FINANCE COMMITTEE
WEDNESDAY, OCTOBER 14, 2015
SECOND FLOOR CONFERENCE ROOM
CITY HALL - MANASSAS, VIRGINIA
AGENDA

5:30 P.M. CALL TO ORDER

1.	Approve Minutes of the September 16, 2015 Finance Committee Meeting	**1 Minute** **Page** 1
2.	Resolution 2016-05-R Amending the FY 2016 Budget by Budgeting and Appropriating $20,000 for the Installation of New Downtown Parking Signage (Arcieri)	**2 Minutes** **Page** 3
3.	Presentation of the Manassas Regional Airport's Financial Plan (Rivera)	**25 Minutes** **Page** 7
4.	Consideration of a New Joint Budget Agreement Between the City of Manassas and the Manassas City Public Schools Based on Recommendations from the Joint Finance Committee (York)	**15 Minutes** **Page** 41
	City Manager's Time	

ADJOURNMENT

cc: **Mayor**, **Council Members**, **W. Patrick Pate**, **Paul York**, **Diane Bergeron**, **Tamara Keesecker**

10/8/2015

MINUTES OF THE CITY COUNCIL FINANCE COMMITTEE
WEDNESDAY, SEPTEMBER 16, 2015
SECOND FLOOR CONFERENCE ROOM
CITY HALL - MANASSAS, VA

COMMITTEE MEMBERS PRESENT: Council Member Marc Aveni, Chairman
Council Member Mark Wolfe
Vice Mayor Jonathan L. Way

COMMITTEE MEMBERS ABSENT: Council Member Sheryl Bass (Alternate)

OTHERS PRESENT: City Manager W. Patrick Pate, Finance and Administration Director Paul York, Deputy City Manager Bryan Foster, Buildings and Grounds Manager Tim Fitzwater, Safety Officer Gary Holt, Assistant to the City Manager/City Clerk Andrea Madden, Information Technology Manager Sean Whitfield and Community Development Director Liz Via-Gossman, Kevin Price and Chad Snow from Berry Dunn

The meeting was called to order at 5:32 p.m. by Chairman Marc Aveni.

AGENDA ITEM #1 Approve Minutes of the August 5, 2015 Finance Committee Meeting

A motion was made and seconded to approve the minutes of the August 5, 2015 Finance Committee meeting. The Committee approved (3/0).

AGENDA ITEM #2 Resolution 2016-03-R Amending the FY 2016 Budget by Budgeting and Appropriating $136,109 Insurance Claim Reimbursement for Storm Damage from a Tornado on June 20, 2015

Tim Fitzwater presented Staff's recommendation to amend the FY 2016 Budget by budgeting and appropriating $136,109 Insurance Claim Reimbursement for Storm Damage from a Tornado on June 20, 2015. The Committee approved (3/0). This item will be forwarded to the September 28, 2015, City Council meeting for consideration.

AGENDA ITEM #3 Resolution 2016-03-R Amending the FY 2016 Budget by Budgeting and Appropriating $20,000 of Speiden Carper House Fund Balance for the Maintenance on the Speiden Carper House

Liz Via-Gossman presented Staff's recommendation to amend the FY 2016 Budget by budgeting and appropriating $20,000 of Speiden Carper House Fund Balance for the maintenance on the

Speiden Carper House. The Committee approved (3/0). This item will be forwarded to the September 28, 2015, City Council meeting for consideration.

AGENDA ITEM #4 Resolution 2016-03-R Amending the FY 2016 Budget by Budgeting and Appropriating $129,602 of PEG Fund Fund Balance for City Council Chamber Improvements

Paul York presented. Staff's recommendation to amend the FY 2016 Budget by budgeting and appropriating $129,602 of PEG Fund Fund Balance for the City Council Chamber Improvements. The Committee approved (3/0). This item will be forwarded to the September 28, 2015 City Council meeting for consideration.

AGENDA ITEM #5 Resolution 2016-03-R Amending the FY 2016 Budget by Budgeting and Appropriating $2,847,245 Information Technology Fund Fund Balance for the Enterprise Resource Planning (ERP) System

Paul York presented Staff's recommendation to amend the FY 2016 Budget by budgeting and appropriating $2,847,245 Information Technology Fund Fund Balance for the Enterprise Resource Planning (ERP) System . The Committee approved (3/0). This item will be forwarded to the September 28, 2015 City Council meeting and will not be on Consent.

City Manager's Time

W. Patrick Pate mentioned that the next Joint Finance Committee Meeting with the Schools was rescheduled to October 7, 2015 at 6:00 p.m.

The meeting was adjourned at 6:17 p.m. by Chairman Aveni.

AGENDA STATEMENT

PAGE NO. ______

ITEM NO. ______

MEETING DATE: October 14, 2015 – Finance Committee

TIME ESTIMATE: 2 Minutes

AGENDA ITEM TITLE: Resolution 2016-05-R Amending the FY 2016 Budget by Budgeting and Appropriating $20,000 for the Installation of New Downtown Parking Regulatory Signage

DATE THIS ITEM WAS LAST CONSIDERED BY COUNCIL: September 14, 2015 (Informational Presentation)

SUMMARY OF ISSUE/TOPIC:

Public Works is implementing improved downtown parking regulatory signage and striping for all street and surface parking lots as well as the parking garage. The current scope of this project will cost approximately $20,000. Proffer development plan REZ-09-01, Courts at Historic Manassas, was approved and included $50,000 of proffer funds to be used for the purpose of Downtown parking improvements. These funds cannot be used for other purposes.

This resolution will budget and appropriate $20,000 of Committed Fund Balance (Proffers) in the General Fund.

STAFF RECOMMENDATION: Approve Resolution 2016-05-R

BOARD/COMMISSION/ COMMITTEE:

RECOMMENDATION: ____ **Approve** ____ **Disapprove** ____ **Reviewed** ____ **See Comments**

CITY MANAGER: ____ **Approve** ____ **Disapprove** ____ **Reviewed** ____ **See Comments**

COMMENTS:

DISCUSSION (IF NECESSARY): The City received $50,000 of proffer funding for parking improvements from Courts at Historic Manassas.

BUDGET/FISCAL IMPACT: $20,000 – Proffers (Committed Fund Balance)

STAFF: Bruce Goudarzi, Deputy Director Public Works, (703) 257-8251
Matthew Arcieri, Planning & Zoning Manager, (703) 257-8232

If Council Members have questions, you are urged to call the staff person who prepared this agenda statement prior to meeting.

REZ-09-01
Courts @ Historic Manassas

RECEIVED MAY 1 5 2009

Traffic, Transportation and Parking

3) Frontage improvements shall be constructed for the project site to provide safe and adequate access as shown on the GDP and as illustrated by Exhibit B and subject to the following:

a) The applicant shall dedicate 2-feet along Prince William Street for right-of-way improvements at no cost to the City of Manassas.

b) The applicant shall relocate the existing signal at the corner of Prince William Street and Grant Avenue at no cost to the City of Manassas.

4) The Condominium Association or Declarant shall preclude by covenants the parking on the Property of service vehicles, boats, trailers, heavy trucks and recreational vehicles, except when such parking is temporary for the purpose of providing a service. The Association or Declarant shall provide homeowners with a list of off-site storage locations for boats and recreational vehicles. This shall not preclude parking of construction vehicles during development of the Property.

5) Parking shall be provided as shown on the GDP.

a) The garage area may not be converted to storage or living space. This shall be enforced by the Condominium Association or Declarant and shall be included in the Condominium Documents.

b) The developer will provide 1 assigned parking space per unit. The Condominium Documents shall state that second vehicles are not guaranteed an on-site parking space.

c) The Condominium Association or Declarant will discourage parking on Prince William Street except for designated permitted spaces.

* d) The developer shall contribute the sum of $50,000 toward providing improvement of Old Town parking at Occupancy Permit of Last Building.

6) Bicycle storage shall be provided on the first floor parking structure of each building.

APPROVED
Proffer / Development Plan
Signed
7/27/09
Date

Monetary Contributions

The Applicant shall contribute to the City of Manassas the sum of $4,100.00 per dwelling unit constructed on the Property to be used exclusively for the capital improvement of schools. Said sum shall be paid to the City of Manassas at the time a building permit is issued for each residential dwelling unit. At the time of conversion to

GM200I02
Fiscal year 2016

CITY OF MANASSAS
Account Balance Inquiry

9/29/15
08:59:48

Account number . . : 100-0000-216.63-04 Db/Cr . : C

Fund	100	General Fund
Department	00	
Division	00	
Activity basic . . .	21	Current Liability
Sub activity	6	Proffer
Element	63	Courts of Historic Man.
Object	04	Parking

	Debits	Credits	Account balance
Current . . . . . . :	50,000.00	100,000.00	.00
Unposted . . . . . . :	.00	.00	
Total . . . . :	50,000.00	100,000.00	50,000.00

F7=Project data **F8=Misc inquiry** **F10=Detail trans**
F11=Account activity **F12=Cancel** **F16=Pending trans** **F24=More keys**

RESOLUTION 2016-05-R

Adopted:

BE IT RESOLVED by the Council of the City of Manassas meeting in regular session this 26th day of October, 2015 that the following funds be budgeted and appropriated as shown.

