



# City of Fircrest

## VOTED BOND INFORMATION

January 23, 2018 7:00 PM

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# TYPES OF BONDS

## **UNLIMITED TAX GENERAL OBLIGATION BOND (Voted) –**

- Secured by the full faith, credit and taxing power of the City with a special excess levy.

## **LIMITED TAX GENERAL OBLIGATION BOND (Non-voted) –**

- Secured by the City's General Fund.

## **REVENUE BOND –**

- Secured by a specific source of utility system revenue (typically water and sewer system charges).

## **LOCAL IMPROVEMENT DISTRICT (LID) BOND –**

- A bond payable from special assessments levied on the benefited properties within a local improvement district.

# ESTIMATED PAYMENTS

For Discussion Purposes (As of 1/17/2018)

## 20-Years, Level Debt

Funding Amount:	1,000,000	4,000,000	5,000,000	6,000,000	7,000,000	8,000,000	9,000,000	10,000,000	11,000,000	12,000,000	13,000,000
Est. Average Annual Payment (1):	67,040	268,158	335,198	402,237	469,277	536,316	603,356	670,395	737,435	804,474	871,514
Est. Net Borrowing Cost (1):	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%	2.89%
<b>Tax Levy Impact (1):</b> (dollars per \$1,000 of assessed valuation)	0.08	0.33	0.41	0.49	0.57	0.65	0.73	0.81	0.89	0.98	1.06
Tax impact on a homeowner of: 300,000											
Annual Increase (1):	24.38	97.51	121.88	146.26	170.64	195.01	219.39	243.77	268.14	292.52	316.90
Monthly Increase (1):	2.03	8.13	10.16	12.19	14.22	16.25	18.28	20.31	22.35	24.38	26.41

### Assumptions:

1. Net Borrowing Cost is preliminary and subject to change.
2. Est. Assessed Value for the 2019 Tax Collection year: 825,044,411

For Discussion Purposes (As of 1/17/2018)

## 20-Years, Level Levy 2.5% assumed annual AV growth

Funding Amount:	1,000,000	4,000,000	5,000,000	6,000,000	7,000,000	8,000,000	9,000,000	10,000,000	11,000,000	12,000,000	13,000,000
Est. Average Annual Payment (1):	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Est. Net Borrowing Cost (1):	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%	2.95%
<b>Tax Levy Impact (1):</b> (dollars per \$1,000 of assessed valuation)	0.07	0.26	0.33	0.39	0.46	0.52	0.59	0.65	0.72	0.78	0.85
Tax impact on a homeowner of: 300,000											
Annual Increase (1):	19.56	78.24	97.80	117.36	136.92	156.48	176.04	195.60	215.16	234.72	254.28
Monthly Increase (1):	1.63	6.52	8.15	9.78	11.41	13.04	14.67	16.30	17.93	19.56	21.19

### Assumptions:

1. Net Borrowing Cost is preliminary and subject to change.
2. Est. Assessed Value for the 2019 Tax Collection year: 825,044,411

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# ESTIMATED PAYMENTS

For Discussion Purposes (As of 1/17/2018)

## 10-Years, Level Debt

Funding Amount:	<u>1,000,000</u>	<u>4,000,000</u>	<u>5,000,000</u>	<u>6,000,000</u>	<u>7,000,000</u>	<u>8,000,000</u>	<u>9,000,000</u>	<u>10,000,000</u>	<u>11,000,000</u>	<u>12,000,000</u>	<u>13,000,000</u>
Est. Average Annual Payment (1):	113,500	454,000	567,500	681,000	794,500	908,000	1,021,500	1,135,000	1,248,500	1,362,000	1,475,500
Est. Net Borrowing Cost (1):	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%
<b>Tax Levy Impact (1):</b> (dollars per \$1,000 of assessed valuation)	0.14	0.55	0.69	0.83	0.96	1.10	1.24	1.38	1.51	1.65	1.79
Tax impact on a homeowner of: 300,000											
Annual Increase (1):	41.27	165.08	206.35	247.62	288.89	330.16	371.43	412.71	453.98	495.25	536.52
Monthly Increase (1):	3.44	13.76	17.20	20.64	24.07	27.51	30.95	34.39	37.83	41.27	44.71

