

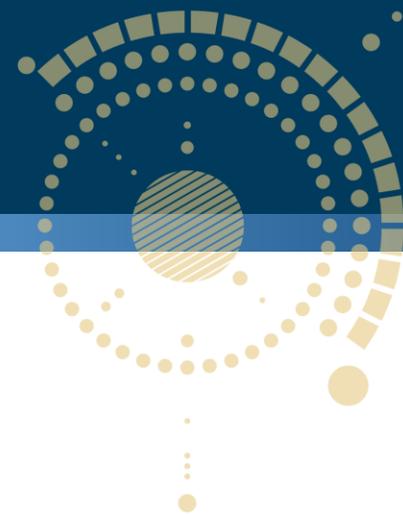


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Rocky Mount Downtown Development Project

6/25/2019, Office of the City Manager





Outline

- Project Goals
- Economic Overview
- Value to the Community
- Economic Impact Analysis
- Downtown Development Project Pro Forma
- Developer's Overview





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Project Goals



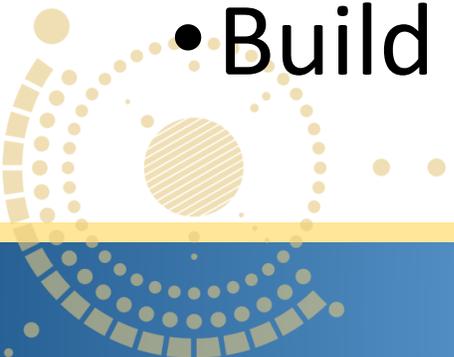
6/25/2019, Rochelle D. Small-Toney, City Manager

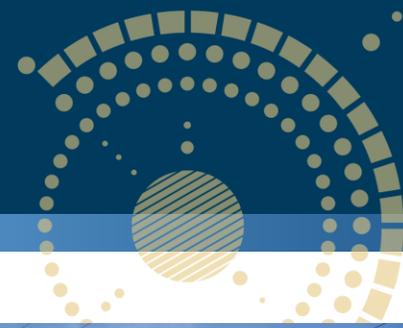




Overview of Goals

- Aid in revitalization of Downtown Rocky Mount
- Position Rocky Mount as a destination location
- Create additional parking near the Event Center
- Contribute to the city's economic base
- Build on the success of sports tourism





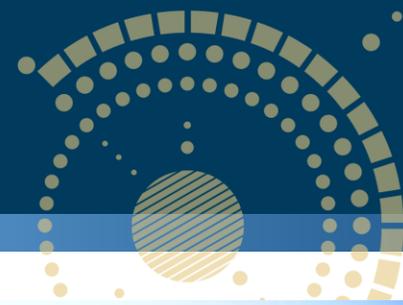
Revitalization

- Council priority
- Revitalize the downtown area with residential condos, retail space, 107-room Tier 1 hotel & parking garages.





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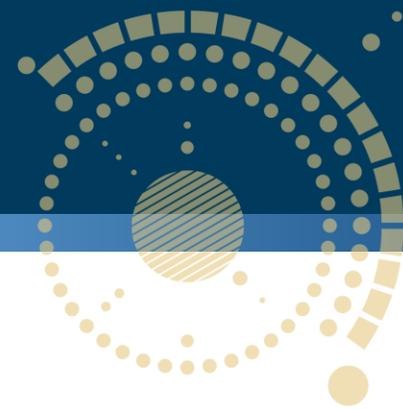
Additional Parking

700-vehicle parking
garage

+

2,000 public spaces &
3,000 private spaces
throughout downtown

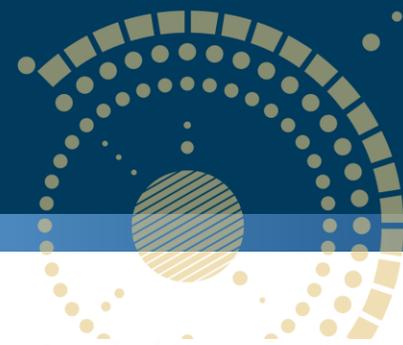




New Spending

Rocky Mount Event Center becomes cash flow positive in year four, and with the combination of operational revenue & new spending into the community, the sales tax collections are forecasted to exceed expenditures on debt service over the first 10 years.

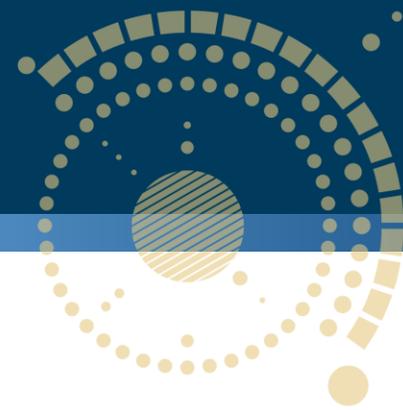




Sports Tourism

- Rocky Mount Sports Complex-1 million+ visitors since opening 2017
- 30+ tournaments per year
- \$5.9 million direct economic impact annually from tournaments
- Increase in hospitality industry





Sports Tourism Industry

- Sports tourism industry- fastest growing segment of the travel industry
- Only segment in the travel industry to never decline in a single quarter throughout the recession





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Send your questions to
downtowndevelopment@rockymountnc.gov.

Presentation to air later on C.I.T.Y. TV 19/
Suddenlink or on YouTube at:
<https://www.youtube.com/user/CITYTV19>





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Rocky Mount Current Economic Overview

