



South Whidbey Parks & Recreation District

Bond Financing Information

March 15, 2023 6:00 PM

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ASSUMPTIONS

- In the preparation of this information we based the information provided on the following:
 - Our general underwriting experience with Washington State Parks & Recreation Districts and Metropolitan Park Districts
 - Factual information relevant to South Whidbey Parks & Recreation District debt issuance profile

TYPES OF BONDS



■ Non-Voted Bonds

- ❑ Legal Debt Limit is 0.375% of Assessed Value.
- ❑ Paid from the Current Expense Fund.

■ Voted Bonds

- ❑ Legal Debt Limit is 1.25% of Assessed Value.
- ❑ Requires voter approval of **60% or more**.
- ❑ Validation of at least 40% from the previous year's November election.



ESTIMATED DEBT CAPACITY

As of March 9, 2023

2023 Regular Assessed Valuation ("AV") **\$7,224,789,330**

NON-VOTED DEBT CAPACITY CALCULATION

(Non-voted) Limited Tax General Obligation Debt Capacity (3/8th of 1% of AV)	\$27,092,960
Less: Outstanding Limited Tax General Obligation Debt/Lease (1)	\$0
Less: future Non-voted Bond (1)	\$0
Remaining Non-Voted General Obligation Debt Capacity	\$27,092,960

VOTED DEBT CAPACITY CALCULATION

(Voted) Unlimited Tax General Obligation Debt Capacity (1.25% of AV)	\$90,309,867
Less: Outstanding 2016 Refinancing of 2008 UTGO Bonds (2)	(\$553,301)
Less: Outstanding 2019 UTGO Bonds (2)	(\$154,204)
Less: Any Non-voted debt (from above)	\$0
Less: future Voted Bond (2)	\$0
Total Remaining General Obligation Debt Capacity	\$89,602,362

(1) Paid from Regular Property Tax Collections out of the Current Expense Fund.

(2) Paid from a special voter-approved "excess" levy for the life of the bond issue.

CASE EXAMPLES



Moses Lake aquatic center & parks



Si View Metropolitan Park



William Shore Memorial Pool District



City of Fircrest

BOND MARKET INTEREST RATES

Source: The Bond Buyer

Bond Buyer 20-Year General Obligation Index*
(10 year history) *As of 3/10/2023*



*The "20-Bond G.O. Index" is comprised of 20 different issuers whose bonds have an average rating of AA/Aa2 that mature in the 20th year, non bank-qualified.

EST. VOTED BONDS – 15MM TO 30MM

Estimated bond levy rates ranging from 9.5 cents to 19 cents per \$1,000 of assessed value.

For Discussion Purposes (As of 2/15/2023)

	<u>25 Years</u>	<u>25 Years</u>	<u>25 Years</u>	<u>25 Years</u>	<u>25 Years</u>	<u>25 Years</u>	<u>25 Years</u>
Funding Amount:	1,000,000	15,000,000	20,000,000	22,000,000	25,000,000	27,000,000	30,000,000
Est. Average Payment (1):	NA	NA	NA	NA	NA	NA	NA
Est. Net Borrowing Cost (1):	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Estimated Tax Levy Impact (1):	0.00632	0.0948	0.1264	0.1390	0.1580	0.1706	0.1896
<i>(\$ per \$1,000 of AV)</i>							
<i>Tax on home valued at:</i>							
400,000							
Annual Increase (1):	2.53	37.92	50.56	55.62	63.20	68.26	75.84
Monthly Increase (1):	0.21	3.16	4.21	4.63	5.27	5.69	6.32

Assumptions:

1. Net Borrowing Cost is preliminary and subject to change, assumes a rating of AA-, non bank-qualified.
2. Assumes Assessed Value for the 2024 Tax Collection year is: 7,517,499,174 (2023 AV plus 5%)
3. Assumes a ballot measure on November 7, 2023.
4. Assumes a Level Levy solution with an assumed annual growth rate of 5% per year in the first 5 years, then 4% in the next 10 years, then 3% in the remaining years. (Similar solution is to assume 4% annual growth for the next 25 years.)