ACCOUNT NO.				AMOUNT
GENERAL FUND				
Revenues:				
100-0000-346-01-01		Committed Fund Balance (Proffers)	$	20,000
Expenditures:				
100-9600-491-92-31		Transfer to Capital Projects	$	20,000
TRANSPORTATION CAPITAL PROJECTS FUND				
Revenues:				
340-0000-345-10-00	CP5158	Transfer from General Fund	$	20,000
Expenditures:				
340-5158-505-62-00	CP5158	Downtown Parking Signage	$	20,000

Actual Transfers:

100-0000-216-63-04 $20,000.00 Courts of Historic Manassas – Parking

For: Proffer Committed Fund Balance for Downtown Parking Signage

This resolution shall take effect upon its passage.

Harry J. Parrish II MAYOR
On Behalf of the City Council
of Manassas, Virginia

ATTEST:

Andrea P. Madden City Clerk

AGENDA STATEMENT

PAGE NO. ______

ITEM NO. ______

MEETING DATE: October 14, 2015 – Finance Committee

TIME ESTIMATE: 25 Minutes

AGENDA ITEM TITLE: Presentation of the Manassas Regional Airport's Financial Plan

DATE THIS ITEM WAS LAST CONSIDERED BY COUNCIL: N/A

SUMMARY OF ISSUE/TOPIC: In order to make certain the Manassas Regional Airport continues to be self-supporting and to insure the airport is able to finance critical capital projects the Airport Commission requested that the Airport Staff develop a Financial Plan that would serve as a management tool that allows the Airport Director and Commission to monitor its future projected financial performance against established long-term strategic goals and objectives. Davenport & Company LLC was hired to develop the plan and to present the results to the Airport Commission and City Council.

STAFF RECOMMENDATION: **INFORMATION ONLY**

BOARD/COMMISSION/ COMMITTEE: Airport Commission

RECOMMENDATION: ____ **Approve** ____ **Disapprove** ____ **Reviewed** ____ **See Comments**

CITY MANAGER: ____ **Approve** ____ **Disapprove** ____ **Reviewed** ____ **See Comments**

COMMENTS:

DISCUSSION (IF NECESSARY):

BUDGET/FISCAL IMPACT: N/A

STAFF: Juan Rivera, Airport Director, (703) 257-8261

If Council Members have questions, you are urged to call the staff person who prepared this agenda statement prior to meeting.

Discussion Materials

Manassas Regional Airport Commission

8

October 14, 2015

DAVENPORT & COMPANY
Member NYSE | FINRA | SIPC

Contents / Agenda

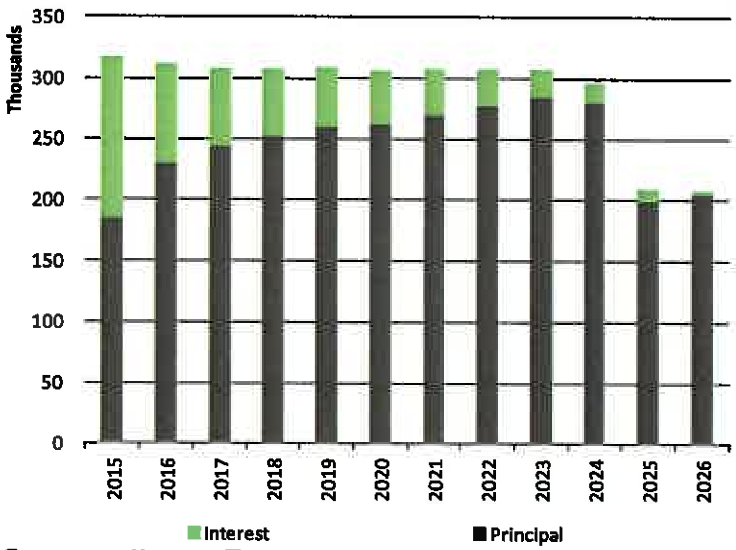
Goals and Objectives

- Present a detailed analysis of the Airport's Existing Debt Profile.
- Identify Key Credit Factors that are meaningful to the Airport's planning efforts.
- Provide Historical Perspective on the Airport's Operating and Financial Trends.
- Work toward establishing a Comprehensive Plan of Finance for the identified Capital Improvement Projects ("CIP").
  - Review Existing CIP and Anticipated funding sources.
- Develop a Pro Forma Model which creates the framework for determining the best approach to funding the CIP and assessing potential rate increases over time.
- Provide perspective on the Airport's financial strengths and weaknesses relative to key financial ratios through a series of peer comparatives.
- Re-visit Key Financial Ratios based on Pro Forma Projections.
- Provide an Overview of existing rates and charges and show how they compare to Regional Airport Peers.

Existing Debt Profile

Existing Debt

Existing Debt Profile



Par Outstanding – Estimated as of 6/30/2014

Description	Balance
Series 2004 VRA RF	$ 876,018
Series 2005 C – Unrefunded	370,000
Series 2014 D (Refunded part of 2005 C's)	1,700,000
Total	$2,946,018

Existing Debt Service

FY	Principal	Interest	Total	10-yr Payout Ratio
Total	2,946,018	549,972	3,495,990	
2015	185,762	130,639	316,401	86.3%
2016	230,324	81,901	312,225	100.0%
2017	243,945	64,022	307,968	100.0%
2018	251,326	56,297	307,623	100.0%
2019	258,775	50,498	309,273	100.0%
2020	261,293	44,580	305,873	100.0%
2021	268,882	38,322	307,204	100.0%
2022	276,545	31,441	307,985	100.0%
2023	284,283	24,025	308,307	100.0%
2024	279,883	16,022	295,905	100.0%
2025	200,000	9,150	209,150	100.0%
2026	205,000	3,075	208,075	100.0%

Notes:

(1) Existing Debt Service excludes the loan from the City and bridge loan from the State. The Airport plans on taking these loans out with new debt at the end of FY 2016.

(2) FY 2015 Debt Service related to the 2014 D refunding reflects the equity contribution of $30,000. Net Savings in FY 2015 was $11,257.

(3) FY 2016 Debt Service and beyond related to the 2004 VRA RF reflects the recent rate reset from 5.00% to 2.80%. Net Savings in FY 2016 is $8,837.55; while all-in debt service savings is $85,483.12.

Source: City CAFR.

Credit Considerations

- Moody's Investors Service currently provides credit ratings for 90 Airports across the Country.
- Moody's rating criteria focuses on Four Key Credit Factors:
  - Market Position
  - Service Offering
  - Capacity and Capital
  - Financial Metrics
- Over the following pages we will review several Key Financial Metrics and show how the Manassas Regional Airport Commission ("MRAC") compares relative to other Airports rated by Moody's as well as a number of Non-Rated Virginia Regional Airports.

Virginia Regional Airport Peers

– Charlottesville	– Norfolk [A3]
– Culpeper	– Richmond [A2]
– Frederick	– Roanoke
– Leesburg	– Shenandoah
– Lynchburg	– Stafford
– Martinsburg	– Warrenton
– Newport News	– Winchester

Source: Moody's Investor Service.

Financial Profile

Historical Financial Profile

	Fiscal Year	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Budget 2015	Recommended Budget 2016
1	Revenues	2,241,754	2,394,750	2,377,149	2,470,585	2,472,010	2,628,060
2	Expenses	1,308,498	1,318,005	1,429,728	1,527,069	1,681,030	1,799,340
3	Net Revenues Available for Debt Service	933,256	1,076,745	947,421	943,516	790,980	828,720
4							
5	Debt Service	505,583	497,722	489,509	481,021	336,001	331,825 (4)
6	Net Revenues After Debt Service	427,673	579,023	457,912	462,495	454,979	496,895
7							
8	Capital Sources	1,207,506	1,842,645	4,653,469	2,169,489	2,067,000	624,000
9	Capital Uses	3,259,588	1,207,913	5,829,937	1,752,348	2,222,000	674,000
10	Net Capital Activity	(2,052,082)	634,732	(1,176,468)	417,141	(155,000)	(50,000)
11							
12	Reconciling Items	892,909	59,713	77,311	(84,209)	4,000	0
13							
14	Change in Cash & Cash Equivalents	(731,500)	1,273,468	(641,245)	795,427	303,979	446,895
15							
16	Beginning Cash & Cash Equivalents	1,565,869	834,369	2,107,837	1,466,592	2,262,019	2,565,998
17	Ending Cash & Cash Equivalents	834,369	2,107,837	1,466,592	2,262,019	2,565,998	3,012,893
18							
19	Days Cash on Hand (1)	168	424	279	411	464	516
20	Cash as % of Expenses (2)	46%	116%	76%	113%	127%	141%
21	Debt Service Coverage (3)	1.85 x	2.16 x	1.94 x	1.96 x	2.35 x	2.50 x

Notes:

(1) Total 'Ending' Fund Balance divided by (Expenses + Debt Service) multiplied by 365 days.