6/25/2019, Kenneth Hunter, Budget & Evaluation Manager

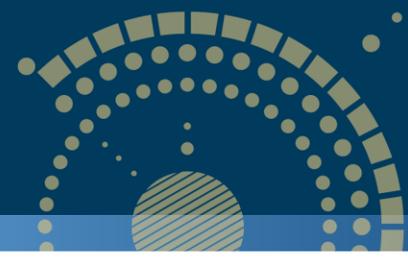




Overview Highlights

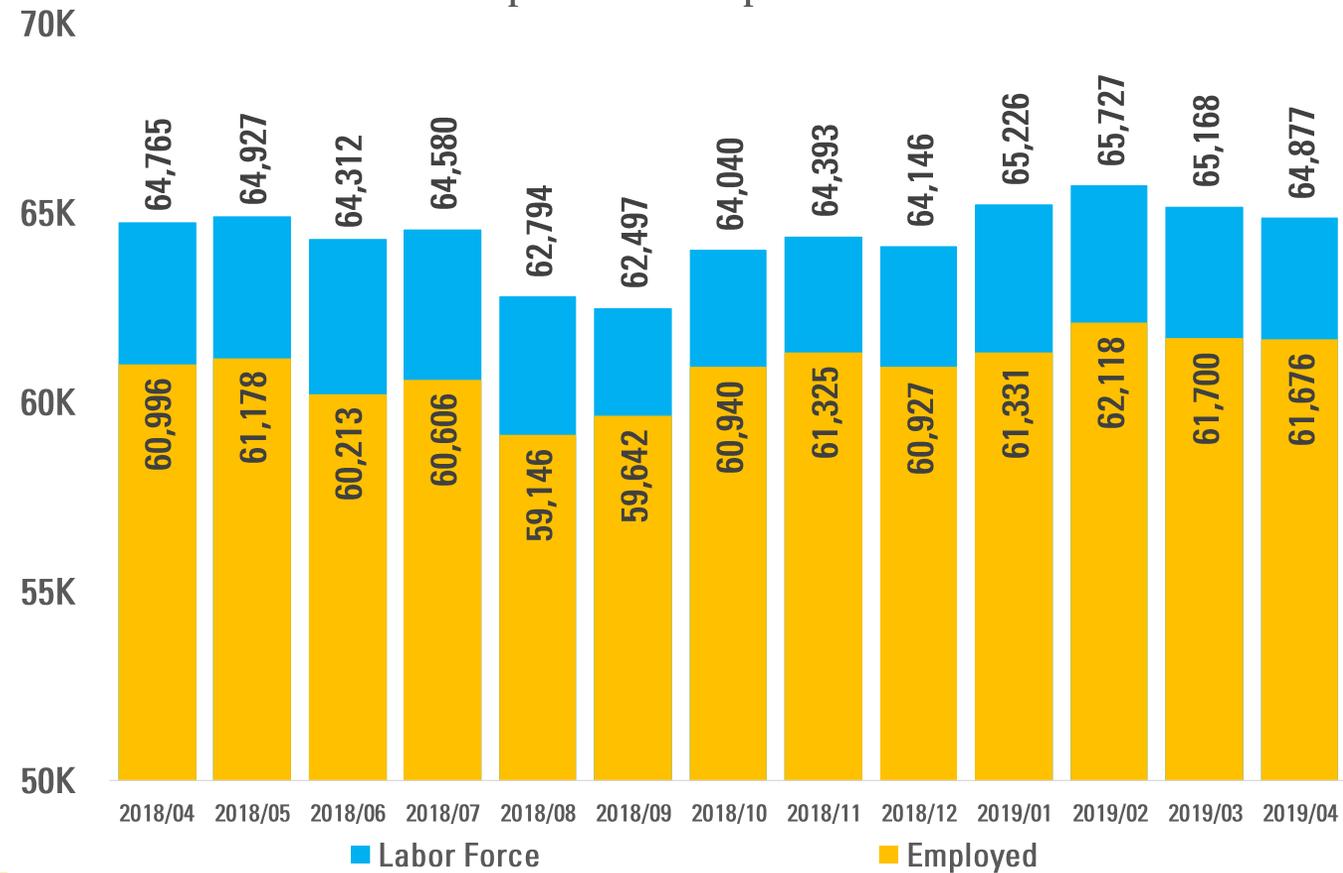
- Growing need for workers
- Strong business activity
- Booming housing market
- Abundant potential for growth





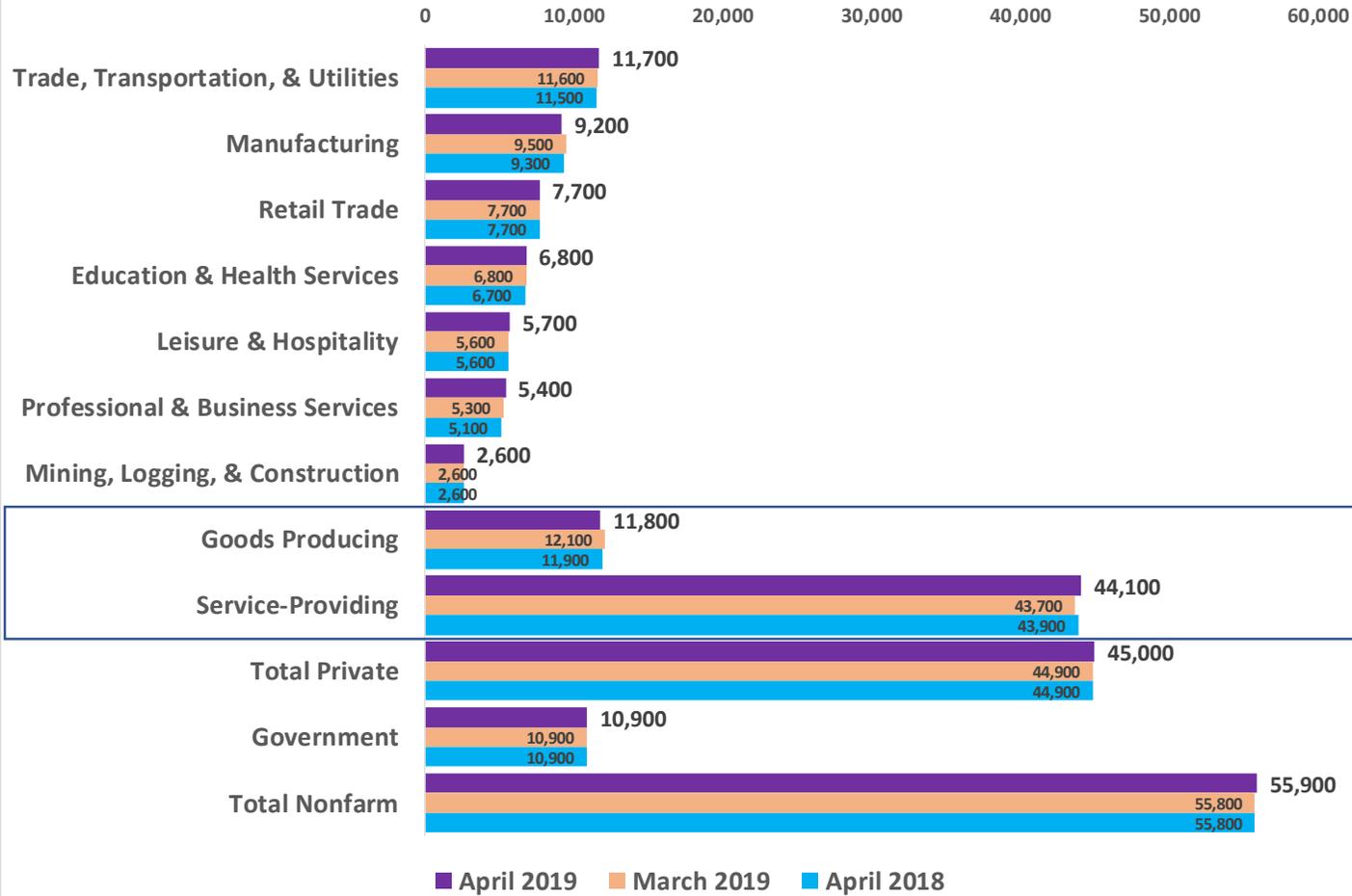
Unemployed are approximately 3,200; equivalent to the number of local jobs currently available (1,500) and to be created locally in the next 18 months (1,700); emphasizing current regional focus on skill development.

