



CITY OF
Goodyear

Municipal Debt Overview



AGENDA

- Debt Policies
- Debt vs Cash (Pay as you go)
- Existing Debt
- CIP/Planned Debt
- Debt Reduction

Municipal Debt Overview



DEBT POLICIES

- **GFOA Best Practices**
 - Adopted by Council
 - Establish Debt Limits
 - Legal
 - Policy
 - Financial
 - Guide debt decisions
- **Demonstrate a commitment to long term planning and debt payment**



Municipal Debt Overview

DEBT POLICIES

A) Short Term Debt

B) Annual short-term debt payments should not exceed 5% of annual revenue or 20% of total annual debt.

C) City of Goodyear Public Improvement Corporation - lease payments are funded by an excise tax pledge. Requires a “coverage ratio” 1.50 to 1.00 of pledged excise tax revenue to debt payment.

D) Maintain and sell new General Obligation Bonds only when the combined Property Tax Rate of \$1.74 or lower can be achieved.

E) Annual levy calculations should be at the maximum amount allowed for the city’s primary property tax.

Municipal Debt Overview



DEBT POLICIES

- F) Maintain bond rating of investment grade from Moody's or Standard and Poor's.**
- G) Enterprise Funds should finance water and wastewater bonds sales where appropriate.**
- H) Bonds should not be financed by General Funds unless necessary. If General Funds finance bonds, the combined annual debt service shall not exceed ten percent (10%) of the current three years average operating revenues of the General Funds. Construction Sales Tax revenues considered as ongoing revenue per policy 1(D) will be included in computing the applicable revenue beginning with FY2019.**



Municipal Debt Overview

DEBT VS. CASH

Debt

- **Pros**
 - Timing
 - Those who benefit pay
 - Rate stability
- **Cons**
 - Financing Costs

Cash

- **Pros**
 - Total cost is less
- **Cons**
 - Time to accumulate resources
 - Benefit and payment not aligned

Municipal Debt Overview



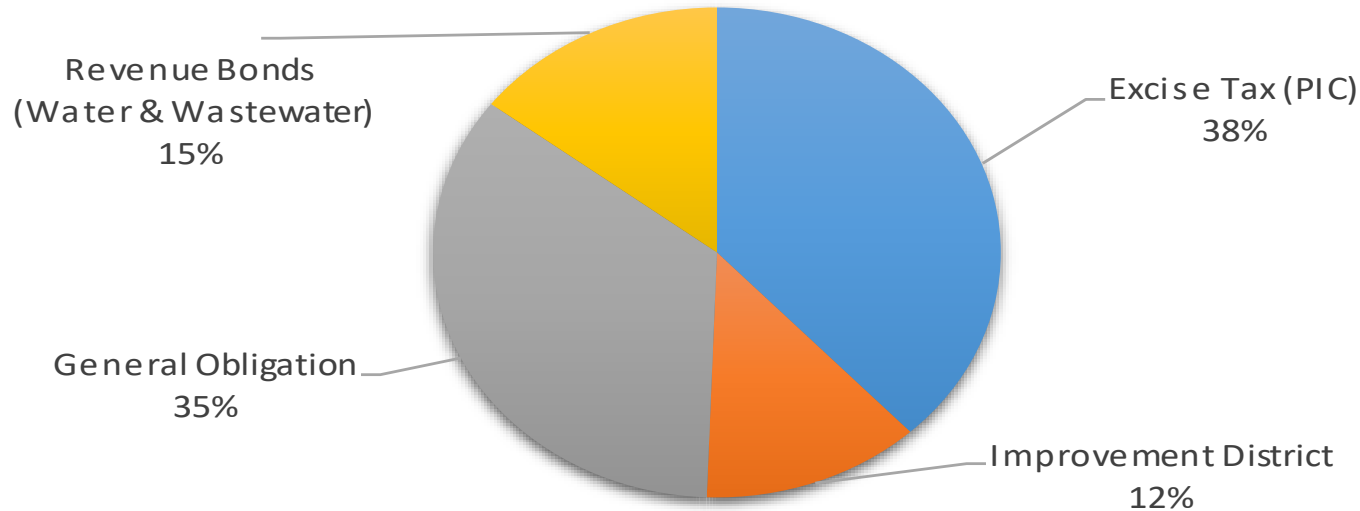
TYPES OF DEBT

- **General Obligation (G.O.) Bonds**
- **Revenue Bonds**
 - Water & Wastewater
- **Excise Tax Bonds**
 - Public Improvement Corporation
- **Improvement District Bonds**
- **Lease/Purchase**

