



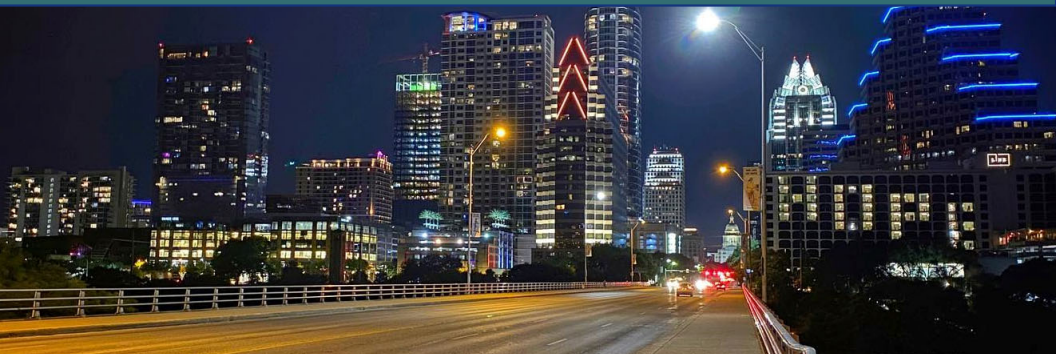
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Capital Improvement Program Financials

Audit and Finance Committee – April 26, 2023

Kimberly Olivares | Deputy Chief Financial Officer

Belinda Weaver | Treasurer



Objectives and Takeaways



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- Impact of off-cycle bond programs, construction market conditions, and aggressive spending plans
- \$1.8 billion in authorized but unissued voter-approved bonds
- City Manager's Actions: Creation of Capital Delivery Services Department
- Staff will focus on completing current bond programs



CIP Spending Overview

Common Terms

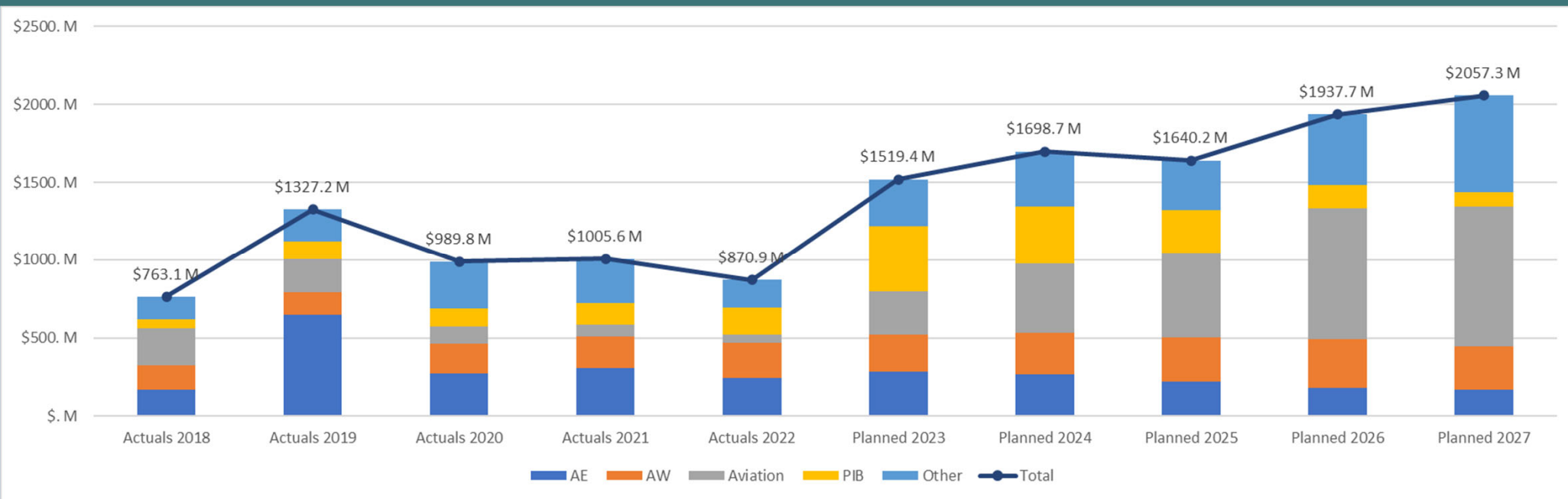


- Appropriation – Action by City Council to authorize the spending of City funds for specific purposes.
- Authorization – Voter approval for bond programs.
- Certificates of Obligation (CO) – Non-voter approved debt used for land, buildings, right of way, construction of a public work.
- Contractual Obligation (PPFCO) – Non-voter approved debt used for equipment, machinery, vehicles, information technology.
- Encumbered – A commitment to make a payment in the future, typically associated with a contract for goods or services.
- Obligated – Total commitments calculated from the sum of expenditures and encumbrances.
- Public Improvement Bonds (PIB) – Voter authorized debt.
- Remaining Balance – Appropriation minus obligated.
- Spending Plan – Anticipated capital expenditures each fiscal year.

