



City of South San Francisco

P.O. Box 711 (City Hall, 400
Grand Avenue)
South San Francisco, CA

Legislation Text

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Item #: 3.

Presentation to the Measure W Citizens' Oversight Committee on Financial Highlights for FY2018-2019 and Overview of the Civic Center Campus Financing. *(Janet Salisbury, Director of Finance)*



Civic Center Campus Financing

Presentation to
Measure W Citizens' Oversight Committee

Janet Salisbury, *Director of Finance*

05 FEBRUARY 2020



AGENDA

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Financial Highlights

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Funding the Civic Campus

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Q&A



Citywide Financial Highlights for FY2018-19

- General Fund* Operating Surplus = \$19.5 million
 - Revenues (excluding transfers) = \$121.9 million
 - Expenditures (excluding transfers) = \$102.5 million

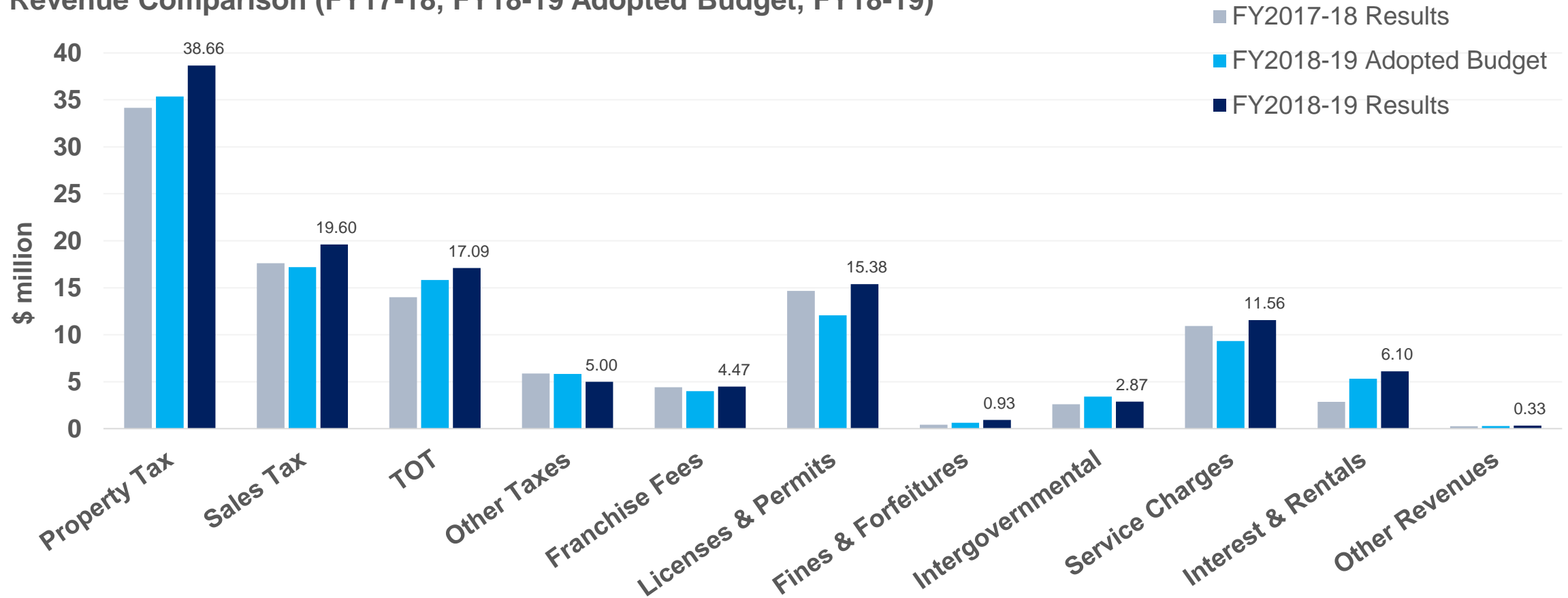
- Measure W Sales Tax Revenues = \$12.6 million
 - Represents \$1.5 million (13%) increase from prior year

