

# OUTFRONT

## Park & Recreation Financing Options City Council Budget Work Session April 16, 2014



City of  
*Fayetteville*  
North Carolina



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## Overview

- Financing Options
- Debt Under The LGC(Local Government Commission)
- Past Financing Plan
- Bonds
- Ballot Measures
- Successful Park Bond Ballot Measure
- Questions
- Recommendations

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## Financing Options

“Pay as you go”

Federal and state grants

- Often require matching funds from the local government

Debt Issuance

- Installment financing contracts
- Notes
- Bonds (Revenue or GO)

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## Financing Options - Debt

### Installment financing contracts

- Financed for up to 15 years for facilities - 5 years for equipment
- Minimal issuance costs and effort

### Bonds

- Finance for longer based on “useful life” of project (25 years)
- Increased issuance costs and effort
- GO bonds require voter approval

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## **Debt Under LGC**

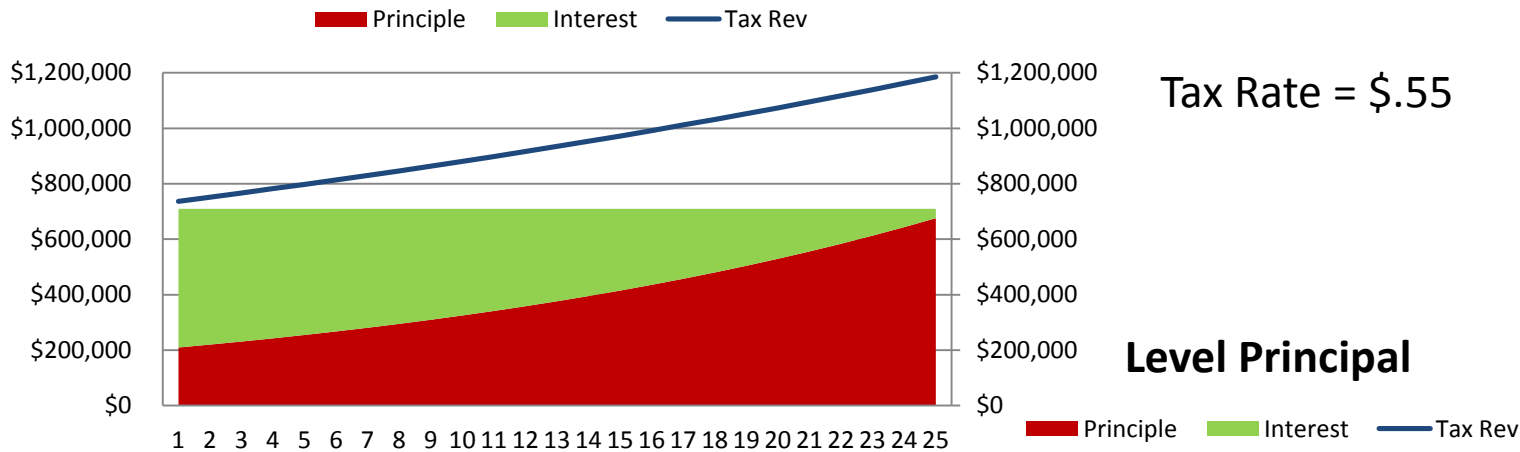
Level Principal vs. Level Payment

Revenue – Expense

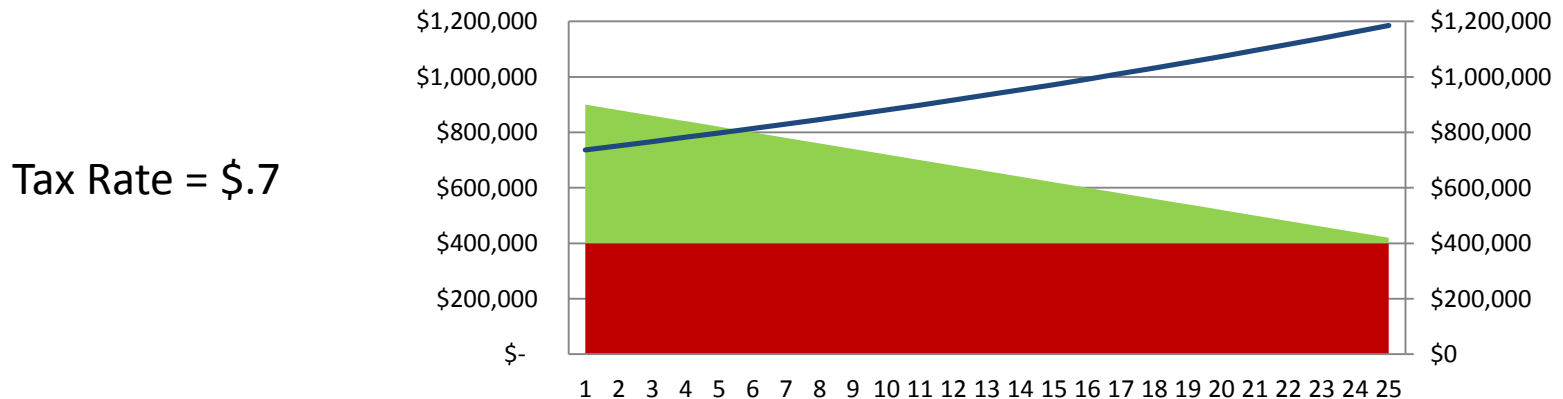
LGC Review

# Level Principal vs. Level Payment

## Level Payment



## Level Principal



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## **Past Financial Plan**

Staged Debt Issuance

“Pay as You Go”

Use of Balancing Funds

Minimized Tax Rate

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## Bonds

### Transaction Costs Are High – Rates Low

- LGC, bond counsel, underwriter
- May require CPA firm, financial advisor and trustee

### Revenue bonds

- Secured by revenues (fees – not taxes)
- **Not** secured by the full faith and credit of the local government (taxes)
- Often issued for utility systems and facilities
- Voter approval is not required



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## **Bonds – General Obligation**

Issuance governed by NC general statutes

### **General obligation bonds**

- Full Faith and credit are pledged for the payment of bonds
- Power and obligation to levy taxes and raise revenues for the payment of bonds is unrestricted
- Voter approval required\* (more on this later)
  - \*There are a few exceptions
- All authorized debt must be issued and encumbered (spent) within SEVEN years of the authorization date (the vote)

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## Ballot Measures

### No “Advisory Votes”

- Must be an “issue and controversy”
- Vote must be required
- Council has authority to raise taxes (no ballot measure)

### Ballot Measure Required For GO Bonds

- To authorize amount of GO Debt
