



2020 EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS ISSUE

Town Council Meeting


June 3, 2020

REMAINING BOND ISSUE CALENDAR



June 3

- Adopt Authorizing Resolution 1352-20



Weeks of June 8
& 15

- Ongoing and final preparation, complete Final Offering Statement, and Price Obligations



Late June / Early
July

- Sell the Obligations, Receive Proceeds



July 17

- Present Final Results of the Obligations Sale to Council

AMOUNT

- Issue Proceeds Amount: \$95M
 - Streets = \$67M
 - Fire = \$28M
 - Issue Costs: \$610K (0.6%)



REPAYMENT PLEDGE VS. REPAYMENT SOURCES

- Repayment **Pledge** (Legal): Excise Taxes and State Shared Revenues
 - Excise Taxes and State Shared Revenues are All Operating Budget Revenues Except for Property Taxes and Gas Taxes
- Repayment **Sources**
 1. Impact Fees (Fire and Transportation)
 2. Operating Budget
 3. 2% Dedicated Transportation Construction Sales Tax



DEBT SERVICE COVERAGE RATIO



	Before New Issue	After New Issue
Pledged Revenues	\$67.8M	\$67.8M
Annual Debt Payment	\$9.0M	\$14.0M
Debt Service Coverage	7.5x	4.8x
Legal Minimum	3x	3x

INTEREST RATES

- Estimated Yield/Interest Rate: 3.0% to 3.5%
 - Current Bond Rating: **AA**
 - Near Record Low Interest Rates
 - 2018 Bond Yield: ~4%



TERMS

- \$12M City of Mesa Reimbursement
 - Payment from Mesa Due 12/31/30
 - Interest Only
- \$83M Remaining Amount
 - 30-Year / Level Payment
 - Same Structure as the 2018 Bond Issue



ANNUAL PAYMENT

- \$5.0M Annual Payment
 - Mesa Road (\$12M):\$0.5M
 - Interest Only
 - All Other (\$83M): \$4.5M





\$67M STREET PORTION

- Re-Balanced 10-Year Capital Plan
 - Prior IIP Amount: \$195M
 - New IIP Amount: \$269M (+\$74M)
 - Reasons for the Change
 1. IIP Cost Updates: \$47M
 2. New Projects: \$7M
 3. Outside QC Projects: \$20M

\$67M STREET PORTION

(CONCLUDED)

- Town Council Created a \$6.5M Annual Placeholder for Debt Payment
 - \$5.5M From Mid-Decade Census (FY 16-17)
 - \$1.0M From Debt Refinancing (FY 17-18)
- Most of the Placeholder Has Been Used...
 - \$3.1M Used for 2018 Debt Issue
 - \$2.9M Used for 2020 Debt Issue
 - \$0.5M Remains



10-YEAR TRANSPORTATION PLAN

Status	Projects	Amount	
Complete Projects	22	\$76.5M	28%
Design / Under Construction	16	\$118.8M	44%
Future Projects	<u>19</u>	<u>\$73.7M</u>	<u>28%</u>
Total Projects	57	\$269M	100%

STREETS: ANNUAL DEBT PAYMENT ALLOCATION

Purpose	Total (Amount / Annual Payment)	Impact Fees (Amount / Annual Payment)	Construction Sales Tax (Amount / Annual Payment)	Operating Budget (Amount / Annual Payment)
Streets – IIP	\$40M / \$2.3M	\$7M / \$0.4M	\$5M / \$0.3M	\$28M / \$1.6M
Streets – New *	\$7M / \$0.4M	\$ - / \$ -	\$ - / \$ -	\$7M / \$0.4M
Streets – Outside Town *	<u>\$20M / \$0.9M</u>	<u>\$ - / \$ -</u>	<u>\$ - / \$ -</u>	<u>\$20M / \$0.9M</u>
Total	\$67M / \$3.6M	\$7M / \$0.4M	\$5M / \$0.3M	\$55M / \$2.9M
% Allocation	100%	10%	7%	83%

*Projects included in the Towns’ Capital Improvement Plan but not included in the Infrastructure Improvement Plan for Impact Fees

\$28M FIRE PORTION

1. Station #4 (New): \$6.4M (under construction)
2. Station #5 (New): \$8.7M (in design)
3. Station #2 (Reconstruction): \$7.9M (in design)
4. Resource Center (New): \$5.0M (in pre-design)



FIRE: ANNUAL DEBT PAYMENT ALLOCATION

Purpose	Total (Amount / Annual Payment)	Fire Impact Fees (Amount / Annual Payment)	Operating Budget (Amount / Annual Payment)
2 New Stations	\$15.1M / \$0.7M	\$6.4M / \$0.3M	\$8.7M / \$0.4M
1 Station Reconstruction	\$7.9M / \$0.4M	\$3.3M / \$0.2M	\$4.6M / \$0.2M
Resource Center	<u>\$5.0M / \$0.3M</u>	<u>\$2.4M / \$0.1M</u>	<u>\$2.6M / \$0.2M</u>
Total	\$28.0M / \$1.4M	\$12.1M / \$0.6M	\$15.9M / \$0.8M
Allocation	100%	43%	57%

NOTE: An additional \$2.5M of project costs will be cash-funded with Law Enforcement Impact Fees

OUTSTANDING OBLIGATIONS DEBT*

Purpose	Outstanding Amount 6/30/19	% of Total	Proposed 2020 Issue	Total Outstanding Amount	% of Total
Transportation	\$91.6M	74%	\$67M	\$158.6M	73%
Fire	\$6.6M	5%	\$28M	\$34.6M	16%
Law Enforcement	\$1.9M	2%	-	\$1.9M	1%
Library	\$5.2M	4%	-	\$5.2M	2%
Town Buildings	\$5.1M	4%	-	\$5.1M	2%
Parks	\$4.1M	3%	-	\$4.1M	2%
HPEC	\$5.2M	4%	-	\$5.2M	2%
Recreation Annex	<u>\$4.4M</u>	<u>4%</u>	<u>-</u>	<u>\$4.4M</u>	<u>2%</u>
TOTAL	\$124.1M	100%	\$95M	\$219.0M	100%

90% of Total

*Excludes Water and Wastewater, and Non-Town Improvement District Debt.

ANNUAL DEBT PAYMENTS*

Funding Source	Current Payment	FY 21-22 Payment	Total Annual Payment
Operating Budget	\$4.8M	\$3.7M	\$8.5M
Dedicated Transportation Sales Tax	\$1.3M	\$0.3M	\$1.6M
Town Center Sales Tax	\$0.3M	-	\$0.3M
Transportation Impact Fees	\$0.6M	\$0.4M	\$1.0M
Fire Impact Fees	\$0.5M	\$0.6M	\$1.1M
Law Enforcement Impact Fees	\$0.1M	-	\$0.1M
Library Impact Fees	\$0.2M	-	\$0.2M
Town Building Impact Fees	\$0.3M	-	\$0.3M
Parks Impact Fees	<u>\$0.5M</u>	-	<u>\$0.5M</u>
TOTAL	\$8.6M	\$5.0M	\$13.6M

*Excludes Water, Wastewater, and Non-Town Improvement District Debt

RECOMMENDED MOTION

- Approve Resolution No. 1352-20
 - Transaction is Market Sensitive
 - Includes an Emergency Clause so Resolution Takes Effective Immediately
 - Requires Six Affirmative Votes for Resolution to be adopted with Emergency Clause





Questions and Comments