

# **Municipal Debt Issuance Process For Public Projects (Debt 201)**

September 27, 2018

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# Debt 201 Overview

- Concepts Covered in Debt 101
- History of Bond Elections
- Bond Election Details
- Bond Sale Progress
- Lessons Learned
- Managing Capacity
- Long-term Needs
- Prioritization of Future Projects
- Bond Election Development Process
- Bond Election Schedule



# Concepts Covered in Debt 101

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# Concepts Covered in Debt 101



How municipal debt is different from personal and corporate debt



Use of municipal debt



Alternatives to issuing debt and the impact



Importance of bond ratings



Review of Town of Addison's existing debt

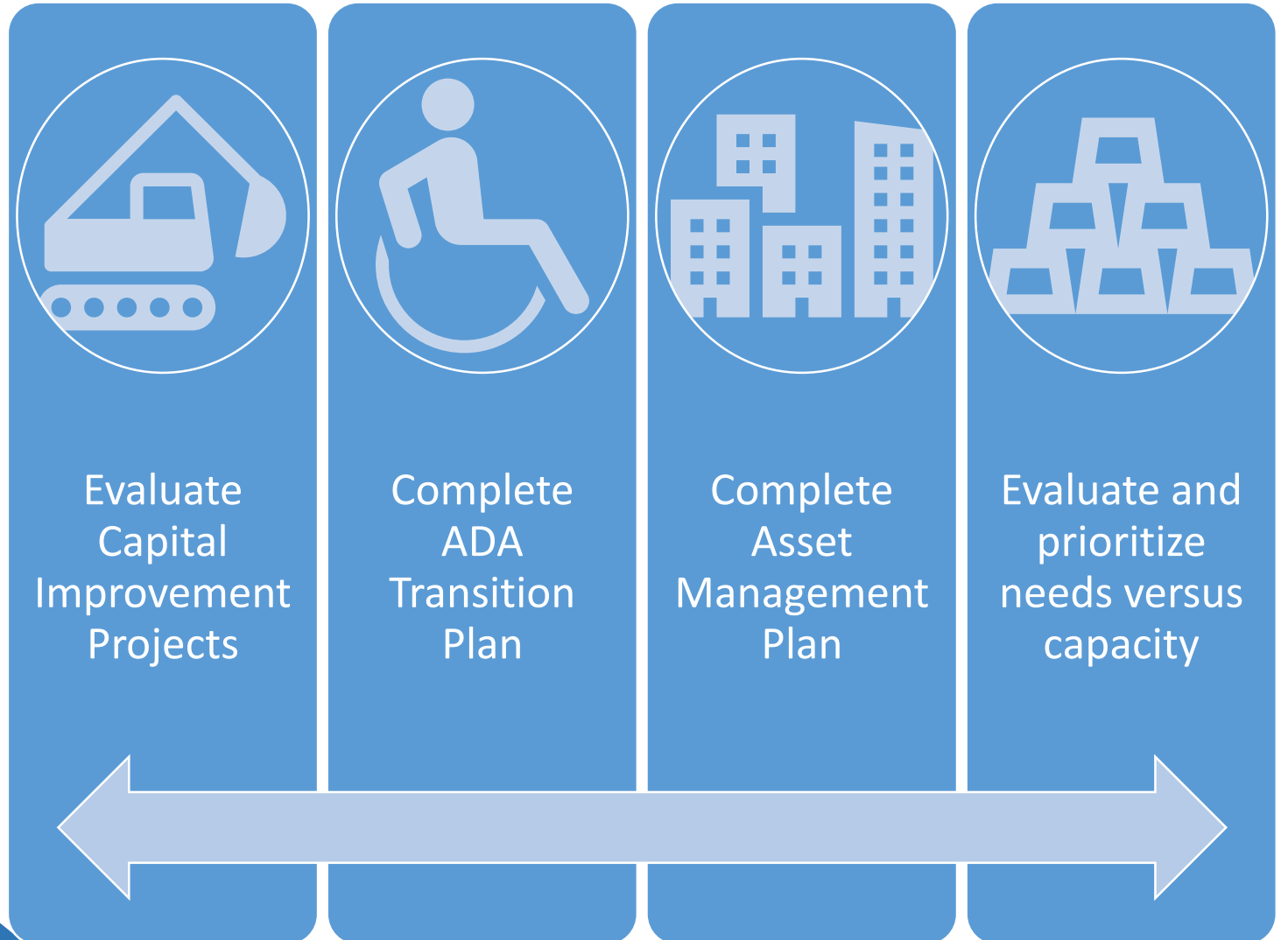


Addison's 10-year debt capacity analysis

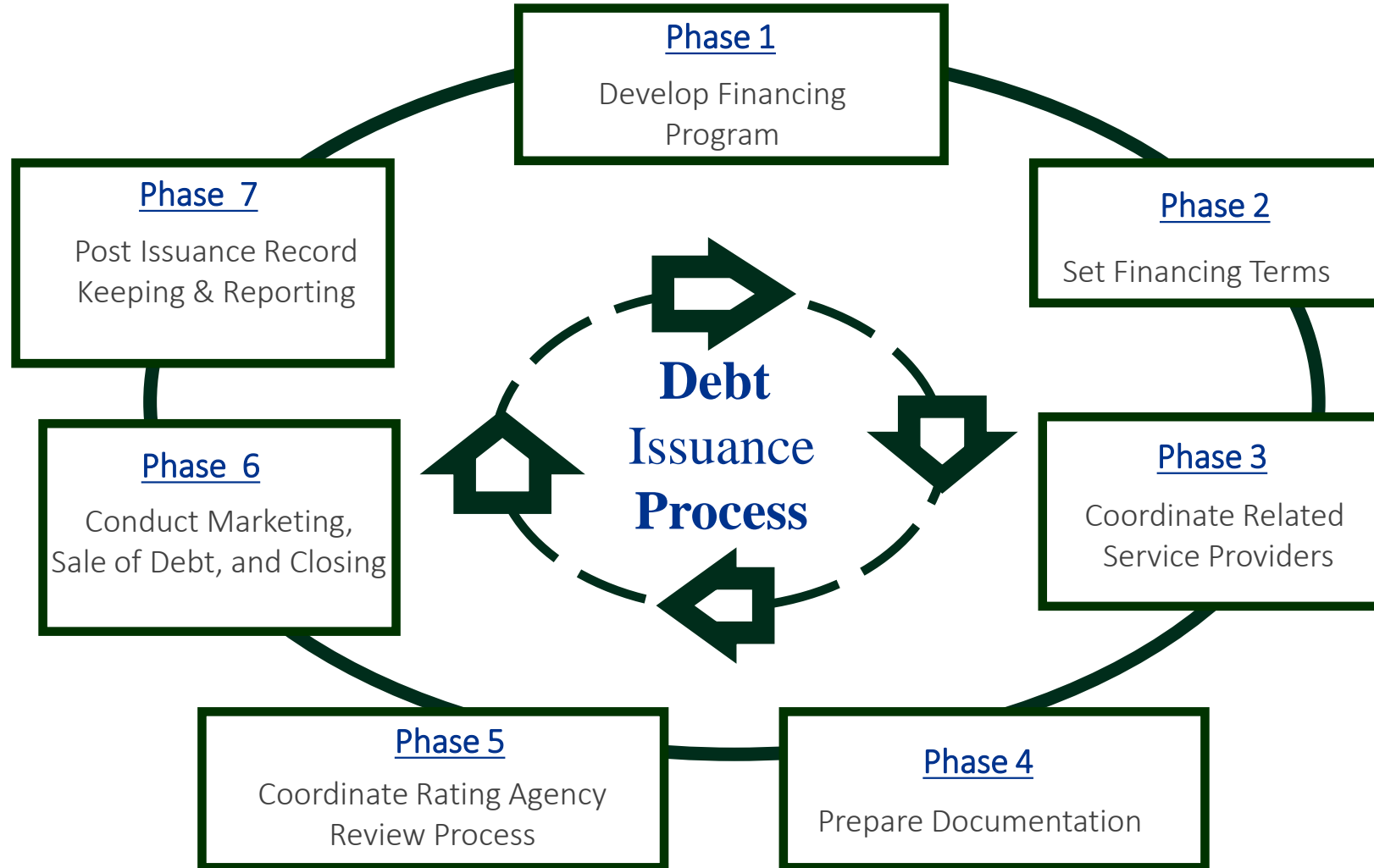


Process and legal requirements for issuing municipal debt

# Where we left off..



# Process for Issuing Debt



# Debt Issuance Process



Council passes resolution authorizing Notice of Intent Publications for Certificates of Obligation