Labor Force & Employment, Rocky Mount MSA
April 2018 to April 2019





Nonfarm Employment, Rocky Mount, MSA

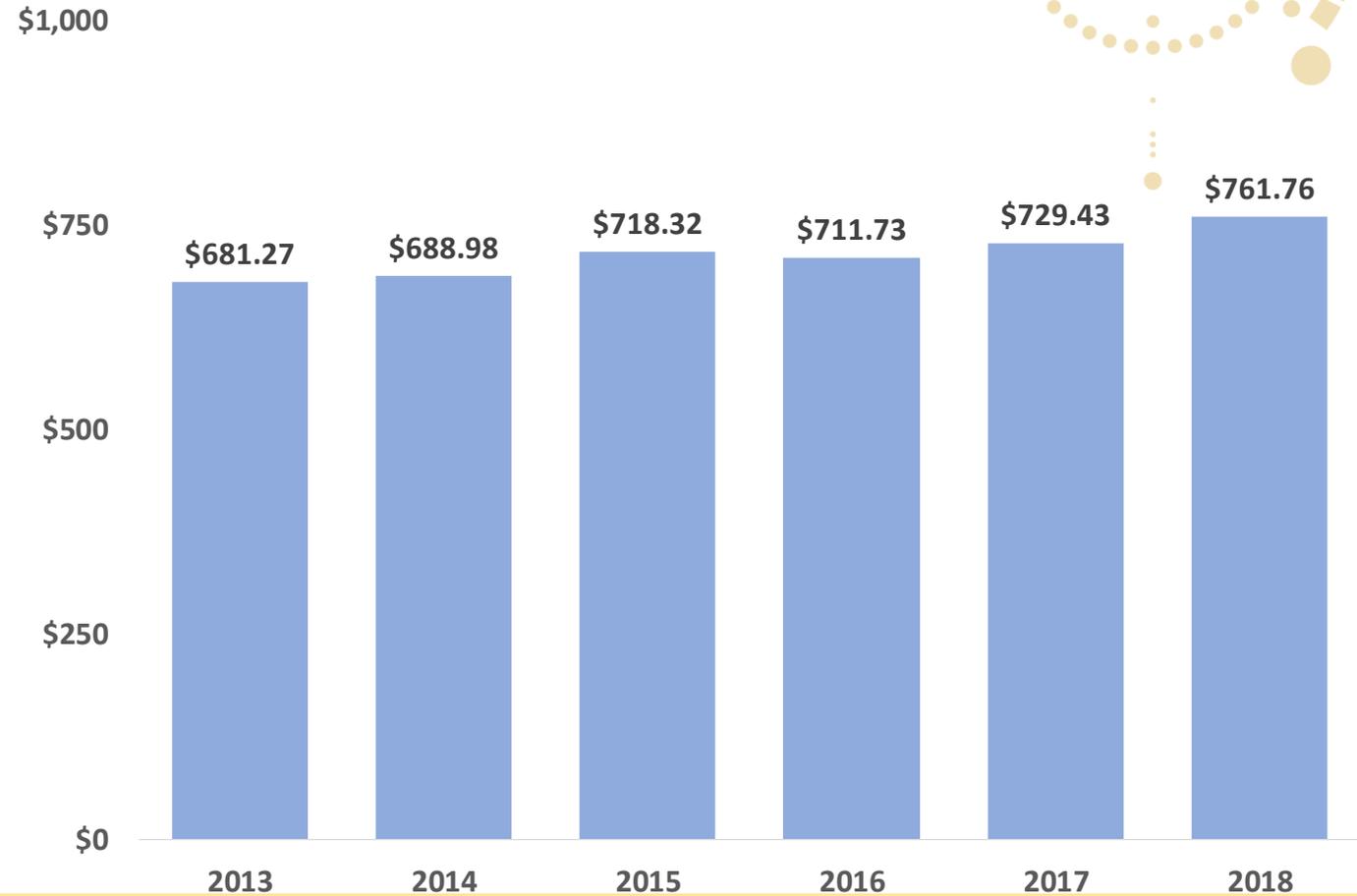


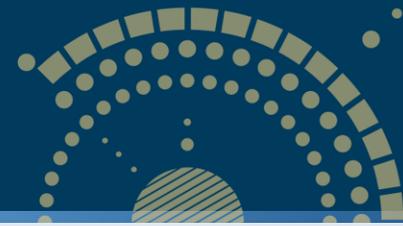
Stability and growth in logistics sector tied to recent and upcoming development; manufacturing poised for significant growth over next 3 years (Triangle Tyre, Corning, etc.)



Local wages grew by more than 4% in 2018, signaling better opportunities for the area workforce.

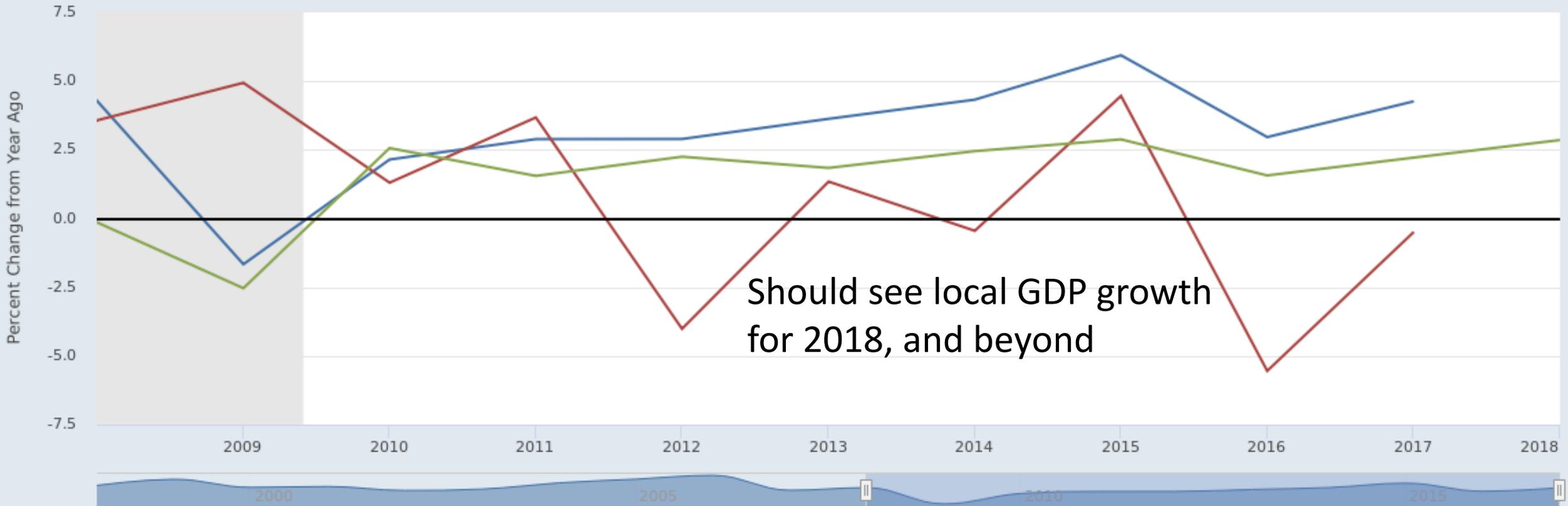
Average Weekly Wages, Rocky Mount MSA





FRED

- Total Gross Domestic Product for North Carolina
- Total Gross Domestic Product for Rocky Mount, NC (MSA)
- Real Gross Domestic Product



