



Citizen Bond Exploratory Committee

Finance Subcommittee Update #6

Chandler City Hall
3rd Floor Large
Thursday, December 17, 2020
4:00 p.m.



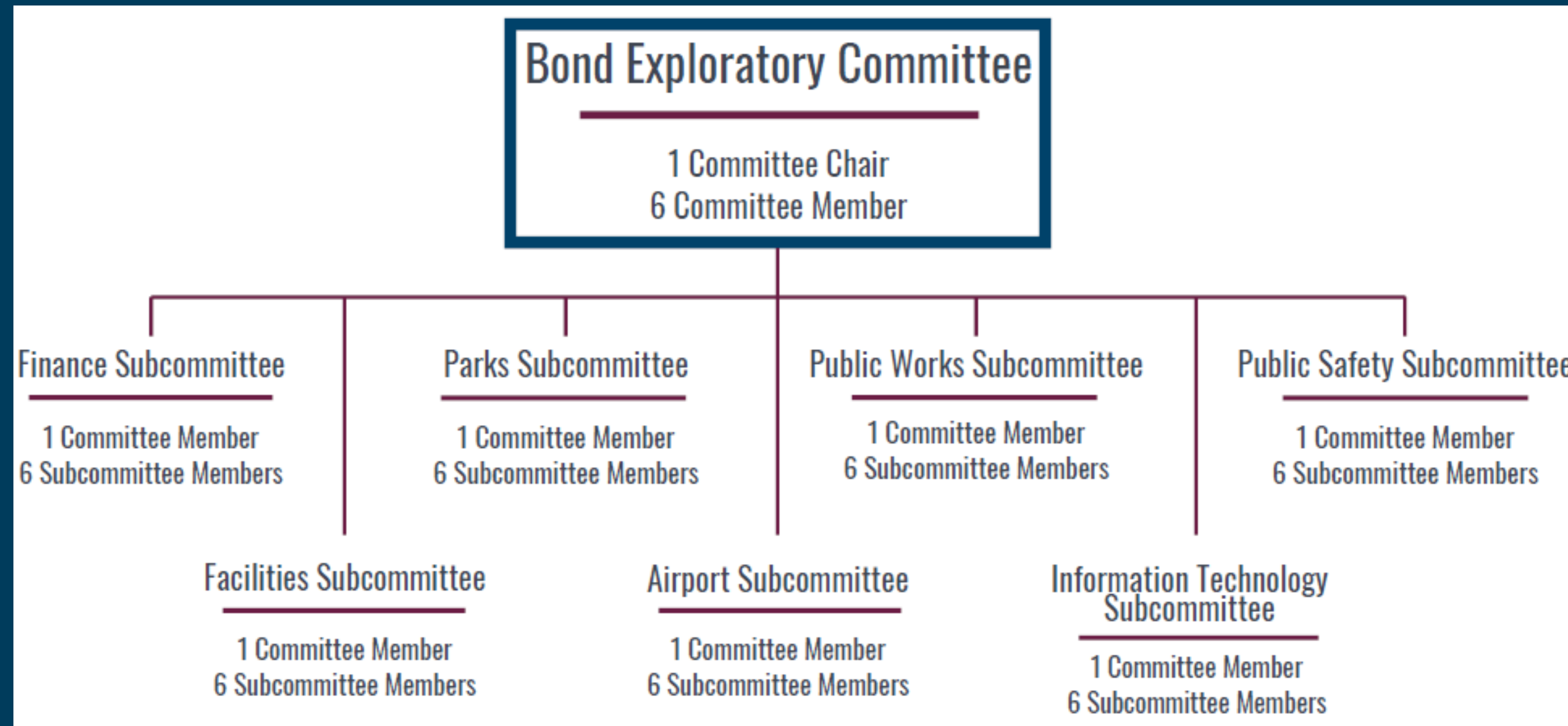


Agenda

- Combined Subcommittee project recommendations vs. bond authorization
- Bond financing assumptions
- Bond election State law
- Funding capacity analysis and considerations
- Utility Authorization discussion and recommendation

