

Accelerate Memphis

Invest in Neighborhoods

Whitepaper

January 21, 2021



Executive Summary

Through the 2010s, the City of Memphis exercised fiscal discipline through adverse conditions, such as modest gains in overall annual revenue and outsized debt service that consumed approximately one of every three dollars of property tax revenue. While notable investments were made in infrastructure, fiscal limitations such as annual borrowing caps still fall short of the kind of transformative work Memphians deserve.

But as the decade of the 2020s begins, Memphis stands at the precipice of a confluence of events, including:

- An administration committed to legacy-building, quality-of-life improvements throughout all neighborhoods of Memphis.
- An economy on an upward trajectory in the wake of the COVID-19 pandemic, building upon the momentum of the latter part of the 2010s.
- An ingrained culture of data-driven governmental decision-making and fiscal discipline, which has inspired confidence among citizens, other elected officials, bond rating agencies, and the State of Tennessee.
- A “debt cliff” coming in the 2027 fiscal year, when annual debt service will fall dramatically.
- A low-interest environment for issuing bonds.
- A newly adopted comprehensive plan to guide development, transportation, infrastructure, and civic space over the next two decades and beyond.

Accelerate Memphis is born from this confluence of events.

Capitalizing on these favorable conditions, the City of Memphis will make an unprecedented **\$200 million investment** in catalytic community projects intended to accelerate its growth by improving quality of life, driving equity and inclusion, improving housing and connectivity, and solving stubborn problems that are deeper than any single Capital Improvement Plan can solve. The City will take advantage *today* of the drop in debt service in the 2027 fiscal year to make a transformative, one-time investment in a variety of capital projects.

Accelerate Memphis will intentionally seek to leverage additional funds — such as private and philanthropic dollars — to increase its impact. More than \$170 million in *potential* leverage opportunities have been identified, which could bring the true impact of Accelerate Memphis to as much as \$370 million. Further conversations with the private, philanthropic, and other government sectors are expected to increase this total, along with private sector investments that cannot be reasonably forecasted at this time.

Accelerate Memphis will be a great leap forward in advancing Mayor Strickland's call for continued investment through all parts of our city, a call that has been joined by more and more citizens.

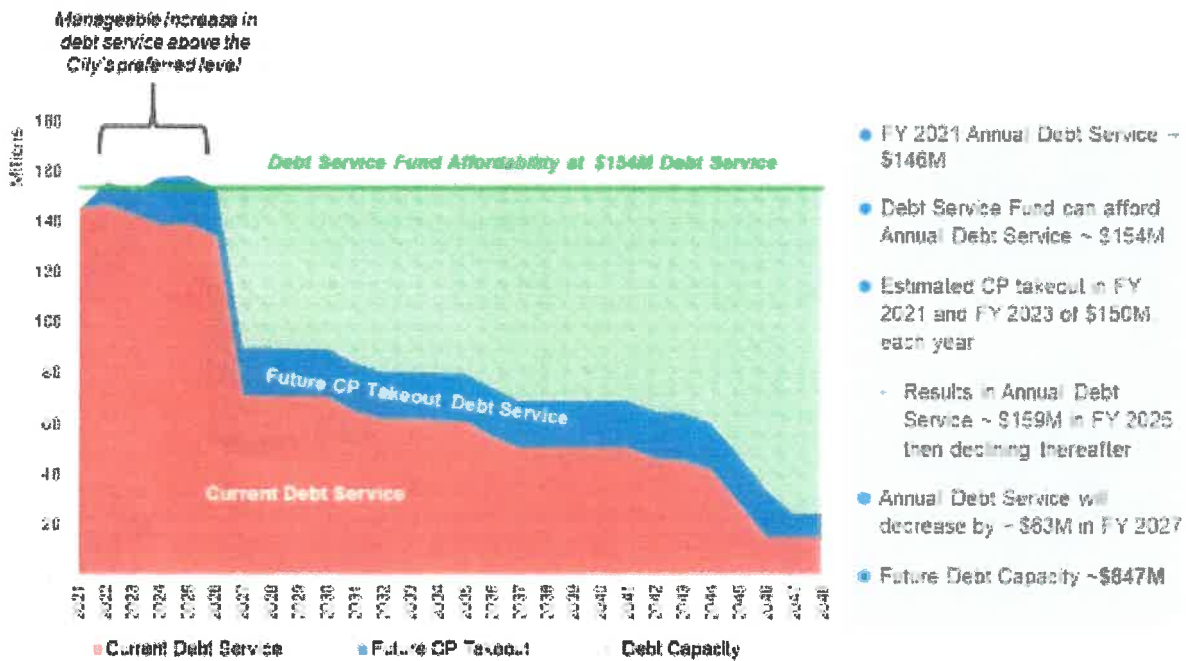
How this works

Accelerate Memphis hinges on the upcoming “debt cliff” — the expiration of a significant portion of the City’s current debt obligations — in FY27.