CIP Spending Overview



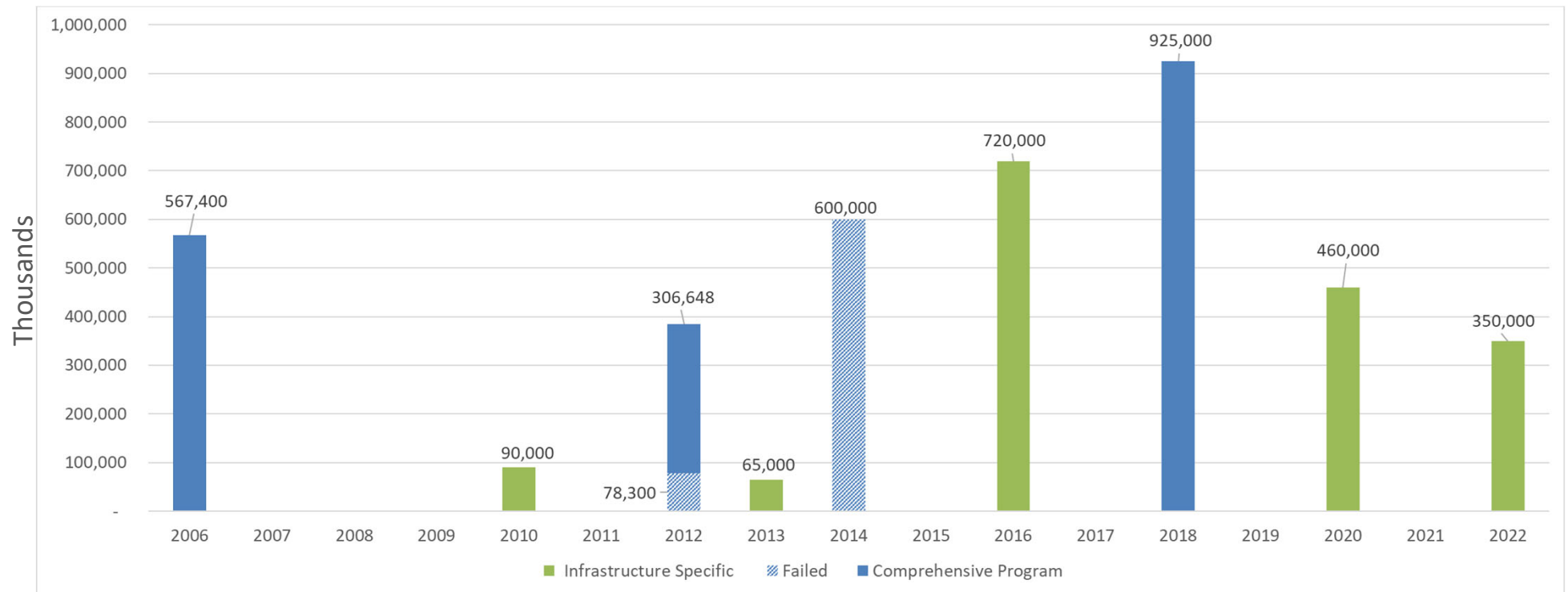
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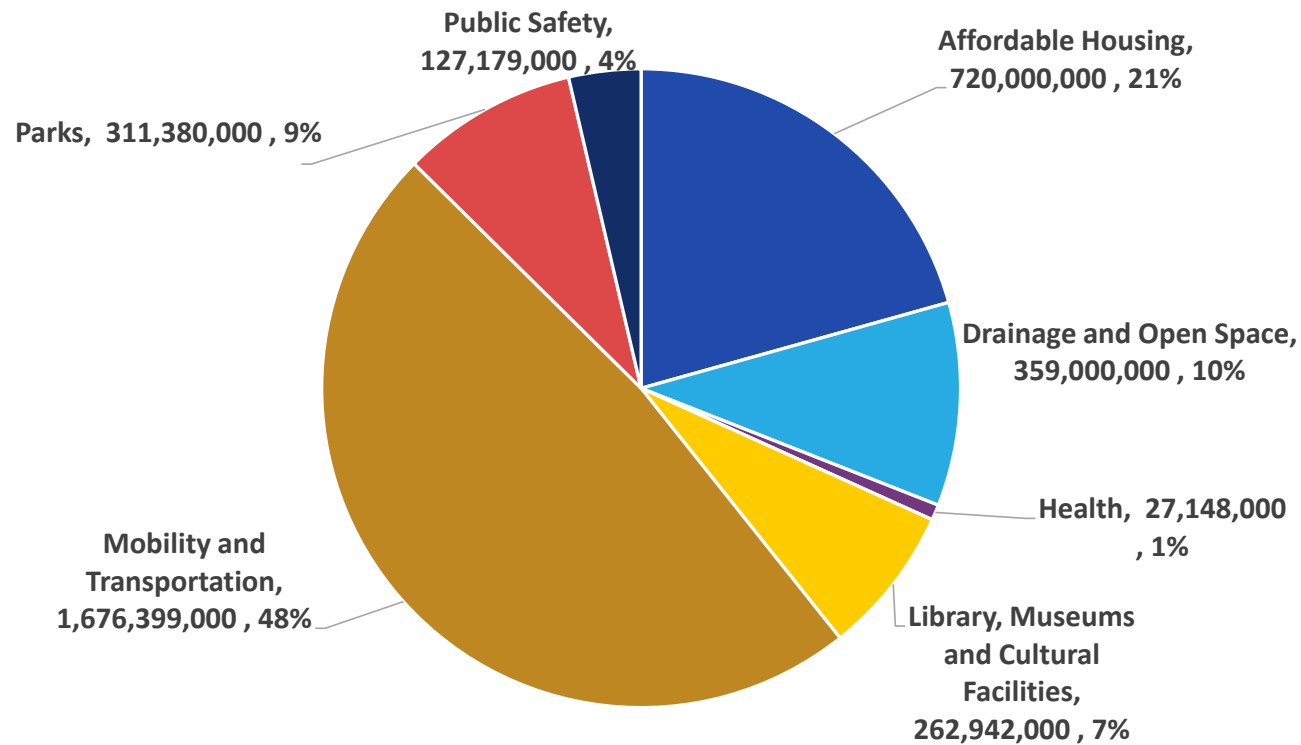