Municipal Debt Overview



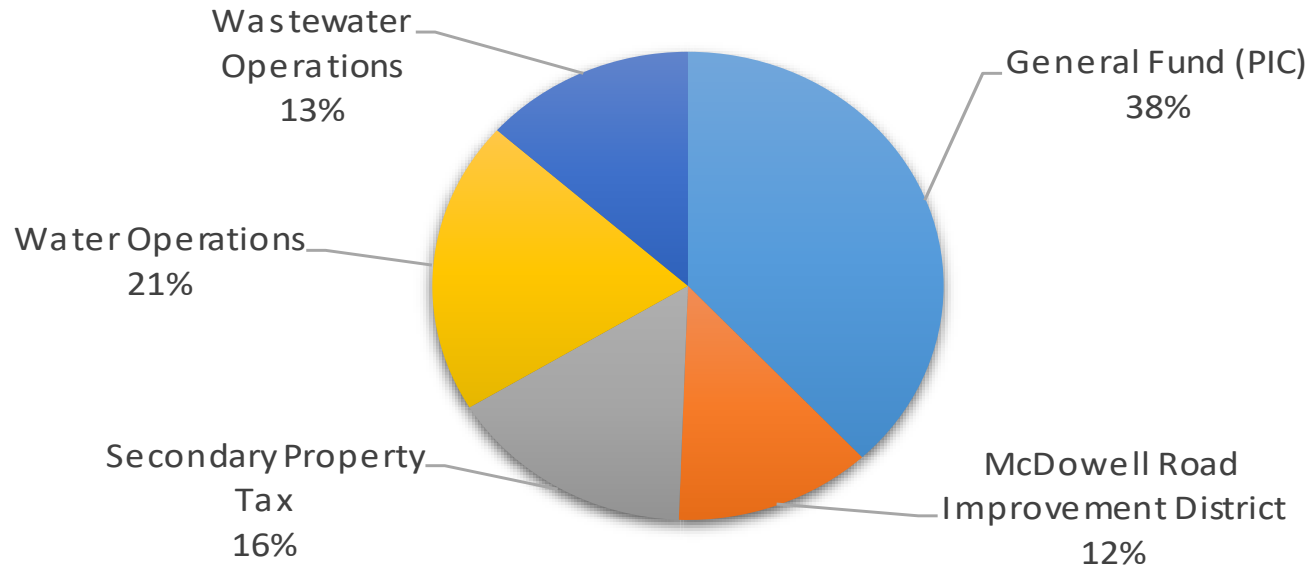
Total Outstanding Principal by Bond Type \$279.1 million