Shaded areas indicate U.S. recessions

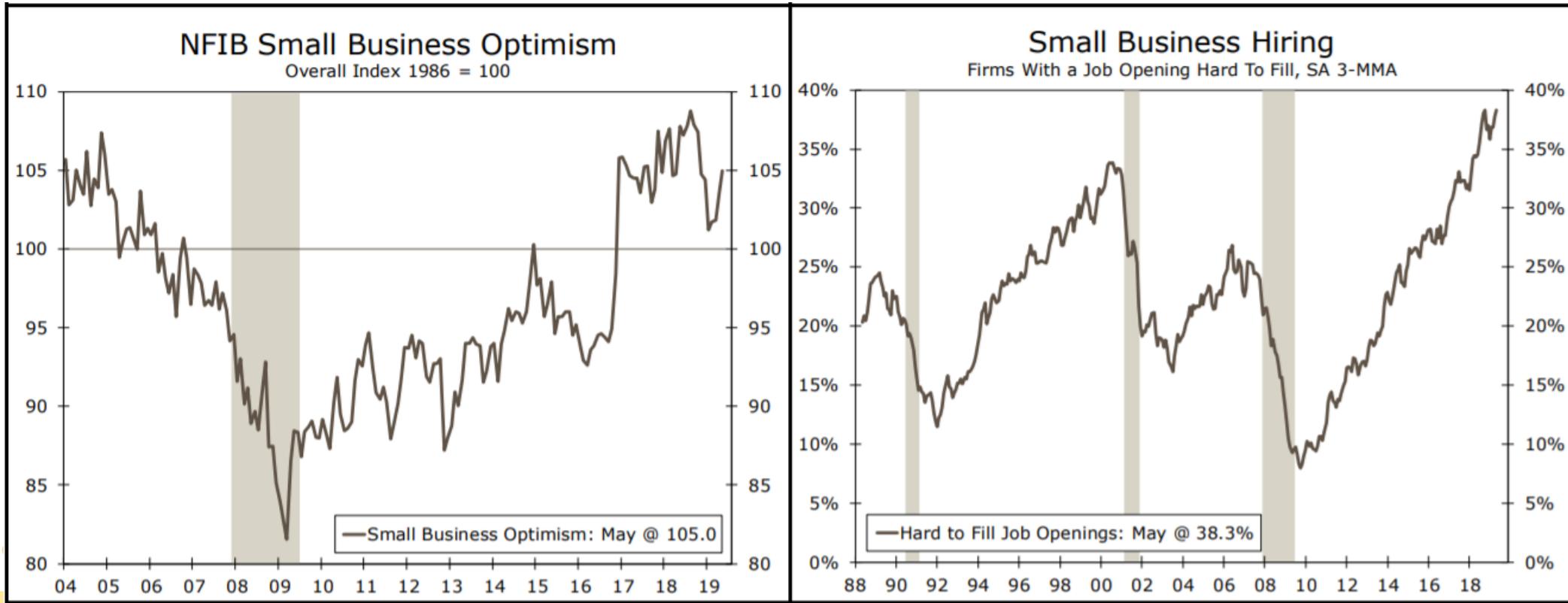
Source: U.S. Bureau of Economic Analysis

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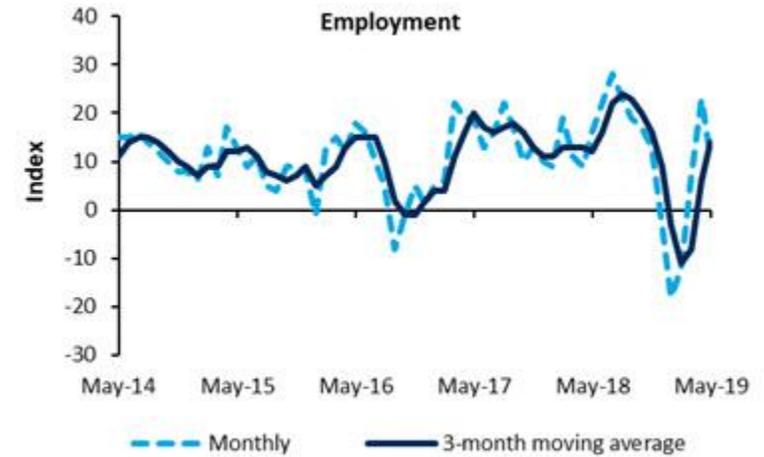
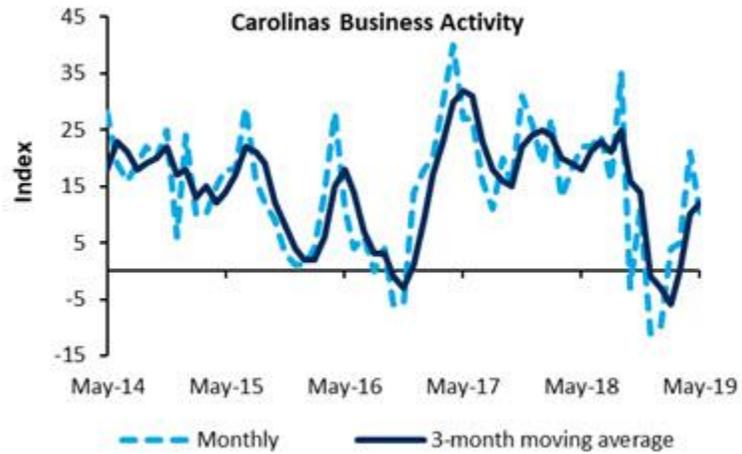


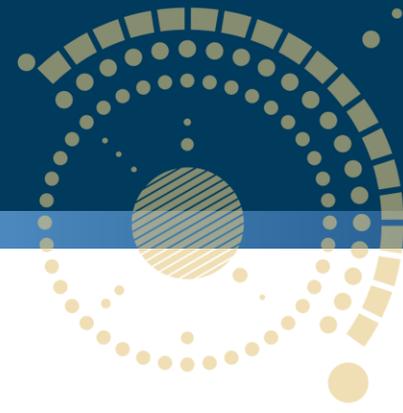
Small Business retains Optimism, and Hiring





