

Request of Council Member Gulliford

Outstanding Debt as of 9/30/16	General Fund	Better Jacksonville
Non-Debt Management Fund	640,708,149	1,173,520,796
Debt Management Portion (1)	183,974,600	
Total	824,682,749	1,173,520,796

FY 2017/18 Debt Service	General Fund	Better Jacksonville
Non-Debt Management Fund	65,660,473	
Debt Management Portion	32,020,302	
From Infrastructure Tax (City)		77,099,877
From Transportation Tax (JTA)		36,962,320
Total	97,680,775	114,062,197

Approximate High Point in Debt Service over next 5 years	General Fund	Better Jacksonville
Non-Debt Management Fund	51,000,000	
Debt Management Portion (2)	41,000,000	
From Infrastructure Tax (City)		80,000,000
From Transportation Tax (JTA)		20,000,000
Total	92,000,000	100,000,000

Approximate Free Cash Flow impact to General Fund if Outstanding Debt was Paid Off	General Fund	Better Jacksonville
	90,000,000	(3)

- (1) The portion of the Debt Management Fund that pertains to the General Fund is estimated based on the General Fund percentage of the total Debt Management Fund debt service payment for FY 2017/18.
- (2) The Approximate High Point in Debt Service for the portion of the Debt Management Fund that pertains to the General Fund is estimated based on the percentage described above combined with the estimated debt issuances based on previously approved projects.
- (3) Paying off Better Jacksonville debt would free up cash flow due to the fact of receiving the pension sales surtax at an earlier date which would increase the net present value of the sales tax cash flow. This would reduce the General Fund contribution; however, the amount would need to be calculated by an actuary.

Conditions, Comments and Questions for Potential Sale of JEA

- 1. Sewer and Water operations would be retained by the City either as an independent authority or as a city department**
- 2. If the successful bidder has operations in Florida they would not charge rates any higher than the uniform rates they charge to other Florida customers.**
- 3. Any JEA employee not retained would be given a severance package of one year's salary.**
- 4. The unused portion of the revenue received from the sale would go into a Capital Improvement Futures Account and limited to spending only for capital projects and improvements benefiting the community. Remember that any use of these funds would reduce the annual interest revenue in the general fund from this account. Also any concern of this money being squandered would be addressed by a requirement that any expenditure proposed to be paid from this fund would first require a vote of the citizens to approve the use.**
- 5. Could the City set a provision that the electricity used by the City would be free or highly discounted by the successful buyer?**
- 6. Last question...assuming something similar to this scenario as presented, do you think Jacksonville would become the most financially sound and stable major city in the country? (Rhetorical)**

Potential Use of Additional Annual Revenue from JEA Sale

Savings from debt reduction (General Fund)	90,000,000	<i>approximate</i>
Savings from debt reduction (BJP)***	???	<i>see additional point below</i>
Interest revenue on \$2.2B in savings @ 3%	68,162,159	<i>bond rates are currently a little under 3% but most feel they will rise in the near future to 3% and above.</i>
TOTAL	158,162,159	
Uses...		
Cover shortfall in JEA revenue loss	60,000,000	
1 mill property tax reduction	53,000,000	<i>Why not reward our taxpayers? They own the asset!</i>
Available for libraries, policing, public service grants, children, elderly, parks, neighborhoods, et al.	45,162,159	\$45 MILLION MORE AVAILABLE ANNUALLY!!!

****Additional Point from the Council Auditors. Paying off the Better Jacksonville Plan debt would free up cash flow due to the fact of receiving the pension sales surtax at an earlier date which would increase the net present value of the sales tax cash flow. This would reduce the General Fund contribution; however the amount would need to be calculated by an actuary. The decision would be between using the additional cash flow in the general fund by paying off the BJP debt or accelerating the reduction of the unfunded pension liability.**

Minimum JEA Sale Price and Potential Revenue Use

Comments

Minimum Net Sale Price to consider selling \$ 5,000,000,000 *Absolute Net! Removes Plant Vogle obligation et al the Jacksonville Electric Authority*

Potential uses

Payoff most General Fund debt	824,682,749	
Payoff Better Jacksonville Plan debt	1,173,520,796	
Sewer & Water Infrastructure Improvements	500,000,000	<i>Includes \$200M for septic tank replacement</i>
Affordable Housing Financing Pool	100,000,000	<i>Fund used for uncoventional residential financing and structured to be used over and over; not one time</i>
Park Infrastructure Improvements	25,000,000	
Waterways enhancements and improvement	20,000,000	
Economic development	20,000,000	
Downtown Development	25,000,000	
Neighborhood Improvements	30,000,000	
Street & Road Improvements	40,000,000	<i>Include unfinished BJP, pedistrian/bicycle projects</i>

Other Potential Uses?

Possibly payoff some sewer & water debt?

Reduction of unfunded pension liability? *Up to \$500 million considering the current liability*

TOTAL EXPENDITURES: 2,758,203,545

Net To Capital Improvement Futures Fund 2,241,796,455

Debt payoff numbers were provided by the Council Auditor's Office and their sheet is attached.

These numbers are not exact due to several factors but certainly close enough to make a point.