BOND RATING

A rating helps to achieve a lower interest cost.

Investors view the rating as an indication of risk.



Source: D.A. Davidson & Co.

	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

Source: S&P Global Ratings and Moody's Investors Service

FINANCIAL MANAGEMENT POLICY

A set of policies to:

- ❖ Promote financial integrity
- ❖ Assist elected officials and staff
- ❖ Provides continuity over time

Key strengths of the policy:

- Unrestricted Cash Goal
- Monthly Financial Reports
- Quarterly Budget Reports
- Financial Forecast
- Equipment Replacement Plan
- Use of a Capital Facilities Plan
- Regular updates to a Financial Management Policy

COMMENTS FROM OTHER MUNICIPALITIES ON PREPARING FOR A FUTURE BALLOT MEASURE

- **Start the voter education process 9-12 months before the election date.**
- Consider the use of a community survey.
- Series of newspaper articles or newsletters to inform the public.
- Statements of support from community representatives.
- **Factual** information tab on the District's website.
- Use of social media.
- Open House.

KEY POINTS TO PLAN AHEAD FOR A BOND ISSUE

1. Will you need a Reimbursement Resolution?
2. Have you updated your Financial Management Policy?
3. Do you have a long-term Capital Improvement Plan?
4. Do you have a volunteer election committee or citizen advisory group?
5. What is your community outreach plan/voter education plan?
6. How will the taxpayers benefit from the improvements?

EXAMPLE OF VOTER EDUCATION TIMELINE

(Commissioner Meetings on the 3rd Wednesday at 6:00 PM)

Target Date	Action
Now	District begins to recruit volunteers for a volunteer election committee.
March 15	D.A. Davidson presents information to the Commissioners on the voted bond. Commissioners discuss preliminary amount of the voted bond and term.
April 7	District begins the "factual" voter information campaign. Election Committee (of volunteers) begins the "yes vote campaign".
May 1	Notify the Bond Attorney to begin drafting the ballot title. Also discuss with the Bond Attorney a possible Reimbursement Resolution. District staff is scheduling community meetings to present voted bond information. Yes vote campaign is active with signs, mailers and social media.
May 17	First draft of the Ballot Title and Resolution is presented to the Commissioners. Commissioners decide on the voted bond amount and term.
June 21	Second draft of the Ballot Title and Resolution is presented to the Commissioners.
July 19	Commissioners approve final form of the Ballot Title and Resolution.
July 21	Park Director files the Ballot Title and Resolution with the Island County Auditor.
August 1	Ballot Title filing deadline with the Island County Auditor.
October 20	Approximate date that the ballots are mailed out to voters.
November 7	Election Day.

APPENDIX 1

ELECTION AND RESOLUTION FILING DATES

The 2023 special election dates and ballot resolution filing deadlines pursuant to the Revised Code of Washington (“RCW”) are listed below for your information.⁽¹⁾

ELECTION DATE	RESOLUTION FILING DEADLINE ⁽²⁾	APPROXIMATE DATE BALLOTS ARE MAILED ⁽³⁾
February 14, 2023	December 16, 2022	January 27, 2023
April 25, 2023	February 24, 2023	April 7, 2023
August 1, 2023	May 12, 2023	July 14, 2023
November 7, 2023	August 1, 2023	October 20, 2023

(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.

(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.

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 OF FACTUAL BROCHURE

If approved by voters, what would be the cost to a property owner?

For example, the ballot measure proposes a 20 year tax levy of \$0.16 per \$1,000 of assessed value which would cost the owner of a \$210,000 home approx. \$3.00 per month or \$36.00 per year for a 20 year \$39.8 million bond. The impact will vary based on each property's assessed value.

The table below shows the property tax rates in CPFR and other comparable fire districts.