- To set specific purpose
- Tax rate **is not** part of authorization

# Ballot Measures



OFFICIAL BALLOT  
BOND REFERENDUM  
CITY OF FAYETTEVILLE, NORTH CAROLINA

[May 8, 2012]

Instructions

- a. To vote IN FAVOR OF THE ORDER, complete the arrow at the right of the word “YES.”
- b. To vote AGAINST THE ORDER, complete the arrow at the right of the word “NO.”
- c. If you tear or deface or wrongly mark this ballot, return it and get another.
- d. Use only the pen or pencil provided.

Shall the order adopted on \_\_\_\_\_, 2012, authorizing not exceeding \$\_\_\_\_\_ PARKS AND RECREATION IMPROVEMENT BONDS of the City of Fayetteville, North Carolina, for the purpose of providing funds, together with any other available funds, for acquiring, constructing and improving parks and recreational facilities inside and outside the corporate limits of said City, including, without limitation, the acquisition of any related land, rights of way and equipment, **[and authorizing the levy of taxes in an amount sufficient to pay the principal of and the interest on said bonds,]** be approved?

YES [ ]

NO [ ]

[Facsimile of signature]

Chairman of the Cumberland County Board  
of Elections

Note: Language on the ballot should be revised as necessary to reflect the method of voting used by the Cumberland County Board of Elections.

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## Ballot Measures

### Who Has to Vote?

- **All** tax payers of the jurisdiction incurring the debt
- **Only** the tax payers of the jurisdiction incurring the debt

### Joint Ballot Measure Problem

- County-wide vote (including non-participants in P&R Dist.)
- County has to incur the debt

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## Successful Park Bond Ballot Measures

### Four Keys

- Strong, unified, and consistent political support
- Well supported public information campaign with strong private participation
- Special election
- “Big Tent” strategy to package design

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## Past Questions

### List of Options

- Each proposal is a separate question and must pass

### Is Tax Rate Fixed

- Tax rate is not set by ballot measure – Council has the authority to adjust and must do so if necessary

### Can Funding For Other Uses Be Included

- No

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## **Recommendations**

**Don't Pursue a Ballot Measure Without All  
Four Keys to Success**

**Dedicate a Revenue Stream to Parks Capital**

**Prioritize Projects in Capital Improvement Plan**



*City of*  
**Fayetteville**  
*North Carolina*

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