



# Recommendations to Fund the Parks Master Plan

Town Council Meeting

August 18, 2021

# Objective of Presentation

- Review Adopted Parks Master Plan Level of Service for Park Acres
- Discuss Funding Thoughts and Affordability Measures
- Introduce Staff Funding Recommendations
- Identify Town Council Policy Decisions

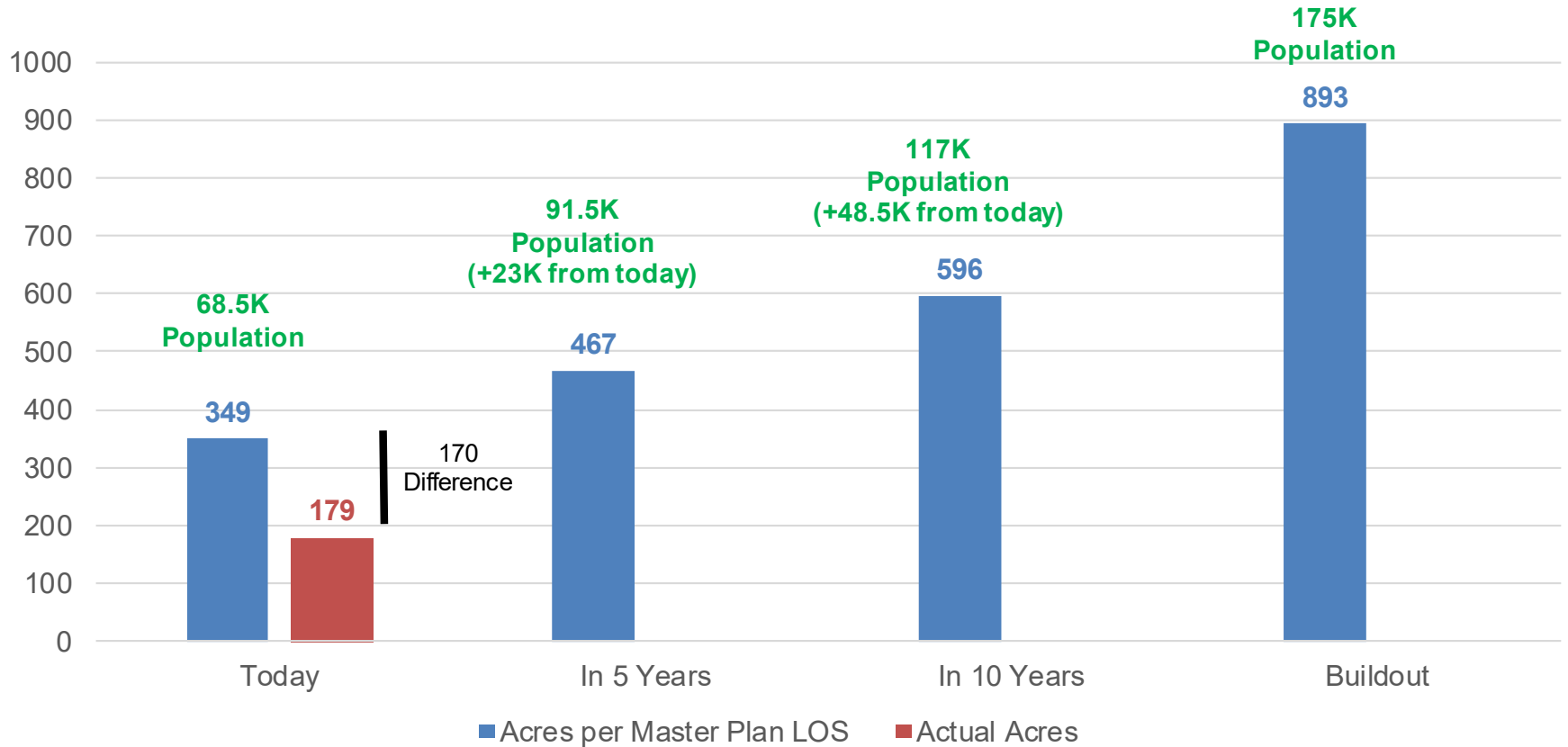


# Parks Overview



- The Adopted Master Plan (MP) Level of Service (LOS) is 51 Acres per 10k Population
- Current Status (Including Eagle Park)
  - Current LOS is **26 Acres per 10k Population** (68.5k Population)
  - Currently **170 Acres Under** the Adopted MP LOS (~290-Acre Parks)