Municipal Debt Overview



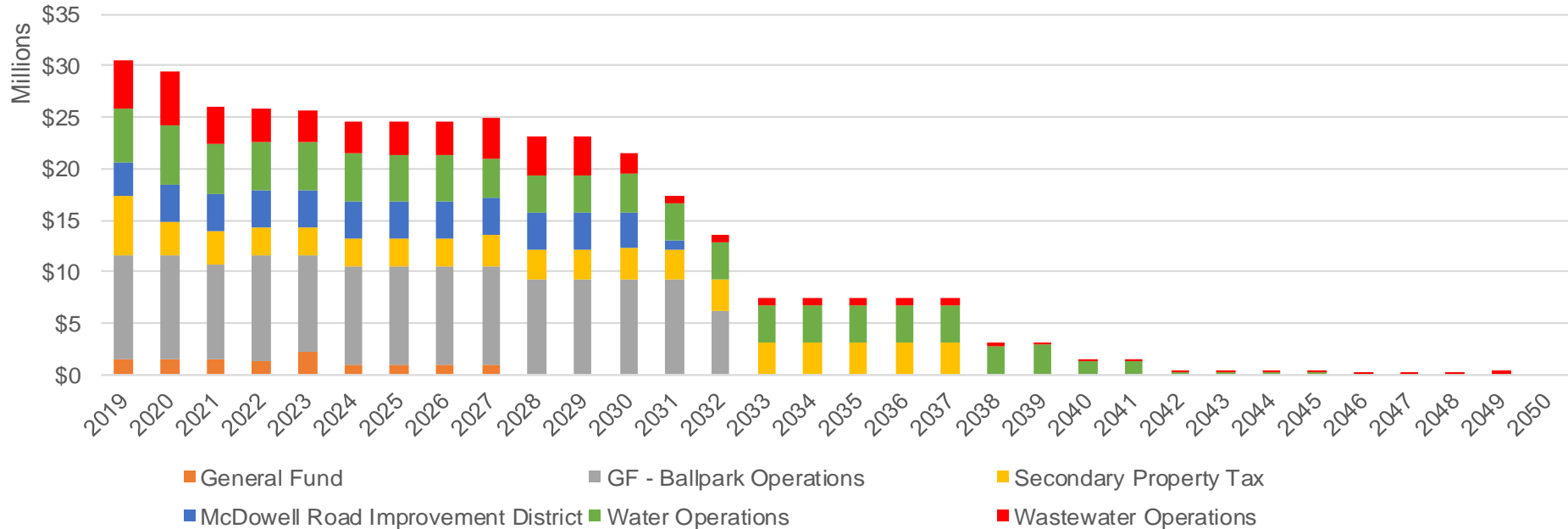
Total Outstanding Principal by Funding Source \$279.1 million



Municipal Debt Overview



City of Goodyear
Annual Debt Service Payments
Fiscal Year 2019-2050



Municipal Debt Overview



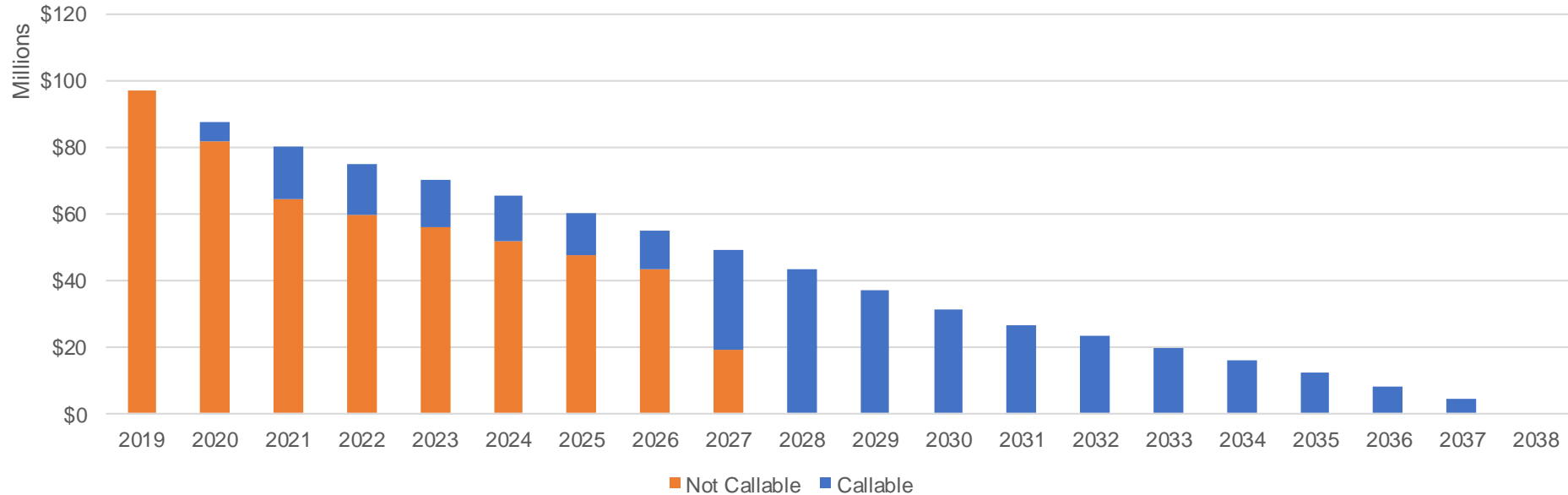
DEBT REDUCTION - EXISTING DEBT

- How debt is paid determines where/how savings are realized
- Is there the ability to pay off debt?
 - Callable
 - Non-Callable
- Impact of recent re-financings

