates	Option 2 Rates	Option 3 Rates	Option 4 Rates	Option 5 Rates	Option 6 Rates
Residential	$265/unit	$60/unit	$40/unit	$25/unit	$15/unit	$10/unit
Commercial	$0.45/SF	$0.11/SF	$0.07/SF	$0.05/SF	$0.03/SF	$0.02/SF
Industrial	$0.12/SF	$0.03/SF	$0.02/SF	$0.02/SF	$0.01/SF	$0.01/SF
Institutional	$0.32/SF	$0.08/SF	$0.05/SF	$0.03/SF	$0.02/SF	$0.02/SF
Estimated Gross Revenues	7,532,157	1,694,735	1,137,356	711,036	414,268	263,625
Estimated Exempt Buy-down	(817,386)	(201,372)	(127,789)	(83,978)	(52,521)	(47,361)
Net Estimated Revenues	$6,714,771	$1,493,363	$1,009,567	$627,058	$361,747	$216,264

Public / Private Partnerships

Public/Private Partnerships

Public/Private Partnerships (P3) come in as many different formats as can be imagined. By definition, a P3 requires a partnership between a government and one or more private sector companies. A P3 involves a contract between a public sector agency and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project.

Below are some examples of P3 opportunities that may be available to the City.

1. Design/Build/Finance – A private entity would design, build and finance a public facility. The private entity would hold initial ownership of the facility and enter into a long-term capital lease with the City for the facilities use. At the end of the lease, the City would assume ownership. Earlier buy-out options could be negotiated. There are unlimited variations that can be negotiated under this financing mechanism.
2. The City or CRA could provide below market land lease terms and/or development rights to private entities as compensation for construction of a City facility. This may be an option for the parcels identified above located west of Broadway or possibly even the current City Hall parcel should the municipal complex be relocated south of Blue Heron.
3. Private entities could be permitted to operate within a public facility. For example, the ground floor of the library may contain a coffee shop, a copy center, and a local State Senator's office thereby providing the contractor an alternative revenue source. The space would be provided through a lease arrangement.
4. Industrial Development Revenue Bonds

Design / Build / Finance Mechanics

CITY PREPARES SPACE NEEDS AND CONCEPTUAL DESIGN

FIRMS DESIGN/BUILD/FINANCE THE FACILITIES

CITY MAKES ANNUAL LEASE PAYMENTS
(8 – 10% OF PRIVATE INVESTMENT)

CITY OWNS BUILDINGS AT THE END OF THE LEASE

Public/Public Partnership

- **Port of Palm Beach** – With the location of the Port of Palm Beach so close to the Marina District, perhaps there is an arrangement that can be reached that would be financially beneficial to both parties. For example, perhaps the Port could enter into a long-term lease arrangement for parking at the marina, thereby providing additional site development opportunities at the Port. The City could agree to some revenue sharing arrangement with the Port.
- **CRA** – An agreement could be executed between the City and the CRA whereby incremental tax revenue accruing to the CRA from development spurred within the CRA boundaries be shared by the City in support of a project**.** For example, should the City develop a parking garage at the Ocean Mall to support additional private construction, the CRA would capture the tax benefit of said private construction. The CRA could agree to revenue share with the City to support the parking garage.

Land Leases and Facility Revenues

Land Leases

The City and the CRA entered into a long-term lease for the marina uplands. The City was able to leverage the lease revenue into $22M of capital projects funding. With the parcels identified above, the City is in the position to enter into additional long-term land leases to generate revenues for securing future bonds or provide pay-as-you-go capital.

Facility Revenues

- There are limited opportunities for a City facility to generate sufficient cash flow to justify and/or pay for construction.
- However, based on preliminary projections, utilizing facility revenues as security to fund a facility is potentially an option for the construction of parking facilities. The parking study being prepared by Desman provides this option and other funding alternatives specifically related to parking.
- Revenues could be used for pay-as-you-go capital or as security for bonds. A financial feasibility report would need to be prepared to issue facility revenue bonds.

Issuance of Debt

- **CB&A Debt Capacity** – The City currently has over $80M in outstanding debt secured by non-ad valorem revenues – CB&A debt. Non-ad valorem revenues are those revenues in the General Fund excluding property taxes. In borrowing the $80M, the City pledged future non-ad valorem revenues as the security for the debt.
- Non-ad valorem revenues generated in FY 2016 were $26.6M providing a cushion of $5.4M. A reasonably prudent portion of the non-ad valorem revenues above the $21.2M requirement represents funds available for possibly additional debt service should the council so decide. A conservative approach would provide approximately $17M to $20M of debt capacity.

Issuance of Debt

Referendum Debt – The CB&A debt discussed above would require the City to identify a debt service funding source from current revenues.

- The City does, however, have the ability and capacity within the statutory millage rate restrictions to seek voter approval to issue bonds in support of the CIP.
- For each $25 M in bonds, the City would need to generate approximately $2.0 M in revenues to support debt service payments.
- The $2.0 M would translate to a debt service component on the City's millage rate of $0.23.
- The debt would need to be approved through a referendum.