Voter Approved Bond Program History

Public Improvement Bonds (PIBs) – Voting History (2006-2022)

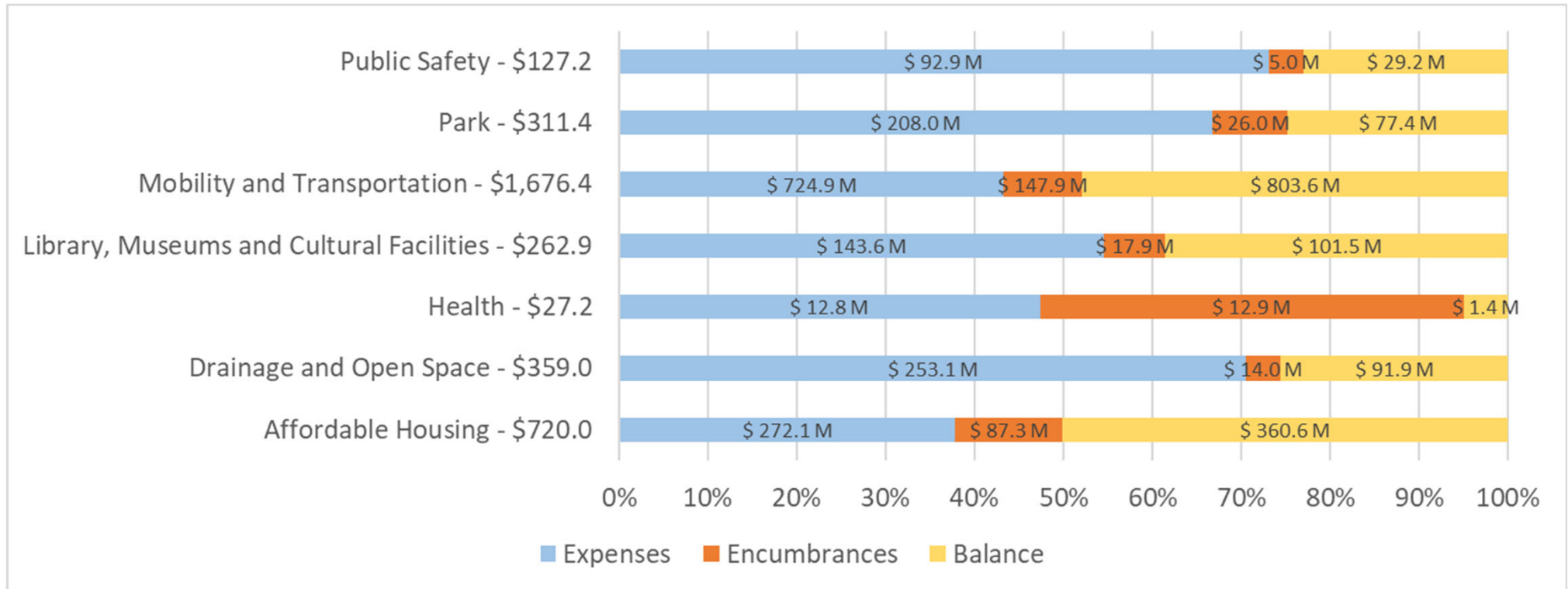


Public Improvement Bonds – Aggregate Authorization by Category (2006 – 2022)



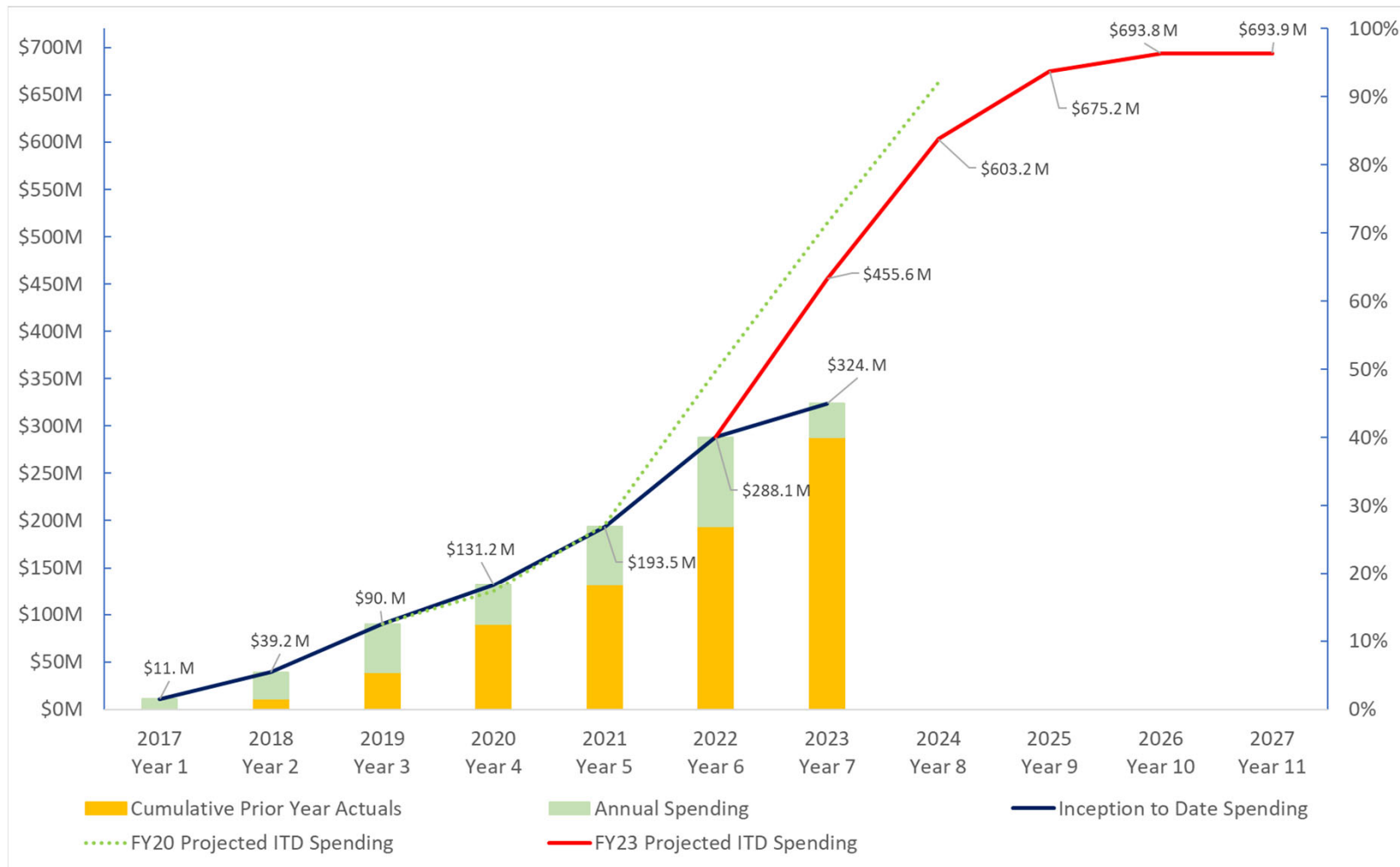
**\$3.5 Billion Total
PIB Authorization**

