



**CITY OF SAVANNAH**  
**Capital Planning**  
April 18, 2017



# City of Savannah Governmental Activities Bonding Capacity

What is a general definition of bonding capacity?

Bonding capacity, as used here, refers to the maximum amount of money the City of Savannah can borrow today given existing constraints.

Constraint #1:

- The legal limit on the dollar amount of general obligation bonds that a local government may have outstanding is imposed by the State of Georgia.

Constraint #2:

- Debt service on new bonds will have to be paid by available future revenues. Available revenues are those remaining funds after all current operating and maintenance costs have been liquidated.





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## Constraint #1:

- The legal limit on the dollar amount of general obligation bonds that a local government may have outstanding is imposed by the State of Georgia.

| Legal Debt Margin Calculation for Fiscal Year 2016 |                                    |  |                 |
|--|------------------------------------|--|-----------------|
| Assessed value 2016 Tax Roll                       |                                    |  | \$5,121,455,307 |
| General Bonded Debt Limit, 10% of Assessed Value   |                                    |  | \$ 512,145,531  |
| Debt applicable to limit:                          |                                    |  |                 |
|  | GO Bonds outstanding at 12/31/2016 |  | (2,000,000)     |
| Legal debt margin                                  |                                    |  | \$ 510,145,531  |

## Constraint #1:

- Theoretically, the City of Savannah could issue \$510,145,531 in new general obligation debt.
  - GO bonds generally require a referendum of the citizens
  - City of Savannah has an annual exemption that allows \$2,000,000 to be issued for the purposes of streets and drainage improvements
    - 2016 - \$2 million issued for streetscape improvements
    - 2017 - \$2 million to be issued for streetscape improvements
    - 2018 - \$2 million to be issued for streetscape improvements



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## Constraint #2:

- Debt service on new bonds will have to be paid by available future revenues. Available revenues are those remaining funds after all current operating and maintenance costs have been liquidated.
- Recent General Fund budget imbalances restrict the City's ability to take on new debt service
  - The 2017 General Fund budget was passed with a \$1,783,525 draw on fund balance in order to balance 2017 sources of funds with 2017 uses of funds.





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- Debt issues of 2015, 2016, 2017 and 2018 will put increasing pressure on the General Fund's resources as debt service increases.
  - 2015 - \$20 million issued for Tax Allocation District
    - \$10 million Board of Education payment
    - \$10 million for construction of infrastructure in TAD district
  - 2016 - \$10 million for downtown streetscapes
  - 2016 - \$3 million for purchase of fairgrounds
  - 2017 - \$20.5 million for:
    - \$2 million for downtown streetscapes
    - \$5 million for Gwinnett Street widening in support of the new arena site
    - \$13.5 million to purchase the west River Street riverwalk extension and other pedestrian/hardscape improvements in the area
  - 2018 - \$2 million for downtown streetscapes



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## General Fund Debt Service Projections Are Increasing

|                                     | 2014 Actual        | 2015 Actual        | 2016 Projection    | 2017 Projection    | 2018 Projection    | 2019 Projection    | 2020 Projection    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Transfer to debt service fund (411) | \$2,144,588        | \$2,148,463        | \$2,146,613        | \$2,831,635        | \$3,222,292        | \$2,885,660        | \$3,820,396        |
| Transfer to TAD I Fund (261)        | 1,429,187          | 826,479            | 2,005,561          | 2,073,417          | 2,070,117          | 1,808,717          | 2,010,742          |
| Transfer to Parking Fund (561)      |                    |                    | 679,801            | 679,801            | 679,801            | 679,801            | 679,801            |
| total                               | <u>\$3,573,775</u> | <u>\$2,974,942</u> | <u>\$4,831,975</u> | <u>\$5,584,854</u> | <u>\$5,972,210</u> | <u>\$5,374,178</u> | <u>\$6,510,939</u> |

I don't think our  
problem is bonding  
capacity. It is cash flow  
to service the debt.