Projections for Carolinas remain strong





Chamber Business Condition Survey

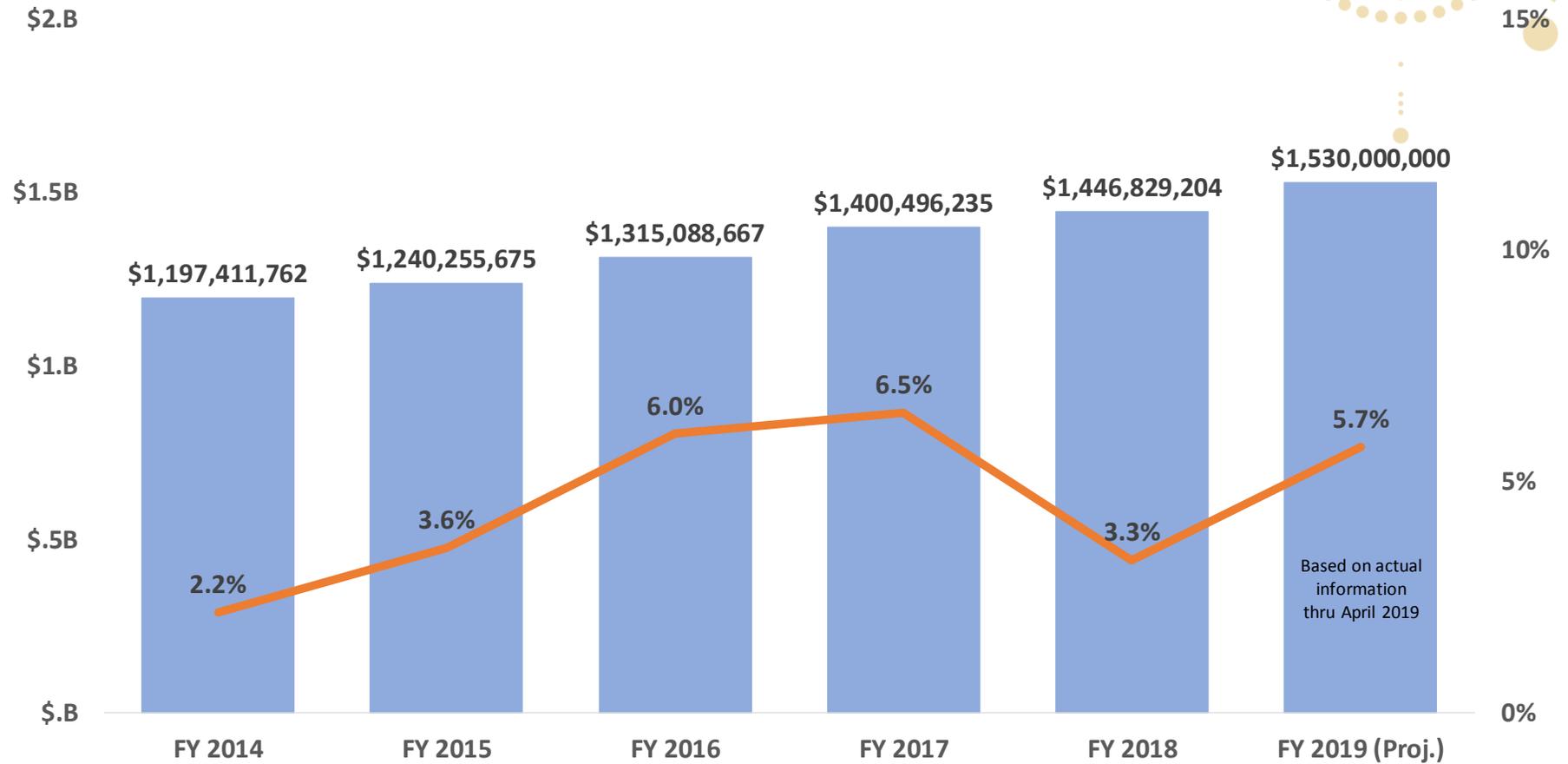
Respondents expressed a positive consensus across all categories for current and future conditions.

Category	Current Conditions	Next 6 Months
Sales & Revenue	Strong Increase	Strong Increase
Employment	Strong Increase	Modest Increase
Wages	Modest Increase	
Production Costs	Strong Increase	Modest Increase
Prices Charged	Modest Increase	Limited Increase
Capital Investment	Modest Increase	Modest Increase
Customer Growth	Strong Increase	Modest Increase
Incoming Orders		Strong Increase





Taxable Sales & 1-Year Change, Rocky Mount MSA, Annual



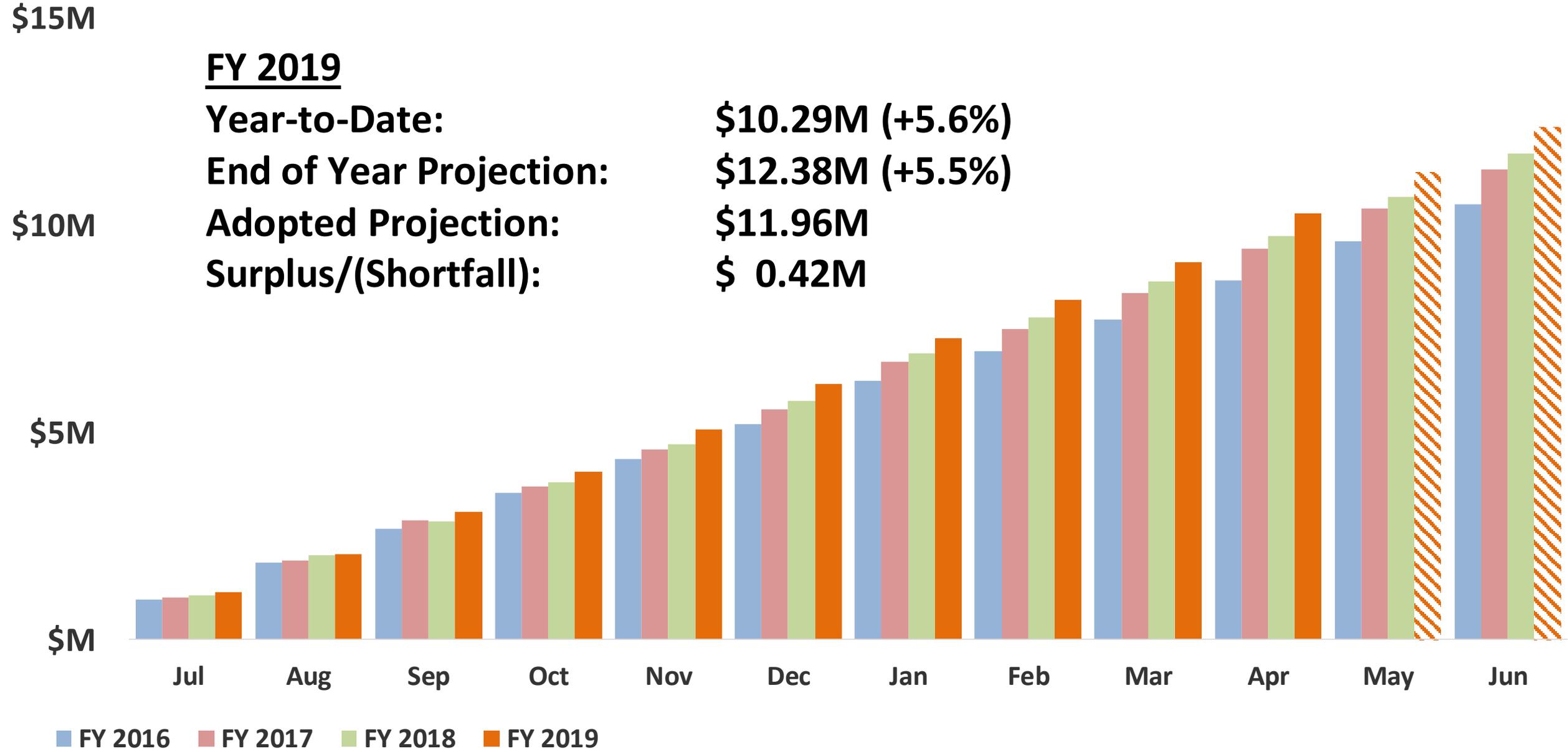
Local business activity continues to grow at a strong rate, with annual rate greater than 5% for 3 of the past 4 years.