Public Improvement Bonds – Balance Status by Category (2006-2022)

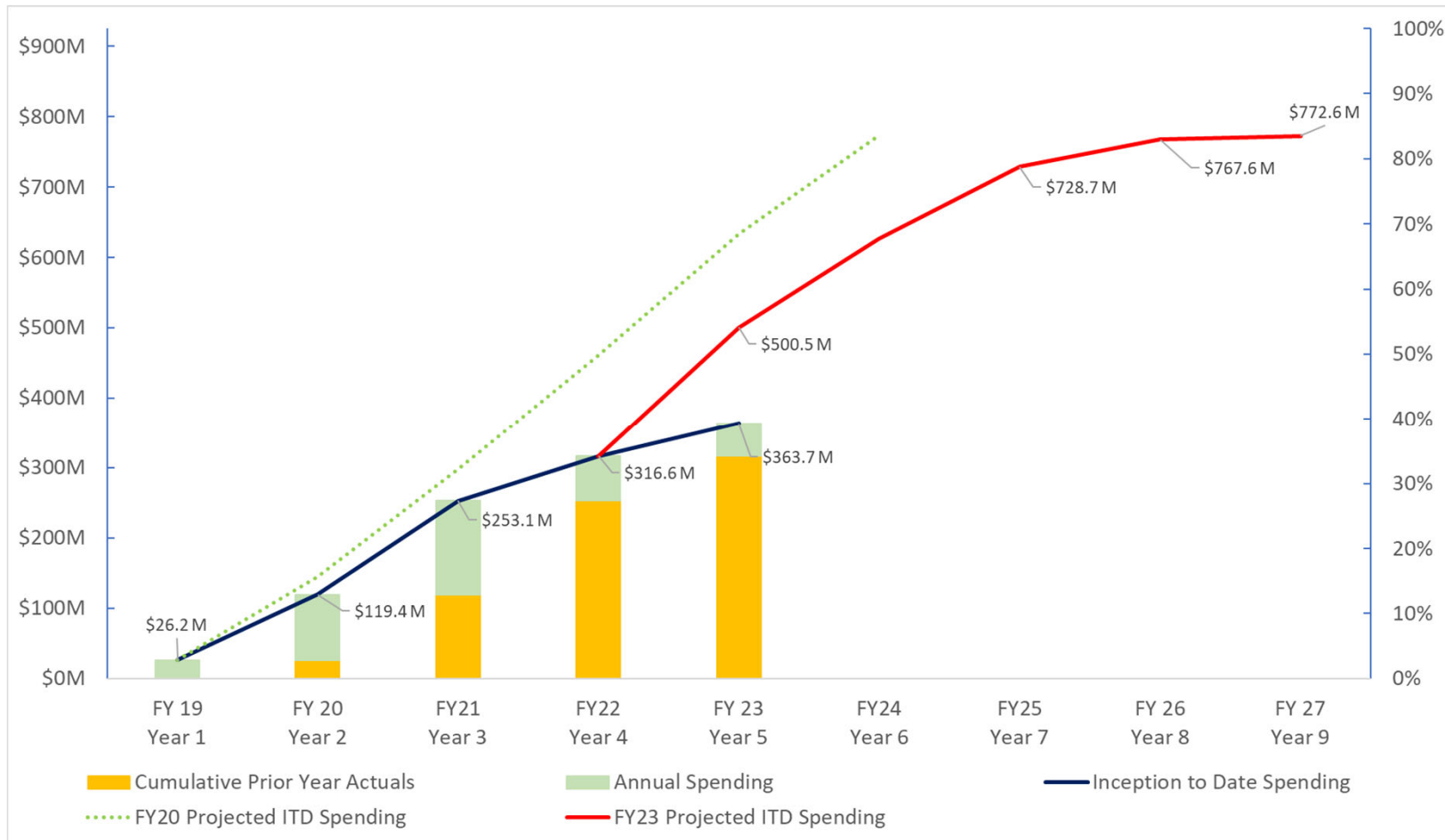


Data through Q2 FY23

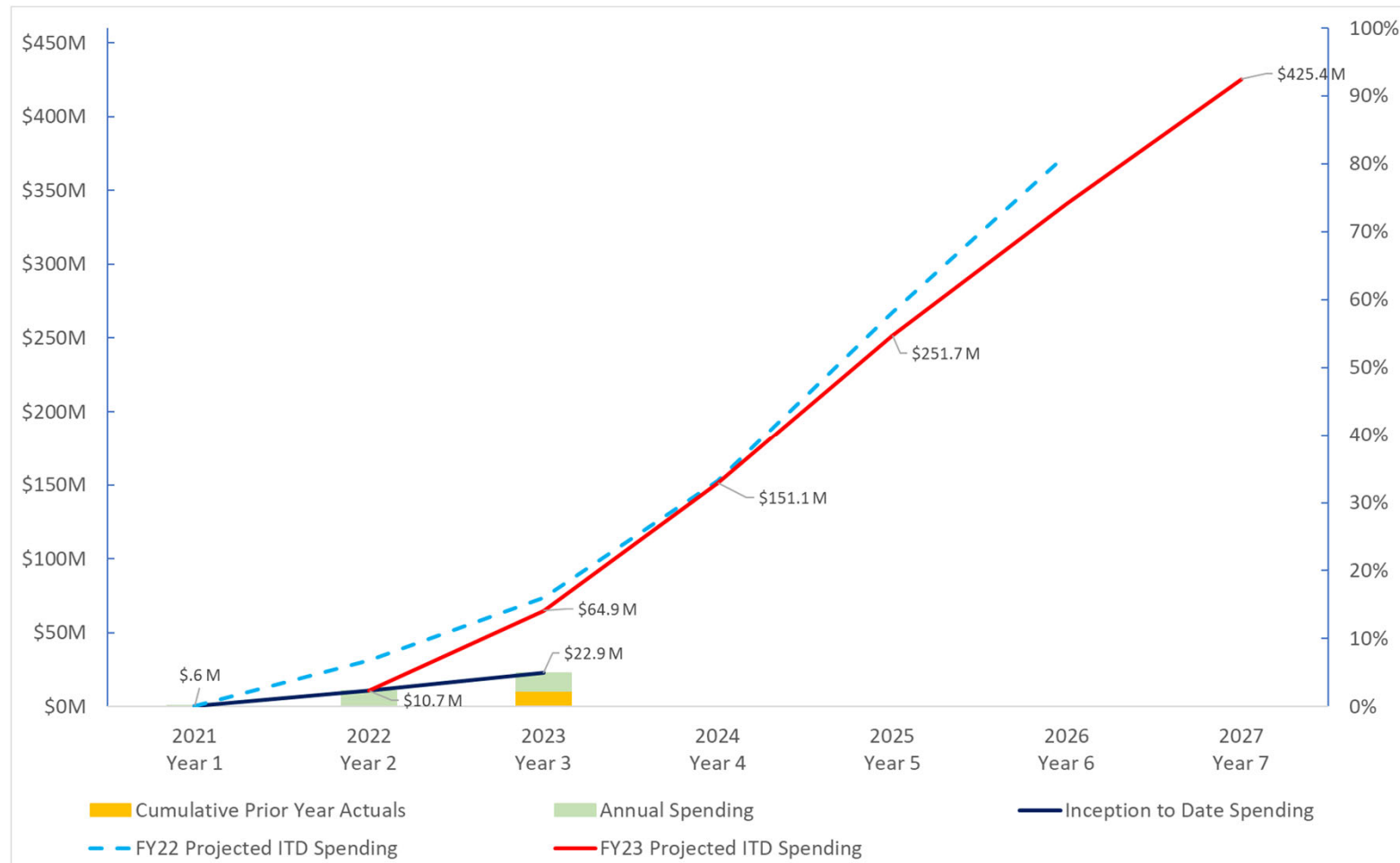
2016 Mobility Bond, \$720 Million



2018 Bond, \$925 million



2020 Bond, \$460 million



Capital Delivery Services



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Response:

- Interim City Manager Garza has named Capital Delivery one of the top COA priorities and is closely monitoring
- Capital Delivery Services Department was created on March 24th, 2023, establishing a dedicated singular focus

Department Priorities:

- Adopting a concept of speed in delivering quality projects
- Challenging all existing processes to find a way to execute in half of the time
- Developing and implementing a consistent approach to Capital Delivery across the City of Austin
- Providing proactive and transparent reporting on projects



Non-Voter Approved Debt



Issuances to Support Prior Appropriations

- \$250+ million backed by future issuance of Certificates of Obligation
 - Notable projects
 - Waller Creek District Parks (\$93.1M) – Supported by Waller Creek TIRZ
 - New Fire/EMS stations (\$47.4M)
 - Fire/EMS Station renovations (\$26.7M)
 - Various transportation projects (\$40.7M)
 - Town Lake Center renovation (\$20.0M)
 - Domestic violence shelter (\$6.9M)
- \$75+ million backed by future issuance of Contractual Obligations
 - Notable Projects
 - General Fund/Support Service Department's Fleet & equipment (\$56.8M)
 - Human Capital Management System (\$10.0M)
 - Greater Austin Travis Regional Radio System – GATRRS (\$5.9M)

Pending Operational Needs that May Use COs



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- Phase out leased office/administrative/warehouse space and shift to City owned
- Public Facilities Corporation created to accelerate delivery of major City facilities for lower project costs
- Pending Projects:
 - Northeast Service Center
 - Rutherford Lane Campus
 - Downtown EMS, Fire, and Police station replacements