Publication of Notice of Intent to Issue Certificates of Obligation



Agency rating conference call



Second Publication of Notice of Intent to Issue Certificates of Obligation



Receive ratings



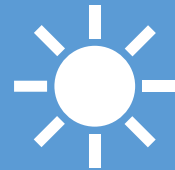
City adopts Bond Ordinance and approves sale

# Short-term Debt



Airport Customs Facility  
\$7M (FY2019)

Direction to move forward with use of COs from Council on August 14, 2018



Utility Fund  
\$6.5M (FY2019)

Issuances to implement adopted Utility Rate model in January 2018



# Future Debt Discussion



Midway Road  
\$40M Est. Total  
Project Cost

Additional funds  
needed to complete  
project approved in  
2012 Bond Election



Addison Grove  
\$4.25 – \$6.25M (TBD)

Identify funding  
sources

# History of Bond Elections

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# Bond Election History 1988 – 2018



2000

\$48M



2008

\$58M



2012

\$55M



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# Bond Election Details

Since 2000

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# 2000 Bond Election

All projects Complete



Voter Authorized  
February 2000  
\$48,025,000

- ✓ Proposition 1: Extension of Arapaho Rd- \$20,500,000
- ✓ Proposition 2: Street Improvements- \$11,500,000
- ✓ Proposition 3: Belt Line Road Utilities/Streetscape- \$11,000,000
- ✓ Proposition 4: Town Hall Purchase- \$1,300,000
- ✓ Proposition 5: Athletic Club Expansion- \$3,000,000
- ✓ Proposition 6: Outdoor Leisure Pool -\$725,000