Pictured Below: City of Memphis debt profile and debt capacity, courtesy of Public Financial Management.



Overview of the City's Debt Profile and Debt Capacity



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Taking into account this profile, the financial structure of Accelerate Memphis is as follows:

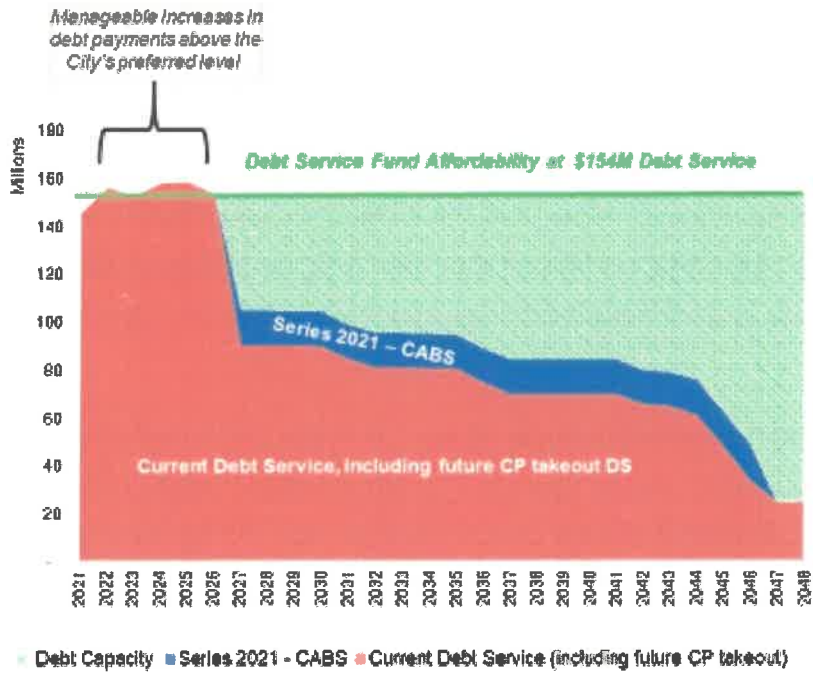
- On or shortly after July 1, 2021 (FY22), an entity or entities backed by the City will issue \$200 million in capital appreciation bonds. The term of the bonds will be for 25 years.

- In FY27, annual debt service of ~\$14.5 million will begin. That's also the fiscal year when the City's "debt cliff" is reached and annual debt service drops by \$63 million.

Below is a graphical representation of how the Accelerate Memphis bond issuance intersects with current City debt obligations:



Capital Appreciation Bonds Scenario – \$200M (Balloon Indebtedness)



- Funding of \$200M in projects with Capital Appreciation Bonds will not increase the annual debt service until FY 2027 but is considered balloon debt
- FY 2027 through FY 2046 annual debt service in the CAB structure ~ \$14.5M/year
 - Does not require any additional pennies to be contributed to the City's Debt Service Fund.
- Future Debt Capacity, after the issuance of \$200M in CABS is ~\$689M

How Accelerate Memphis will change our City

Deliberations between Mayor Strickland, the City's senior leadership team, and the Accelerate Memphis team continue as it relates to specific projects. Following is a broad working outline of how proceeds from \$200 million in Accelerate Memphis bonds will be used:

- Activating Memphis 3.0 — \$75 million
- Improving our parks — \$75 million
- Revitalizing citywide assets — \$50 million

Activating Memphis 3.0 | \$75 million

As the adopted plan for Memphis by Mayor Strickland, the City Council, and the Land Use Control Board, Memphis 3.0 provides the road map for where and how to invest in communities to drive growth within our core — to “build up, not out.” More than 15,000 Memphians offered input at more than 400 events, ensuring that these priorities are informed by significant public input. Growth is anchored on the strength of our core and our neighborhoods, and these investments will kick-start that growth.