(2) Total 'Ending' Fund Balance divided by (Expenses + Debt Service).

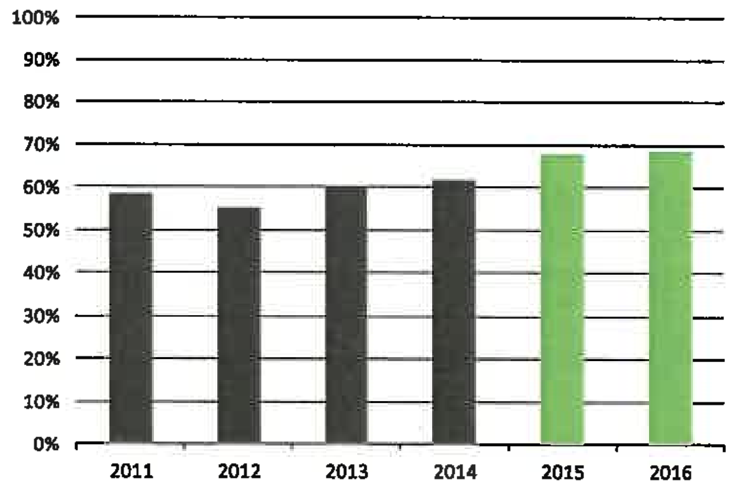
(3) 'Net Revenues Available for Debt Service' divided by 'Debt Service'.

(4) An adjustment has been made to FY 2016 Recommended Budgeted Debt Service to reflect the recent rate reset to the VRA 2004 RF.

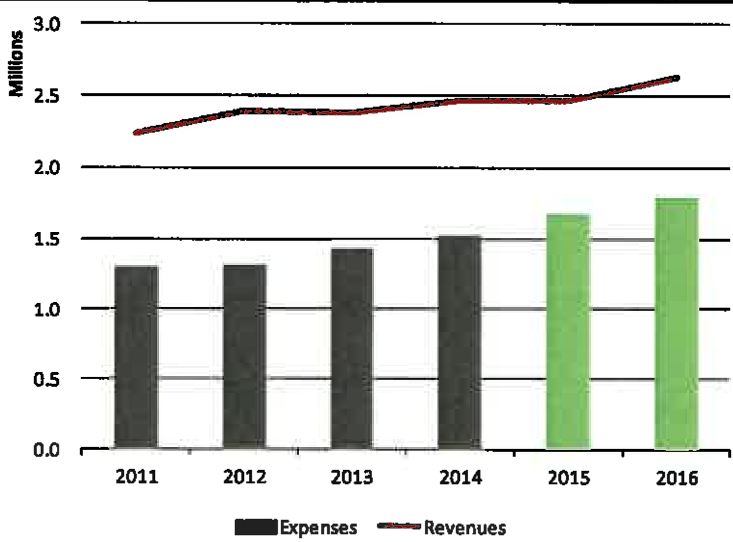
Source: Airport Staff worksheets.

Historical Perspective: Operations

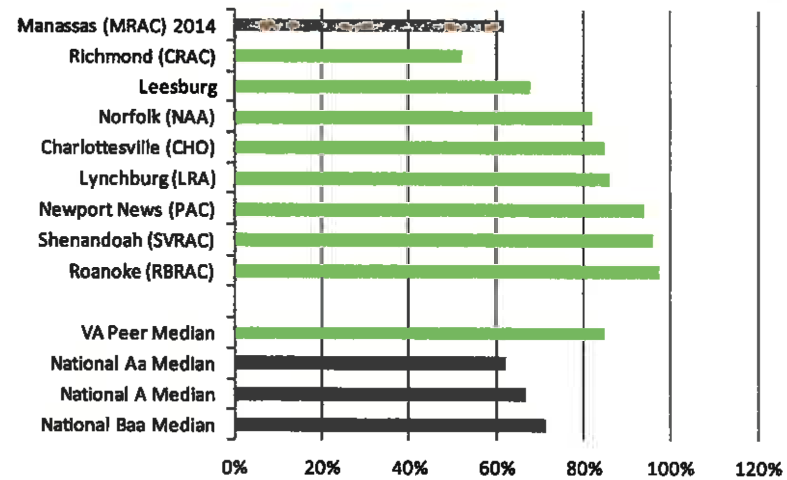
Operating Ratio %



Operations: Revenues vs. Expenses



Peer Comparative – Operating Ratio %



Lower Is Better

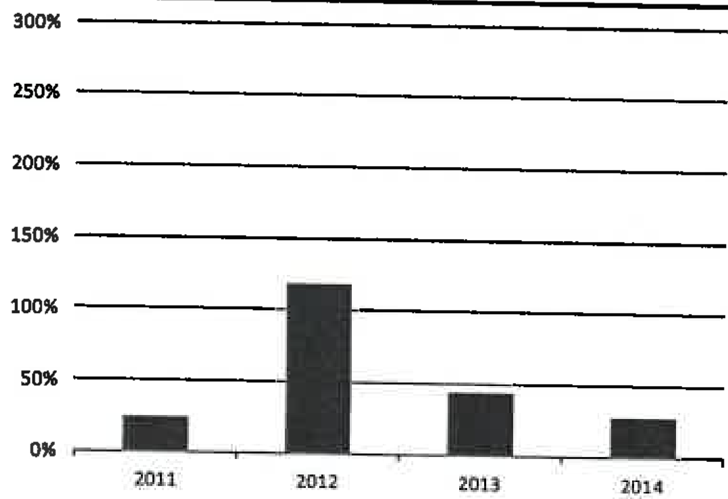
- Definition: Operating Ratio %
  - Operating and maintenance expenses divided by total operating revenues. Operating and maintenance expenses exclude depreciation, amortization, and debt service requirements.
- MRAC 2014 Calculation:
  - Operating Expenses (A): 1,527,069
  - Operating Revenues (B): 2,470,585
  - Operating Ratio (A÷B): 62%

Source: Airport Staff worksheets, FY 2014 Financial Statements, and Moody's Investor Service.

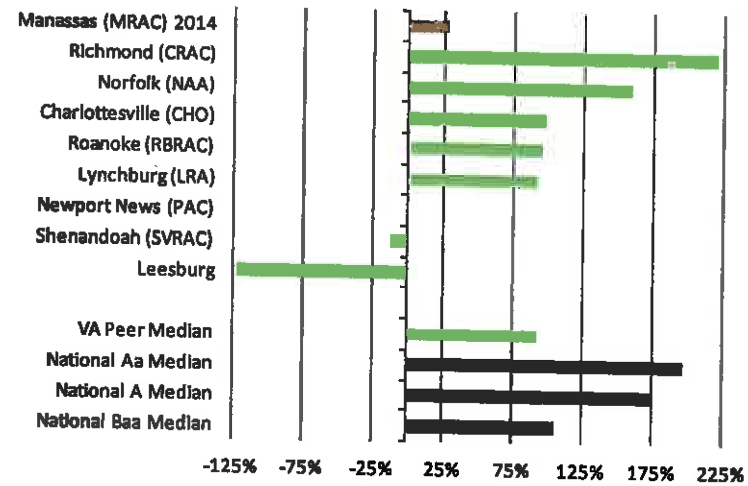
Historical Perspective: Liquidity%

CAPITOL CONVENIENCE

Liquidity %



Peer Comparative – Liquidity %



Higher

Is

Better

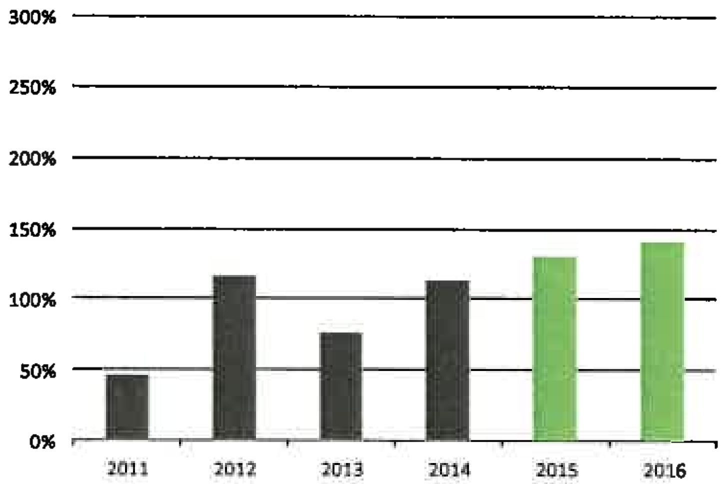
- Definition: Liquidity %
  - Liquidity % is Net Working Capital (Current Assets Less Current Liabilities) divided by Operating & Maintenance Expenses (which excludes depreciation, amortization, and debt service requirements).
- MRAC 2014 Calculation:

– Current Assets (A):	3,358,845
– Current Liabilities (B):	2,928,443
– Net Working Capital (A-B=C):	430,402
– Operating Expenses (D):	1,527,069
– Liquidity Ratio (C÷D):	28%

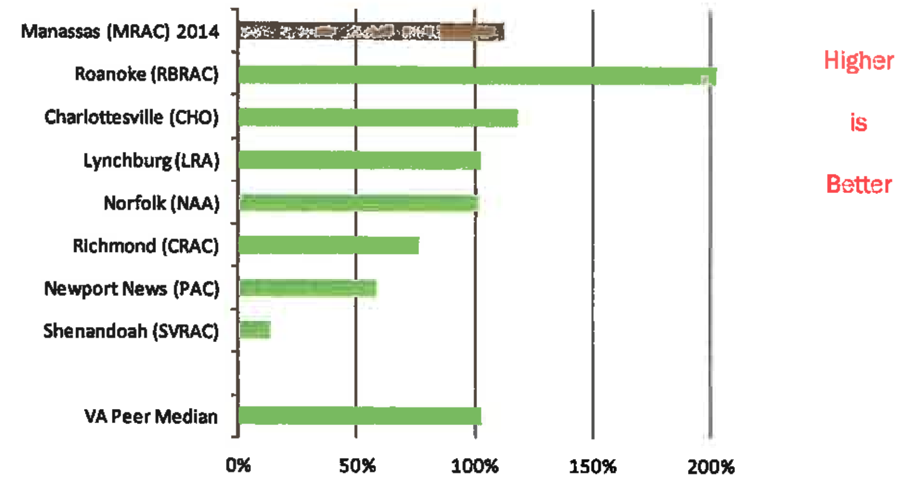
Source: Airport Staff worksheets, FY 2014 Financial Statements, and Moody's Investor Service.

Historical Perspective: Cash as a % of Expenses

Cash as a % of Expenses



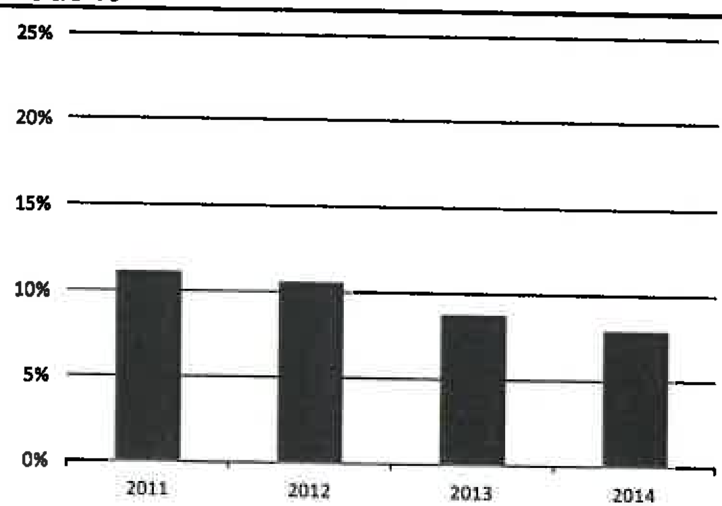
Peer Comparative – Cash as a % of Expenses

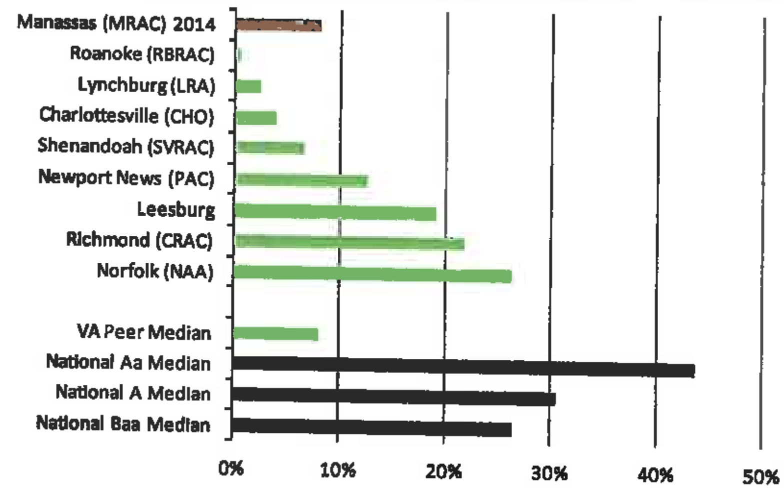


- Definition: Cash as a % of Expenses
  - Cash includes all Unrestricted Cash, Cash Equivalents, and Investments.
  - Expenses are Operating & Maintenance Expenses (which excludes depreciation and amortization) plus debt service requirements.
- MRAC 2014 Calculation:
  - Cash/Cash Equivalents (A): 2,262,019
  - Expenses (B): 2,008,090
  - Cash as a % of Expenses (A/B=C): 113%

Source: Airport Staff worksheets and FY 2014 Financial Statements.

Historical Perspective: Debt Ratio %





Lower

is

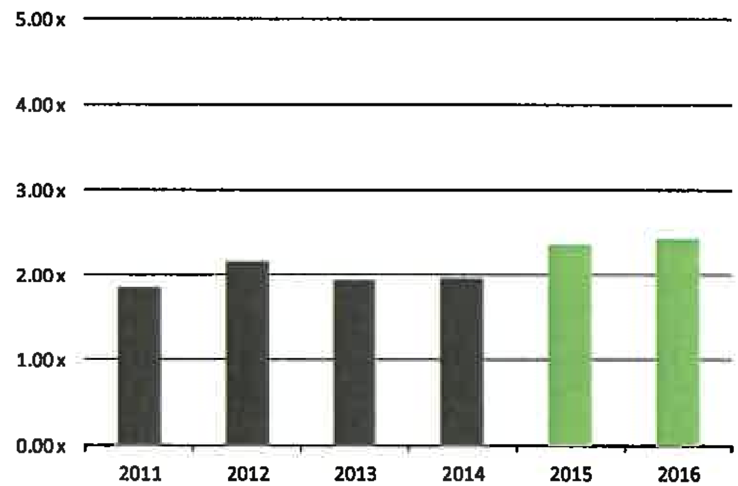
Better

- Definition: Debt Ratio %
  - Net funded debt divided by the sum of net fixed assets, depreciation, Passenger Facility Charge balances, and net working capital. This measures the degree of leverage of the facility.
  - Net funded debt is long-term debt plus accrued interest payable less the balance in both the Debt Service Reserve Fund and Debt Service or Sinking Fund.
- MRAC 2014 Calculation:
  - Net Funded Debt (A): 3,249,379
  - Net Fixed Assets (B): 40,617,771
  - Debt Ratio (A÷B): 8%

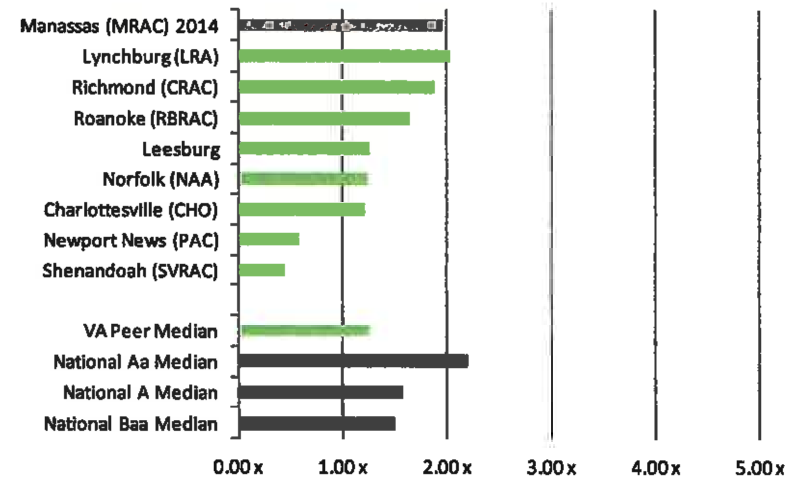
Source: Airport Staff worksheets, FY 2014 Financial Statements, and Moody's Investor Service.

