

FY23-FY27 Financial Forecast and Capital Planning Model

February 10, 2022



FY23-FY27 Financial Forecast and Capital Planning

- Focus on major funds – General Fund, HTAX, Local ATAX, Parking
 - Other major funds have self-driven CIP (Sewer, Stormwater)
- Basic Assumptions – All funds
 - No significant changes to taxes, fees, charges, etc.
 - Proposed Solid Waste Fee increase - \$1 in FY23, \$0.50 FY24, \$0.50 FY25
 - Salary/wage growth at 4.5% annually
 - Average since FY18 = 4.7%
 - Pensions – PEBA has no rate increases built past FY23, but model assumes 5% annual growth in contributions to account for growth
 - Average growth since FY18 = 10.1%
 - Fire Pension has no additional programmed rate increases, model assumes 5% annual contribution growth
 - Average growth since FY18 = 7.6%

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- **Basic Assumptions – All funds continued**
 - **Health Insurance increases 4% annually**
 - **Average growth since FY18 = 4.6%**
 - **Fuel increases 7.5% annually**
 - **Average growth since FY18 = 6.3%**
 - **Risk Charges increase 5% annually**
 - **Average growth since FY18 = 4.5%**
 - **Operations & Maintenance expenses increase 2%-3% annually**
 - **Average growth since FY18 – 0.3%**

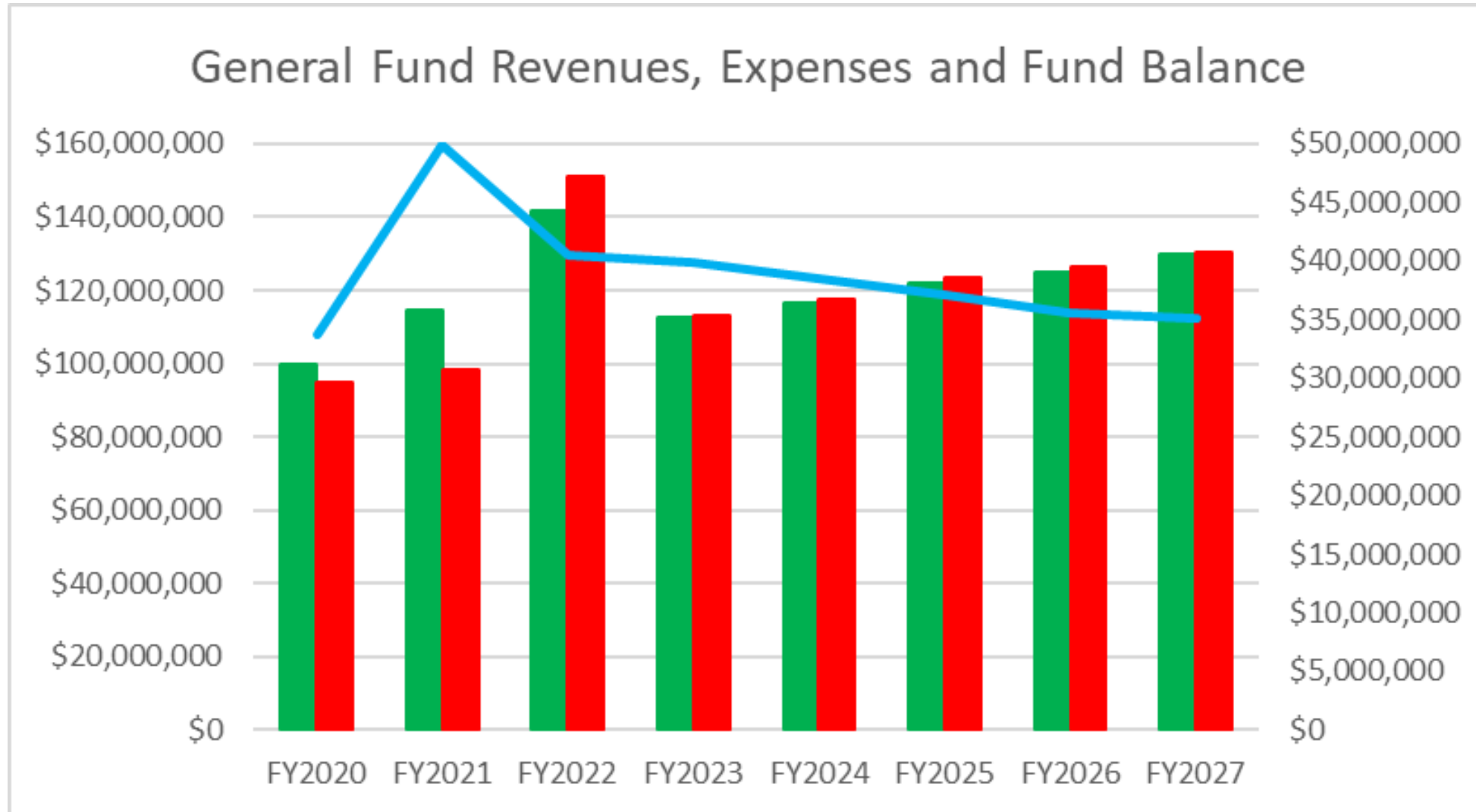
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- **General Fund – Revenue Assumptions**
 - **Property Tax growth rate 4.5%**
 - **Average growth since FY18 = 6.2%**
 - **Business License growth rate 2%-3%**
 - **Average growth since FY18 = 3.75%**
 - **Insurance Tax growth rate 4%**
 - **Average growth since FY18 = 10.3%**
 - **Permit growth rate 3.2%**
 - **Average growth since FY18 = 11.7%**
 - **All other GF revenue growth 4%**
 - **Average growth since FY18 = 9.1%**
 - **Estimate does not include ~\$9m ARPA 2nd tranche**