### Assumptions:

1. Net Borrowing Cost is preliminary and subject to change.
2. Est. Assessed Value for the 2019 Tax Collection year: 825,044,411

For Discussion Purposes (As of 1/17/2018)

## 30-Years, Level Debt

Funding Amount:	<u>1,000,000</u>	<u>4,000,000</u>	<u>5,000,000</u>	<u>6,000,000</u>	<u>7,000,000</u>	<u>8,000,000</u>	<u>9,000,000</u>	<u>10,000,000</u>	<u>11,000,000</u>	<u>12,000,000</u>	<u>13,000,000</u>
Est. Average Annual Payment (1):	53,516	214,063	267,579	321,095	374,611	428,127	481,643	535,158	588,674	642,190	695,706
Est. Net Borrowing Cost (1):	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%
<b>Tax Levy Impact (1):</b> (dollars per \$1,000 of assessed valuation)	0.06	0.26	0.32	0.39	0.45	0.52	0.58	0.65	0.71	0.78	0.84
Tax impact on a homeowner of: 300,000											
Annual Increase (1):	19.46	77.84	97.30	116.76	136.21	155.67	175.13	194.59	214.05	233.51	252.97
Monthly Increase (1):	1.62	6.49	8.11	9.73	11.35	12.97	14.59	16.22	17.84	19.46	21.08

### Assumptions:

1. Net Borrowing Cost is preliminary and subject to change.
2. Est. Assessed Value for the 2019 Tax Collection year: 825,044,411



DAVIDSON

# CASE EXAMPLES



**Moses Lake aquatic center & parks** – considered the most successful aquatic center in the Northwest. Financed with a series of bonds.



**Si View Metropolitan Park District** – combination of non-voted and voted bonds. The District's facilities include a Community Center, swimming pool, and sports fields.



**Selah Park & Recreation Service Area** - separate tax jurisdiction that contracts with the City of Selah's Park Department. Recently issued voted bonds for a swimming pool remodel and park improvements.

# BOND RATING GRADES

A rating grade helps to achieve a lower interest cost.

Investors view the rating grade as an indication of risk.



	S&P	Moody's
Highest/Best Quality	AAA	Aaa
High Investment Grade	AA+	Aa1
	AA	Aa2
	AA-	Aa3
Medium Investment Grade	A+	A1
	A	A2
	A-	A3
Low Investment Grade	BBB+	Baa1
	BBB	Baa2
	BBB-	Baa3

# FINANCIAL MANAGEMENT POLICY

## **A set of policies to:**

Promote financial integrity

Assist elected officials and staff in financial management

Provides continuity over time

## **Key strengths of the policy:**

Cash/Reserve Fund goals

Communication

Budgeting and Forecasting

# COMMENTS FROM OTHER MUNICIPALITIES ON PREPARING FOR A BALLOT MEASURE

- Start the voter education 6 to 9 months before the election.
- Series of newspaper articles or newsletters to inform the public.
- Statements of support from community representatives.
- **Factual** information on the City's website.
- Open House at City Hall.
- Doorbelling by volunteers.
- Use of social media.



# ELECTION AND RESOLUTION FILING DATES

The 2018 special election dates and ballot resolution filing deadlines pursuant to the Revised Code of Washington (“RCW”) are listed below for your information.<sup>(1)</sup>

ELECTION DATE	RESOLUTION FILING DEADLINE <sup>(2)</sup>	APPROXIMATE DATE BALLOTS ARE MAILED <sup>(3)</sup>
February 13, 2018	December 15, 2017	January 26, 2018
April 24, 2018	February 23, 2018	April 6, 2018
August 7, 2018	May 11, 2018	July 20, 2018
<b>November 6, 2018</b>	August 7, 2018	<b>October 19, 2018</b>

*(1) This data is for informational purposes only and does not take the place of local, state or federal laws. Specific RCW information can be found at: [http://www.secstate.wa.gov/elections/election\\_laws.aspx](http://www.secstate.wa.gov/elections/election_laws.aspx).*