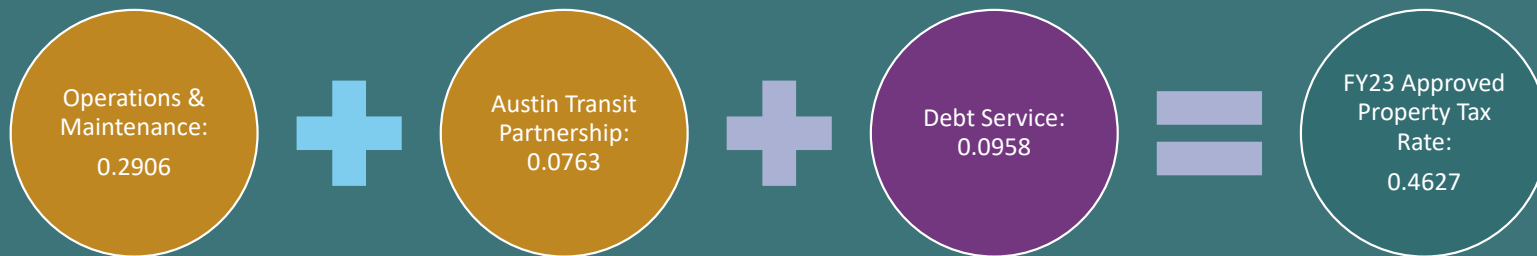
Tax Rate and General Obligation Debt

FY 2022-23 Property Tax Rate



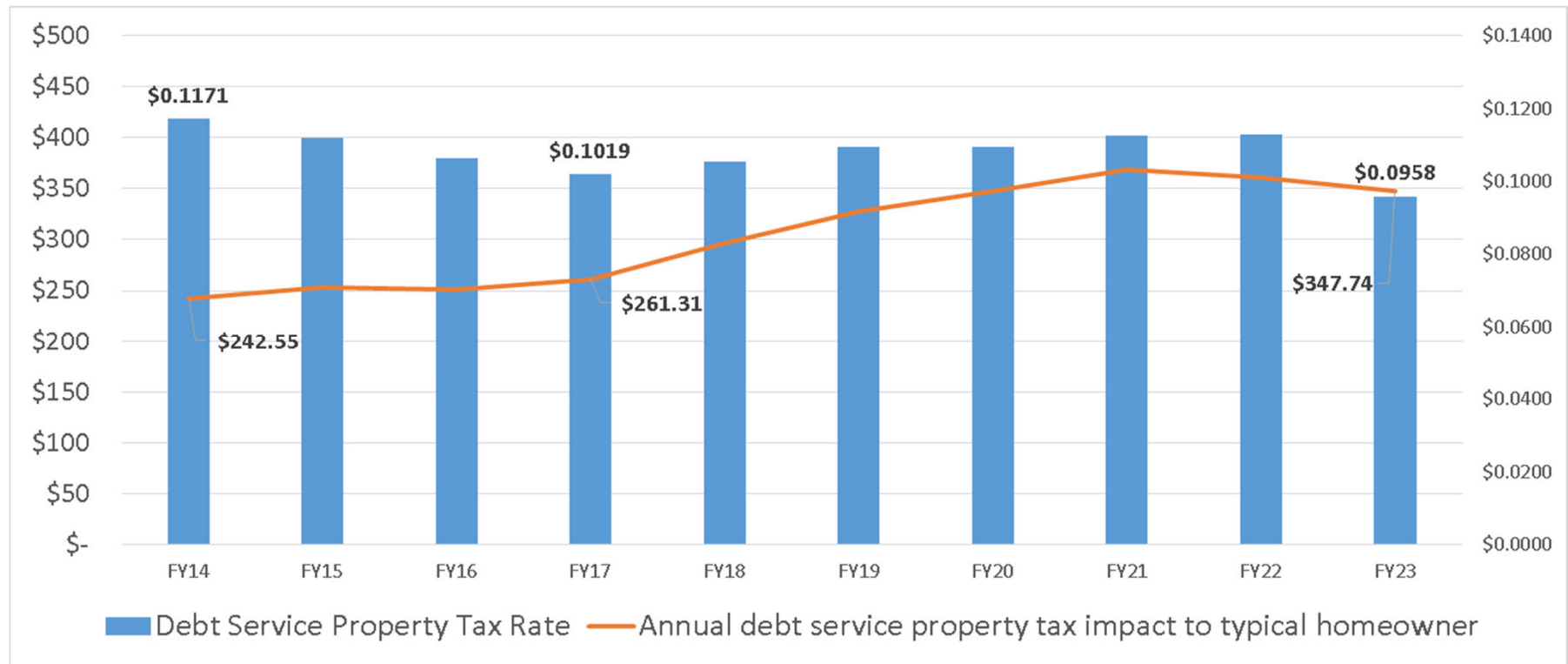
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- Property Tax Rate has 3 components:



- Debt service tax rate set annually at a level necessary to fund principal and interest payments on debt that has been issued and pledged with property tax.
- Total General Obligation debt service includes both voter-approved PIBs and non-voter approved certificates of obligation and contractual obligations.

