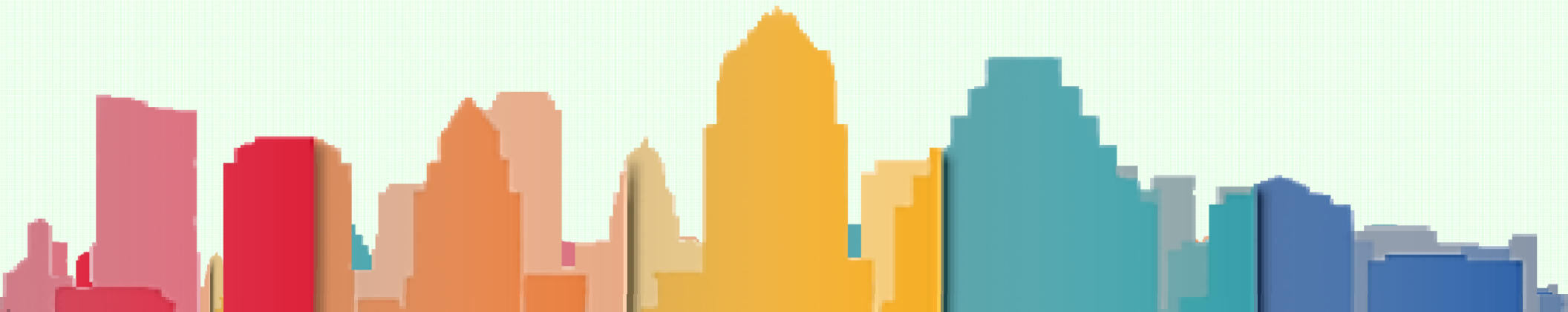




Update on Debt Capacity

May 8, 2018



Today's Presentation

Recap of Bond Election Task Force Recommendations

Debt Capacity

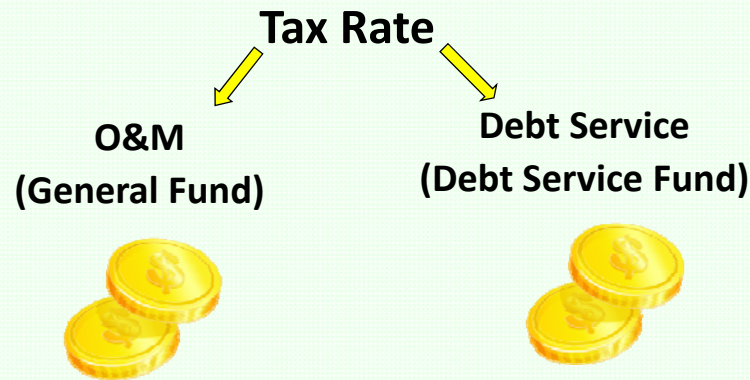
Next Steps

Task Force 2018 Bond Package Recommendation

Category	Staff Starting Point	Task Force Recommendation	Difference
Affordable Housing	\$85 Million	\$161 Million	\$76 million
Parkland & Open Space	\$50 Million	\$117 Million	\$67 Million
Reinvestment in Facilities & Assets	\$240 Million	\$281 Million	\$41 Million
Stormwater	\$75 Million	\$112 Million	\$37 Million
Transportation Infrastructure	\$190 Million	\$180 Million	<i>(\$10 Million)</i>
TOTAL	\$640 Million	\$851 Million	\$211 Million

Property Tax Rate

Property Tax Rate has 2 components:



- Debt service tax rate set each year at level necessary to fund principal and interest payments on debt that has been issued and pledged with property tax

General Obligation Debt

- \$1.5 Billion in Current Outstanding G.O. Debt
- City Issues G.O. Debt Each August
- Revenue pledge – backed by property tax (ad valorem) and “full faith and credit” of the City

Types of Debt	Purpose	Voter Approval	Term
Public Improvement Bonds (PIBs)	Capital assets	Yes	20 Years
Certificates of Obligation (COs)	Real property; off-cycle capital needs	No	10 – 20 Years
Contractual Obligation (KOs)	Equipment	No	5 – 10 Years



Bonds: *Timing*

Needs Assessments

Bond Election

Annual Appropriations

Contracts / Obligations / Spending

Annual Bond Sales

Debt Capacity: *Final Update*

Assumptions

- \$752 million still to be sold for existing bond programs
 - \$677 million in 2016 Mobility bonds
 - \$75 million in 2006-2012 GO bonds
- Assessed Valuation growth consistent with forecast
- Borrowing rates consistent with changing interest rate environment
- Six year look at capacity
 - Consistent with Financial Policies
 - Debt payoff
 - Bonds are sold over course of Bond program
 - City would continue to utilize Reimbursement Resolutions to fund projects, i.e. appropriate funds in one year, sell bonds in subsequent years
 - Tax rate impacts are spread out over several years
 - Allows for a 5-Year Bond Program

Debt Capacity: *Final Update*

Tax Rate Impact	2018 Election: New Capacity	Debt to Assessed Value (Current: 0.85%)	Debt Per Capita (Current: \$1,223)
Constant *	\$375 million	0.97%	\$1,753
+ 1-cent	\$625 million	1.05%	\$1,892
+ 2-cents	\$875 million	1.15%	\$2,073

* Tax rate increase associated with 2016 Mobility Bonds still to be phased in

- Additional capacity compared to estimates from last Spring
- Positive impact of increased assessed value
- Based on conservative assumptions
 - Assessed Valuation growth
 - Interest rate environment
 - Debt payoff

Debt Capacity: *Tax Bill Impact*

In current year value, a 2-cent increase for a \$300,000 home, is \$60 / year, or \$5 / month

Actual tax rate increases would occur over multiple years, as assessed value of that \$300,000 home increases over those years

Looking Ahead

Week of May 14th	Staff update to Bond Election Advisory Task Force report
By June 26th	Council direction on creating Ordinance to set election
August 9th	1 st reading of Ordinance to order bond election and set ballot
August 15th	2 nd reading of ordinance to order bond election and set ballot
August 20th	3 rd reading of ordinance to order bond election and set ballot