- | | |
|-----------------------|--------------------------|
| Pension Liability | = \$182.7 million |
| <u>OPEB Liability</u> | <u>= \$ 60.5 million</u> |
| Combined | = \$243.2 million |

* Excludes Measure W Sales Tax

General Fund Revenues

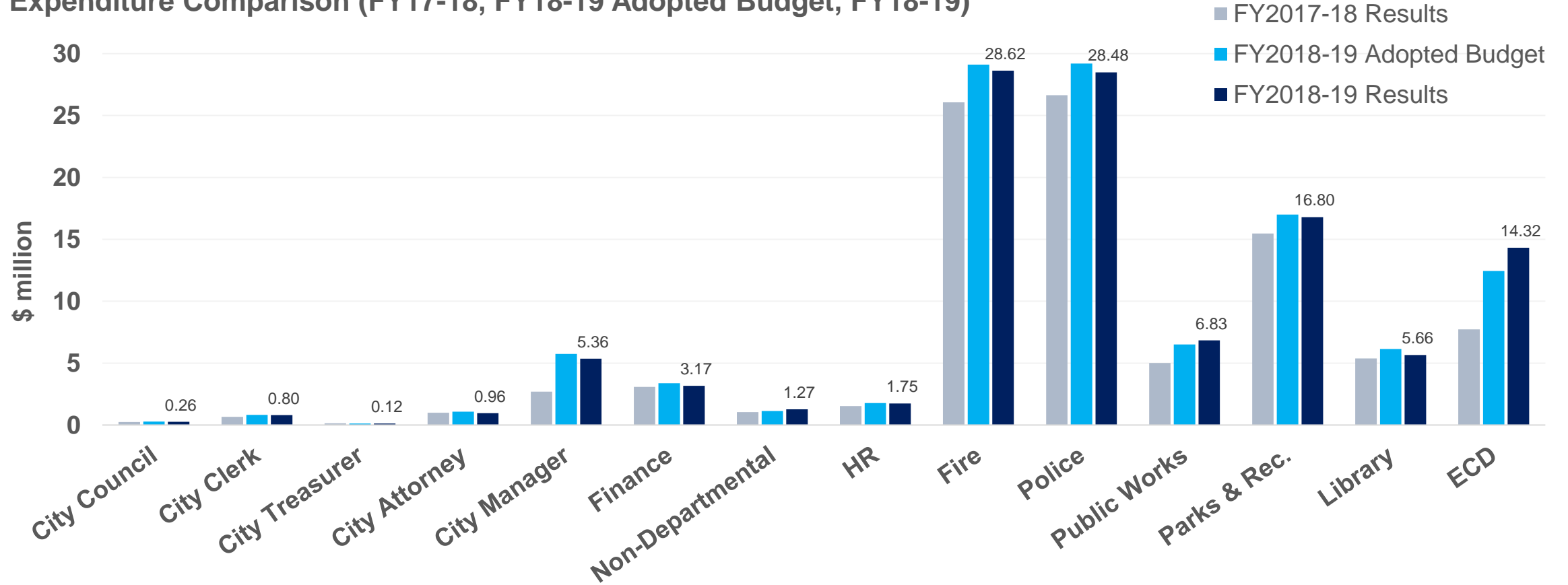
Revenue Comparison (FY17-18, FY18-19 Adopted Budget, FY18-19)



TOTAL FY2018-19 Revenues (excluding transfers): \$121.9M

General Fund Expenditures

Expenditure Comparison (FY17-18, FY18-19 Adopted Budget, FY18-19)