Municipal Debt Overview



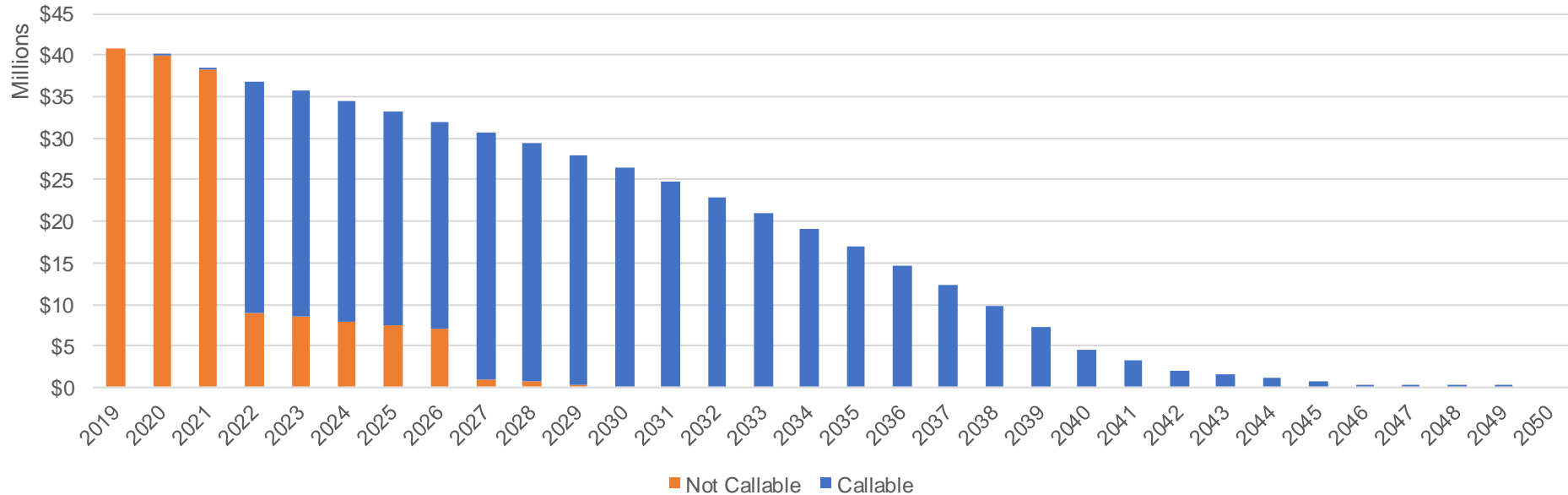
City of Goodyear
General Obligation Outstanding Principal with Call Options
Fiscal Year 2019-2038