# 2008 Bond Election

Election Failed

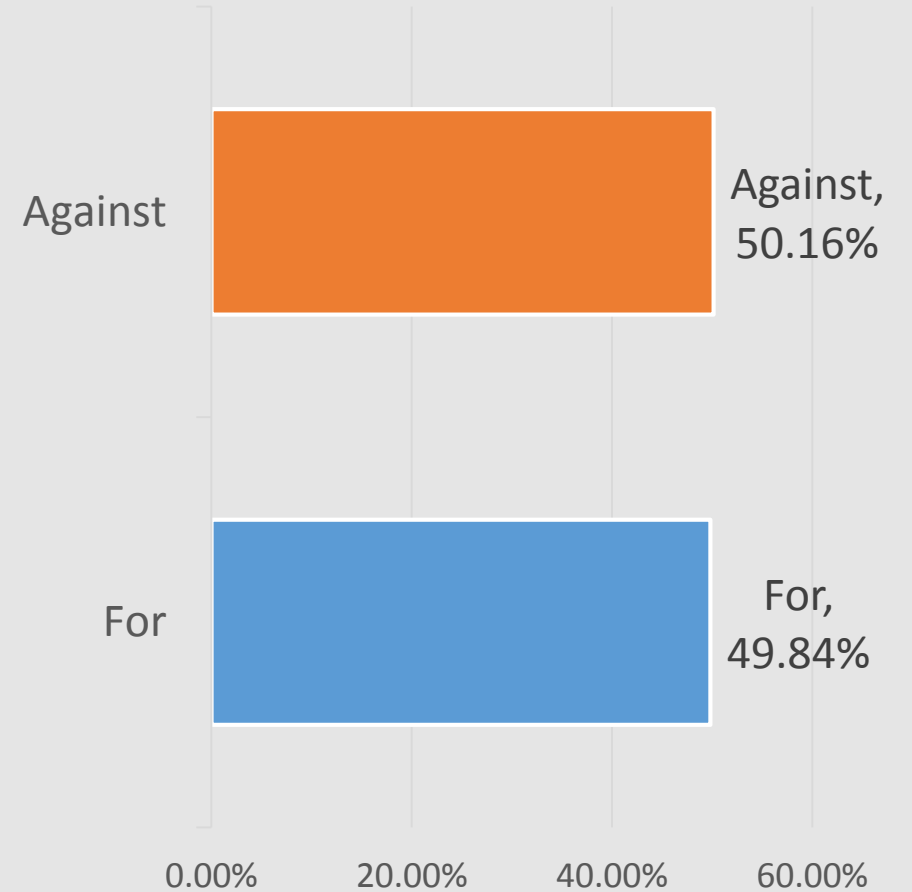


## Cultural Facilities

\$58,000,000

- New theatre
- aviation museum
- parking
- conference space

## 2008 Bond Election Results





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# 2012 Bond Election

All  
Propositions  
Passed



Voter Authorized  
May 2012  
\$55,000,000

- ✓ Proposition 1: Streets Improvements - \$29,500,000
  - ✓ Midway Rd - \$16,000,000
  - ✓ Vitruvian - \$10,000,000
  - ✓ Belt Line Signage - \$500,000
  - ✓ Land Acquisition for Streets - \$3,000,000
- ✓ Proposition 2: Belt Line Utilities - \$10,000,000
- ✓ Proposition 3: Airport Land Acquisition - \$7,000,000
- ✓ Proposition 4: Arts & Events Land Acquisition - \$3,000,000
- ✓ Proposition 5: Wireless Network - \$2,000,000
- ✓ Proposition 6: Pedestrian Connectivity - \$3,500,000

# Bond Sale Progress

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# Debt Sold in August 2012

## 2000 Bond Election

Belt Line Road  
Utilities

\$10.83M

Multi-phase initiative to update the streetscape and move utilities to a safer and less obtrusive location

## 2012 Bond Election

Belt Line  
Signage

\$500K

Permanent Electronic signage structure on Belt Line Road

Street Land  
Acquisition

\$3M

Acquisition of property necessary for construction or extension

Pedestrian  
Connectivity

\$3.5M

Improvements to the Town's parks and trail systems

Wireless  
Network  
Infrastructure

\$2M

City-wide wireless applications and secure network infrastructure for first responders

# Debt Sold in August 2012

## Vitruvian Park

\$10M

Improvements for water, wastewater and street infrastructure improvements, including drainage infrastructure, within the Vitruvian Park area of the Town

## Public Safety Radio Replacement

\$5M

Acquiring and installing radio and telecommunication equipment for Town public safety operations

# Debt Sold in July 2013

## 2012 Bond Election

Airport Land Acquisition

\$7M

Acquisition of land for improvements, additions, and access to Airport

Midway Road

\$1M

Reconstruction from Spring Valley Road to Keller Springs Road

## Certificates of Obligation

Airport Improvements\*

\$3M

Improvements for facilities and infrastructure at Addison Airport

Stormwater Improvements\*

\$7.5M

Improvements for City drainage and stormwater infrastructure and facilities

\*Self-Supporting

# Debt Sold in March 2014

## 2012 Bond Election

### Belt Line Road Utilities

\$10M

Multi-phase initiative to update the streetscape and move utilities to a safer and less obtrusive location