Finance Subcommittee Role

- Provide funding options to help Committee form a recommendation to City Council of bond authorization needed to support important public capital/infrastructure based on highest priorities while minimizing increase in property taxes and maintaining existing infrastructure



Combined Subcommittee Recommendations

Review incl' 9 yrs
+ new projects

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30

#1 Initial Recommendation as submitted by subcommittees with following exceptions or comments:

- ✓ Rounded to nearest \$100
- ✓ Airport's Cooper Rd \$0 (in streets)
- ✓ Shown as current dollars
- ✓ Added current CIP bond funded projects not on list (Police & Streets)
- ✓ Recurring projects shown as 7 year totals

Total excluding Utilities: \$459.5M

#2 Adjusted Recommendation includes the following changes from subcommittee submittals:

- ✓ Adjusted recurring projects from 7 to 9 year totals to align time frame for all projects
- ✓ Reduced Active Transit & Streets project funding to "grant match" only for some

Total excluding Utilities: \$436.3M

Combined Subcommittee Recommendations

Bond Authorization shortfall based on #2 Adjusted Recommendation (excluding Water/Wastewater)

Type of Voter Approved Debt	Remaining Authorization	Net Short Term Projects	Net Total Projects
Airport	494,000	(1,139,700)	(1,139,700)
Technology	0	(9,154,000)	(13,084,000)
Facilities	0	(38,276,500)	(74,013,500)
Parks & Recreation	48,525,000	(27,964,500)	(55,886,700)
Library	5,245,000	3,677,600	3,677,600
Public Safety-Fire	231,000	(11,348,200)	(21,161,600)
Public Safety-Police	1,300,000	(39,143,000)	(58,995,000)
Streets	75,471,000	(39,725,500)	(81,000,300)
Stormwater	4,019,000	848,000	548,000
Landfill Recycling Solid Waste	4,935,000		
Public Buildings	9,960,000		
Water / Wastewater	0		
Total	150,180,000	(166,751,400)	(305,280,800)

Bond Financing Assumptions

GO Debt Service Fund Payment Sources

1- Uses Secondary Tax Levy \$28,217,900

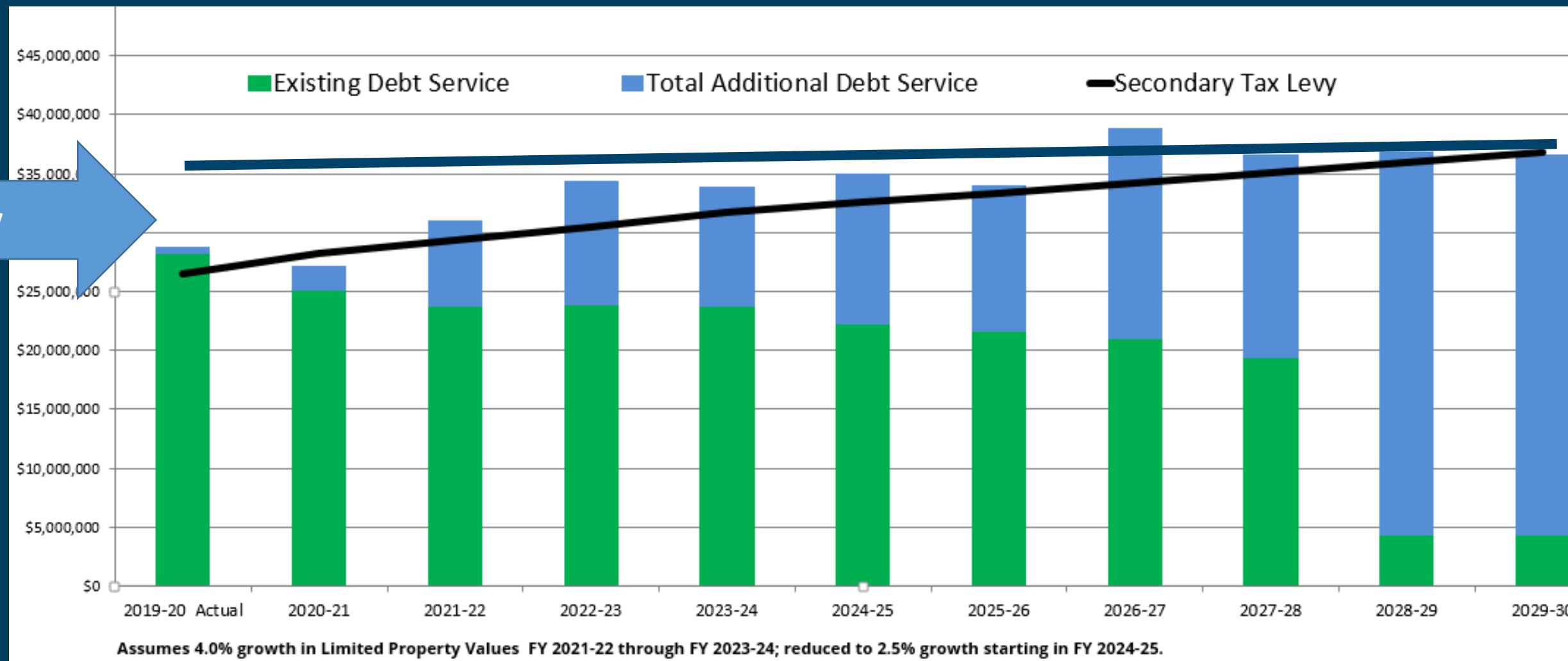
Considered ongoing
Secondary Property Tax Rate
\$0.87/\$100 Assessed Value (\$3.2B)