TOTAL FY2018-19 Expenditures (excluding transfers): \$102.5M

Funding the Civic Campus

Description	Pre-Construction	Phase I: Police Station	Phase II: Library, P&R, Council	TOTAL
Estimated Cost	\$ 34,000,000	\$ 56,800,000	\$ 120,000,000	\$ 210,800,000
Sources of Funds				
Monies Already Spent (6/30/2019)	14,313,947			14,313,947
Bond Proceeds		53,800,000	61,200,000	115,000,000
Infrastructure Reserves*			22,400,000	22,400,000
Public Safety Impact Fee		1,000,000		1,000,000
PEG Funds			1,031,883	1,031,883
Measure W Cash (6/30/2023)**	19,686,053		24,711,420	44,397,473
Asset Seizure		2,000,000		2,000,000
Childcare/Library Improvement			474,032	474,032
Library – Project READ			254,256	254,256
Fundraising / Future GF Surplus			9,928,409	9,928,209
TOTAL	\$ 34,000,000	\$ 56,800,000	\$ 120,000,000	\$ 210,800,000

* Includes \$10.9 million requested appropriations from FY2018-2019 General Fund surplus.

** Assumes Measure W proceeds of \$12.6 million in FY2019-20 with a 2% compounding growth rate through 6/30/2023

Bond Issuance Summary

- Two Tranches:
 - Series 2020A, Police Station = \$53.8 million in proceeds
 - Series 2020B, Civic Campus = \$61.2 million in proceeds

- Estimated All-in Total Interest Cost = 3.47% (assumes Jan. 14 market conditions plus 50 bps)

- Estimated Delivery Date Expenses for Series 2020A
 - Cost of Issuance (COI) = \$156,800
 - Underwriter's Discount = \$140,000

- Cost of Issuance for Series 2020B offset by Interest Savings
 - Underwriter's Discount is almost directly correlated with Par Amount so not a cost consideration for two-pronged approach
 - Expectation that there will be similar COI for 2020B
 - 6 month interest on \$60M > \$1 million

- Lease Revenue Bond Structure

Why a Lease Revenue Bond?

- City of South San Francisco cannot issue bonds payable from its General Fund without a two-thirds vote of the electorate
- However, the City does have general contracting powers that allow it to enter into a long-term lease of real property for its use
- To finance new public facilities, general law cities in CA can use the Marks-Roos Local Bond Pooling Act of 1985 (JPA Act), which allows the City to form a JPA to act as the issuer of bonds on the City's behalf.
 - City South San Francisco Public Facilities Financing Authority (SSF JPA) approved by Council on Dec. 11, 2019
 - SSF JPA has power to issue bonds without a vote of the electorate
- Real Property pledged for financing:
 - Orange Memorial Park
 - Miller Street Garage
- Asset seizure of real property is highly unlikely

City's Financing Team

Role	Firm
Issuer	SSF Public Facilities Financing Authority
Municipal Advisor	Sperry Capital
Bond Counsel / Disclosure Counsel	Stradling Yocca Carlson & Rauth
Underwriter	Stifel (Senior Manager) Citi / Raymond James (Co-Managers)
Underwriter's Counsel	Quint & Thimmig
Bond Trustee / Paying Agent	BNY Mellon
Credit Rating Agency	Standard & Poors

Key Milestones - 2020



Ratings Process

January 21 – Rating Agency Presentation to S&P
February 3 – Ratings Requested



Council / JPA Approval

February 12 – Council Approval of Legal Documents / POS
February 12 – JPA must also approve Legal Documents / POS