Municipal Debt Overview



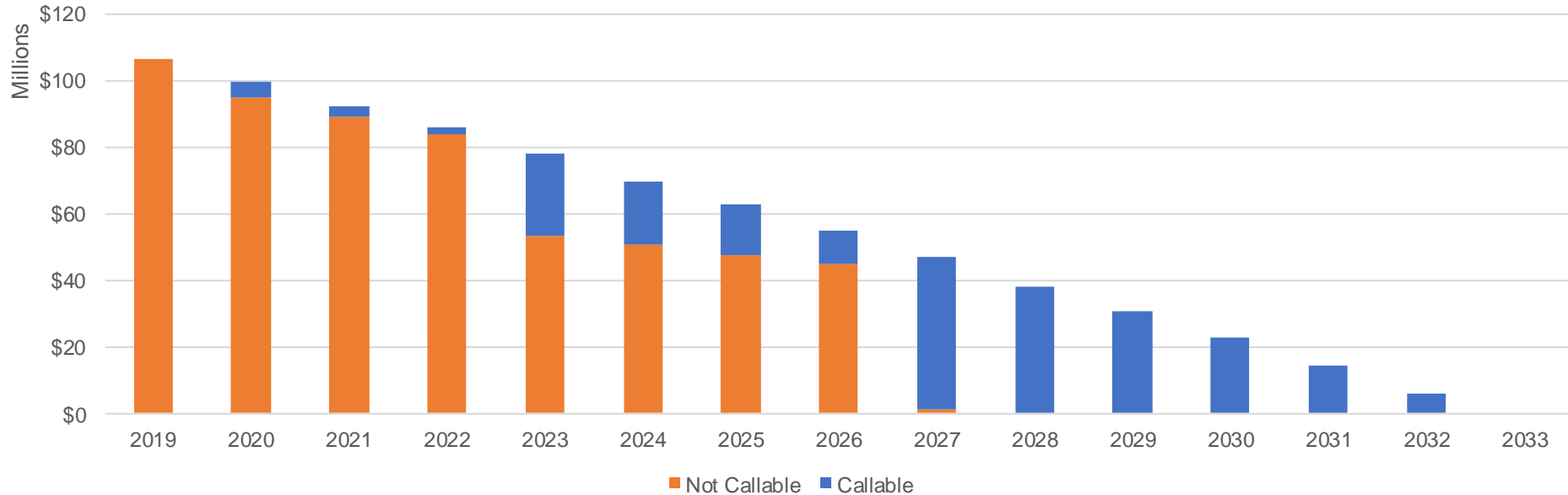
City of Goodyear
Water and Sewer Outstanding Principal with Call Options
Fiscal Year 2019-2050



Municipal Debt Overview



City of Goodyear
Excise Tax (PIC) Outstanding Principal with Call Options
Fiscal Year 2019-2033





Municipal Debt Overview

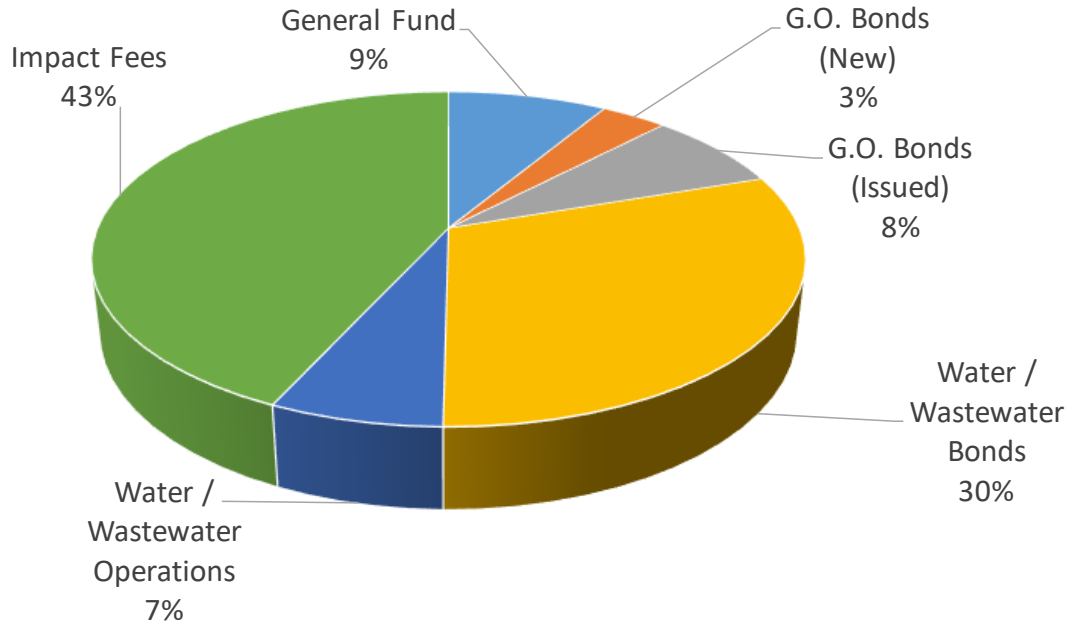
CAPITAL IMPROVEMENT PLAN

- 5-year forecast of Infrastructure needs
 - FY2019-23 totals \$330 million (*limited CIP*)
 - Includes \$111 million of new debt
- CIP Projects with planned debt
 - General Obligation Bonds
 - Police Operations Facility Expansion
 - Recreation Center
 - Aquatics Center
 - Fire Station/Equipment
 - Revenue Bonds
 - Water Infrastructure/Wells
 - Surface Water Treatment Plant

