

**TRUCKEE RIVER FLOOD CONTROL PROJECT
NEEDS COMMITTEE**

**AGENDA ITEM 3: REPORT AND DISCUSSION ON THE
BONDING CAPACITY OF THE CURRENT 1/8 CENT
SALES TAX REVENUE**

December 7, 2017

TRUCKEE RIVER FLOOD MANAGEMENT AUTHORITY
PROJECT FINANCING
ANALYSIS OF ISSUING BONDS SUPPORTED BY EXISTING SALES TAX REVENUE

This is a comparative analysis of the impact on the amount of required revenue to fund the Truckee River Flood Management Project when using the existing sales tax revenue to issue bonds.

Assumptions:

- Completion date FYE 2043
- Project Cost (2018 \$) \$422.2 million
- No Corps Cost Share
- No Direct Benefit Area Fee Revenue
- Sales Tax Bonds - additional bonds coverage is 2.5 times
- Property Tax Bonds – additional bonds coverage is 1.75 times
(Property tax was chosen as an example because another revenue source is necessary to make up the remaining revenue stream.)

Scenarios:

- Scenario 1: Issue bonds supported by only property tax
- Scenario 2: Issue bonds supported by the existing sales and property tax

Results:

Scenario 1 – Property Tax Bonds

- Requires a property tax rate of \$0.0703
- Annual average property tax revenue required is \$18,452,529

Scenario 2 – Property Tax and Sales Tax Bonds

- Requires a property tax rate of \$0.0677
- Annual average property tax revenue required is \$17,770,074

Differences between Scenario 1 and Scenario 2

- Scenario 2 property tax rate is lower by \$0.0026
- Scenario 2 annual property tax revenue required is lower by \$682,455

Conclusion:

Using the existing sales tax revenue marginally lowers the need for additional revenue sources.

Details of these scenarios are show on the following pages.

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Scenario 1 Detail

New Revenue Supported Debt Issues						
Series	Term	Rate	Par	Issuance Cost	Debt Service Reserve	To Capital Fund
			-	-	-	-
			-	-	-	-
2026	30	5%	25,792,176	242,860	1,677,818	23,871,498
2029	30	5%	43,947,489	329,342	2,858,847	40,759,300
2032	30	5%	80,661,502	584,227	5,247,146	74,830,129
			-	-	-	-
2038	30	5%	13,842,822	185,940	900,495	12,756,387
Subtotals			164,243,989	1,342,368	10,684,307	152,217,314
Existing Sales Tax Revenue Supported Debt Issues						
Series	Term	Rate	Par	Issuance Cost	Debt Service Reserve	To Capital Fund
			-	-	-	-
			-	-	-	-
			-	-	-	-
			-	-	-	-
			-	-	-	-
			-	-	-	-
			-	-	-	-
Subtotals			-	-	-	-
Totals - All Bond Issues			164,243,989	1,342,368	10,684,307	152,217,314

Capital Project Financing		
Source of Funds	Amount	% of Total
Debt Financed (Deposit to Capital Project Fund)	152,217,314	23.59%
General Fund (Transfer to Capital Project Fund)	471,355,976	73.04%
Capital Project Fund - Beginning Fund Balance	7,074	0.00%
Capital Project Fund Interest Income	21,547,170	3.34%
Capital Project Fund - Other Income	178,700	0.03%
Total Project Cost (Nominal \$)	645,306,234	100.00%

Total Project Costs (2018 \$)	422,220,782
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General Fund		
Cash Outflows Thru Debt Repayment In FYE 2047		
	Amount	% of Total
Operations & Maintenance	157,482,238	17.32%
Federal Cost Share Payment	-	0.00%
Payment to Sparks For NTD Debt	-	0.00%
Transfers To Capital Project Fund	471,355,976	51.84%
Transfer To Debt Service Fund	256,196,232	28.18%
Transfers To Emergency Replacement Fund	24,241,604	2.67%
Total Cash Outflow	909,276,049	100.00%

General Fund		
Source of Cash Transfer To the Capital Project Fund		
	Amount	% of Total
Existing Sales Tax Revenue	217,887,751	46.2%
Property Tax Revenue	252,377,726	53.5%
Direct Benefit Area Rate Revenue	-	0.0%
Federal Cost Share Revenue	-	0.0%
Other Revenue	266,360	0.1%
Interest Income	824,139	0.2%
Totals	471,355,976	100.0%

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Scenario 2 Detail

New Revenue Supported Debt Issues						
Series	Term	Rate	Par	Issuance Cost	Debt Service Reserve	To Capital Fund
			-	-	-	-
			-	-	-	-
			-	-	-	-
2029	30	5%	44,609,630	332,496	2,901,920	41,375,214
2032	30	5%	84,007,526	600,166	5,464,810	77,942,550
			-	-	-	-
2038	30	5%	34,331,970	258,457	2,233,344	31,840,170
Subtotals			162,949,126	1,191,118	10,600,074	151,157,934
Existing Sales Tax Revenue Supported Debt Issues						
Series	Term	Rate	Par	Issuance Cost	Debt Service Reserve	To Capital Fund
			-	-	-	-
			-	-	-	-
2026	30	5%	36,189,777	292,385	2,354,197	33,543,195
			-	-	-	-
			-	-	-	-
			-	-	-	-
			-	-	-	-
Subtotals			36,189,777	292,385	2,354,197	33,543,195
Totals - All Bond Issues			199,138,903	1,483,503	12,954,271	184,701,129

Capital Project Financing		
Source of Funds	Amount	% of Total
Debt Financed (Deposit to Capital Project Fund)	184,701,129	28.62%
General Fund (Transfer to Capital Project Fund)	438,485,649	67.95%
Capital Project Fund - Beginning Fund Balance	7,074	0.00%
Capital Project Fund Interest Income	21,933,683	3.40%
Capital Project Fund - Other Income	178,700	0.03%
Total Project Cost (Nominal \$)	645,306,234	100.00%

Total Project Costs (2018 \$)	422,220,782
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 PROJECT FINANCING
 ANALYSIS OF ISSUING BONDS SUPPORTED BY EXISTING SALES TAX REVENUE

General Fund		
Cash Outflows Thru Debt Repayment In FYE 2047		
	Amount	% of Total
Operations & Maintenance	157,482,238	16.93%
Federal Cost Share Payment	-	0.00%
Payment to Sparks For NTD Debt	-	0.00%
Transfers To Capital Project Fund	438,485,649	47.14%
Transfer To Debt Service Fund	309,985,153	33.32%
Transfers To Emergency Replacement Fund	24,241,604	2.61%
Total Cash Outflow	930,194,643	100.00%

General Fund		
Source of Cash Transfer To the Capital Project Fund		
	Amount	% of Total
Existing Sales Tax Revenue	207,136,828	47.2%
Property Tax Revenue	230,302,188	52.5%
Direct Benefit Area Rate Revenue	-	0.0%
Federal Cost Share Revenue	-	0.0%
Other Revenue	254,815	0.1%
Interest Income	791,817	0.2%
Totals	438,485,649	100.0%