Debt Service Fiscal Impact



PIBs – Authorized but Unissued

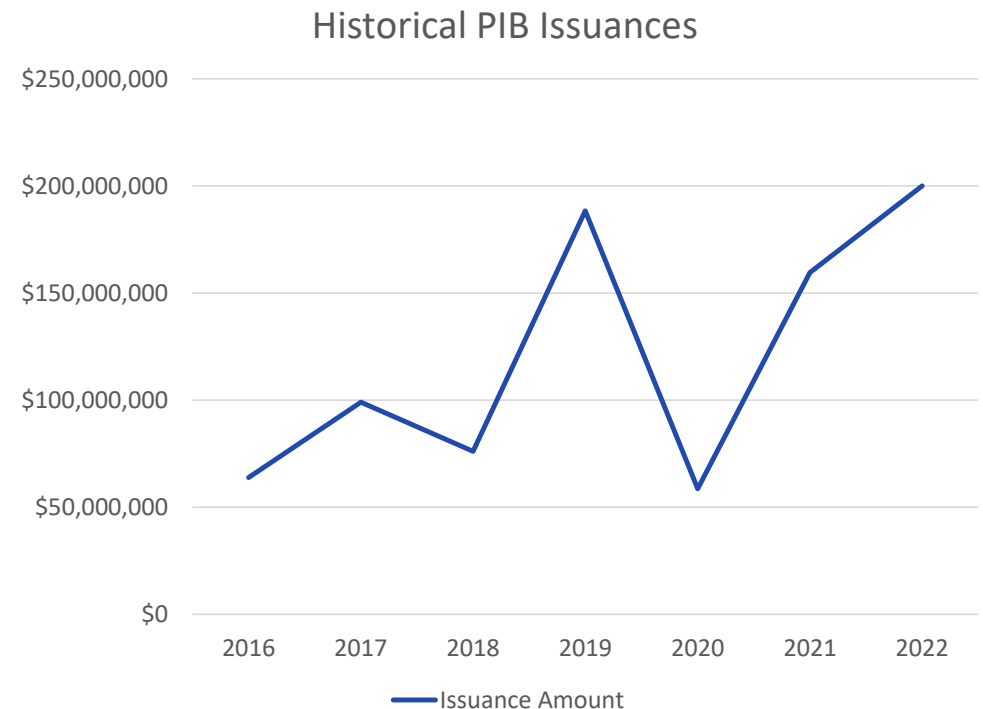


- GO Debt = Public Improvement Bonds, Certificates of Obligation, and Contractual Obligations
 - \$1.7 billion in outstanding (issued) General Obligation debt
 - Issued once per year
 - Backed by property (ad valorem) taxes and “full faith and credit” of the City

Bond Program	Remaining to be Issued
2006	\$4,000,000
2012	\$14,480,000
2016	\$437,905,000
2018	\$547,510,000
2020	\$451,000,000
2022	\$350,000,000
TOTAL	\$1,804,895,000

Historical PIB Issuances

- Series 2022 - \$200,000,000
- Series 2021 - \$159,550,000
- Series 2020 - \$58,600,000
- Series 2019 - \$188,370,000
- Series 2018 - \$76,055,000
- Series 2017 - \$99,000,000
- Series 2016 - \$63,810,000





Financial Policy and Credit Rating Considerations

Council Adopted Financial Policies



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- Timing of general obligation bond elections shall be determined by the inventory of current authorized unissued bonds remaining to be sold. An estimated two years of authorized unissued bonds shall remain before an election will be held.
- The total dollar amount of bond election propositions recommended to the voters shall not exceed the City's estimated ability to issue said bonds within a normal six-year period.
- Based on these policies and current spending projections previously discussed, the earliest a new bond election would occur is 2026



Credit Rating Agency Considerations

- GO Credit Ratings
 - S&P – AAA
 - Moody's – Aa1
 - Fitch – AA+
- The City's current debt balances (\$1.7B) and future debt issuance plans are key factors in determining the City of Austin's debt rating.
- Future debt issuances must be carefully managed relative to AAA credit standards and criteria

S&P's rating criteria: "Significant medium-term debt plans produce a higher [debt] score when included."

Fitch's rating criteria: "Changes in expectations for the size and nature of the government's combined debt and pension burden can change the final [debt] assessment."

Objectives and Takeaways



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Questions?



Appendix

Public Improvement Bonds – Balance Status by Election Year (2006-2022)

Bond Program	Authorized	% Expended	% Obligated	% Balance
2006-Comprehensive	\$567.4	98%	99%	1%
2010-Transportation	\$90.0	100%	100%	0%
2012-Comprehensive	\$306.6	94%	96%	4%
2013-Housing	\$65.0	100%	100%	0%
2016-Mobility	\$720.0	45%	57%	43%
2018-Comprehensive	\$925.0	39%	59%	41%
2020-Mobility	\$460.0	5%	12%	88%
2022-Housing	\$350.0	0%	0%	100%
Totals	\$3,484.0	49%	58%	42%

Data through Q2 FY23

Public Improvement Bonds – Balance Status 2006 Program

Bond Prop	Authorized	Encumbrances	Expenses	% Expended	% Obligated	% Balance
2006 Prop 1: Transportation	\$103.1 M	\$. M	\$103.1 M	100%	100%	0%
2006 Prop 2: Drainage and Open Space	\$145. M	\$2.4 M	\$142.6 M	\$1.0	\$1.0	0%
2006 Prop 3: Parks	\$84.7 M	\$. M	\$84.7 M	100%	100%	0%
2006 Prop 4: Cultural Facilities	\$31.5 M	\$.3 M	\$27. M	\$0.9	\$0.9	13%
2006 Prop 5: Affordable Housing	\$55. M	\$3.6 M	\$51.4 M	93%	100%	0%
2006 Prop 6: Central Library	\$90. M	\$.2 M	\$89.7 M	\$1.0	\$1.0	0%
2006 Prop 7: Public Safety	\$58.1 M	\$.9 M	\$56.4 M	97%	99%	1%
Totals	\$567.4 M	\$7.4 M	\$554.9 M	98%	99%	1%