*(2) Some dates may have been adjusted to reflect the business day prior to actual resolution filing date, according to RCW 29A.04.330, if falling on a weekend.*

*(3) Applies to both mail and absentee ballots. Absentee ballots are required to be mailed no later than 18 days prior to the election date. RCW 29A.40.070*

*Source: Washington Secretary of State’s Office, Elections and Voting website.*

# SUGGESTED TIMELINE

Target Date	Action
<b>Now</b>	<b>City begins to recruit volunteers for a volunteer election committee.</b>
March 1, 2018	Notify the Bond Attorney to begin drafting the ballot title. Also discuss with the Bond Attorney a Reimbursement Resolution.
<b>March 15, 2018</b>	<b>City begins the "factual" voter information campaign. Election Committee (of volunteers) begins the "yes vote campaign".</b>
June 12, 2018	City Council reviews 1st draft of Ballot Title and resolution (7 PM).
July 10, 2018	City Council approves the Ballot Title and Resolution (7 PM).
July 27, 2018	City Manager or Finance Director file the Ballot Title with the Pierce County Auditor.
<b>August 7, 2018</b>	<b>Ballot Title filing deadline with the Pierce County Auditor.</b>
<b>October 19, 2018</b>	<b>Approximate date that the ballots are mailed out to voters.</b>
November 6, 2018	Election Day.
December 6, 2018	Set the final interest rates and present to the City Manager and Finance Director.
December 7, 2018	Notify County Assessor & Treasurer of the final payment for the 2019 Tax Roll.
<b>December 20, 2018</b>	<b>Delivery Date of bond proceeds for the project.</b>

# KEY POINTS TO PLAN AHEAD FOR A BOND ISSUE

- Do you have a volunteer election committee or citizen advisory group?
- What is your community outreach plan/voter education plan?
- How will the taxpayers benefit from the improvements?
- Do you need to adopt a Reimbursement Resolution?
- Have you updated your Financial Management Policy?

# APPENDIX

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# EXAMPLE OF ARTICLE ON ELECTION CAMPAIGN

## Nine Steps to a Successful Community-Based Bond/Levy Campaign *(author is unknown)*

- 1) Form a **Support Committee**
  - This committee should be small enough to be workable, but large enough so that no one can fairly accuse you of being close-minded, insulated, etc.
- 2) Get **Stakeholders** to agree on what should be on the ballot and what the bond/levy should specifically be supporting.
  - Consider the internal questions:
    - Have you asked for money before and failed? If so why?
    - Have voters and/or community leaders talked with your group about what they might support?
    - **How are you going to explain to the public what you are asking for?**
    - It is much better to answer these questions before you have finalized your proposal.
  - Consider the larger community questions:
    - **What other measures will be on the ballot?**
    - How much money voters have been asked for recently?
    - Is there a “take your turn” mentality in your community among groups that ask for public support?
  - Consider holding some sort of **public process to facilitate community input**. This may be very difficult and stressful, but especially necessary if you are asking voters to consider a request they have previously rejected in one form or another.



# EXAMPLE OF ARTICLE ON ELECTION CAMPAIGN

## Nine Steps to a Successful Community-Based Bond/Levy Campaign *(cont.)*

- 3) Develop a **clear message** – what you are asking for, why you are asking for it, how much it will cost, and who it will help.
  - If you can't answer these questions, your chances of success are extremely limited.
  - Everyone should be on the same page – this message should be the core of any campaign literature, the lead on any press releases, and the focus of remarks every time someone speaks on behalf of the campaign (whether officially or not).
- 4) Identify **community groups** that can/should be targets for outreach, information efforts, volunteer recruitment, etc.
  - Think broad and wide – everyone who could benefit from the services you provide, major civic/business groups, local political clubs, other community based groups that sponsor levies (teachers, libraries, etc.), workers unions, etc.
  - Ask your Board, and the members of the campaign committee, to think about which organizations they belong to and encourage them to ask those groups for support.
- 5) Get **endorsements** from key groups and the media.
  - Some of these groups have formal processes, some do not. Try to ask as early as you can what the process is and try to accommodate their schedule – nothing annoys people more than when campaigns ask them to ignore their internal process to suit the needs (or lack of organization of) a campaign.
  - Consider putting one person on the campaign committee in charge of coordinating endorsement processes and interviews.