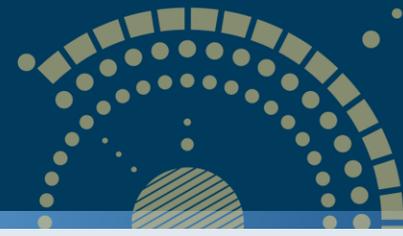


City of Rocky Mount Sales Tax Revenues (Cumulative, Combined), FY 2016 to FY 2019
 (May-June 2019 are Projected)

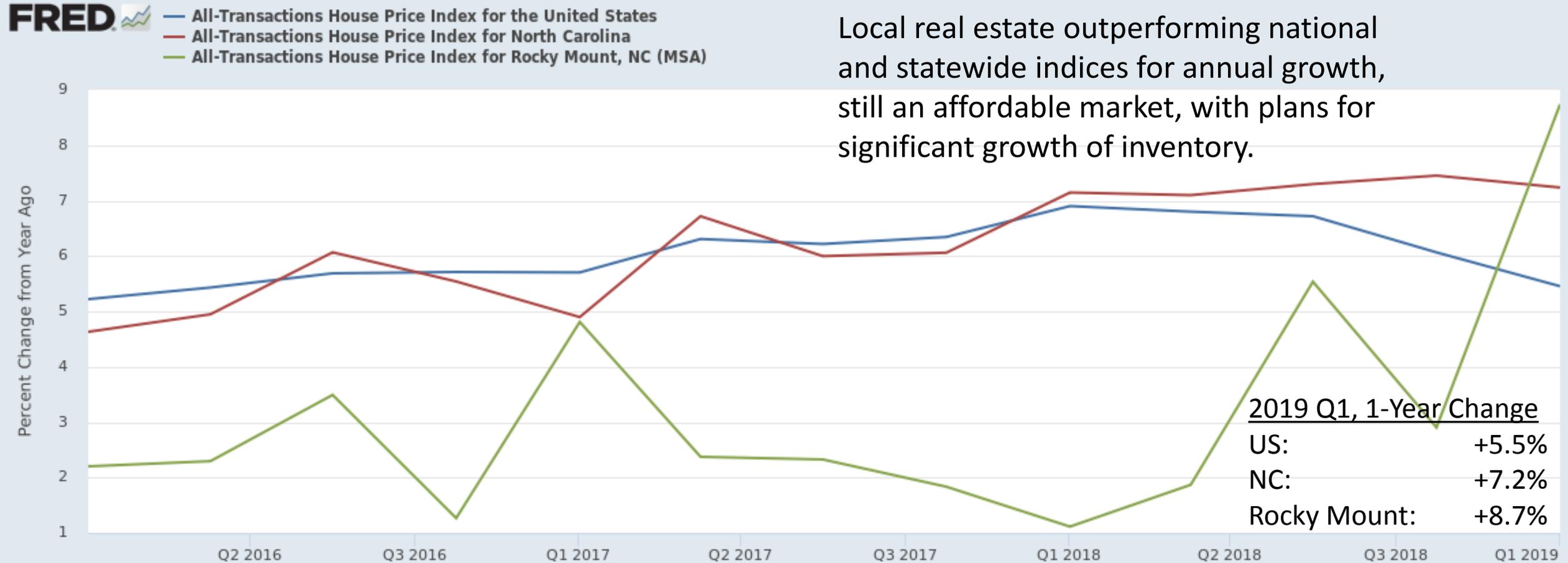
FY 2019

Year-to-Date: \$10.29M (+5.6%)
End of Year Projection: \$12.38M (+5.5%)
Adopted Projection: \$11.96M
Surplus/(Shortfall): \$ 0.42M





Local real estate outperforming national and statewide indices for annual growth, still an affordable market, with plans for significant growth of inventory.



Shaded areas indicate U.S. recessions

Source: U.S. Federal Housing Finance Agency

fred.stlouisfed.org

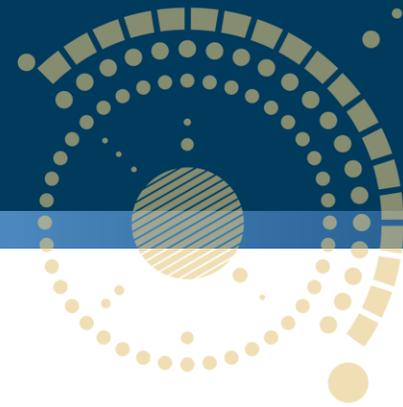




Residential real estate prices are climbing at a strong rate, especially inside Rocky Mount City Limits.

Inside City	2018 Actual	2019 Year-to-Date	Difference to 2018 Actual
# Listings	708	303	
Listing Price	\$135,849	\$155,314	14.3%
Sale Price	\$130,533	\$149,274	14.4%
Days on Mkt	118	103	-12.7%

Rocky Mount MSA	2018 Actual	2019 Year-to-Date	Difference to 2018 Actual
# Listings	1,161	467	
Listing Price	\$144,078	\$152,756	6.0%
Sale Price	\$138,859	\$147,449	6.2%
Days on Mkt	108	104	-3.7%



Current Fiscal Year Ad Valorem Growth

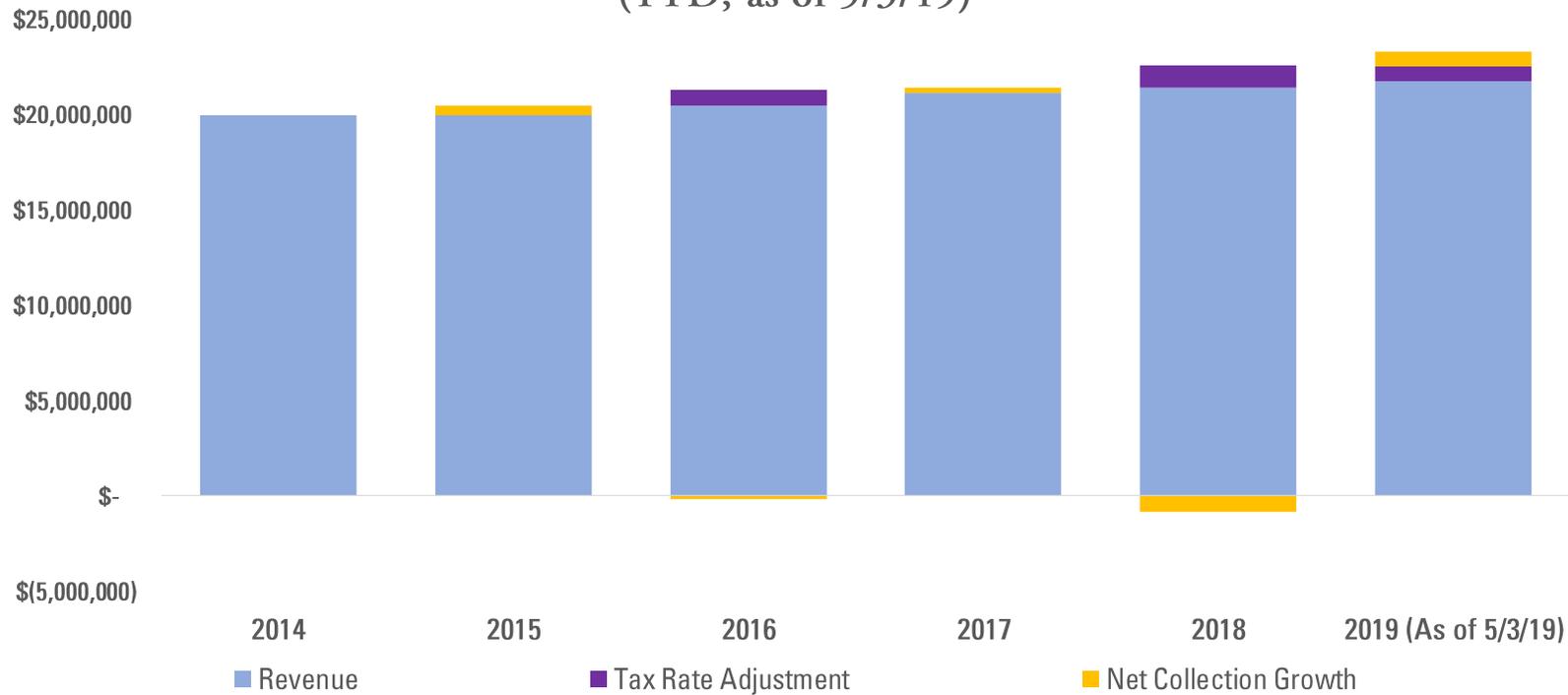
Fiscal Year	2014	2015	2016	2017	2018	2019 (As of 5/3/19)
Actual Revenue	\$ 19,961,663	\$ 20,439,731	\$ 21,116,756	\$ 21,425,962	\$ 21,724,162	\$ 23,323,840
Tax Rate (Cents)	58.0	58.0	60.5	60.5	66.0	68.5
Revenue/Cent Rate	\$ 344,167	\$ 352,409	\$ 349,037	\$ 354,148	\$ 329,154	\$ 340,494