# Parks Master Plan Level of Service\*



\*Master Plan Level of Service is 51 Acres per 10K Population

# Parks Overview (concluded)

- At Build out Population ( 175 k)
  - **893** Total Park Acres
  - Requirements to Meet Buildout Projection:
    1. Purchase **469** Acres of Vacant Land, and
      - Finding Land Could be a Challenge
    2. Build **714** New Parks Acres
      - Town Owned Vacant Acres: 245 (Includes Jorde Property)
  - Costs to Buildout
    - Land and Construction: **\$675M** (Excludes Inflation)
      - Town Paid: \$455M
      - Impact Fees: \$220M
    - Annual Operating Expenses: **\$43M** (Excludes Inflation)
      - Debt: \$31M
      - O&M: \$12M



# Thoughts and Approach

- Will Take 20+ Years to Attain MP LOS
  - Recommendations Focus on Next 10 Years
- “Keep Up” and “Catch Up”
  - Impact Fees were Set to Pay for ~90 Acres of the 245 Acres Needed to “Keep Up”
  - “Catch Up” is 100% Funded by the Town
- Two Funding Sources Exist for Parks
  1. Impact Fees: Growth Portion of Costs Only
  2. Operating Budget
    - Non - Growth Portion of Impact Fee Eligible Projects
    - Funds Projects Not Eligible for Impact Fees
      - Park Sites Greater than 30 Acres
      - Recreation and Aquatic Centers





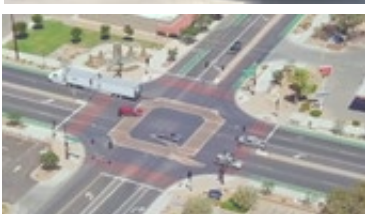
# Thoughts and Approach (concluded)

- Land and Construction Costs Will be Financed via Debt Issues
- Annual Costs Include Debt Payments and Operating / Maintenance Costs (O&M)
- New Taxes Will NOT Be Created
- User Fees Reduce O&M Costs
- Optimal Park Size is 80 – 90 Acres
  - Funding from Impact Fees: 30 Acres Maximum
- Affordability Metrics Evaluated



# Financing Recommendation

- 10 - Years
- Totals
  - Infrastructure: \$265M
    - Construct 245 Park Acres, a Multi - Gen Center and an Aquatics Center
  - Debt and Operating Costs: \$19M Annually by 10<sup>th</sup> Year
- Broken Into 2 Phases
  - Years 1- 5
  - Years 6 - 10
- Bonds Will be Issued for Town's Share
- Impact Fee Financing TBD





# 10-Year Cost Summary

	Construction Cost	Paid by Impact Fees	Paid by Operating Budget
New Parks (245 Acres) "Keep Up"	\$200M	\$71M	\$129M
Multi-Generational Center	\$40M	NA	\$40M
Aquatics Center	<u>\$25M</u>	<u>NA</u>	<u>\$25M</u>
<b>Total</b>	<b>\$265M</b>	<b>\$71M</b>	<b>\$194M</b>

Increase to Operating Budget	Debt	Net O&M Costs
\$12M	\$8M	\$4M
\$4M	\$3M	\$1M
<u>\$3M</u>	<u>\$2M</u>	<u>\$1M</u>
<b>\$19M</b>	<b>\$13M</b>	<b>\$6M</b>

## Current Costs

Operating Budget	Debt Service	O&M Costs
\$1.7M	\$0.6M	\$1.1M

# Recommendation: Years 1 - 5

- Consistent with Citizen Survey
- Construction Cost: \$136M
  - \$115M Bond Financed (Town's Share)
  - 98 Park Acres Constructed
- Annual Cost: ~\$11M

	Construction Cost	Paid by Impact Fees	Paid by Operating Budget	Increase to Operating Budget	Debt	Net O&M Costs
East Park (85 Acres)	\$62M	\$21M	\$41M	\$4M	\$2.7M	\$1.3M
Mansel Carter (13 Acres)	\$9M	NA	\$9M	\$0.8M	\$0.6M	\$0.2M
Multi-Generational Center	\$40M	NA	\$40M	\$3.7M	\$2.7M	\$1M
Aquatics Center	<u>\$25M</u>	<u>NA</u>	<u>\$25M</u>	<u>\$2.7M</u>	<u>\$1.7M</u>	<u>\$1M</u>
<b>Total</b>	<b>\$136M</b>	<b>\$21M</b>	<b>\$115M</b>	<b>\$11.2M</b>	<b>\$7.7M</b>	<b>\$3.5M</b>

