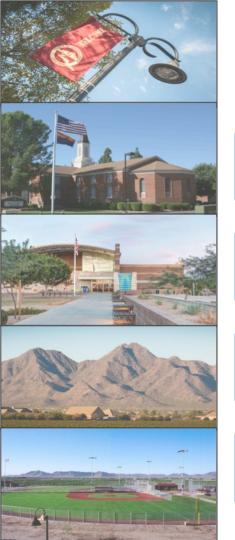




# 2020 EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS ISSUE

Town Council Meeting

June 3, 2020



## REMAINING BOND ISSUE CALENDAR

June 3

Adopt Authorizing Resolution 1352-20

Weeks of June 8 & 15

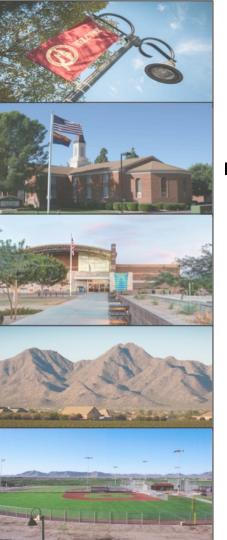
 Ongoing and final preparation, complete Final Offering Statement, and Price Obligations

Late June / Early July

• Sell the Obligations, Receive Proceeds

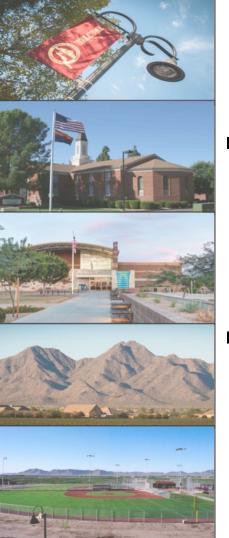
July 17

 Present Final Results of the Obligations Sale to Council



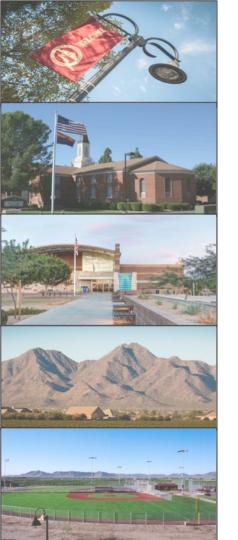
#### **AMOUNT**

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



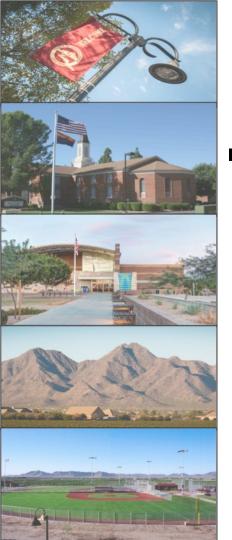
### REPAYMENT PLEDGE VS. REPAYMENT SOURCES

- Repayment <u>Pledge</u> (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 <u>Sources</u>
  - Impact Fees (Fire and Transportation)
  - 2. Operating Budget
  - 3. 2% Dedicated Transportation Construction Sales Tax