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- **General Fund – Expense Assumptions**
 - **Addition of 10 FTE in FY23 (mostly Parks & Rec), 2 per year thereafter**
 - **New Debt Service – NIB and Fluor Purchase – first payments in FY23; one Capital Lease in FY25 (Fire apparatus)**
 - **CIP – adjusted to reflect Council priority areas – average \$12.5m annually**
 - **Transfer out to Solid Waste fund held at current level, offset with recommended Solid Waste Fee increase**
 - **Capital Outlay averages \$3.8m per year to keep up with vehicle and equipment replacements**

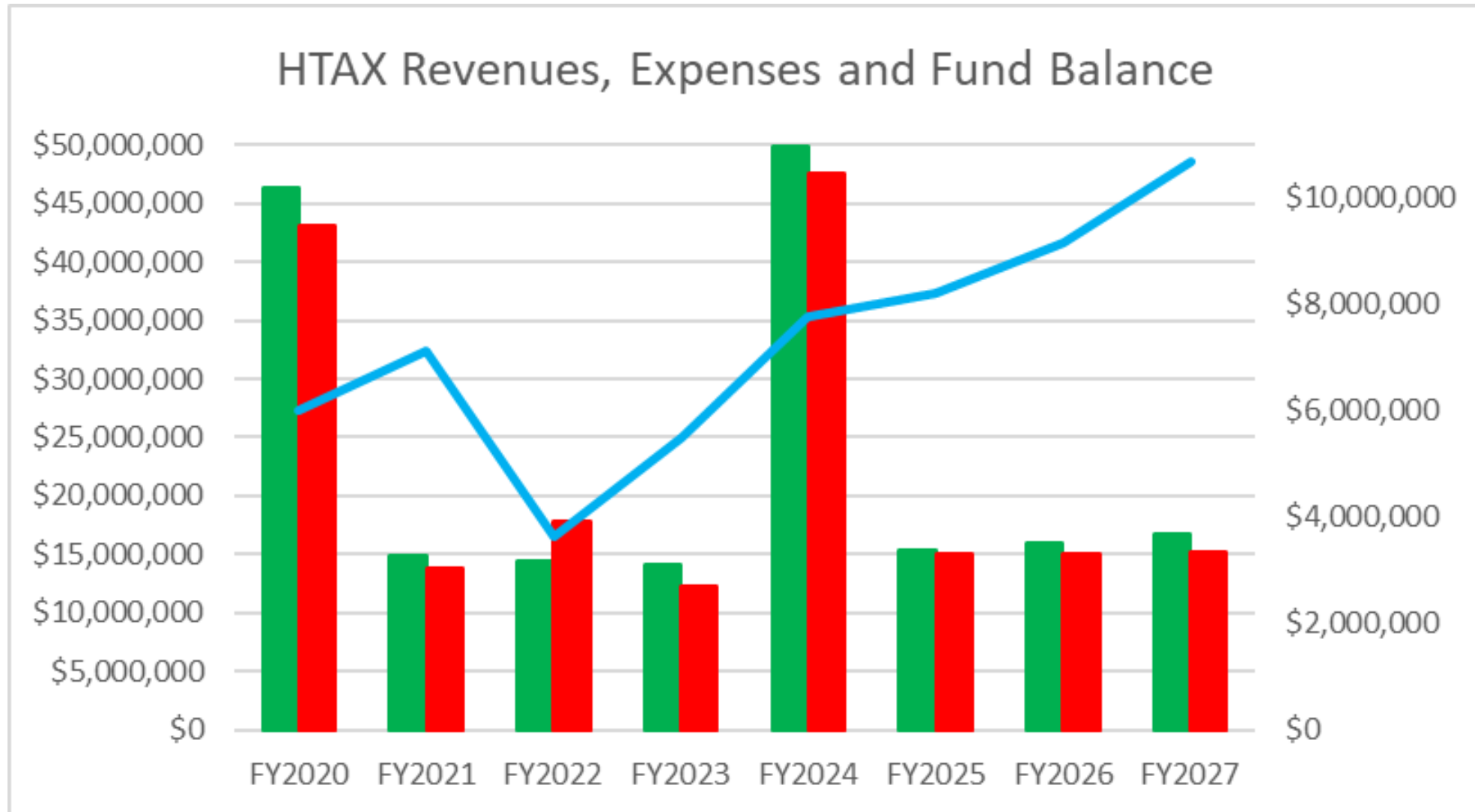
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- **Hospitality Tax Fund**
 - Revenues grow at 4%-5% annually
 - Pre-COVID growth rate was 5.7% annually
 - Expenses
 - Includes planned \$35 million debt issuance for Downtown Conference Center
 - Minimal adopted CIP - \$1.45m annually
 - Assumes continued GCC operating subsidy at current levels plus
 - Assumes gradually declining zoo subsidy
 - General Fund operating subsidy increases 4% annually