Historical Perspective: Debt Service Coverage

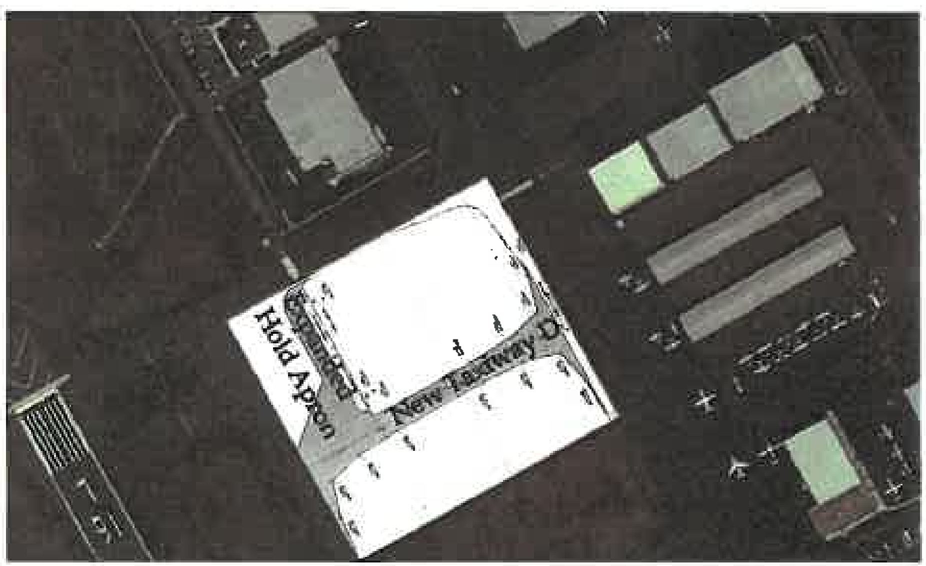
Debt Service Coverage



Peer Comparative – Debt Service Coverage



Higher is Better

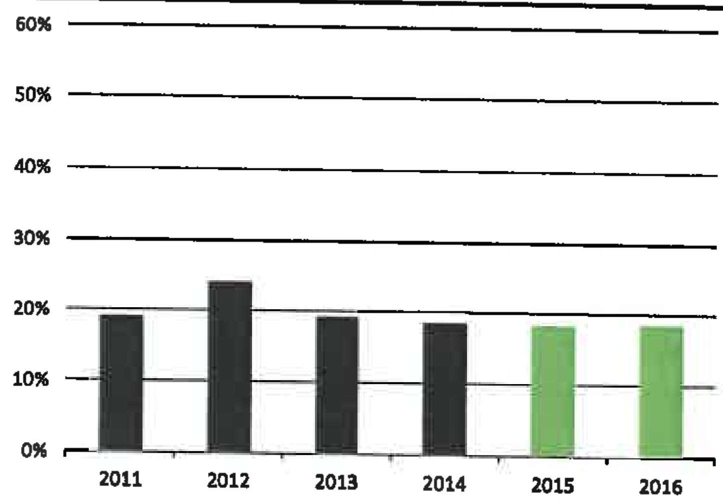


- Definition: Debt Service Coverage
  - Net revenues divided by annual debt service.
- MRAC 2014 Calculation:
  - Net Revenues (A): 943,516
  - Debt Service (B): 481,021
  - Coverage Ratio (A÷B): 1.96 x

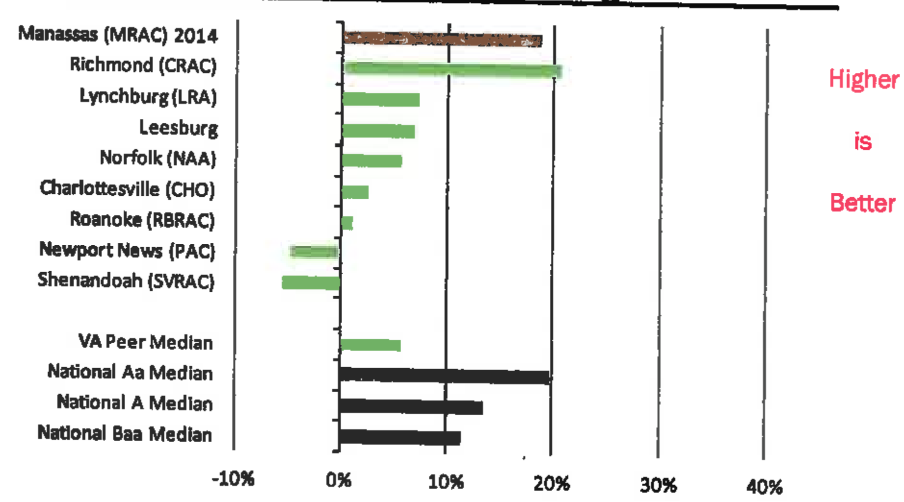
Source: Airport Staff worksheets, FY 2014 Financial Statements, and Moody's Investor Service.

Historical Perspective: Debt Service Safety Margin %

Debt Service Safety Margin %



Peer Comparative – Debt Service Safety Margin %



- Definition: Debt Service Safety Margin %
  - Net revenues less principal and interest requirements for the year divided by gross revenue and income.
- MRAC 2014 Calculation:
  - Net Revenues (A): 943,516
  - Debt Service (B): 481,021
  - Gross Revenue (C): 2,470,585
  - Debt Safety Margin Ratio ([A-B]÷C): 19%

Source: Airport Staff worksheets, FY 2014 Financial Statements, and Moody's Investor Service.

Capital Improvement Program

CAPITOL CONVENIENCE

		Project ID #	Prior Years	2016	2017	2018	2019	2020	Future Years (1)	Total Project
1	**Uses**									
2	Bypass Taxiway Connection Between Runway	A-016							2,200,000	2,200,000
3	Runway 34L Runway Protection Zone Land Acquisition	A-024							200,000	200,000
4	Installation of Approach Lighting System for Runway 34	A-028	450,000	200,000						650,000
5	Air Traffic Control Tower	A-030							6,000,000	6,000,000
6	Upgrade Precision Path Indicators	A-032						40,000		40,000
7	Realignment of Wakeman Drive & Observation Road	A-033							3,850,000	3,850,000
8	Land Acquisition Southwest Side of Airport	A-034							3,000,000	3,000,000
9	North End West Apron Rehab	unknown			300,000	3,000,000				3,300,000
10	Fuel Farm Expansion	A-045							550,000	550,000
11	New Airport Signange	A-049	116,000							116,000
12	Taxiway D Extension (By-Pass)	unknown	1,656,000							1,656,000
13	Master Plan Study	A-059					600,000			600,000
14	Helistop Development	A-060							500,000	500,000
15	Economic Impact Study	A-063					35,000			35,000
16	Mid-field West Apron Rehab	unknown		200,000	2,000,000					2,200,000
17	Environmental Assessment for West Side Development	A-068		274,000						274,000
18	Taxiway A Rehabilitation	A-069					250,000	2,250,000		2,500,000
19	Runway 16R/34L Rehabilitation	A-070					300,000	3,000,000		3,300,000
20	North East Apron Expansion	unknown							1,300,000	1,300,000
21	Replace Terminal Building HV	unknown			192,000					192,000
22										
23	**Total Uses**		**2,222,000**	**674,000**	**2,492,000**	**3,000,000**	**1,185,000**	**5,290,000**	**17,600,000**	**32,463,000**
24										
25	**Sources**									
26	Enterprise Funds / Operations		155,000	50,000	104,000	60,000	30,000	106,000	708,000	1,213,000
27	State		525,000	198,000	318,000	240,000	120,000	421,000	1,397,000	3,219,000
28	Federal		1,542,000	426,000	2,070,000	2,700,000	1,035,000	4,763,000	15,495,000	28,031,000
29	Other									
30	Bond Proceeds									
31										
32	Total Sources		**2,222,000**	**674,000**	**2,492,000**	**3,000,000**	**1,185,000**	**5,290,000**	**17,600,000**	**32,463,000**

Notes:

(1) Future Year activity assumed to be spent equally over FY2021 - 2025.

Source: Airport Staff worksheets.