### Midway Road

\$2M

Reconstruction from Spring Valley Road to Keller Springs Road

## Certificates of Obligation

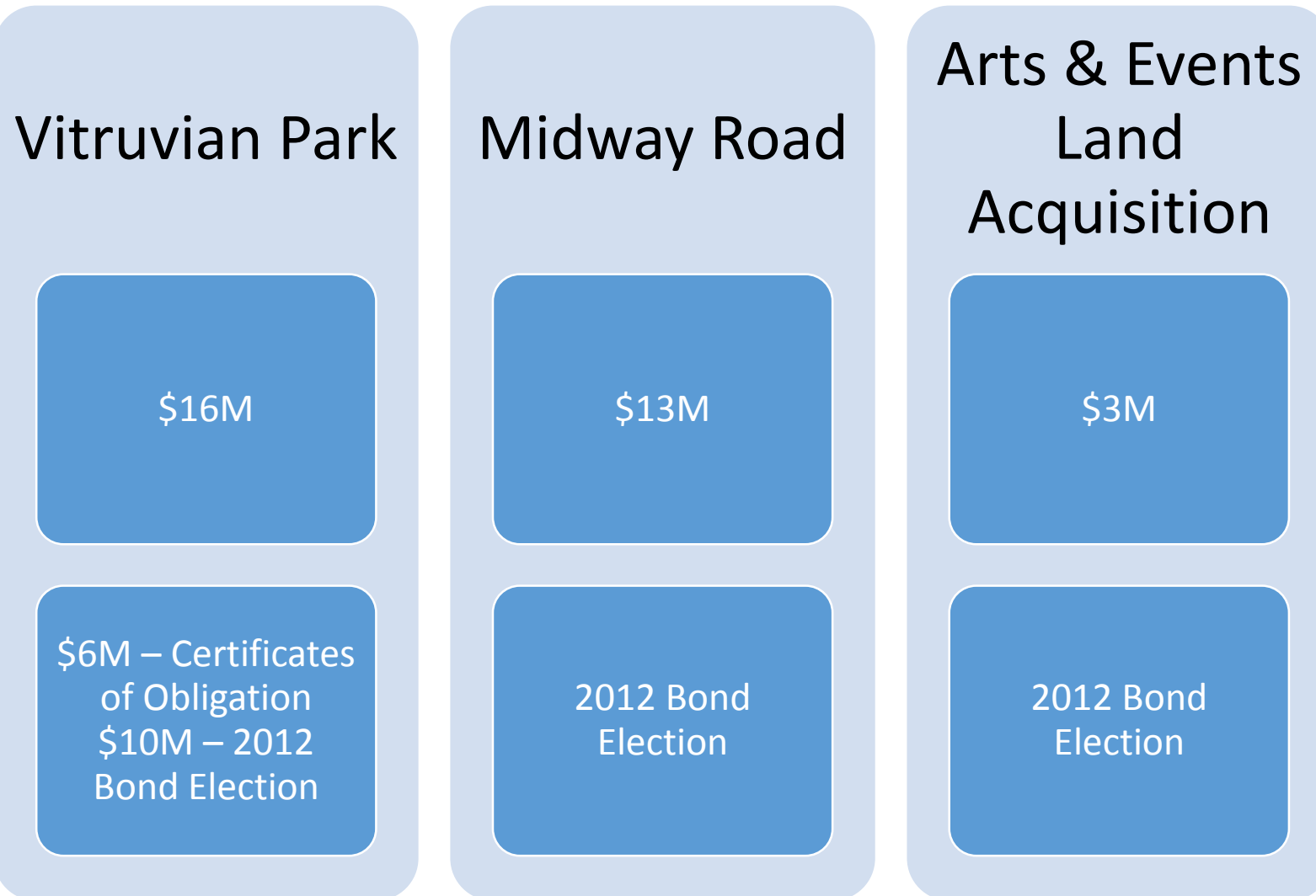
### Water & Sewer Improvements\*

\$7.5M

Capital Projects to improve or maintain existing infrastructure

\*Self-Supporting

# Remaining Debt to be Issued

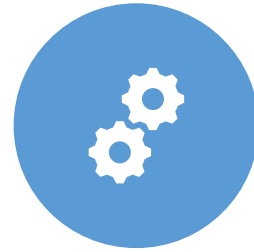


# Lessons Learned

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# Lessons learned from prior issuances