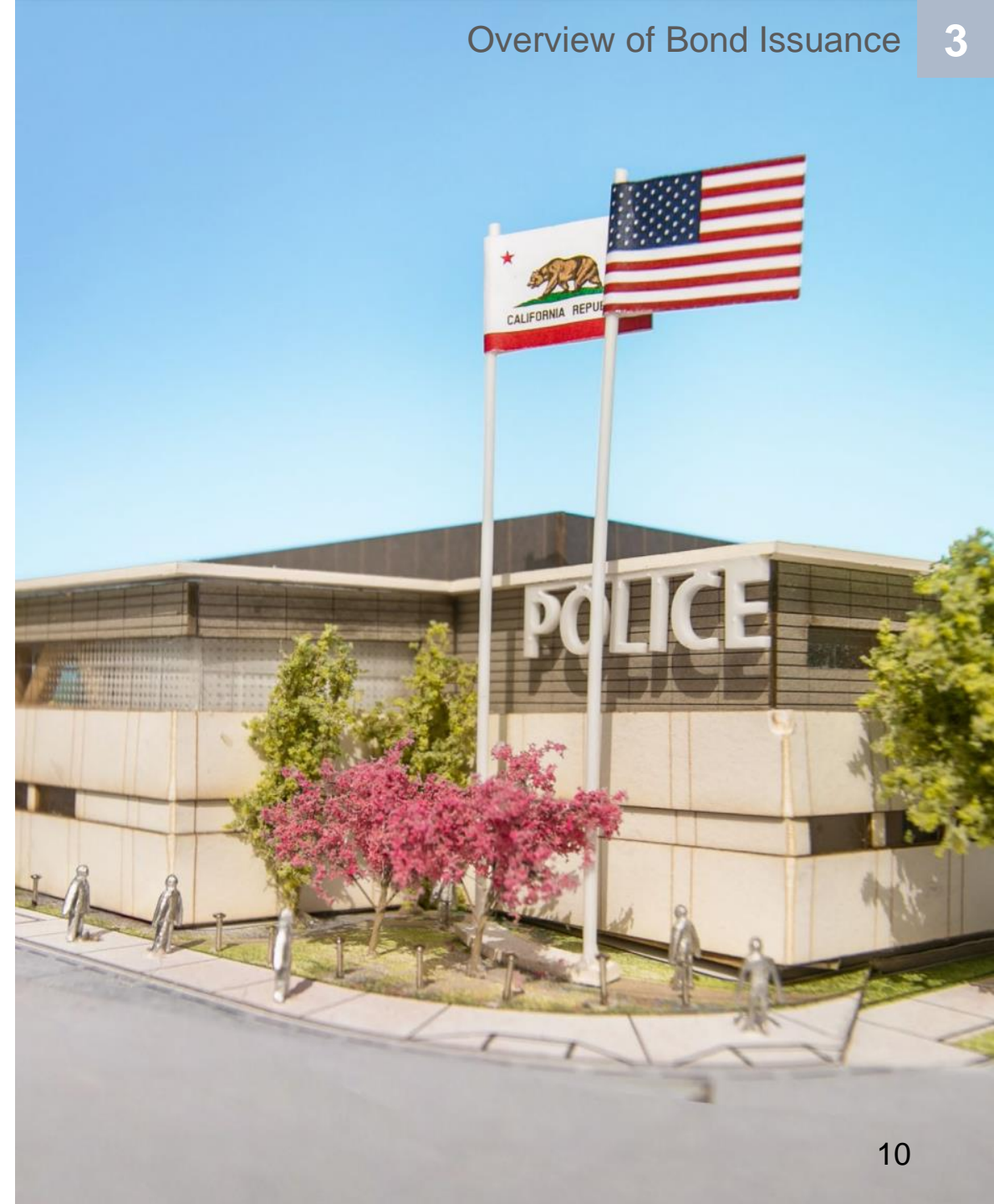
Marketing / Pricing of Bonds

February 14 – POS circulated to Investors
February 26 – Pricing of Bonds



CLOSING

March 11 – Bond proceeds received by City

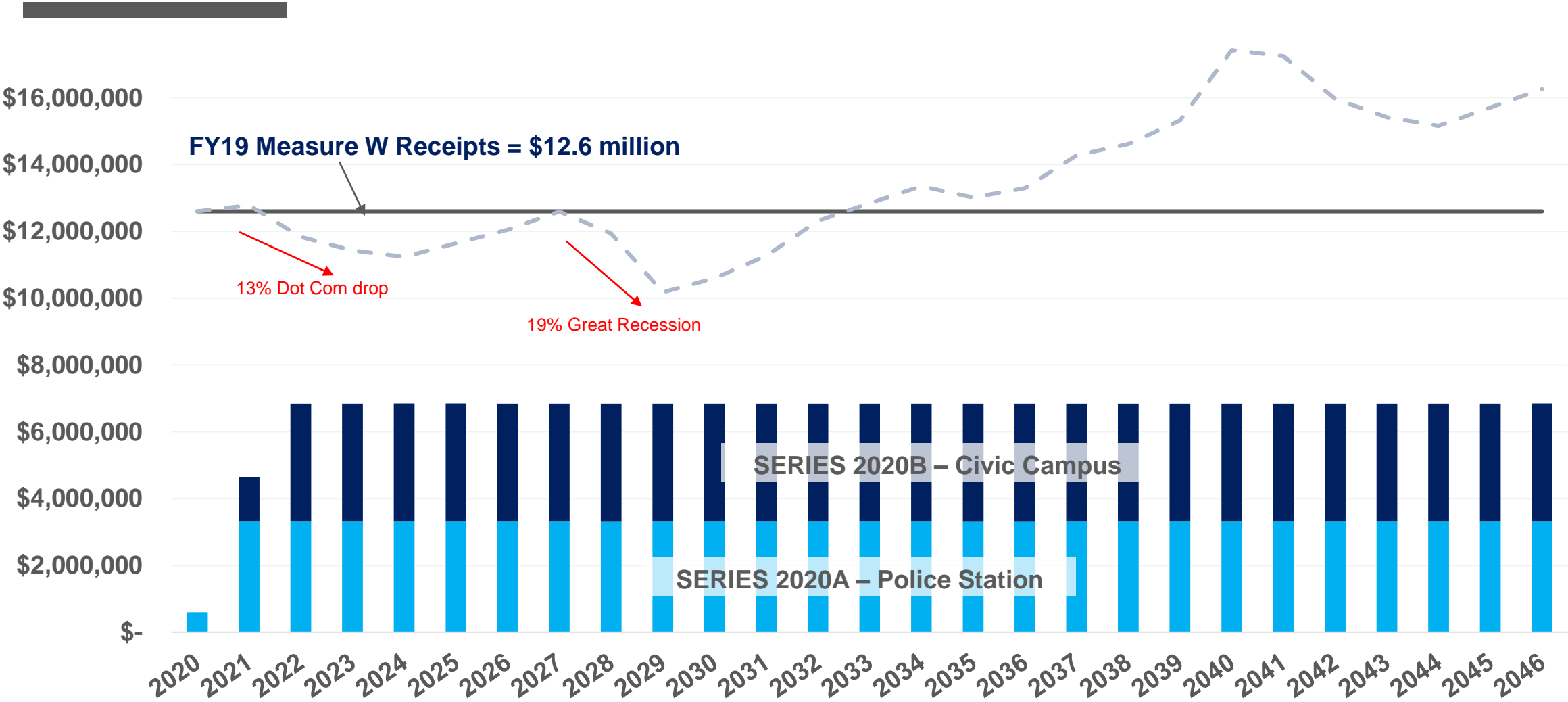


Why Ratings Process is a Big Deal

- Credit rating agencies provide independent appraisal of the credit quality and likelihood of timely repayment of a bond issue
- Higher the Credit Rating = Lower the Interest Rate (Borrowing Cost)
- City seeking S&P Rating Only
 - Given size of bond issuance, only one rating necessary
- Credit Considerations
 - Overall financial health of City
 - Measure W sales tax revenue
 - Future growth projections and stress tests on financial projections
 - Pension/OPEB liability



Estimated Debt Coverage from Measure W Cashflow



QUESTIONS