Historical & Projected Growth Rates

CAPITOL CONVENIENCE

	Fiscal Year	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Budget 2015	Recommended Budget 2016	Avg. Growth 2012 to 2016	Projected 2017 to 2022
1	Revenues								
2	Franchises & Leases	1,457,413	8.7%	0.9%	3.8%	2.0%	3.2%	3.7%	3.0%
3	Hangar Rentals	352,797	1.9%	-2.1%	1.8%	-3.8%	2.8%	0.1%	3.0%
4	Fuel & Security Surcharge	232,866	2.7%	9.9%	3.8%	-8.8%	15.2%	4.6%	3.0%
5	Tie Downs & Other Revenues	198,678	6.3%	-22.8%	10.5%	3.3%	28.7%	5.2%	3.0%
6	Total Operating Revenues	2,241,754	6.8%	-0.7%	3.9%	0.1%	6.3%	3.3%	3.0%
7									
8									
9	Expenses								
10	Wages & Benefits	671,935	-2.8%	6.8%	0.6%	4.5%	0.1%	1.8%	3.0%
11	Services & Supplies	364,157	-1.7%	28.8%	11.3%	25.5%	14.9%	15.8%	5.0%
12	Utilities	90,716	12.9%	-4.2%	12.6%	-1.8%	2.8%	4.5%	5.0%
13	Security	84,175	9.7%	-21.4%	-8.0%	19.7%	5.0%	1.0%	5.0%
14	FAA Tower & Miscellaneous	97,515	15.3%	-10.4%	34.4%	-14.4%	12.2%	7.4%	3.0%
15	Total Operating Expenses	1,308,498	0.7%	8.5%	6.8%	10.1%	7.0%	6.6%	4.0%

Notes:

(1) Franchises and Leases have been combined due to similar growth parameters within their contracts; while Hangar Rentals have been segregated for purposes of this analysis.

(2) Annual and Average Growth numbers are calculated in Total across all sub categories of Revenues and Expenses.

Source: Airport Staff worksheets.

Financing Overview:
City Loan and State Bridge Loan Take-out

City & State Loan Take-out

- The Airport will need to pay-back the State and City a combined total of approximately $1.9 million by August 21, 2016.
  - The loans were originally used for the purchase of property.
- At present, the Airport has approximately $1 million from the sale of the Redoubt Road property which is available to be used to pay-down these existing loans.
- However, the FAA requires an Environmental Assessment (expected to take 18 to 24 months) prior to the Airport being able to utilize those moneys.

Key Assumptions: State Loan Take-out

- Borrowing Assumptions

– New Bond Par Amount	$2,000,000
– Amount to Pay-off Existing Loans	$1,900,000
– Estimated Costs of Issuance	$100,000
– Funding Date	6/1/2016
– 1st Interest Payment	12/1/2016
– 1st Principal Payment	6/1/2019
– Final Maturity	6/1/2031
– Planning Interest Rate	5.00%

- Debt Service Structure Assumptions
  - Interest only first 2 Years.
  - Utilize $1 million in FY 2018 to reduce loan amount.
  - Amortize remaining $1 million over 13 Years (FY 2019-2031) with a level payment structure.

Pro Forma Results

	Fiscal Year	Recommended Budget 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
1	Revenues	2,628,060	2,706,902	2,788,109	2,871,752	2,957,905	3,046,642	3,138,041
2	Expenses	1,799,340	1,872,029	1,947,835	2,026,896	2,109,361	2,195,383	2,285,122
3	Net Revenues Available for Debt Service	828,720	834,873	840,274	844,856	848,544	851,259	852,919
4								
5	Existing Debt Service	331,825	307,968	307,623	309,273	305,873	307,204	307,985
6	Proposed Debt Service	0	100,000	100,000	106,456	106,456	106,456	106,456
7	Total Debt Service	331,825	407,968	407,623	415,729	412,329	413,660	414,441
8								
9	Net Revenues After Debt Service	496,895	426,905	432,651	429,127	436,215	437,599	438,478
10								
11	Capital Sources	624,000	2,388,000	2,940,000	1,155,000	5,184,000	3,378,400	3,378,400
12	Capital Uses	674,000	2,492,000	3,000,000	1,185,000	5,290,000	3,520,000	3,520,000
13	Net Capital Activity	(50,000)	(104,000)	(60,000)	(30,000)	(106,000)	(141,600)	(141,600)
14								
15	New Bonds Issued	2,000,000	0	0	0	0	0	0
16	Retirement of Existing Loans/Debt	(2,000,000)	0	(1,000,000)	0	0	0	0
17	Net Financing Activity	0	0	(1,000,000)	0	0	0	0
18								
19	Reconciling Items	0	0	0	0	0	0	0
20								
21	Change in Cash & Cash Equivalents	446,895	322,905	(627,349)	399,127	330,215	295,999	296,878
22								
23	Beginning Cash & Cash Equivalents	2,565,998	3,012,893	3,335,798	2,708,449	3,107,576	3,437,791	3,733,790
24	Ending Cash & Cash Equivalents	3,012,893	3,335,798	2,708,449	3,107,576	3,437,791	3,733,790	4,030,668
25								
26	Days Cash on Hand [1]	516	534	420	464	498	522	545
27	Cash as % of Expenses [2]	141%	146%	115%	127%	136%	143%	149%
28	Debt Service Coverage [3]	2.50 x	2.05 x	2.06 x	2.03 x	2.06 x	2.06 x	2.06 x

Notes:

(1) Total 'Ending' Fund Balance divided by (Expenses + Debt Service) multiplied by 365 days.

(2) Total 'Ending' Fund Balance divided by (Expenses + Debt Service).

(3) 'Net Revenues Available for Debt Service' divided by 'Debt Service'.

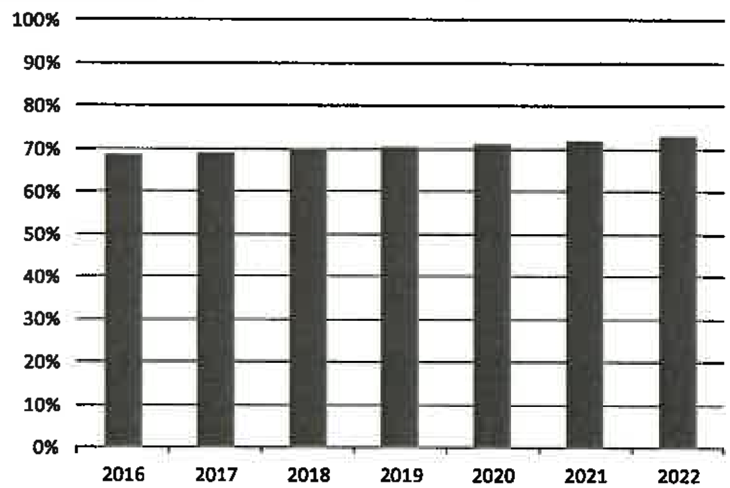
(4) Debt Service for Projected years excludes the Inter Fund Loan(s). Need more details. To be discussed.

Source: Airport Staff worksheets for FY2016.