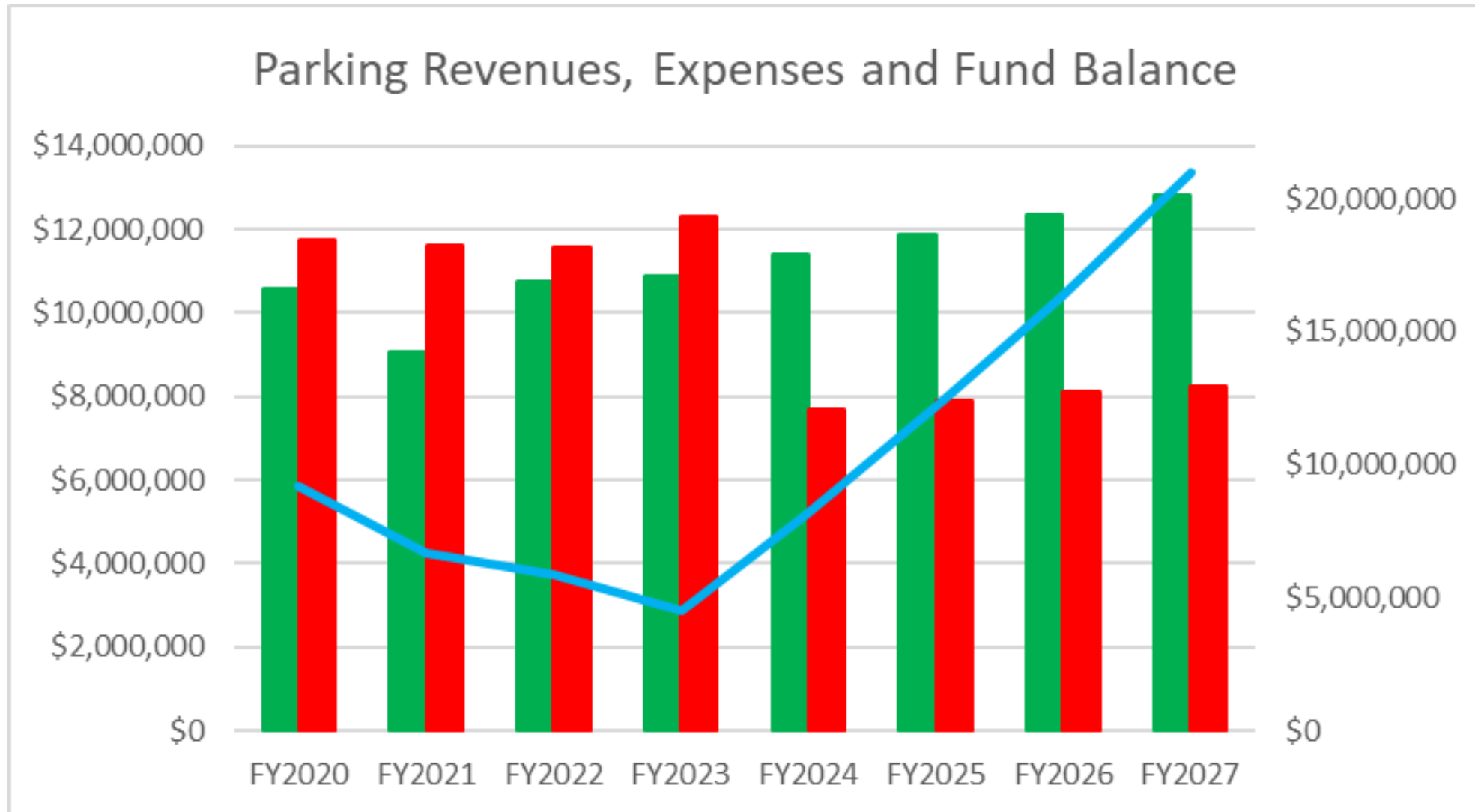
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- **Parking Fund**
 - **Revenues – no significant fee adjustments, slow and steady overall system growth**
 - **Expenses**
 - **No additional planned debt**
 - **Minimal adopted CIP - \$1.25m annually**
 - **Debt service declines significantly beginning in FY24**
 - **General Fund operating subsidy increases 5% annually**