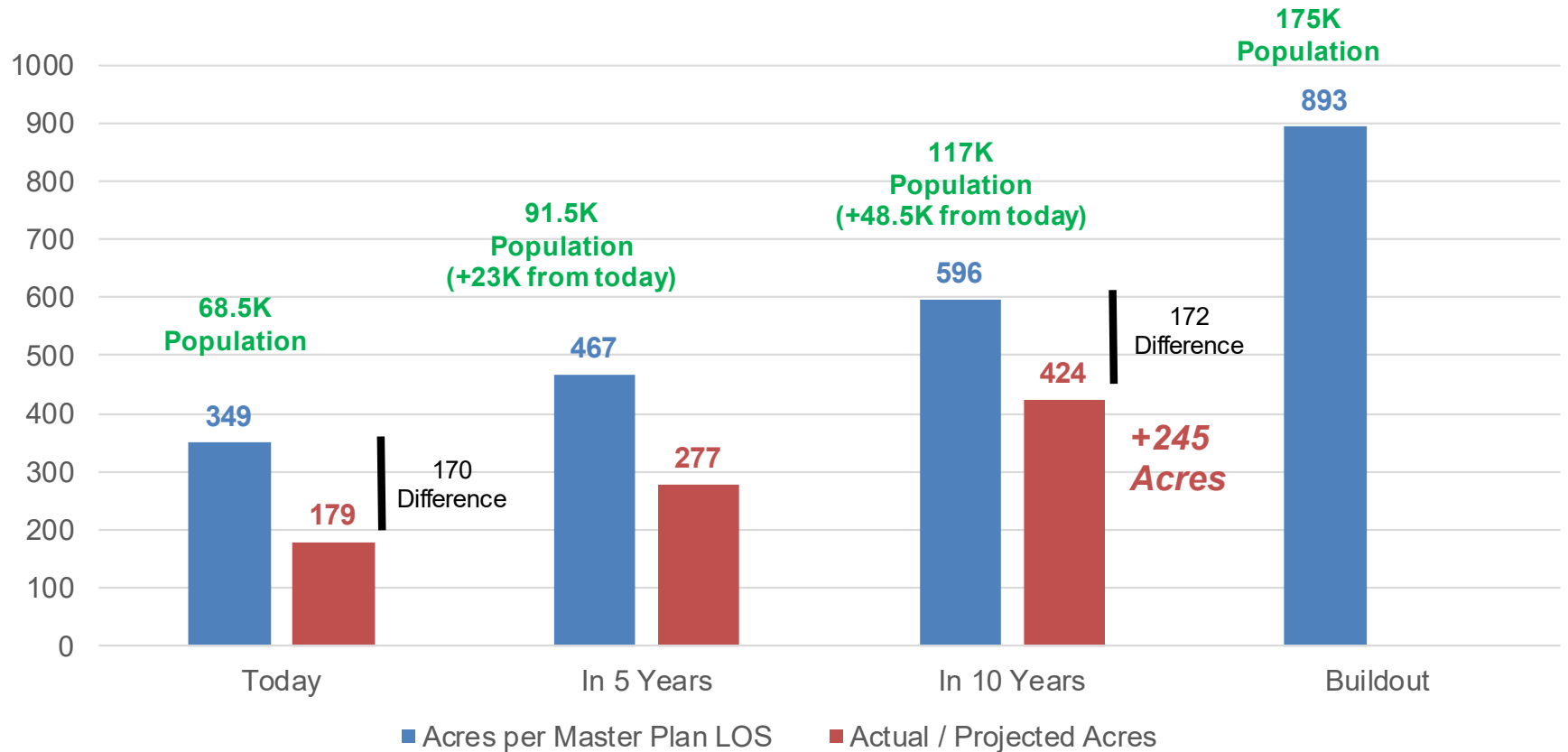
# Recommendation: Years 6 - 10

- Construction Cost: \$ 129M
  - 147 Park Acres Constructed
- Annual Cost: ~\$8M

	Construction Cost	Paid by Impact Fees	Paid by Operating Budget
Jorde Property (80 Acres)	\$82M	\$31M	\$51M
Desert Wells (30 Acres)	\$21M	\$11M	\$10M
Sossaman (22 Acres)	\$15M	\$6M	\$9M
San Marqui (15 Acres)	<u>\$11M</u>	<u>\$2M</u>	<u>\$9M</u>
<b>Total</b>	<b>\$129M</b>	<b>\$50M</b>	<b>\$79M</b>