Issuance of Debt

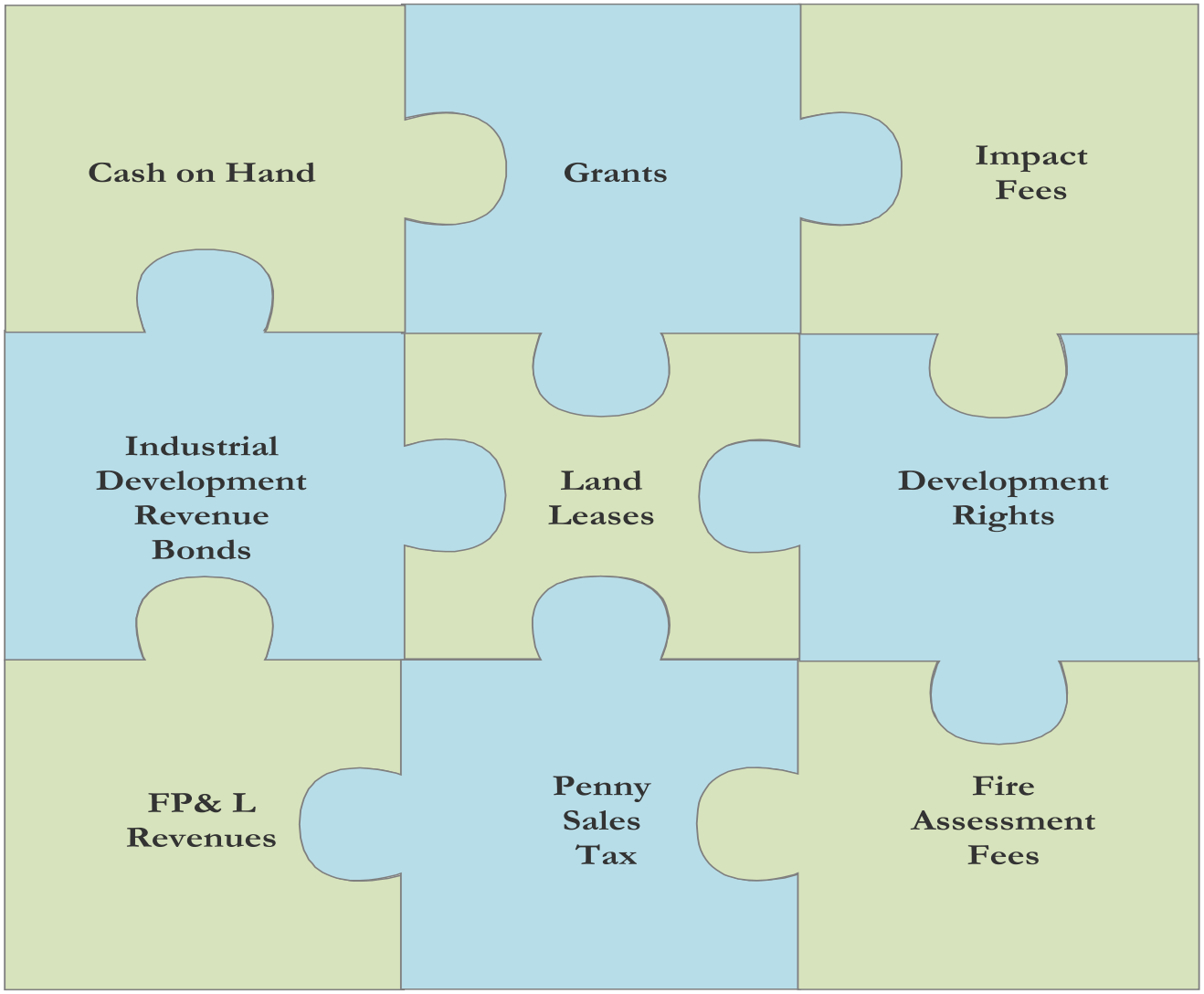
Industrial Development Revenue Bonds (IDBs) – The City could, or through another government agency, offer to issue IDBs in support of a private development.

- Industrial Development Revenue Bonds are securities issued by a local government agency for the purpose of acquiring or constructing capital facilities for use by private entities. The constructed facility is often used as collateral for the debt.
- IDBs are considered special obligations of the government providing the project meets certain qualifying conditions.
- The advantage to a developer is three-fold;
    1) Reduced interest rates on the debt versus conventional debt that may be available to the developer,
    2) 100% financing may be available, and
    3) Federal tax treatment is favorable for the developer through the issuance of IDBs.

Issuance of Debt

- **63-20 Bonds** – The City could create "63-20" corporation to undertake eligible development projects. So-called "63-20" corporations have been authorized by the IRS and formed under general state non-profit corporation law.
- A "63-20" corporation has the power to issue municipal bonds which are treated as debt obligations funded on behalf of a political subdivision for public purposes. This allows municipalities to create an alter-ego entity that could act in concert with the local government, but which would hold separate ownership of the project.
- This allows the municipality to own assets in the entity that are not direct obligations of the municipality. A prime use of this bonding mechanism would be for the construction of a hotel at the Ocean Mall, within the Marina District or both.

Funding Puzzle



Example of Funding Scenarios