2- Use of Impact Fees
Loan Repayments
\$50,721,500

Considered one-time

Adds Capacity



Bond Election State Law



Addressing needs within these constraints

A.R.S 35-454 Informational Pamphlet for Election

- Amount of authorization requested and related projects/purpose statements
- Maximum interest rate of bonds
- Current and projected P&I
- Assessed Value assumptions
 - 1st 5 yrs - avg of previous 10 yrs = 3.1%
 - Thereafter – 20% of the avg = 0.6%
- Source of repayment
- Estimated issuance costs
- Estimated tax impact on different property classifications
- Timing of projects not required

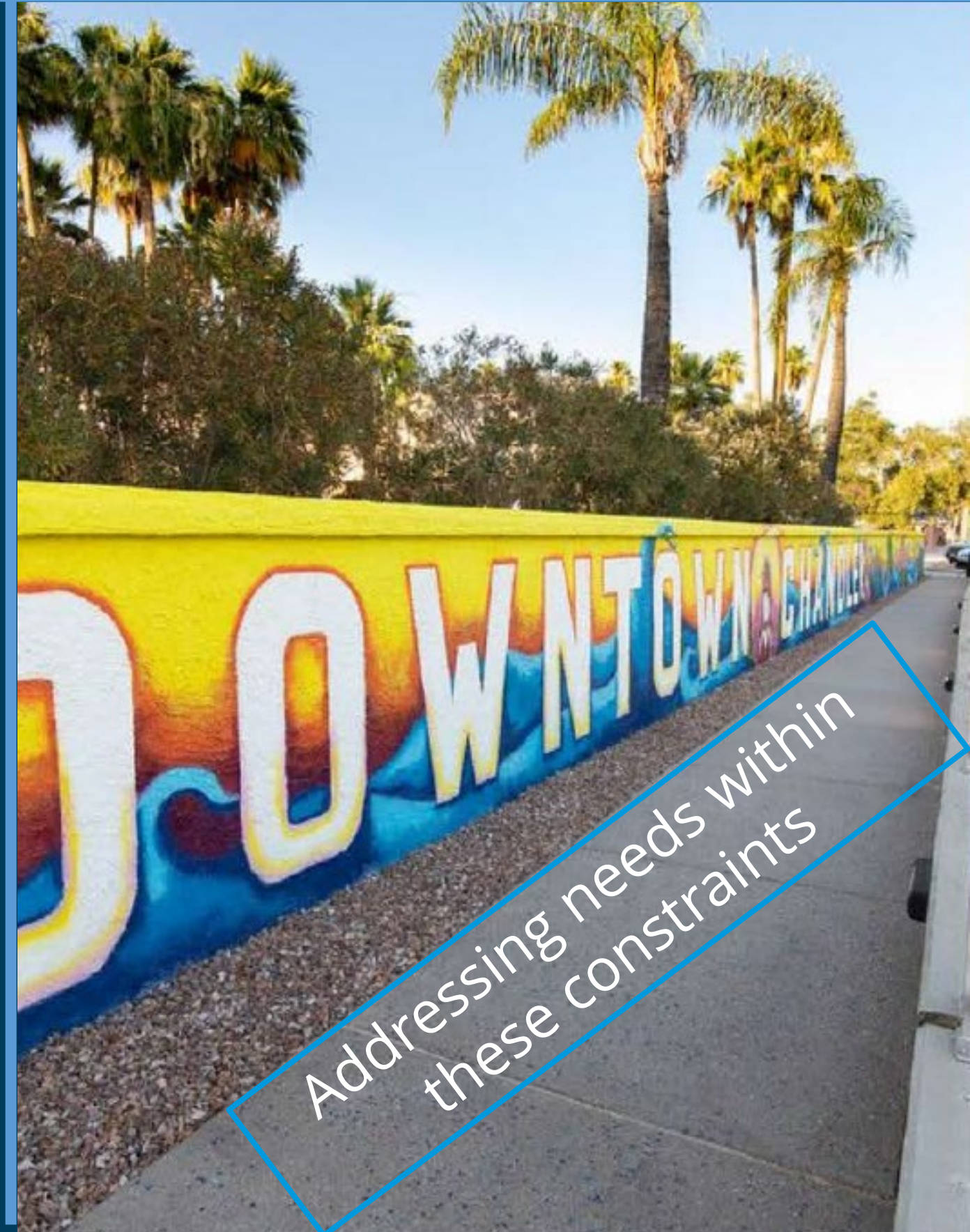
Funding Capacity Analysis and Considerations