Increase to Operating Budget	Debt	Net O&M Costs
\$4.9M	\$3.4M	\$1.5M
\$1.2M	\$0.7M	\$0.5M
\$0.9M	\$0.6M	\$0.3M
<u>\$0.8M</u>	<u>\$0.6M</u>	<u>\$0.2M</u>
<b>\$7.8M</b>	<b>\$5.3M</b>	<b>\$2.5M</b>

# Parks Master Plan Level of Service\*

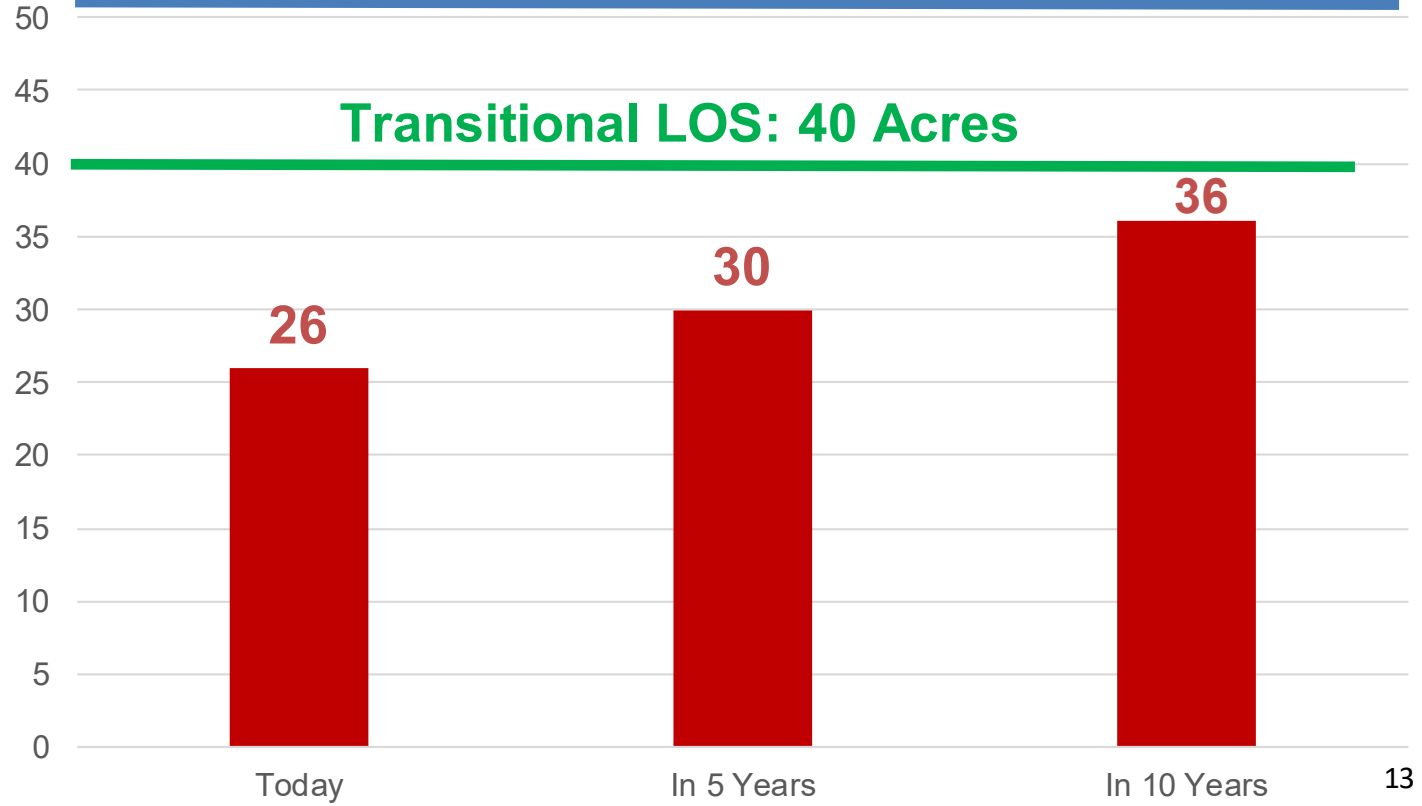


\*Master Plan Level of Service is 51 Acres per 10K Population

# Park Acres per 10K Population (Funding Recommendation)

Adopted MP LOS: 51 Acres