Develop fully vetted cost estimates



Consider availability of project resources



Align debt issuances with town's strategic plans and community needs

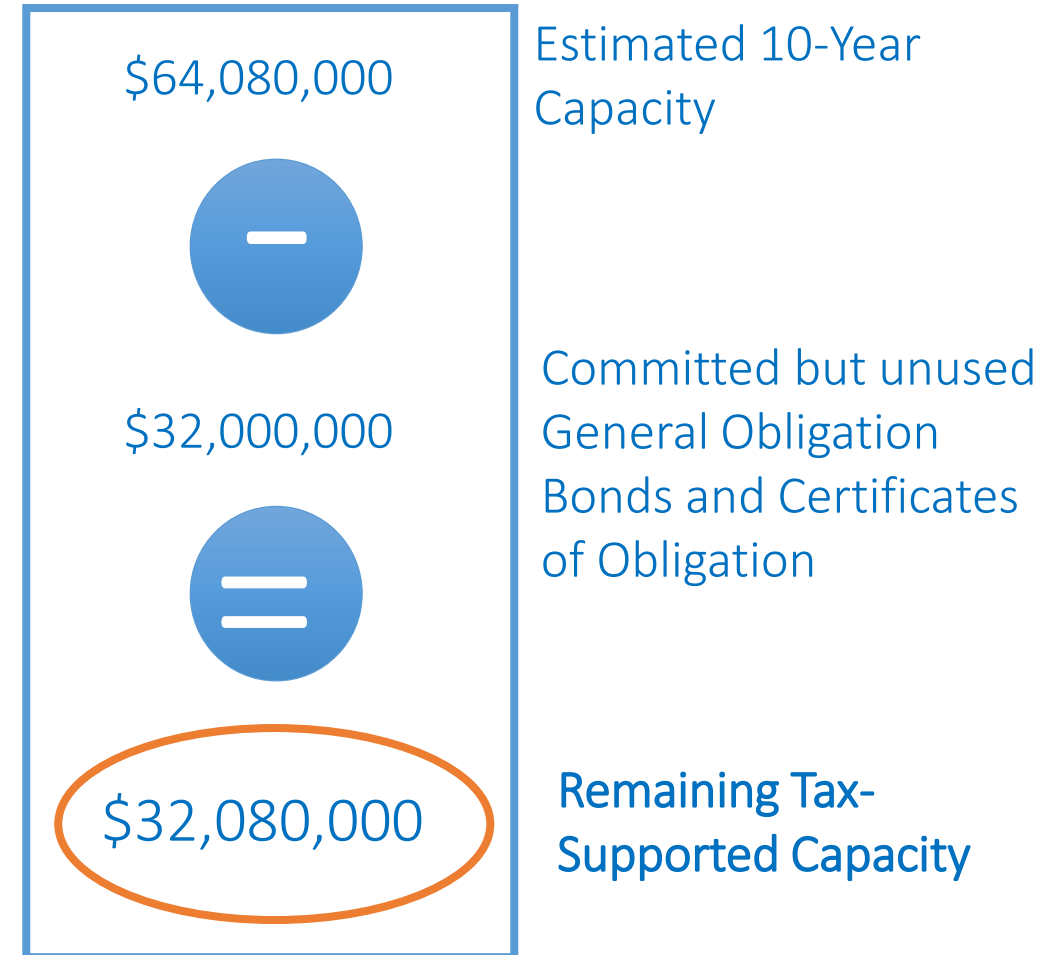
# Managing Capacity

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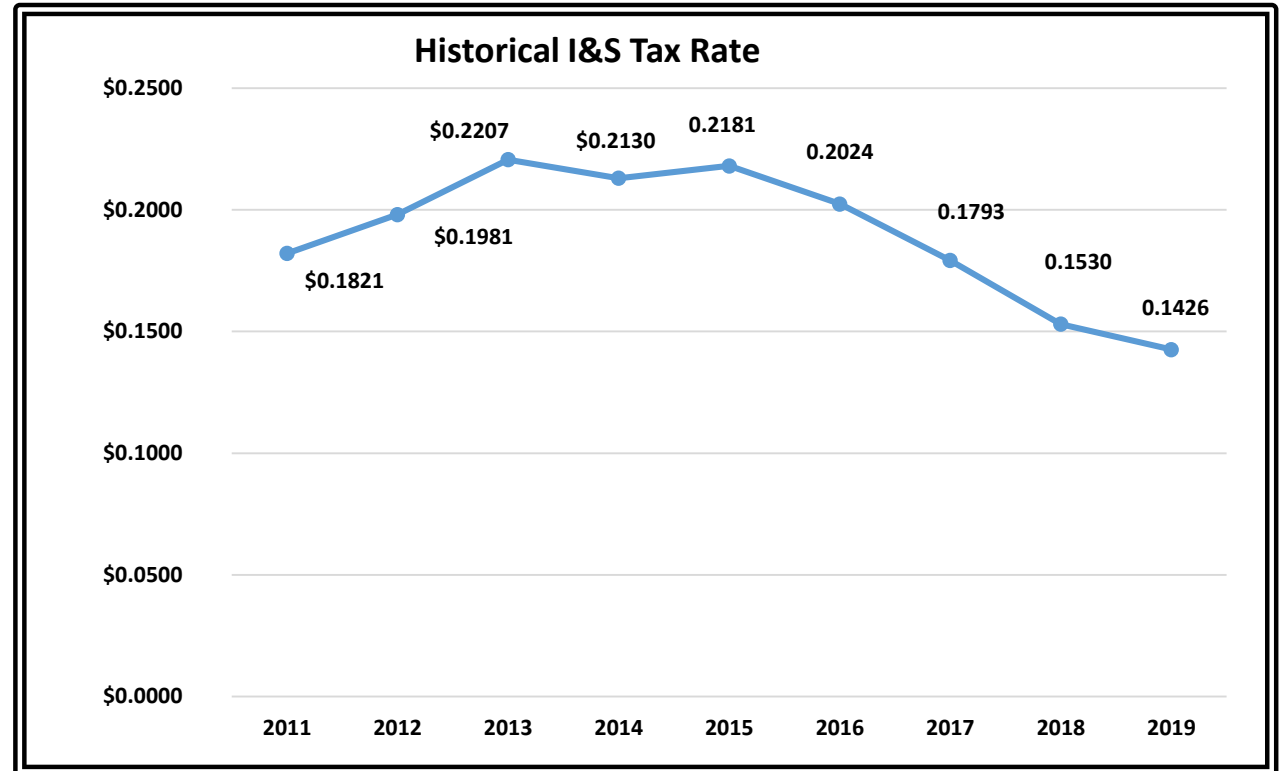
## ■ Underlying Assumptions to Maintain Capacity