# EXAMPLE OF ARTICLE ON ELECTION CAMPAIGN

## Nine Steps to a Successful Community-Based Bond/Levy Campaign *(cont.)*

- 6) Ask endorsing groups for their **active support**.
  - Once you have a group's support, you need to do something with it. At a minimum, they should be willing to let you (or better yet, help you) get the word out to their members. They should allow you to speak to one of their membership meetings, and perhaps put something in their newsletter, and better yet, mail something to their members. They might even be willing to pay for it. Remember to determine if you need to report that as a campaign contribution.
  - Supporting groups should also explicitly be asked if the campaign may use the group's name publicly – never assume that they are ok with this, even if it seems obvious.
- 7) Undertake a **media campaign** – tell your story, define the issues.
  - This can be very simple or a very complex effort. Look within your campaign committee to see if there is someone who has experience working with the media.
  - Bear in mind that being in advertising or marketing is very different than doing press work for a campaign.

# EXAMPLE OF ARTICLE ON ELECTION CAMPAIGN

## Nine Steps to a Successful Community-Based Bond/Levy Campaign *(cont.)*

- 8) Undertake a **grassroots campaign** to contact voters.
  - Again this can be very simple or very complex. It can include voter education, door-to-door and phone banking efforts, and GOTV (get out the vote) activities. These efforts are generally not worth doing unless you can do them very well, and on a fairly large scale.
  - Turn to those within your group who have experience at community organizing and be cautious about others' enthusiastic claims about turning out volunteers, making thousands of phone calls, blanketing neighborhoods, etc.
- 9) Keep in mind what you are doing, why it is needed, who supports you, and **who and what you are as a campaign**.
  - Stay on message. Make sure everyone else is on message too.
    - a) **Campaigns are all about defining the questions**
    - b) **Controlling the terms of the debate**
    - c) **Getting the voters to absorb and retain your message**
    - d) **Keep it simple and say it over and over again.**



# EXAMPLE 1 OF FACTUAL BROCHURE



## **SITE HISTORY**

Spokane County purchased the property in 2008 as a part of the acquisition of Spokane Raceway Park. The City identified the parcel as a priority for both utility and recreational purposes. In October of 2010 the City of Airway Heights entered into a Memorandum of Understanding with Spokane County to acquire the 70-acre parcel adjacent to Spokane Raceway Park located at 11405 W. Deno Road.

The Airway Heights Park Advisory Board working with SPVV Landscape Architects developed the Master Plan for a new 70 Acre Community Recreation Facility. The Park Advisory Board held a series of Public Workshops to facilitate this Master Planning process. The workshops provided the opportunity for residents to voice their ideas for the site. Through this process the site was determined to be ideal for the location of the Recreation Center as it would offer an excellent mix of indoor and outdoor recreational opportunities. On August 6, 2012 the City Council approved Resolution 2012-014 approving the master plan for the site.



If approved by the voter's the impact to their property taxes is shown below.

## Home Assessed Value Monthly Impact

\$100,000	\$11.56
\$125,000	\$14.52
\$150,000	\$17.48
\$175,000	\$20.44
\$200,000	\$23.31
\$225,000	\$26.27

If approved the steering committee would be formed to fully develop the building concept to finalize design elements. With the project going out to bid in early 2017 and construction beginning in the spring of 2017.