Municipal Debt Overview



CAPITAL IMPROVEMENT PLAN



*General Fund includes HURF and Ballpark



Municipal Debt Overview

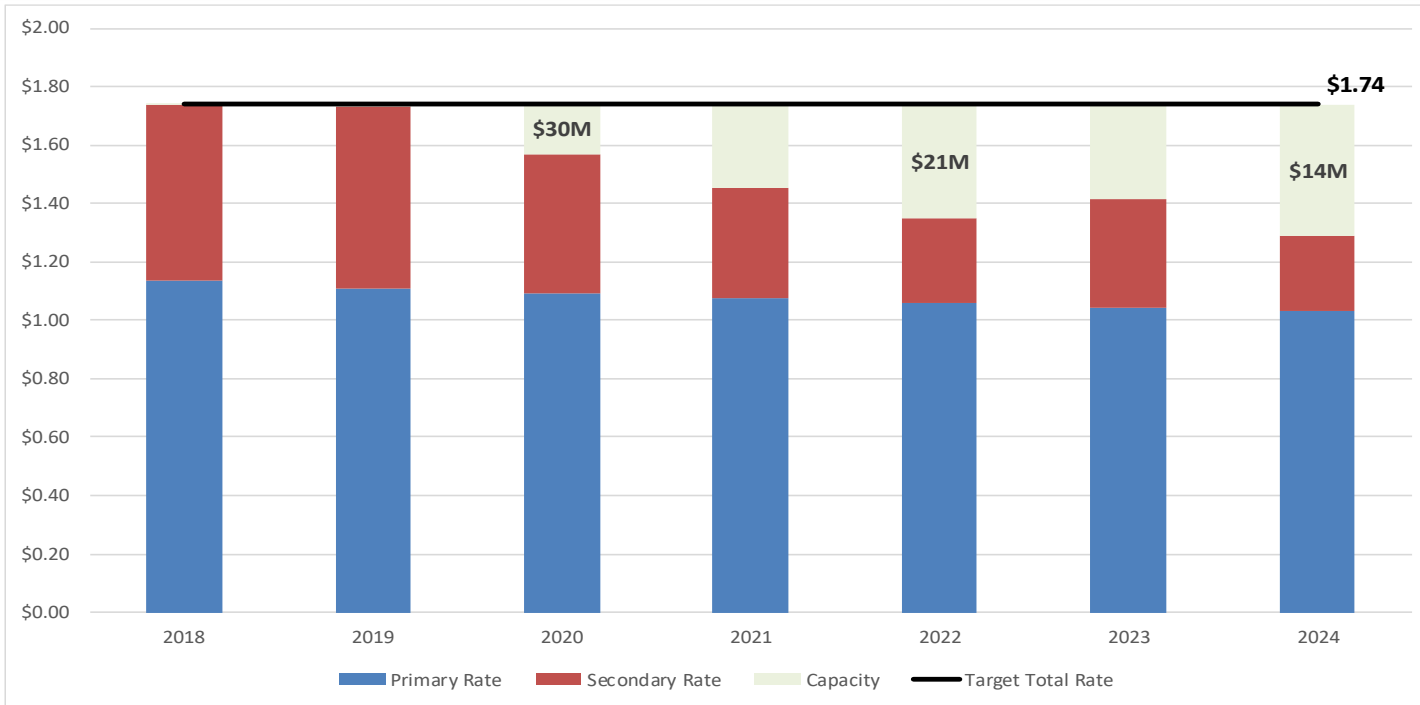
\$1.74 TARGET TAX RATE

- Combined Primary & Secondary Rate
- CIP currently includes \$12.0 million of new G.O. debt
- Target Tax Rate will support an additional \$53.0 million of new G.O. debt by FY2024
 - \$65.0 million total
- Tax Rate Stability
 - Assessed Valuation Increases
 - Smaller issues every other year

Municipal Debt Overview



TARGET TAX RATE – CURRENT CIP



Municipal Debt Overview



SUMMARY

- Council adopted policies guide debt issuance
- Limited opportunities for debt reduction until 2022-23
- Debt plays a major role in CIP
 - Further discussion at Retreat and/or throughout Budget Process