Transitional LOS: 40 Acres



# Affordability Metrics

1. Operating Budget Capacity
2. Operating Budget Liquidity
3. Capacity to Issue Debt





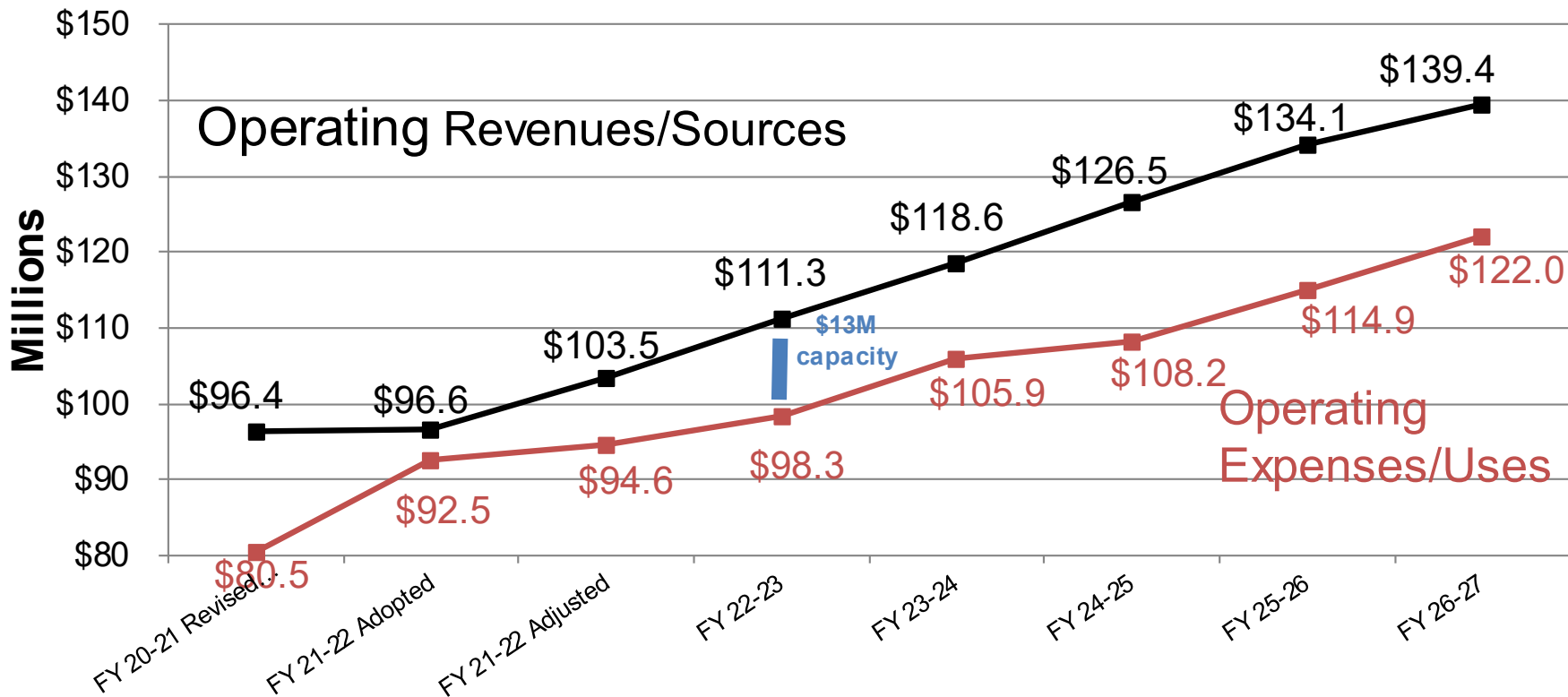
# 1. Operating Budget Capacity

- The 5- Year Projection Used to Prepare the FY 21- 22 Budget Has Been Revised
  - Sales Tax and Building Revenues Increased
  - Streets Replacement Sinking Fund Created
  - PD Placeholder Created for Unanticipated Expenses