- **Improving neighborhoods with investments in 34 anchor areas across the city (\$13.6 million).** Memphis 3.0 identifies 71 anchor areas as “nurture anchors,” which typically do not have sufficient market-led activity to drive desired change, and 30 “accelerate anchors” with greater potential for private investment, but in need of public support. Early-stage investment in 34 of these anchors are a signal of public sector focus in these areas and designed to unlock opportunities for change. Each anchor will be funded at \$400,000 each for select improvements identified as actions associated with Nurture degree of change or actions specified in the District Priorities section of the comprehensive plan. These actions will be determined on an area-by-area basis, but may include:
 - Street recovering
 - Bus shelters
 - Light pole banners
 - Crosswalk/sidewalk improvements
 - Road diets
 - Public wifi
 - Street light upgrades
 - Street trees and street furniture
 - Repurposed vacant land as civic space
 - Closed curb cuts

- Signage improvements
- Those 34 anchor areas are:
 - Cleveland & Madison
 - Delano & Watkins
 - Frayser Gateway
 - Jackson & Evergreen
 - James Road/Old Raleigh
 - Kerr & Gaither
 - Kirby & Raines
 - Lamar & McLean
 - Lester
 - Macon & Berclair
 - Macon & Victor
 - Macon & Wells Station
 - Mendenhall & Knight Arnold
 - Merton & Harvard
 - Neptune & Walker
 - New Covington & Austin Peay
 - Old Cordova
 - Park & Getwell
 - Perkins & Knight Arnold
 - Poplar & Cleveland
 - Poplar & Danny Thomas
 - Raleigh Egypt
 - Ridgeway & Quince
 - Sea Isle
 - Sherwood
 - Soulsville
 - Southbrook/Southland
 - Southwest Tenn. Community College (Whitehaven)
 - Summer & Graham
 - Third & Belz
 - Third & Fairway/Levi Library
 - Wells Station & Grey
 - Winchester & Ridgeway
 - Winchester & Tchulahoma
- **Accelerating change with large-scale, targeted investments in nine anchor areas (\$37.4 million).** These nine anchors combine all elements from above: they are identified as priority anchors (either Accelerate or Nurture), intersect with high-frequency transit or bus rapid transit, and exhibit opportunities for greater private sector investment on the heels of public investment. Improvements in these areas will be directed by a small area plan that takes a deeper look at the types of public investments best suited to accelerate change in these areas. These nine areas are:
 - Raleigh Town Center (Austin Peay and Yale)
 - Whitehaven Plaza (Elvis Presley and Raines)
 - South City (Mississippi and Georgia; Lauderdale and Vance)

- Soulsville (Mississippi and Walker)
- Klondike (Jackson and Watkins; Brown and Watkins)
- Hollywood/Hyde Park (Chelsea and Hollywood)
- Orange Mound (Lamar/Park and Airways; Marechalneil and Park; Dallas and Park)
- Highland Heights (Summer and National)
- Oakhaven (Shelby and Tchulahoma)

Small area plans for Raleigh Town Center and Whitehaven Plaza are complete. A planning effort for the remaining small areas will soon begin. That planning effort will seek to identify opportunities for transit-oriented residential and business development in the selected areas and potential funding options and strategies to guide investment for future growth. Examples of the type of investments that may be recommended are found in the small area plans for Raleigh and Whitehaven and include:

- Public promenade and plaza (Raleigh and Whitehaven)
 - Installation of new streets, curb, and gutter (Raleigh and Whitehaven)
 - Neighborhood squares and parks (Raleigh and Whitehaven)
 - Landscaped medians (Raleigh)
 - Pedestrian scale street lights, new crosswalks, and signals (Raleigh)
 - New sidewalks and pedestrian trails (Raleigh and Whitehaven)
 - Broadband and wireless Internet (Raleigh and Whitehaven)
 - New community buildings (Whitehaven)
 - Rainwater detention (Whitehaven)
 - Mix of housing types, including affordable housing (Raleigh and Whitehaven)
- **Safety improvements in eight Memphis 3.0-identified infrastructure priority anchor areas or corridors (\$9 million).** Street improvements are proposed for areas of critical need. Accelerate Memphis dollars identified will match \$25.7 million in federal and state transportation funds. Street improvements may include: intersection redesign, improved lighting, signal upgrades, crosswalk/sidewalk

improvements, bike lanes and bicycle facility protection, street furniture, ADA improvements, or traffic calming. Areas include:

- Frayser & Overton Crossing — \$837,600
 - Hickory Hill & Winchester — \$497,200
 - Hollywood Street — \$1 million
 - Lamar/Kimball/Pendleton — \$730,800
 - Ridgeway & Quince — \$185,200
 - Third & Ford — \$2 million
 - Trinity & Germantown — \$468,000
 - Watkins/Cleveland/Bellevue/Elvis Presley corridor — \$3.2 million
- **Closing the knowledge gap with broadband infrastructure (\$7.5 million).** Too many Memphians do not have access to broadband Internet, negatively affecting learning, job access, and quality of life. By allocating \$7.5 million in Accelerate Memphis funds to bring fiber to more and more neighborhoods with strategies to be identified by the Memphis 3.0 Smart City Plan, the City could make meaningful progress in closing this gap.
 - **Investing in housing opportunities (\$7.5 million).** The City is committed to making investments in affordable housing that support the needs of Memphis residents. These funds will be used for infrastructure, acquisition, and demolition in support of affordable housing development in Memphis 3.0 anchors. These investments will ensure that long-term affordability in Memphis neighborhoods remains a priority as redevelopment occurs.

Improving our parks | \$75 million

Parks are often the focus of neighborhood life — from more than 150 Division of Parks and Neighborhoods parks of all sizes to 30 community and senior centers, 17 pools (14 outdoor, three indoor), seven golf courses, three splash pads, 81 playgrounds, 48 basketball courts, 78 pavilions, four dog parks, 80 tennis courts (12 indoor, 68 outdoor), and more. Parks has more than 3,200 fixed assets (benches, trash cans, water fountains, etc.) throughout 116 developed parks. As an initiative of Memphis 3.0 and the Division, a master plan for the city's parks is nearing completion. While the planning is not yet finalized, citizens have

already voiced a strong preference for bringing existing park assets to excellent condition. Furthermore, citizens have identified key priorities that include more splash pads, more and better walking trails, better connections to other parks, and amenities such as wireless Internet in parks and fitness rooms in community centers. Through a \$75 million allocation, Accelerate Memphis will attempt to address many of these issues while bringing vibrancy back to assets throughout the city.

- **Bringing our park assets back to life (\$35 million).** A wide range of maintenance needs exists in our parks system. By investing \$35 million in deferred maintenance, we will make significant, noticeable improvements to the assets citizens use on a daily basis.
 - **Playground resurfacing (\$2.5 million).** Twenty-five existing playgrounds will be resurfaced.
 - **Neighborhood park maintenance and upgrades (\$14.5 million).** More than 100 neighborhood park locations will receive repair, ranging from park fixtures, paving, and other grounds maintenance as needed.
 - **Aquatic facilities (\$5 million).** Fourteen indoor and outdoor aquatic facilities will be renovated based on recommendations from an assessment conducted by Duffield Aquatics for the Division of Parks and Neighborhoods. For example, a new splash pad will be installed at Hollywood Community Center based on community input.
 - **Golf course/walking path maintenance (\$3 million).** Seven city golf courses will receive clubhouse, cart path, and grounds maintenance. Cart paths often informally double as walking trails, meaning the cart path investment will benefit both golfers and walkers alike.
 - **Community and senior center maintenance (\$10 million).** This allocation will allow for repairs to be addressed at all 30 community and senior centers, based on recommendations from an assessment conducted by Allworld Project Management. The site assessment categorized repairs into five priority levels; this allocation will enable repairs for priority levels 1 through 4. Examples of projects include roof repairs, HVAC, and plumbing.
- **Immediate investments in community-identified improvements (\$40 million).** These are either new amenities or significant renovations to existing facilities:

- Audubon Park (\$425,000). Construct a new picnic pavilion on the north end of the park.
- Chelsea Greenline (\$1,075,000). Design, acquire right-of-way, and construct a 2.5-mile shared-use path in the unused Union Pacific Railroad right-of-way adjacent to Chelsea Avenue from Evergreen Street to Washington Park. The project will also include modernization of traffic crossing at Chelsea Avenue, west of Watkins Street. This is a 20% local match to 80% federal grant.
- Douglass Park (\$1 million). Build a splash pad, improve the sports fields, and repave asphalt. This would match a federal grant.
- Gaisman Community Center (\$8 million). Replacement of current facility, which was constructed in the 1960s.
- Gaisman Park (\$1.1 million). Construction of two new soccer fields on the south end of the park and upgrades to park furnishings and paving.
- Gaston Community Center (\$4 million). Complete renovation of facility.
- Heights Line (\$4 million). Enables construction of a new 1.75-mile linear park and multi-use path in the Highland Heights community, located in the median of National Street between Summer Avenue and Bayliss Avenue, connecting to the Hampline and Wolf River Greenway.
- May Park improvements (\$1.5 million). This heavily used soccer complex will receive two rebuilt primary soccer fields and new paving on all drives and parking areas.
- Pine Hill Golf Course (\$4 million). A new clubhouse will be built both to serve the golf course and as a multipurpose room for the community.
- Pine Hill Park (\$600,000). Construct a new playground and picnic pavilion.
- Riverview Community Center renovation/improvements (\$2 million).
- Shelby Farms Greenline western extension (\$1,065,000). Construction of a bridge over the CN Railroad allowing westward expansion of Shelby Farms Greenline into Tobey Park and Liberty Park/Fairgrounds via Flicker Street. This is a 20% local match to 80% federal grant.
- South Memphis Greenline (\$737,000). Design, land acquisition, and construction for a shared-use path to be constructed in an unused right-of-way alignment in northeast direction from Marjorie Street to Trigg Avenue in South Memphis. This is a 20% local match to 80% federal grant.

- Southwest Twin Drive-In (\$1 million). Acquisition and demolition of former drive-in movie theater on South Third, for future conversion into community asset.
- Whitehaven Community Center (\$2 million). New multipurpose room and parking.
- Wolf River Greenway (\$2.5 million). This allocation is consistent with the agreement for the City to provide matching funds to realize the vision of a 26-mile shared-use trail through 22 neighborhoods stretching from the Mississippi River to Germantown. This would provide funds for Phase 10B alternate route, acquiring property and developing the route under the Austin Peay Highway bridge to connect to Phase 11.

In addition to the items outlined above, any additional dollars remaining under this category will go toward project contingency.

Revitalizing Citywide Assets | \$50 million

Regardless of the neighborhoods in which Memphians live, there are common assets that all of us enjoy. Many are progressing through their life cycle to a critical point at which major repairs or renovations are necessary to maintain their usefulness and vibrancy.

- **AutoZone Park Capital Repair Fund (\$5 million).** A City-owned asset since 2014, AutoZone Park is now more than 20 years old and is carrying significant deferred maintenance.
- **FedExForum Capital Repair Fund (\$10 million).** The City and County are obligated per the terms of the 2002 Operating Agreement to maintain FedExForum to NBA standards. As the arena, which was constructed in 2004, ages, these costs are increasing annually. By placing \$10 million into a sinking fund, and combining those dollars with excess bond repayment from the Memphis-Shelby County Sports Authority and funds from Shelby County, we will be able to continue to keep FedExForum among the NBA and NCAA's best arenas while saving annual CIP dollars for other priorities.
- **Historic Melrose mixed use/library/housing development (\$10 million).** Historic Melrose is the location of the former Melrose High School building, which was built in

the 1930s and closed in 1979. Since that time, the building has been vacant and the subject of many community discussions. Since 2017, the City of Memphis has worked with the neighborhood to identify a use for the building that respects the history and culture of the school and the Orange Mound Community. This investment will fund a state-of-the-art library and genealogy center in the building, which will be co-located with senior housing on upper floors.

- **Liberty Park youth sports complex (\$10 million).** As part of the larger Liberty Park development and youth sports complex, the construction of which will be funded through Tourism Development Zone bonds, this \$10 million allocation will be used to construct assets on site — such as a playground, the replacement track and football stadium, and soccer fields — that will be of use to citizens of the surrounding neighborhoods of Orange Mound, Belt Line, and the Cooper-Young area of Midtown. When coupled with planned private development on the north side of Liberty Park (hotel, retail, family entertainment, restaurants), the facility will be both an asset for the neighborhoods as well as an engine for family tourists.
- **Mud Island River Park rehab (\$4 million).** Improvements to the existing amphitheater will allow that facility to come back online as a concert venue. Additional infrastructure improvements will increase the park's visibility, improve its north entrance and rehab parking areas.
- **100 N. Main remediation (\$10 million).** To catalyze activity on the north end of Downtown, and to complement the nearby \$200 million transformation of the Renasant Convention Center and the forthcoming Loews Hotel, these funds will be set aside for remedying the challenge of the vacant eyesore on the city's skyline.
- **Underpass improvements (\$1 million).** Cosmetic, safety, and lighting improvements to a variety of railroad and street underpasses throughout the city, improving the experience and sense of safety for pedestrians and motorists.