FY 2019 Increase Due to Rate Adjustment (\$)	\$ 822,885
FY 2019 Increase Due to Rate Adjustment (%)	3.8%
FY 2019 Growth/Cent (\$)	\$ 11,340
FY 2019 Increase Due to Collection Growth (\$)	\$ 776,793
FY 2019 Increase Due to Collection Growth (%)	3.6%
FY 2019 Total Increase (\$)	\$ 1,599,678
FY 2019 Total Increase (%)	7.4%





Total Real Property Tax Revenue, FY 2014 (Base Year) to FY 2019
(YTD, as of 5/3/19)

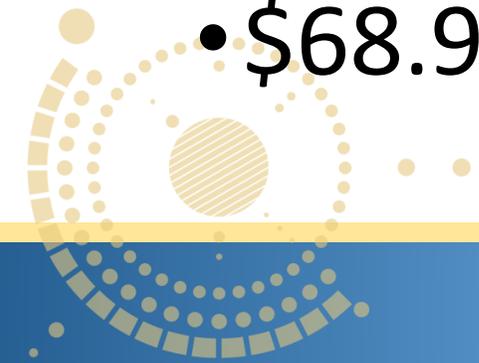


Year	2014	2015	2016	2017	2018	2019 (As of 5/3/19)
Revenue	\$ 19,961,663	\$ 19,961,663	\$ 20,439,731	\$ 21,116,756	\$ 21,425,962	\$ 21,724,162
Tax Rate Adjustment		\$ -	\$ 881,023	\$ -	\$ 1,171,732	\$ 822,885
Net Collection Growth		\$ 478,068	\$ (203,998)	\$ 309,206	\$ (873,532)	\$ 776,793



Impact of Current Tourism

- 150,000 annual Sports Complex visitors
- 4 new hotels, and 2 more under construction
- New restaurants, retail, service businesses
- 3,470 jobs (2017)
- \$68.9 Million in payroll (2017)





Impact of Current Tourism

- \$352.8 Million direct local spending (2017)
- \$9.13 Million in local tax revenue (2017)
- More than \$100 Million local investment
 - Rocky Mount Mills
 - New Restaurants & Hotels
 - Renovations





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Project Value to the Community

6/25/2019, David Farris, Rocky Mount Area Chamber of Commerce





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Project Economic Impact Overview

6/25/2019, Alan O'Connell, Novogradic Consulting LLP



Impact of Construction Phase

- Construction phases will create 717 jobs in the local economy
 - 430 direct jobs
 - 287 indirect and induced jobs
- Construction phases will have a total financial impact of \$100,867,898 in the local economy
 - \$56,530,000 direct investment from construction (does not include land acquisition)
 - \$44,337,898 indirect and induced investment spurred from the direct construction costs
- Estimated total local (county + city) tax revenue generated from construction phases: \$1,201,766
 - \$261,275 in direct taxes
 - \$940,491 indirect and induced taxes





Impact of Operations (Annual)

- Operation phases will create and sustain 322 jobs in the local economy
 - 195 direct jobs
 - 127 indirect and induced jobs
- Operation phases will generate an additional \$34,988,505 of spending in the local economy each year
 - \$16,159,822/year (2019 dollars) direct operational impact
 - \$18,828,683/year (2019 dollars) indirect and induced financial impact spurred from operations
- Estimated total recurring city tax revenue (not including county) from operation phases: \$556,469/year (2019 dollars)
 - \$437,724/year in direct taxes to the city (2019 dollars)
 - \$118,745/year indirect and induced taxes to the city (2019 dollars)





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Downtown Development Project Pro Forma

6/25/2019, Ted Cole, Davenport & Company



Downtown Development Project Pro Forma Approach

Project Components

- The proposed Downtown Development includes 4 project components:
 - **Parking Garage(s)** - One or Two Garages consisting of 700-840 spaces
 - **Hotel** - 107 Key Dual Brand Marriott Fairfield Inn and Springhill Suites.
 - **Residential Development (Phase I)** - anticipated to be 60 condo/apartment units.
 - **Retail Development** - 20,000 SF of retail space.

Potential Revenue Sources

- The revenues collected/received from the proposed Downtown Development Project are anticipated to include:
 - **Property Tax Revenue** from the Garage, Hotel, Retail and Residential assessed values.
 - **Occupancy Tax Revenue** from the Hotel.
 - **Sales Tax Revenue** from the Hotel and Retail Development.
 - **Parking Garage Net Income** from parking revenues net of associated management and operating costs.
 - **Hotel Ground Rent** equal to a percentage of Hotel Net Operating Income.

Downtown Development Project Pro Forma Approach



Parking Garage Lease

- The Developer is anticipated to construct the Parking Garage and the City will enter into a lease under the following provisions:
 - Lease Amount: Cost of Garage plus interest during construction
 - Term: 20-years
 - Structure: Level monthly principal payments plus interest
 - Interest Rates: City's Borrowing Cost (Taxable and Tax Exempt)

Debt Capacity and Debt Affordability

- The Pro Forma measures the City's Debt Capacity and Debt Affordability associated with undertaking the Parking Garage Lease.
 - **Debt Capacity** – calculates projected key debt ratios compared to debt policies:
 - **10-year Payout Ratio Policy**– Minimum 50%
 - **Debt to Assessed Value Policy** – Maximum 2.5%
 - **Debt Service to Expenditures Policy**– Maximum 15%
 - **Debt Affordability** – Calculates the funding available for and additional funding requirements associated with the Parking Garage Lease and Downtown Development by comparing:
 - **Existing Debt and CIP Obligations** include existing debt service, projected future debt service from annual financings, the Event Center projected operating performance, NMTC payments and Pay-Go Capital.
 - **Dedicated Revenue Sources** include General Fund fixed Debt Service and Pay-Go Contributions, Federal Subsidies/Grants, Occupancy Tax and the dedicated tax rate (\$0.07).