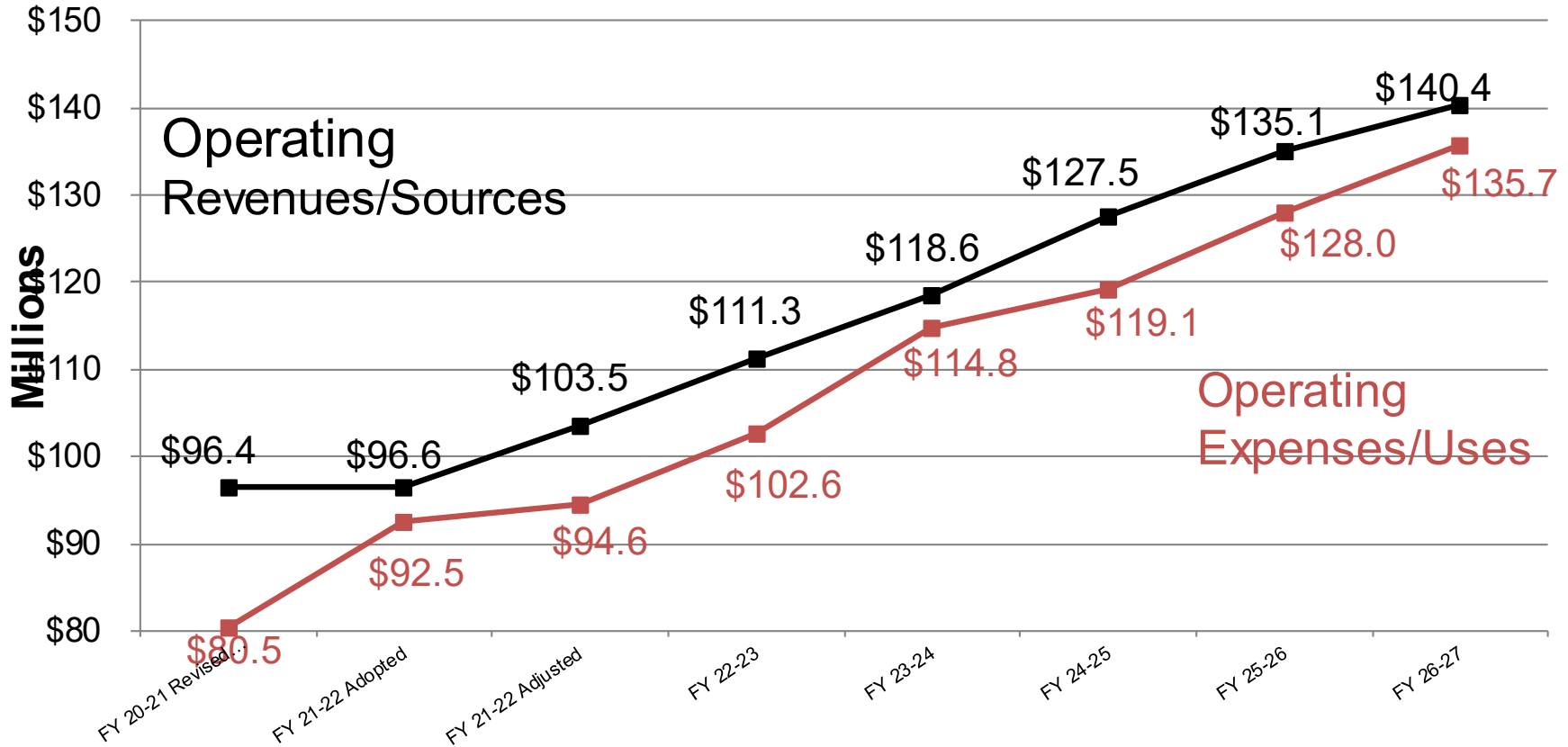
# 5-Year Operating Budget Projection

*Updated August 2021*



# 5-Year Operating Budget Projection

## *With Parks Funding Recommendation*



# 2. Operating Budget Liquidity

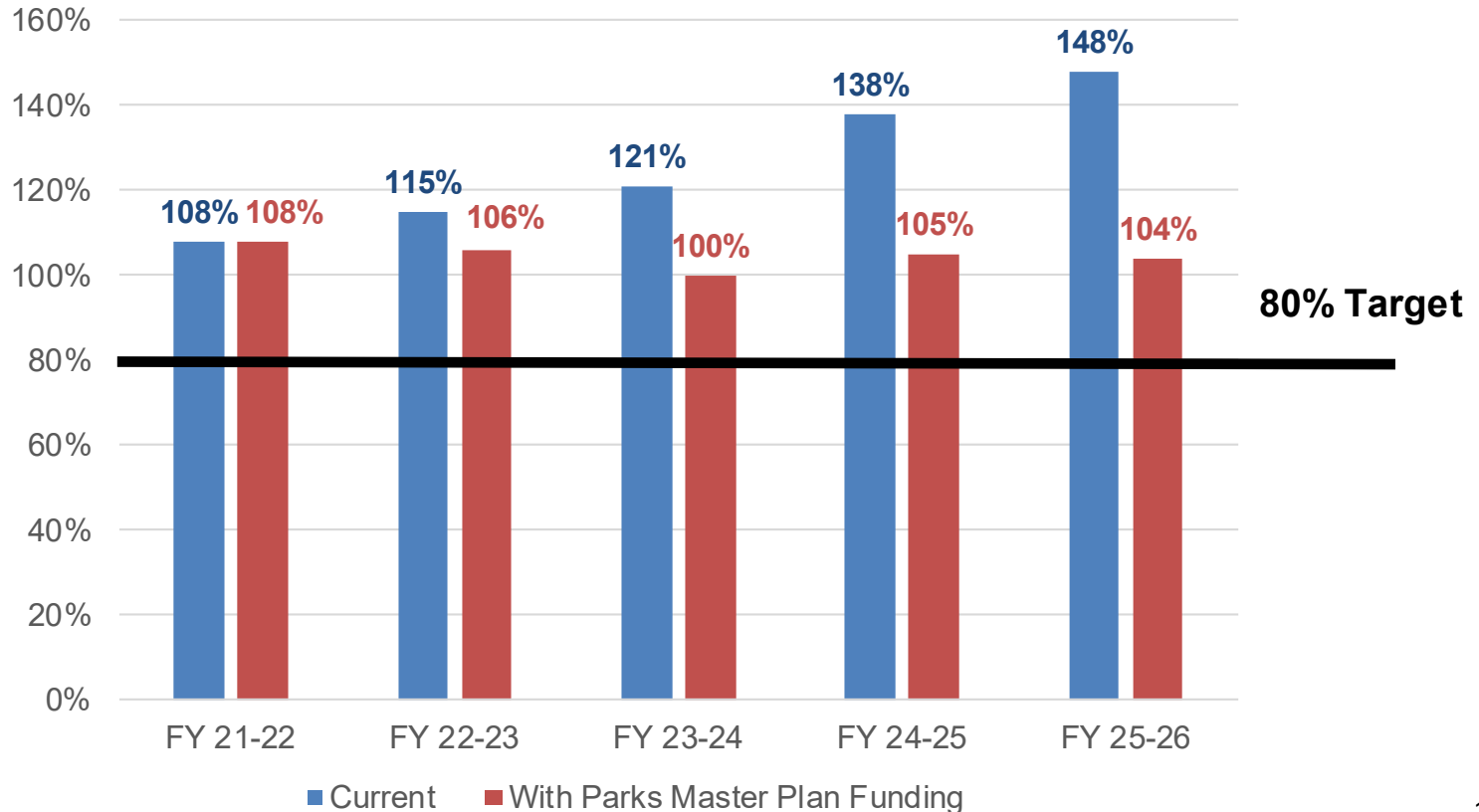
- Measures the Relationship of Reserves to Annual Expenses
- Intended to Show the Length of Time Reserves Could be Used to Pay Expenses in an Economic Downturn
- Calculation: Reserves Divided by Annual Expenses
  - The Higher the Percent, the Better
  - Target: 80% or Greater

	FY 21-22
Reserves (A)	\$94M
Annual Expenses (B)	\$87M
Liquidity Ratio (A / B)	108%



# 2. Operating Budget Liquidity

Reserves Divided by Annual Expenses



# 3. Capacity to Issue Debt

- Debt Coverage Ratio
  - Calculation: Revenues Legally Pledged to Make Annual Debt Payments Divided by Annual Debt Payments
  - The Higher the Number Indicates More Revenues are Available to Make Annual Debt Payments
  - Bond Legal Minimum: 3