Maximum Capacity

- Usually max defined by tax rate limits
- Impact Fee loan repayments increasing capacity
- Anticipate bond sales every other year
- Locked in tax rate at \$0.87/\$100 of AV

Considerations

- Statutory Debt Capacity
- Property Tax Rate (\$0.01 = \$337K)
- Impact of Ongoing on Operating Budget
- Ability to complete projects



Addressing needs within
these constraints

Funding Capacity Analysis

**1- Analysis using
actual Chandler
trend assumptions**

**Project timing will
be more realistic**



**2- Analysis using
State law
assumptions**

**Project timing will
extend out further**



Utility Authorization: \$363,609,200



Benefits to Adding to Election

- More transparent with the public
- Slight savings on interest costs (est 10 bpts)
- Adds another funding option for Utility projects



Potential negatives to adding to Election

- Competes with other GO Bond needs
- Uses up GO Bond statutory capacity reducing options for other projects
- Adds significant dollars to Election ballot which may scare off voters
- Savings may not be worth the risks



Ballot Question Discussion

- Recommendation of the Finance Subcommittee:
 - Do we move forward with Utilities or use Revenue Obligations for funding?



Next Steps in January:

- Provide funding scenarios to Steering Committee that fit in capacity analysis
- Pose policy questions to Steering Committee to work towards final bond authorization recommendation

Statutory Debt Capacity and Total Outstanding Debt

General Obligation Bond Capacity Available		
	20%	6%
2020 Net Assessed Full Cash Value	\$ 4,308,417,196	\$ 4,308,417,196
Legal Bond Limit	861,683,439	258,505,032
Outstanding Bonded Debt Previously Issued	(265,580,150)	(6,519,850)
Less: Excess Premium	(11,263,732)	(264,978)
Bonding Capacity Available	\$ 584,839,557	\$ 251,720,204
Percent of Capacity Available	68%	97%

The City manages Debt well, significant unused capacity

Summary of Outstanding Bonds by Type		
Type of Issue	Principal Bond Amount	% Total
General Obligation Bonds (Combined)		
6% Capacity	\$ 6,519,850	
20% Capacity	265,580,150	
Total General Obligation Bonds	\$ 272,100,000	55.11%
Excise Tax Revenue Obligations	219,780,000	44.52%
Improvement District Bonds	1,830,000	0.37%
Total	\$ 493,710,000	100.00%

73% of City's GO debt will be paid off by 7/1/28