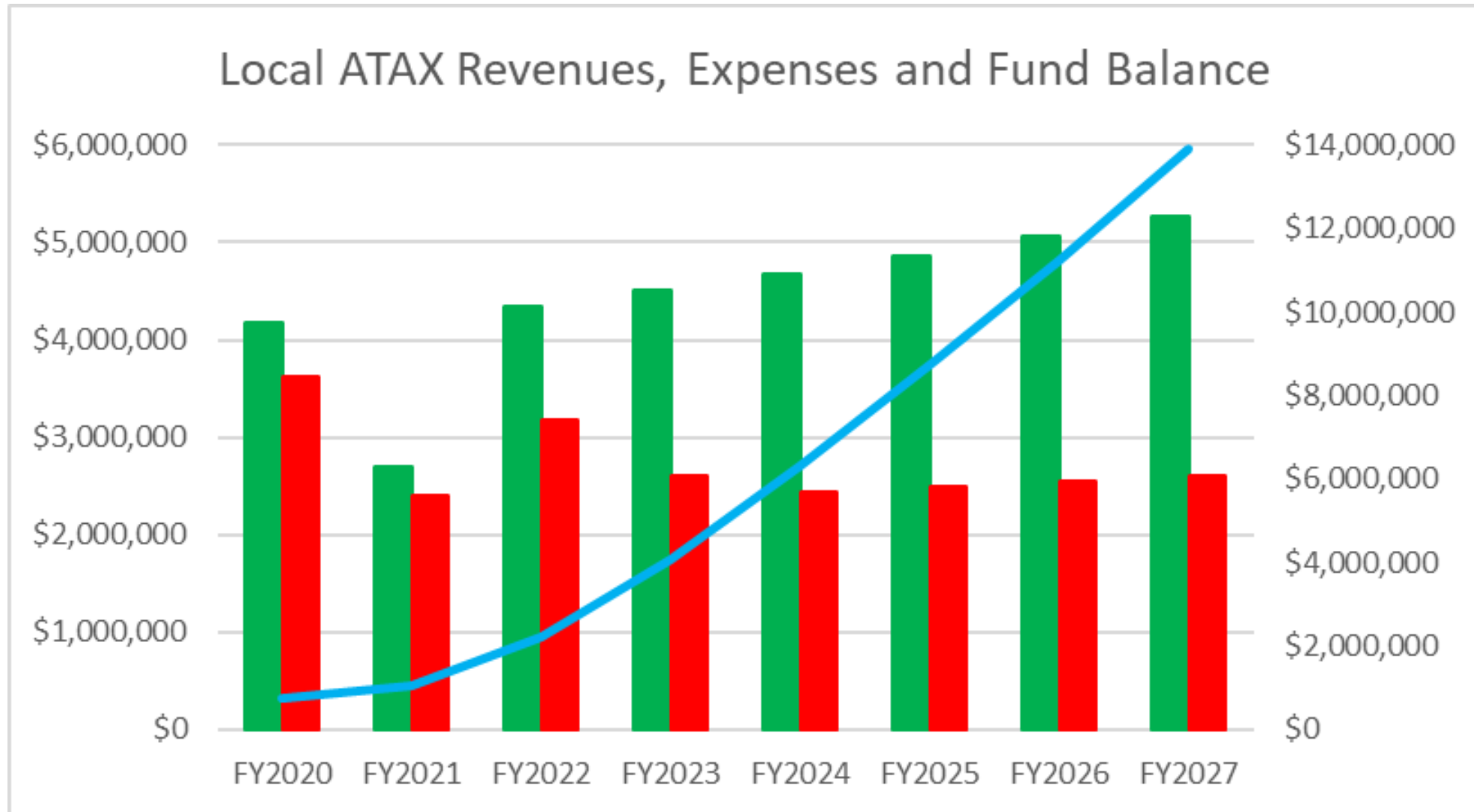
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- **Local ATax Fund**
 - Revenues – 4% annual growth
 - Pre-COVID growth rate was 6.8% annually
 - Expenses
 - Arena debt service ends in FY27
 - Continues revenue share (0.7% of 3%) with VisitGreenvilleSC
 - Arena operating agreement expires at the end of FY23 – what next?
 - Maintains \$75k annual transfer for Arts in Public Places
 - No additional CIP investments in Convention Center
 - General Fund transfer grows commiserate with revenues