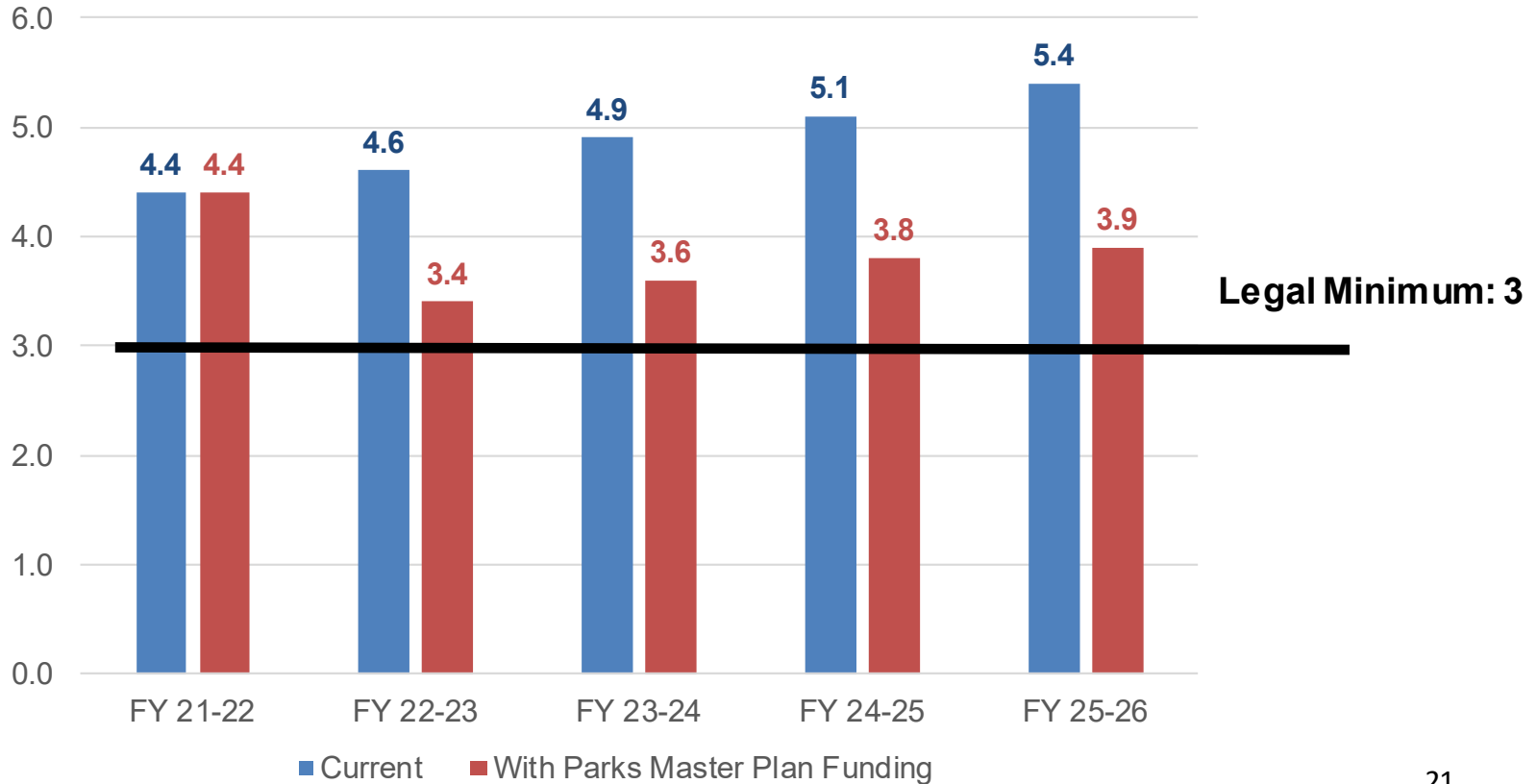
	FY 21-22
Pledged Revenues (A)	\$94.3M
Annual Debt Payments (B)	\$21.5M
Liquidity Ratio (A / B)	4.4





# 3. Debt Coverage Ratio

Pledged Revenues Divided by Annual Debt Payments



# Beyond 10-Year Placeholder

- Beyond the Next 10 Years, the Remaining Cost of the Master Plan is:
  - \$480M (450 New Acres)
  - \$30M Annual Debt & Operating Expenses
- Recommendation is to Create a Placeholder to Start Reserving Operating Budget Capacity to Fund These Costs
  - Year 1 at \$500K and Increase by \$500K Annually (Year 2 = \$1M, Year 3=\$1.5M, etc.)
- 2 Outcomes of the Placeholder
  - Creates Operating Budget Capacity
  - Creates a Cash Balance that can be used to Reduce Debt Financing



# Policy Decisions



1. Constructing 245 Acres to “Keep Up”
2. Programming of East Park
  - Multi - Gen Center or Aquatics Center or Both
3. Funding Recommendations
  1. 10- Year Plan
  2. Create Placeholder for Future MP Expenses
4. Update the Master Plan



# Comments and Questions