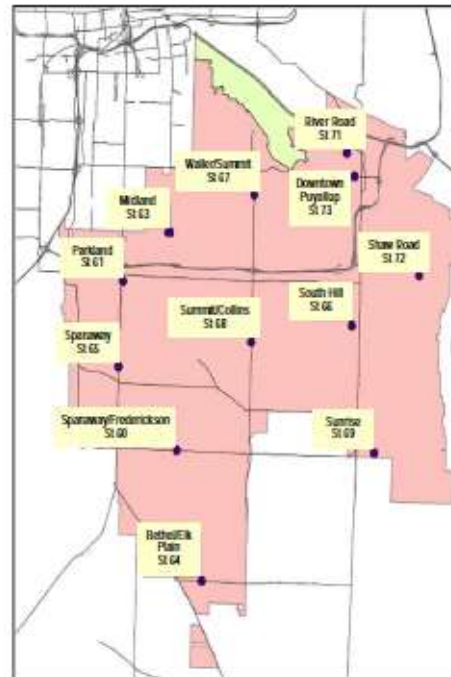
CPFR is proud to confirm that we are currently "debt free".

	Prop. Tax	EMS Levy	M & O	FBC	GO Bonds	Total Levy Equiv.
Graham	\$1.50	\$0.50			\$0.33	\$2.33
East Pierce	\$1.50	\$0.50	\$0.40			\$2.40
Central Pierce	\$1.00	\$0.50		\$0.90	\$0.16*	\$2.56
Girting	\$1.50	\$0.50	\$0.92**			\$2.92
West Pierce	\$1.50	\$0.50	\$1.29		\$0.24	\$3.53

* Proposed in 2014

** M&O Levy starts in 2014

Central Pierce Fire & Rescue



For more information, please visit our website at:
www.centralpiercefirerescue.org
 Or
 Call us at 253-538-6400



This fact sheet was prepared by Central Pierce Fire & Rescue
 17520—22nd Ave. E., Tacoma, WA 98445



PROPOSITION NO. 1 PIERCE COUNTY FIRE DIST. #6 (CENTRAL PIERCE FIRE & RESCUE)

FACILITIES BONDS - \$39,800,000

On July 8, 2013, the Board of Fire Commissioners of Pierce County Fire Protection District No. 6 voted to bring this proposition before the voters at the November 5, 2013 election.

This proposition would authorize the District to remodel, replace and upgrade fire and life safety facilities throughout the District, issue \$39,800,000 of general obligation bonds maturing within a maximum of twenty years, and to collect excess property taxes annually to repay the



www.centralpiercefirerescue.org

EXAMPLE OF FACTUAL BROCHURE

Why does the Fire Department need money?



Like many fire departments, Central Pierce Fire & Rescue is challenged with adequately maintaining its facilities during these tough economic times. The challenge comes from the decrease in assessed valuation of properties. Since 2010, the District has seen a decline in revenue of \$5.4 million.

On November 5, 2013, CPFRR voters will be asked to consider Proposition 1, a Facilities Bond. Proposition 1 would raise \$39.8 million over 20 years to fund necessary upgrades to deteriorating facilities and replace buildings that are simply not cost effective to improve.

A thorough study has been done to determine the facility needs of the District and the most cost effective way to meet these needs. Long-term financial forecasts favor rebuilding stations at the end of their lifespan now rather than making ongoing major repairs in the years ahead. Additionally, new buildings on average run about 30% more efficiently, resulting in a saving of utility dollars that can be used for emergency operations. Critical maintenance and repairs were identified for all facilities which would also result in utility efficiencies and savings in maintenance and repairs dollars.

Delay is Costly

In 2008, the District's Citizens Advisory Committee supported a Bond to the voters of \$36 million which did not pass at 57.9%. The same upgrades/repairs that were scheduled to be done have only gotten worse. Roofs that needed to be repaired now need to be replaced, inadequate septic systems are failing, and one of the older stations has mold that needs removal.