- Based on the Town's existing I&S tax rate of \$0.142846 and Town Officials' tax base growth projections
- Each additional \$0.01 of debt service tax rate equals approximately \$9.4 million of additional capacity (the inverse applies as well)



# Historical I&S Tax Rate

- As the Town's taxable value has grown, the I&S tax rate has declined by over \$0.075 from Fiscal Year End (FYE) 2015 to FYE 2018
- Each penny of I&S tax rate is equal to approximately \$9.4 million of debt capacity (20 year amortization)
- 'Truth in Taxation' under State Law is specific as it relates to cities; limited options are available to preserve the Town's I&S tax rate



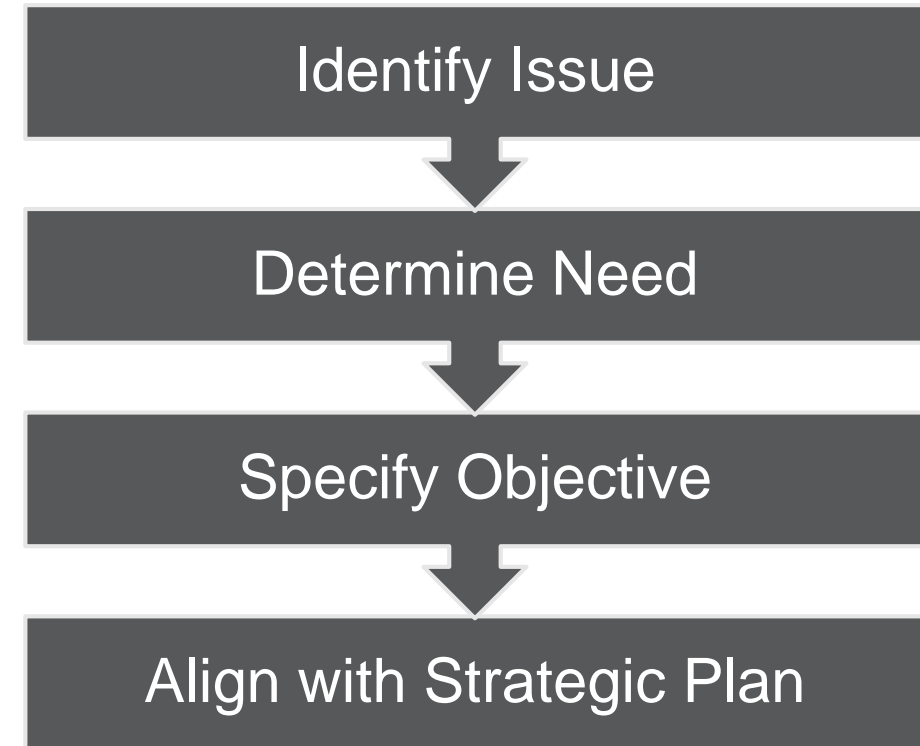
# Long-term Needs

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# Identify Long-term Needs

- **Evaluate Capital Improvement Projects**
  - Several large capital projects have been identified and it has been determined that there is an immediate need to address.
- **Complete Asset Management Plan**
  - Town has aging infrastructure that is in need of repair/replacement.
- **Complete ADA Transition Plan**
  - Make programs and services accessible to persons with disabilities.