Data through Q2 FY23

Public Improvement Bonds – Balance Status 2012 Program

Bond Prop	Authorized	Encumbrances	Expenses	% Expended	% Obligated	% Balance
2012 Prop 12: Transportation and Mobility	\$143.3 M	\$3. M	\$134.6 M	94%	96%	4%
Prop 13: Open Space & Watershed Protection	\$30. M	\$. M	\$30. M	\$1.0	\$1.0	0%
Prop 14: Parks and Recreation	\$77.7 M	\$3.1 M	\$70.6 M	91%	95%	5%
Prop 16: Public Safety	\$31.1 M	\$.4 M	\$28.4 M	\$0.9	\$0.9	7%
Prop 17: Health and Human Services	\$11.1 M	\$. M	\$11. M	99%	99%	1%
Prop 18: Library, Museum & Cultural Arts Facilities	\$13.4 M	\$.7 M	\$12.6 M	\$0.9	\$1.0	1%
Totals	\$306.6 M	\$7.3 M	\$287.3 M	94%	96%	4%

Data through Q2 FY23

Public Improvement Bonds – Balance Status 2018 Program

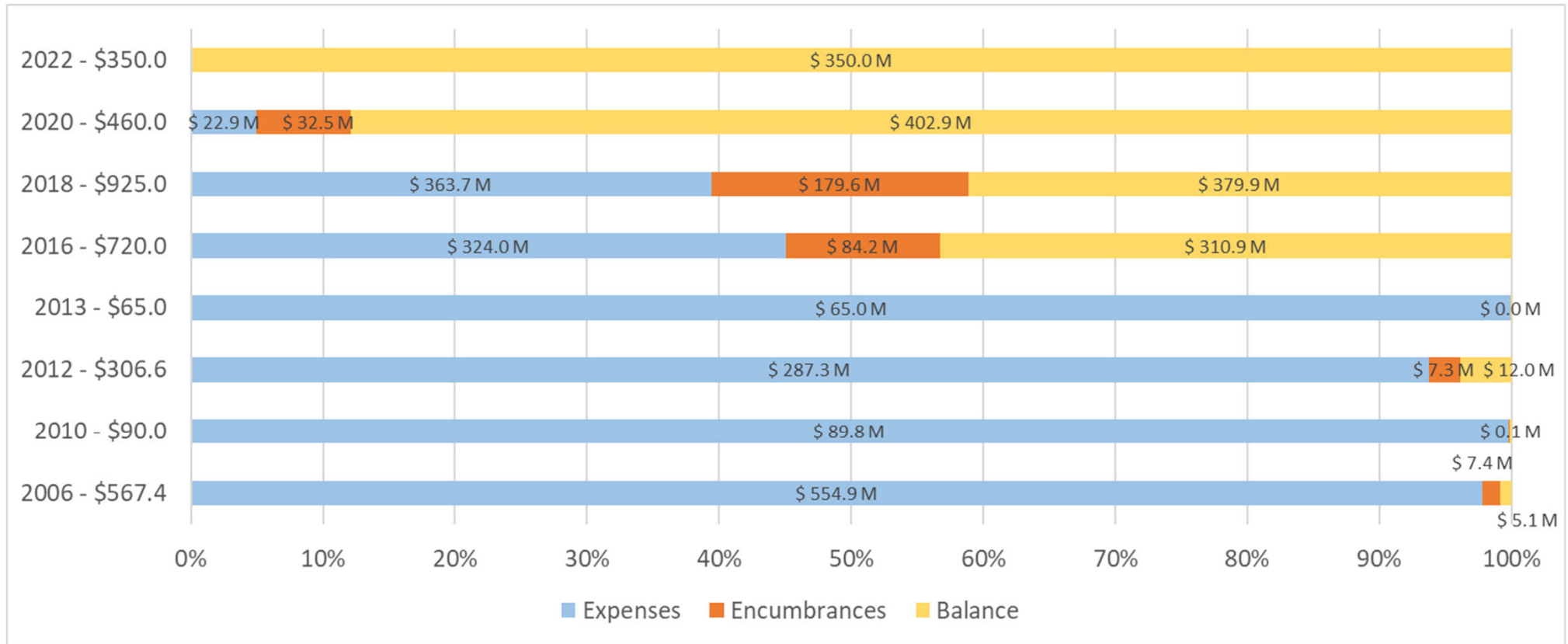
Bond Prop	Authorized	Encumbrances	Expenses	% Expended	% Obligated	% Balance
2018 Prop A: Affordable Housing	\$250. M	\$83.7 M	\$155.7 M	62%	96%	4%
2018 Prop B: Libraries, Museums & Cultural Facilities	\$128. M	\$16.6 M	\$14.2 M	\$0.1	\$0.2	76%
2018 Prop C Parks and Rec	\$149. M	\$22.9 M	\$52.7 M	35%	51%	49%
2018 Prop D: Flood Mitigation, Open Space & Water Quality Protection	\$184. M	\$11.6 M	\$80.6 M	\$0.4	\$0.5	50%
2018 Prop E: Health and Human Services	\$16. M	\$12.9 M	\$1.8 M	11%	92%	8%
2018 Prop F: Public Safety	\$38. M	\$3.7 M	\$8.1 M	\$0.2	\$0.3	69%
2018 Prop G: Transportation	\$160. M	\$28.2 M	\$50.6 M	32%	49%	51%
Totals	\$925. M	\$179.6 M	\$363.7 M	39%	59%	41%

Data through Q2 FY23

Public Improvement Bonds – Aggregate Balance Status by Election Year (2006-2022)



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Data through Q2 FY23