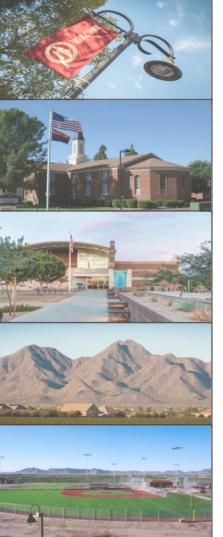
## DEBT SERVICE COVERAGE RATIO

	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



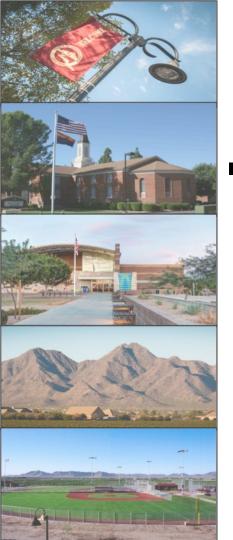
#### INTEREST RATES

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



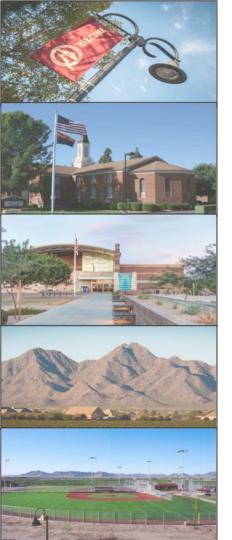
#### **TERMS**

- \$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



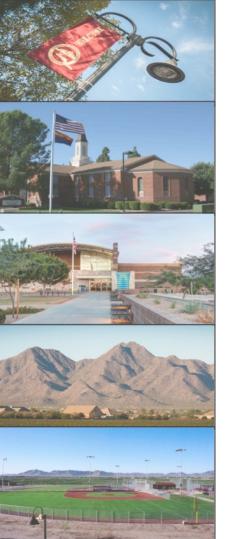
#### ANNUAL PAYMENT

- \$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

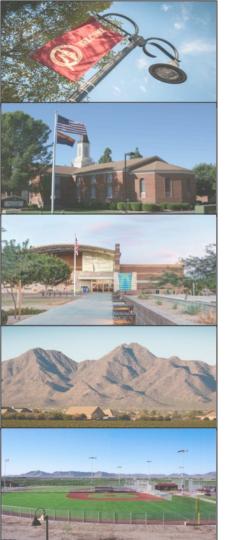
#### 10-YEAR TRANSPORTATION PLAN

Status	Projects	Amount		
Complete Projects	22	\$76.5M	28%	
Design / Under Construction	16	\$118.8M	44%	
Future Projects	<u>19</u>	\$73.7M	28%	
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 *	\$20M / \$0.9M	<u>\$ - / \$ -</u>	<u>\$ - / \$ -</u>	\$20M / \$0.9M
Total	\$67M/\$3.6M	\$7M / \$0.4M	\$5M / \$0.3M	\$55M / \$2.9M
% Allocation	100%	10%	7%	83%

<sup>\*</sup>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	\$5.0M/\$0.3M	\$2.4M/\$0.1M	\$2.6M/\$0.2M
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>\$4.4M</u>	<u>2%</u>
TOTAL	\$124.1M	100%	\$95M	\$219.0M	100%

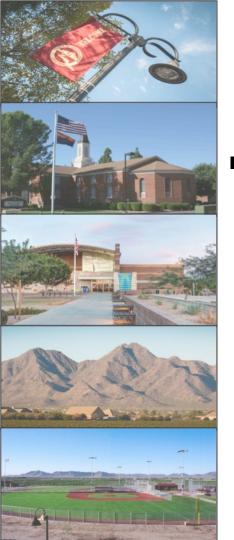
90% of Total

<sup>\*</sup>Excludes Water and Wastewater, and Non-Town Improvement District Debt.

#### ANNUAL DEBT PAYMENTS\*

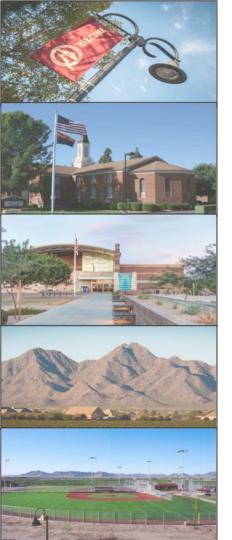
Funding Source	Current Payment	FY 21-22 Payment	Total Annual Payment
Operating Budget	\$4.8M	\$3.7M	\$8.5M
Dedicated Transportation Sales Tax	\$1.3M	\$0.3M	\$1.6M
Town Center Sales Tax	\$0.3M	-	\$0.3M
Transportation Impact Fees	\$0.6M	\$0.4M	\$1.0M
Fire Impact Fees	\$0.5M	\$0.6M	\$1.1M
Law Enforcement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

<sup>\*</sup>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