## **The Airway Heights Recreation Center Bond Initiative**



*The "CONCEPT" sketch above was developed to give citizens an idea of what a potential Recreation Center could look like.*

*The City Council is placing a \$13 million bond initiative on the August 2, 2016 ballot for voter's consideration.*



*Site Concept shown with park improvements.*

# EXAMPLE 1 OF FACTUAL BROCHURE

This CONCEPT was developed to provide the public an idea of what the facility could look like. Once the bond initiative is approved a Steering Committee will be formed to engage in an extensive series of public meetings to design the actual facility. The City is also submitting a grant to the Washington State Recreation Conservation Office to enhance the project further with the development of multi-purpose field space. Phase 1 of the Recreation Center project would include a fitness center, group exercise room, aquatic center with a lap pool, leisure/rec pool with slide and spa, birthday party rental rooms, multi-purpose room, and associated kitchen, administrative, and storage space. The City is developing a complex funding package. Variables that affect funding outcomes include the success or failure of the August 2, 2016 election ballot measure. The success or failure of this election will impact the City's ability to pursue additional funding sources. It is critical to show potential funding sources that your local residents approve of and support a project before capitol dollars are committed to the project from charitable organizations. More information regarding the project is available on the City website on the "In The Spotlight" section on the main page at [www.cawh.org](http://www.cawh.org).





# EXAMPLE 2 OF FACTUAL BROCHURE

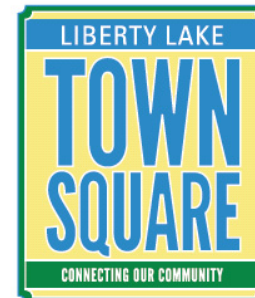


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# EXAMPLE 2 OF FACTUAL BROCHURE



## HOW WILL THE NEW BUILDING BE PAID FOR?

On August 2nd, a bond measure will be voted on to account for the twelve million dollars in development and construction costs. Once approved, this bond will be financed with a \$0.50 tax levy per \$1,000 of assessed property values.

## WHO WILL PAY TO OPERATE THE FACILITY?

The yearly operational costs of the new facility are budgeted for in the City's general fund, and will not generate any additional taxes.

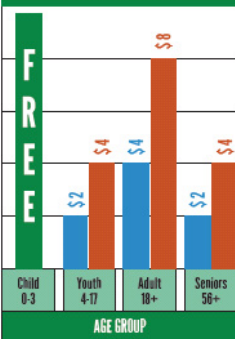
## WHAT HAPPENS TO THE EXISTING LIBRARY?

The current library space will be offered up as leasable space to offset costs of operations.

## WHAT HAPPENS WHEN THE BUILDING IS PAID FOR?

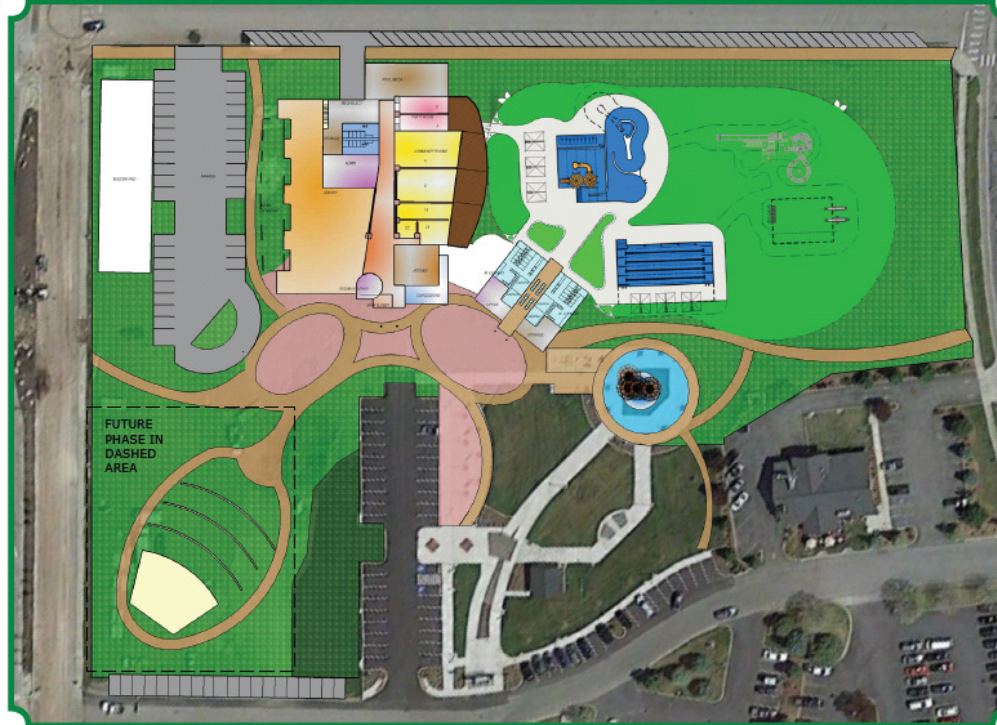
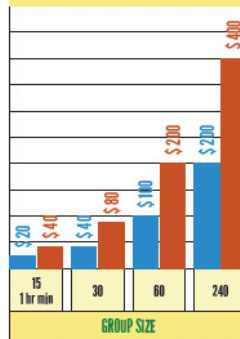
Once the construction costs of the new Community and Aquatics Center have been paid off, the tax will go away!