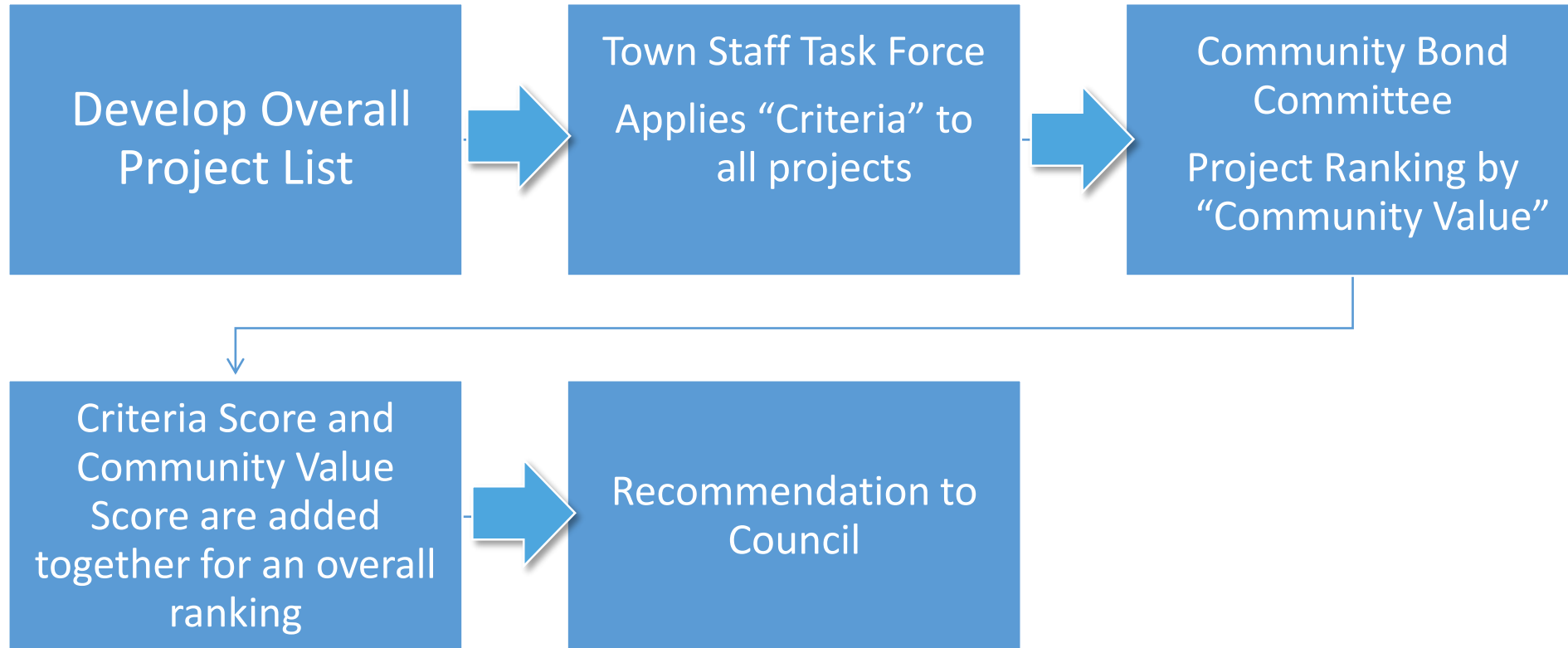


# Prioritization of Future Projects

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# Project Process Decision Hierarchy



# Bond Election Development Process

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# Bond Election Development Process





# Bond Election Schedule\*

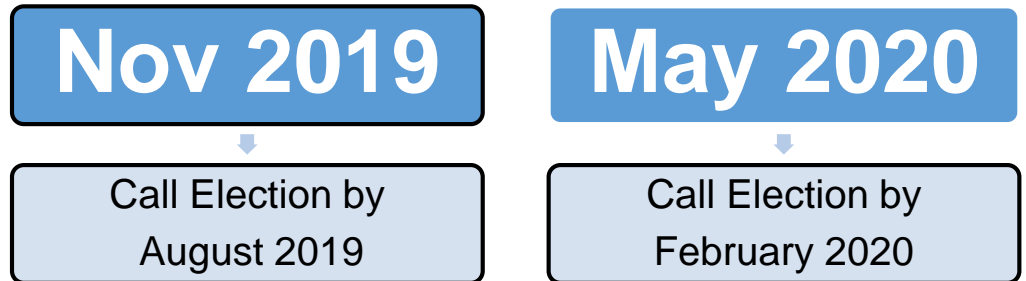
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**\*Subject to change by future legislation**

# Bond Election Preparation Time Commitment

Tasks	Preparation Time*
Project Inventory	1 month
Various Council Briefings	1-2 months
Public Input	1-2 months
Bond Committee	3-4 months
Bond Election Process	4 months
<b>Total Time</b>	<b>11-13 months</b>

*\*Based on conservative time estimates*



# Bond Election Schedule Options\*

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Updated per JP - Bracewell

November 2019	Action	May 2020
August 7- 19	Call bond election	February 3-14
October 6-22	Publish notice of election	April 2-20
October 15	Post notice of election	April 13
October 2 - Nov 1	Early voting	April 20- April 28
November 5	Election Day	May 2
November 8-18	Canvass election	May 5-13
December	Bond Sale	June

\*Subject to change by potential future legislation