Facility Needs

- After nearly 50 years, the Parkland and Midland Stations are at the end of their lifespan. The downtown Puyallup Station shares a building with the Police Dept. and both have outgrown their usable space.
- Several stations are in need of structural upgrades to make them sound in the event of natural disasters or other major emergencies.
- Not all stations with public meeting rooms currently have a separate entrance/exit.
- Many of the stations have generators that are inadequate to keep the entire stations up and running during a major power outage.
- It is becoming increasingly important that stations have upgraded security systems due to break-ins.
- Stations need to be brought up to current building codes which would include fire sprinklers, emergency exits, and Americans with Disability Act (ADA) requirements.
- With the increase in number of female firefighters joining the organization, it is imperative that improvements are made to provide separate sleeping quarters at all stations.

For more information, visit our website at: www.centralpiercefirerescue.org

Who is Central Pierce Fire & Rescue?

- ♦ Central Pierce Fire & Rescue, also known as Pierce County Fire District No. 6, serves a population of approximately 202,000.
- ♦ The District covers approx. 87 square miles.
- ♦ It protects residents with 12 fire stations, all staffed with full-time firefighters.
- ♦ All firefighters at Central Pierce are also emergency medical technicians (EMTs) or paramedics and are able to respond to medical emergencies, fires and rescues.
- ♦ Central Pierce is governed by an independently-elected board of fire commissioners.
- ♦ Last year, Central Pierce emergency personnel responded to 26,995 emergency 911 calls.
- ♦ Three out of every four 911 calls are for

Scan this code to be directed to our website:



If you have any questions about this proposition, call us at 253-538-6400 or visit our website at www.centralpiercefirerescue.org.



APPENDIX 2

DAVIDSON'S HIGHLIGHTS

1. **Ranked 1st in Washington State** in 2013 thru 2022 *(based on the number of negotiated municipal transactions completed)*. Source: Thomson Reuters
2. We serve a large number of Washington cities, park & recreation districts, and **metropolitan park districts** *(based on the number of negotiated municipal transactions completed)*. Source: Thomson Reuters
3. Our **local expertise**, as a result of working with South Whidbey Fire EMS, City of Langley, Central Whidbey Island Fire & Rescue, Island County, City of Oak Harbor, Si View Metropolitan Park District, Eastmont Metropolitan Park District, Upper Valley Park & Recreation Service Area, Peninsula Metropolitan Park District, Selah Park & Recreation Service Area, William Shore Metropolitan Park District, among many others.
4. We offer a **wider array of services** and are proactive on guidance and communication.

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, park districts, fire districts, water & sewer districts, ports, as well as other special districts. **Jim and the firm work with a large number of Washington municipalities**, such as Peninsula Metropolitan Park District, Si View Metropolitan Park District, William Shore Metropolitan Park District, Eastmont Metropolitan Park District, South Whidbey Parks & Recreation District, Selah Park & Recreation Service Area, Langley, Island County, South Whidbey Fire EMS, Central Whidbey Island Fire & Rescue, Mukilteo, Mill Creek, Monroe, Stanwood, Lake Stevens, Fircrest, DuPont, Bonney Lake, Fife, Moses Lake, Liberty Lake, among others.
- Jim is very experienced in assisting municipalities with voter education strategies and bond rating presentations.
- He has completed over 600 financings with a par amount greater than \$6 billion.
- FINRA Series 50, Series 52 and Series 63 Licenses.
- B.A. from the University of Washington.

Mark Froio (Senior Vice President) – Bond Underwriter and Bond Trader. Extensive market knowledge and experience to achieve lower interest rates. (Mark has 37 years of experience.)

Maura Lentini (Senior Vice President) – former Moody's rating analyst, assists with rating agency presentations and strategies. (Maura has 21 years of experience.)

Crystal Vogl (Senior Vice President) – Disclosure specialist reviewing Official Statements and assisting with Continuing Disclosure requirements and deadlines. (Crystal has 20 years of experience.)

Suzanne Eide (Senior Vice President) – Bond Structuring/Quantitative specialist for voted bonds, non-voted bonds, revenue bonds, and refunding bonds. (Suzanne has 20 years of experience.)

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