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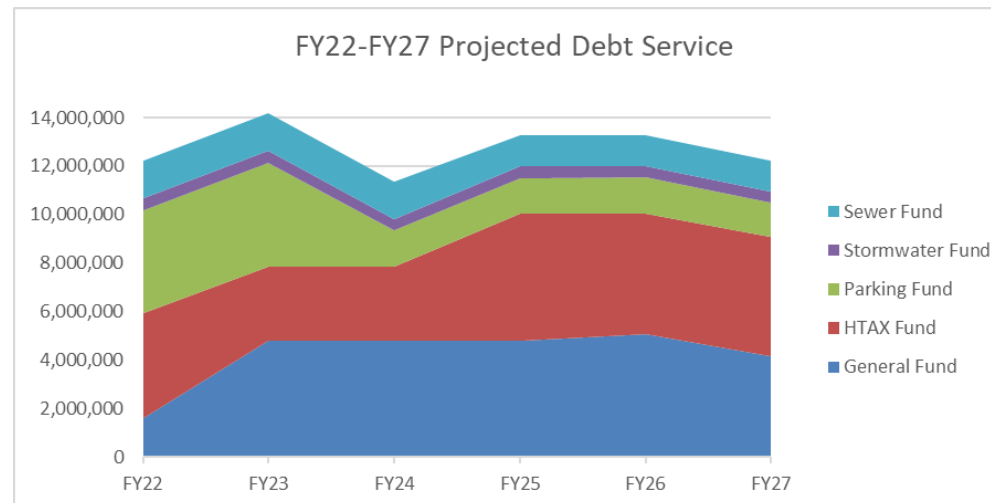


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- **TIF/ED Fund**
 - **Current available balance - \$5,338,291**
 - **Programmed deposits of \$1.5 million annually from General Fund**
 - **TIFs have all officially expired and been absorbed by General Fund**

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- **Future Risks**
 - **Strong economic headwinds – inflation, market bubbles (housing, stocks, vehicles)**
 - **Potential for State property tax reform, additional adjustment to PEBA contributions**
 - **Forecast and CIP plans include a moderate increase in debt – important to maintain sustained growth to keep up with operating and debt service requirements**



Discussion