Key Ratios

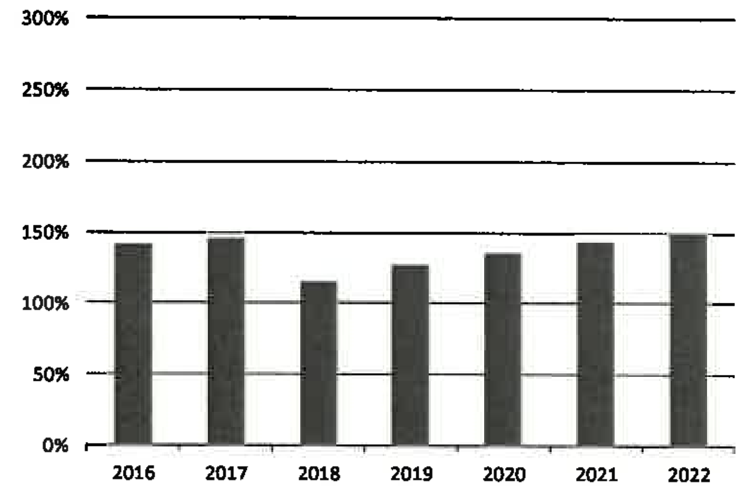
CAPITOL CONVENIENCE

Operating Ratio %



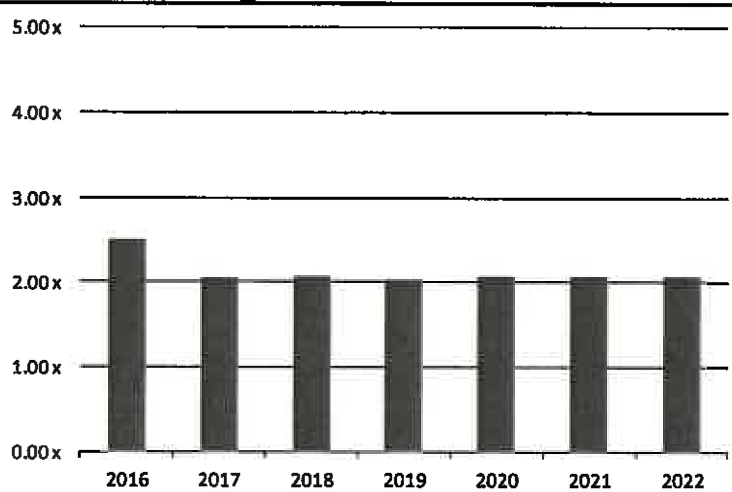
Lower is Better

Cash as % of Expenses



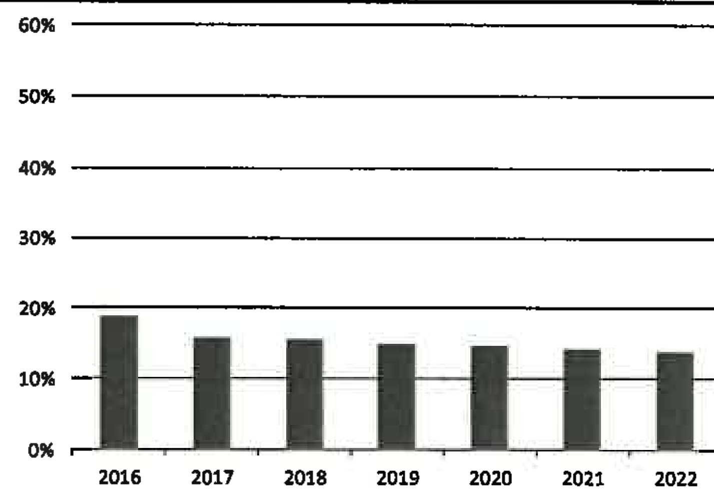
Higher is Better

Debt Service Coverage



Higher is Better

Debt Service Safety Margin %



Higher is Better

Potential Capital Funding Capacity

Relative to Key Ratios: Including State Loan Take-out

CAPITOL CONVENIENCE

Debt and Cash Capital Capacity Over 5-Year Period (2016-2020)

		Cash as % of Expenses				
		100%	125%	150%	175%	200%
Debt Service Coverage	1.00 x	4,672,005	1,815,732	n/a	n/a	n/a
	1.25 x	3,654,102	1,815,732	n/a	n/a	n/a
	1.50 x	2,580,326	1,815,732	n/a	n/a	n/a
	1.75 x	1,815,732	1,141,974	n/a	n/a	n/a
	2.00 x	1,238,171	582,913	n/a	n/a	n/a

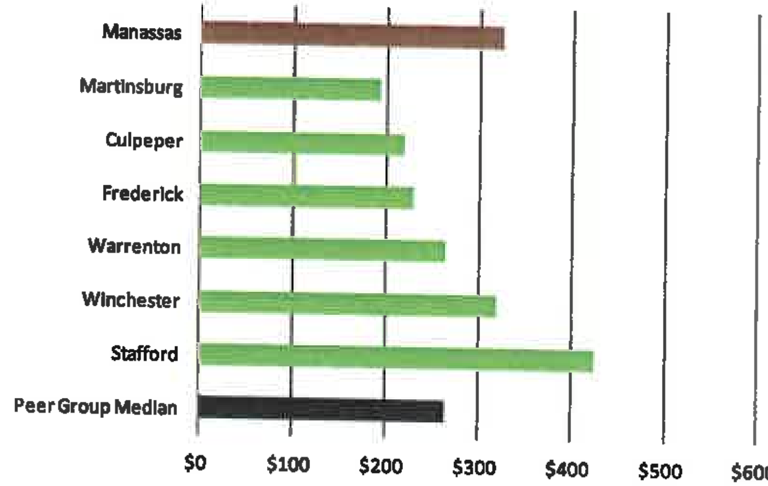
- Above analysis assumes MRAC utilizes a combination of debt and cash reserves to fund additional capital projects while still meeting key financial benchmarks.
- Debt is assumed to be issued at 5% with a 20-Year level payment structure.

Peer Comparison: Rates & Charges

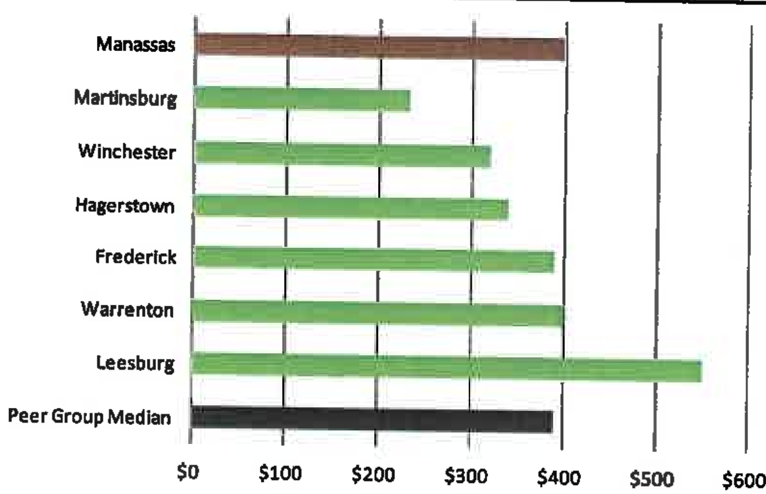
Peer Comparison:
Rates & Charges

Tie-Down Rental Rates (Monthly)

40' Hangar Rental Rates (Monthly)



42' Hangar Rental Rates (Monthly)



48' Hangar Rental Rates (Monthly)

