

Summary of the Fiscal Impact of Each RHE Fireside Apartments Funding Option Included in the September 24, 2012 Agenda

	Option 1 FY 2013 Operating Budget	Option 2 FY 2013 CIP Projects Budget	Option 3 Introducing Debt into the Capital Program	Option 4 Utilizing the City's Debt Service Fund	Option 5 FY 2013 General Fund Reserves
Effect on FY 2013 City Services and Programs	One-time \$1.5 million reduction of programs and services in FY13	One-time \$1.5 million reduction of CIP projects in FY13	No effect	No effect	No effect
General Fund					
Revenues	Increase due to RHE interest and principal payments starting in FY14	No effect	No effect	No effect	Increase due to RHE interest and principal payments starting in FY14
Expenditures	1. \$1.5 million reduction in operating expenditures in FY13 2. \$1.5 million loan to RHE from the General Fund in FY13	1. \$1.5 million reduction in transfer to CIP in FY13 2. \$1.5 million loan to RHE from the General Fund in FY13	1. \$1.5 million reduction in transfer to CIP in FY13 2. \$1.5 million loan to RHE from the General Fund in FY13	1. \$1.5 million reduction in transfer to Debt Service Fund in FY13 2. \$1.5 million loan to RHE from the General Fund in FY13	\$1.5 million loan to RHE from the General Fund in FY13
Fund Balance	The fund balance would increase by the principal and interest payments due from RHE	No effect	No effect	No effect	The fund balance would decrease by \$1.5 million, which would be minimally offset by the increase from the principal and interest payments due from RHE
Capital Projects Fund	No effect	1. Reduction of the General Fund transfer in FY13 by \$1.5 million 2. Increase in revenues due to RHE interest and principal payments starting in FY14	1. Reduction of the General Fund transfer in FY13 by \$1.5 million 2. \$1.5 million in new City debt ³	No effect	No effect
Debt Service Fund	No effect	No effect	1. Additional interest and principal payments on the new debt 2. Reduction in cash balance of the fund due to the new interest and principal payments 3. Increase in revenues due to RHE interest and principal payments starting in FY14	1. \$1.5 million reduction in General Fund transfer to Debt Service Fund 2. Reduction of \$1.5 million in cash balance of the fund 3. Increase in revenues due to RHE interest and principal payments starting in FY14	No effect
Financial Management Policies					
Restricted Minimum Fund Balance Reserve ¹ (page 2-10)	No effect	No effect	Debt Service Fund cash balance below policy	Debt Service Fund cash balance below policy	No effect
Protection and maintenance of the City's AAA/Aaa bond rating and maintenance of adequate debt service reserves (page 2-10)	No effect	No effect	Debt Service Fund cash balance below policy, potential bond rating implications	Debt Service Fund cash balance below policy, potential bond rating implications	Potential bond rating implications
Unassigned Minimum Fund Balance Reserve of 15% or greater (page 2-9)	No effect	No effect	No effect	No effect	General Fund reserve level is below the 15% policy
Debt Ratios					
Debt per Assessed Valuation (1% target)	No effect	No effect	The ratios are in compliance with targets	The ratios are in compliance with targets	No effect
Debt per Capita (\$1,200 target) ²	No effect	No effect	Increase in ratios, with the FY13 ratio exceeding the \$1,200 target by a small amount	Increase in ratios, with the FY13 ratio exceeding the \$1,200 target by a small amount	No effect
Debt per Capital as % of per Capita Income (2.5% target)	No effect	No effect	The ratios are in compliance with targets	The ratios are in compliance with targets	No effect
Debt Service as % of Operating Budget (15% target)	No effect	No effect	The ratios are in compliance with targets	The ratios are in compliance with targets	No effect

¹Policy states the City must maintain a minimum fund balance in the Debt Service Fund equal to the average annual outstanding principal on the City's debt service schedule.

²The per capita dollar limit is adjusted annually in accordance with the change in the Consumer Price Index for All Urban Consumers (CPI-U).

³The \$1.5 million in new CIP debt can be issued anytime over the CIP five year period (FY 2013 - FY 2017).