Affordability Summary – Parking Concept 2

Existing and Proposed City Obligations



A	B	C	D	E	F	G	H	I
Year	Existing and Proposed Obligations ¹	Event Center Deficit (Surplus)	Downtown Development Deficit (Surplus)	Total Obligations	Dedicated Revenues ²	Annual Surplus (Deficit)	Additional Revenues / Reserves Required	Cumulative Surplus (Deficit)
2019	\$ 8,968,060	\$ 872,163	\$ -	\$ 9,840,223	\$ 9,915,704	\$ 75,481	\$ -	\$ 75,481
2020	9,004,095	682,815	221,677	9,908,587	9,911,721	3,133	-	78,615
2021	9,145,785	264,778	931,388	10,341,951	9,907,987	(433,963)	355,349	-
2022	9,122,347	(60,795)	676,674	9,738,226	9,905,392	167,166	-	167,166
2023	9,090,269	(359,017)	641,739	9,372,991	9,902,651	529,660	-	696,826
2024	9,086,012	(376,968)	613,581	9,322,625	9,899,838	577,213	-	1,274,040
2025	8,823,968	(395,816)	601,420	9,029,572	9,896,953	867,381	-	2,141,421
2026	8,575,301	(415,607)	587,304	8,746,998	9,893,995	1,146,997	-	3,288,417
2027	8,550,482	(436,388)	574,307	8,688,402	9,890,972	1,202,570	-	4,490,987
2028	8,530,805	(458,207)	559,235	8,631,833	9,887,894	1,256,061	-	5,747,048
2029	7,855,805	(458,207)	524,369	7,921,967	9,906,776	1,984,809	-	7,731,858
2030	7,660,922	(458,207)	486,175	7,688,890	9,809,710	2,120,820	-	9,852,678
2031	7,659,672	(458,207)	447,906	7,649,371	9,809,710	2,160,339	-	12,013,016
2032	7,662,072	(458,207)	406,253	7,610,118	9,809,710	2,199,592	-	14,212,608
2033	7,657,972	(458,207)	371,138	7,570,904	9,809,710	2,238,806	-	16,451,414
2034	7,657,172	(458,207)	332,638	7,531,603	9,809,710	2,278,107	-	18,729,521
2035	7,662,172	(458,207)	294,057	7,498,022	9,809,710	2,311,688	-	21,041,209
2036	7,661,897	(458,207)	252,028	7,455,719	9,809,710	2,353,991	-	23,395,200
2037	4,593,122	(458,207)	216,650	4,351,565	9,809,710	5,458,145	-	28,853,345
2038	4,593,122	(458,207)	177,820	4,312,736	9,809,710	5,496,974	-	34,350,320
2039	4,593,122	(458,207)	138,906	4,273,821	9,809,710	5,535,889	-	39,886,208
2040	4,593,122	(458,207)	96,475	4,231,390	9,809,710	5,578,320	-	45,464,528
2041	4,593,122	(458,207)	(841,686)	3,293,229	9,809,710	6,516,481	-	51,981,009
2042	4,593,122	(458,207)	(846,884)	3,288,031	9,809,710	6,521,679	-	58,502,688
2043	4,593,122	(458,207)	(852,174)	3,282,741	9,809,710	6,526,969	-	65,029,657
2044	4,593,122	(458,207)	(861,054)	3,273,861	9,809,710	6,535,849	-	71,565,505
2045	4,593,122	(458,207)	(863,035)	3,271,881	9,809,710	6,537,829	-	78,103,335
2046	4,593,122	(458,207)	(868,609)	3,266,307	9,809,710	6,543,403	-	84,646,738
2047	4,593,122	(458,207)	(874,281)	3,260,635	9,809,710	6,549,075	-	91,195,813
2048	4,593,122	(458,207)	(883,623)	3,251,292	9,809,710	6,558,418	-	97,754,231
2049	4,593,122	(458,207)	(885,925)	3,248,990	9,809,710	6,560,720	-	104,314,951
2050	4,593,122	(458,207)	(891,901)	3,243,014	9,809,710	6,566,696	-	110,881,646
							355,349	

¹Includes Existing and Proposed Debt Service, CIP Pay-Go Capital and Event Center NMTC Lease Payments

²Includes General Fund Fixed Debt Service and Pay-Go Capital Budget, BAB Subsidies, Occupancy Tax Revenue, DCBG Grant Revenue, and 7 cent dedicated tax rate

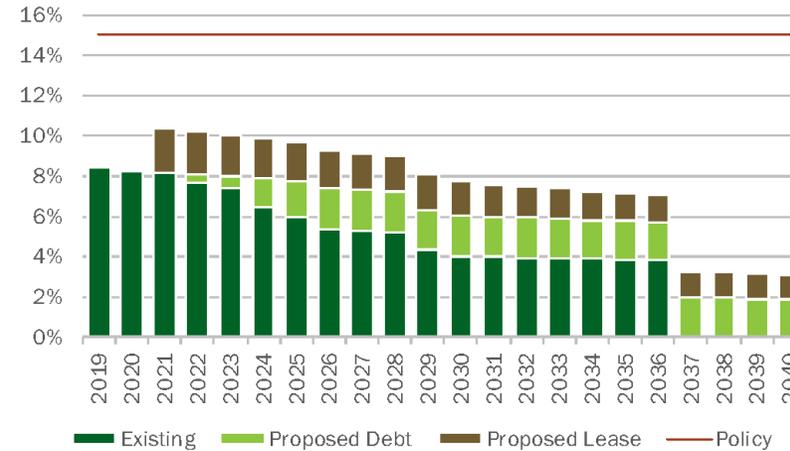
Key Debt Ratios (Parking Concept 2 Shown)

Existing and Proposed City Debt

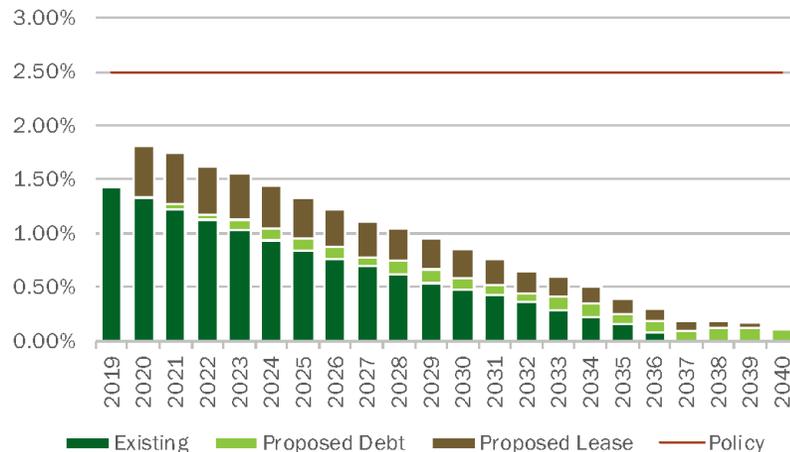
10-year Payout Ratio (Existing and Proposed)



Debt Service to Expenditures



Debt to Assessed Value



Debt Policies

- The City has a Policy establishing a minimum 10 Year Payout Ratio of 50%.
- The City has a Policy establishing a maximum Debt to Assessed Value of 2.50%.
- The City has a Policy establishing a maximum Debt Service to Expenditures of 15.00%.

Municipal Advisor Disclosure



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Developer's Overview

6/25/2019, David Hunt, Hunt Services