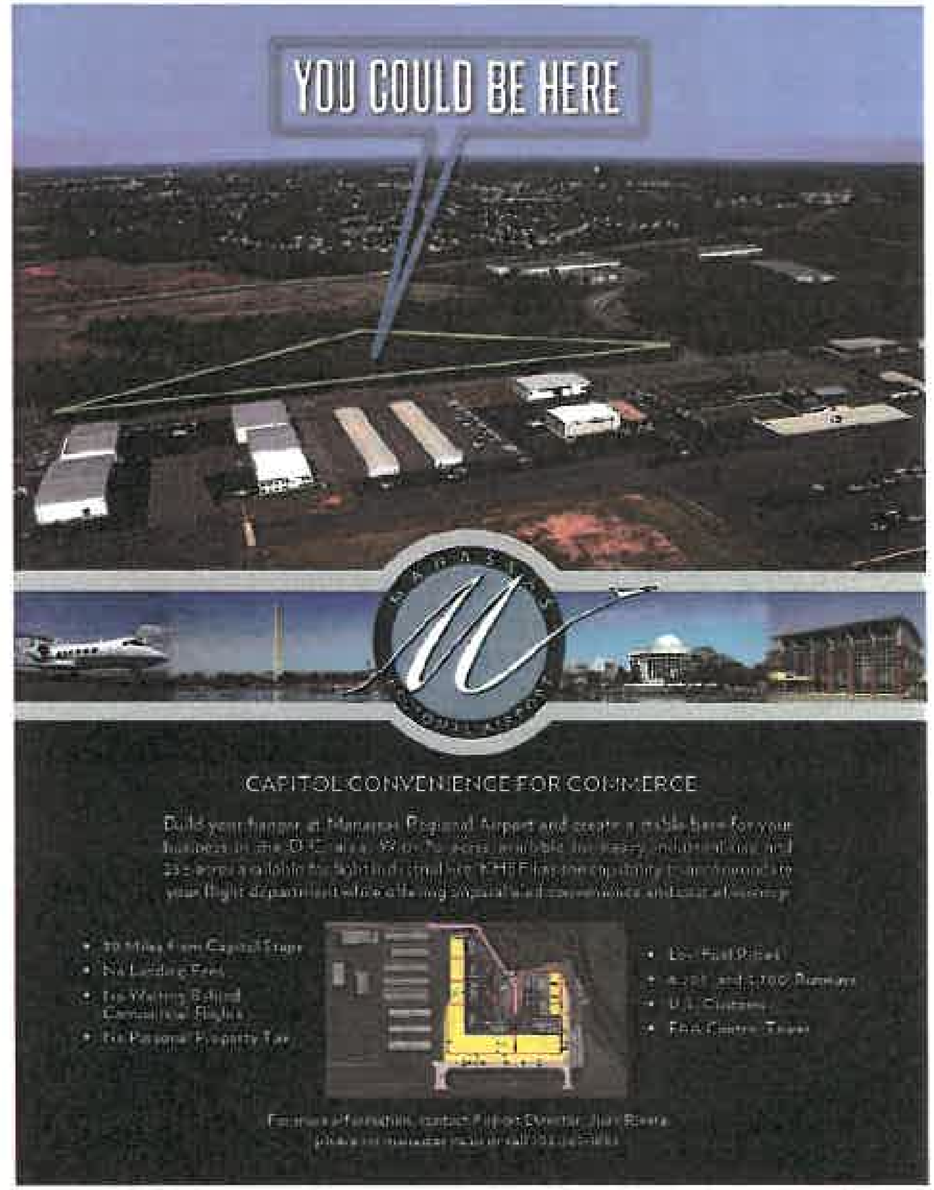
Observations / Next Steps

Observations

- Since 2011, MRAC's financial performance has produced a healthy increase in cash balances and allowed the funding of capital projects from operating surplus and reserves.
- MRAC's key financial ratios are in line with State and National peer airports.
- MRAC has a low debt burden and strong debt service coverage.
- The Airport's projected CIP is predominately funded from State and Federal sources.
- Assuming revenue growth of 3% over the next five years, MRAC has between $0.5 million and $4.6 million of capacity to fund additional capital projects depending upon how it manages itself relative to Key Financial Benchmarks.
- The Airport's Tie-Down and Hangar Rental Rates are in line with Regional peer airports.

Next Steps

- Update/Refine financial pro forma based on feedback from Airport Staff and Commission Members.
- Identify additional key capital projects.
- Consider adoption of financial performance benchmarks.
- Revisit/Update financial pro forma on a regular basis to monitor financial performance and peer comparatives.



Appendix A

Existing Debt Details

Existing Debt Details

CAPITOL CONVENIENCE

Total Airport Debt

FY	Principal	Interest	Total
Total	2,946,018	549,972	3,495,990
2015	185,762	130,639	316,401
2016	230,324	81,901	312,225
2017	243,945	64,022	307,968
2018	251,326	56,297	307,623
2019	258,775	50,498	309,273
2020	261,293	44,580	305,873
2021	268,882	38,322	307,204
2022	276,545	31,441	307,985
2023	284,283	24,025	308,307
2024	279,883	16,022	295,905
2025	200,000	9,150	209,150
2026	205,000	3,075	208,075

Note: Existing Debt Service excludes the loan from the City and bridge loan from the State.

Series 2004 VRA RF

FY	Coupon	Principal	Interest	Total
Total		876,018	149,821	1,025,839
2015		70,762	42,194	112,956
2016		80,324	24,381	104,705
2017		83,945	19,226	103,172
2018		86,326	16,845	103,172
2019		88,775	14,397	103,172
2020		91,293	11,879	103,172
2021		93,882	9,290	103,172
2022		96,545	6,627	103,172
2023		99,283	3,889	103,172
2024		84,883	1,093	85,976
2025				-
2026				-

Note: Numbers in the dotted box above reflect the Rate Reset.

Source: City CAFR.

Existing Debt Details

Series 2005 C - Unrefunded

FY	Coupon	Principal	Interest	Total
Total		370,000	72,608	442,608
2015		115,000	58,445	173,445
2016		125,000	10,588	135,588
2017		130,000	3,575	133,575
2018				-
2019				-
2020				-
2021				-
2022				-
2023				-
2024				-
2025				-
2026				-

Series 2014 D (Refunded part of 2005 C's)

FY	Coupon	Principal	Interest	Total
Total		1,700,000	327,543	2,027,543
2015			30,000	30,000
2016		25,000	46,933	71,933
2017		30,000	41,221	71,221
2018		165,000	39,451	204,451
2019		170,000	36,101	206,101
2020		170,000	32,701	202,701
2021		175,000	29,033	204,033
2022		180,000	24,814	204,814
2023		185,000	20,136	205,136
2024		195,000	14,929	209,929
2025		200,000	9,150	209,150
2026		205,000	3,075	208,075

Note: FY 2015 reflects equity contribution to 2014D refunding. Net Savings in FY 2015 was $11,257.

Source: City CAFR and Closing Memo for 2014C&D Refundings.

Appendix B

New Loan Structure Comparison

New Loan Structure Comparison

Two Years Interest Only vs. Level Payment Structure

CAPITOL CONVENIENCE

- New Loan Assumptions:
  - New Bond Par Amount $2,000,000
  - Term 15 Years
  - Planning Interest Rate 5.00%
- Note: Each scenario below assumes that the Airport will use $1 million in FY 2018 to pay down a portion of the new loan.

Fiscal Year	Scenario 1: 15 Year Level Payment Principal	Interest	Total	Balance [1]	Estimated Debt Service Coverage	Scenario 2: Two Years Interest Only Principal	Interest	Total	Balance [1]	Estimated Debt Service Coverage	Difference In Total Debt Service
2016				$ 2,000,000					$ 2,000,000		
2017	$ 92,685	$ 100,000	$ 192,685	$ 1,907,315	1.67 x	$ -	$ 100,000	$ 100,000	$ 2,000,000	2.05 x	$ (92,685)
2018	97,319	95,366	192,685	809,997	1.68 x	-	100,000	100,000	1,000,000	2.06 x	(92,685)
2019	45,729	40,500	86,229	764,268	2.14 x	56,456	50,000	106,456	943,544	2.03 x	20,227
2020	48,015	38,213	86,229	716,252	2.16 x	59,279	47,177	106,456	884,266	2.06 x	20,227
2021	50,416	35,813	86,229	665,836	2.16 x	62,242	44,213	106,456	822,023	2.06 x	20,227
2022	52,937	33,292	86,229	612,899	2.16 x	65,355	41,101	106,456	756,669	2.06 x	20,227
2023	55,584	30,645	86,229	557,315	2.16 x	68,622	37,833	106,456	688,046	2.06 x	20,227
2024	58,363	27,866	86,229	498,952	2.23 x	72,053	34,402	106,456	615,993	2.12 x	20,227
2025	61,281	24,948	86,229	437,671	2.88 x	75,656	30,800	106,456	540,337	2.70 x	20,227
2026	64,345	21,884	86,229	373,326	2.88 x	79,439	27,017	106,456	460,898	2.69 x	20,227
2027	67,563	18,666	86,229	305,763	9.77 x	83,411	23,045	106,456	377,487	7.91 x	20,227
2028	70,941	15,288	86,229	234,822	9.69 x	87,581	18,874	106,456	289,905	7.85 x	20,227
2029	74,488	11,741	86,229	160,335	9.59 x	91,960	14,495	106,456	197,945	7.77 x	20,227
2030	78,212	8,017	86,229	82,123	9.47 x	96,559	9,897	106,456	101,386	7.67 x	20,227
2031	82,123	4,106	86,229	-	9.32 x	101,386	5,069	106,456	0	7.55 x	20,227
Totals	$ 1,000,000	$ 506,344	$ 1,506,344			$ 1,000,000	$ 583,925	$ 1,583,925			$ 77,581

Note: Scenario 2 is the basis for our pro forma shown in this analysis.

[1] Utilize $1,000,000 in FY 2018 from sale of Redoubt Road Property to reduce loan amount.

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AGENDA STATEMENT

PAGE NO. ______

ITEM NO. ______

MEETING DATE: October 14, 2015 – Finance Committee

TIME ESTIMATE: 15 Minutes

AGENDA ITEM TITLE: Consideration of a New Joint Budget Agreement Between the City of Manassas and the Manassas City Public Schools Based on Recommendations from the Joint Finance Committee

DATE THIS ITEM WAS LAST CONSIDERED BY COUNCIL: October 7, 2015 – Joint Finance Committee

SUMMARY OF ISSUE/TOPIC: The City of Manassas and the Manassas City Public Schools have been discussing the terms of a new Joint Budget Agreement.

STAFF RECOMMENDATION: Approve Agreement

BOARD/COMMISSION/ COMMITTEE:

RECOMMENDATION: ____ **Approve** ____ **Disapprove** ____ **Reviewed** ____ **See Comments**

CITY MANAGER: ____ **Approve** ____ **Disapprove** ____ **Reviewed** ____ **See Comments**

COMMENTS:

DISCUSSION (IF NECESSARY): **AGREEMENT WILL BE DISTRIBUTED AT THE MEETING**

BUDGET/FISCAL IMPACT:

STAFF: Paul York, Finance & Administration Director, (703) 257-8234

If Council Members have questions, you are urged to call the staff person who prepared this agenda statement prior to meeting.