## PROPOSED AQUATIC CENTER ADMISSION PRICES



CITY RESIDENTS NON-RESIDENTS

## COMMUNITY CENTER ROOM RENTAL RATES



**SITE Townsquare Park**  
**COST \$12 Million**  
**CONSTRUCTION FUNDING Voted Bond**  
**OPERATIONS & MAINTENANCE**  
**Existing City Revenues & Rental income**

## FINANCING INFORMATION ESTIMATE

TOTAL PROPOSED BOND	\$ 12,000,000
Average Annual Payment	\$ 647,000
Tax Impact on a home of \$ 270,000	\$ 135 / year
Tax Levy Impact in 2017	\$ 0.50
(per \$1,000 assessed value)	

## BASIC PROGRAMMING:

- Community Center with flexible meeting rooms to support events with up to 240 people
- Catering / Teaching Kitchen
- State of the Art High Tech Library Space
- Multiple Viewing & Gathering Plazas – with flexibility to accommodate large and small events
- Landscape and Parking improvements
- Interactive Fountain
- Lap Pool
- Leisure Pool
- Bath House with Lockers & Changing Facility
- Rentable Party Rooms
- Furniture, Fixtures & Equipment
- Concession Stand
- Flexible & Expandable to support future space needs

**TOWN SQUARE BOND ISSUE  
ON AUGUST 2ND BALLOT**



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# DAVIDSON'S HIGHLIGHTS

**Ranked 1st in Washington State** in 2013 thru 2017 *(based on the number of negotiated municipal transactions completed)*. Source: Thomson Reuters

We are the **largest full-service independent broker-dealer headquartered in the Western U.S.** *(based on total financial consultants)*. **D.A. Davidson & Company originated in 1935.** Source: D.A. Davidson & Co.

We serve the a **large number of cities and park & recreation districts in Washington State** *(based on the number of negotiated municipal transactions completed)*. Source: Thomson Reuters

D.A. Davidson has over approximately **\$100.5 million in net capital.**



# DAVIDSON'S PUBLIC FINANCE TEAM



**JIM NELSON**

SENIOR VICE PRESIDENT  
(206) 389-4062

**30 Years in Public Finance**  
*Main Office: Seattle, WA*

Focuses on general municipal finance with cities, counties, water & sewer districts, fire districts, park & recreation districts, as well as other special districts. **Jim and the firm works with a large number of Washington municipalities**, such as DuPont, Edgewood, Fife, University Place, Gig Harbor, Peninsula Metropolitan Park District, Tacoma, Pierce County, West Pierce Fire & Rescue, East Pierce Fire & Rescue, Central Pierce Fire & Rescue, Si View Metropolitan Park District, William Shore Metropolitan Park District, South Whidbey Park & Recreation District, Upper Valley Park & Recreation District, Moses Lake, Leavenworth, Eastmont Metropolitan Park District, Airway Heights, Liberty Lake, Bonney Lake, Enumclaw, Sumner, Duvall, Mill Creek, Snohomish, etc. **Jim is very experienced in assisting Washington municipalities with voter education strategies and bond rating presentations.**

He has completed over 500 financings with a par amount greater than \$4.5 billion.

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