

Capital Affordability

BUDGET WORKSHOP

FEBRUARY 9, 2023

Why it Matters... AAA

"We view the city's management as very strong, with strong financial policies and practices..." S&P



"The outlook also reflects the city's stable financial position that benefits from formal policies, long-term planning and conservative budgeting." Moody's

"The city has demonstrated a solid ability to manage spending pressures associated with growth..." Fitch

What is the Steady State?

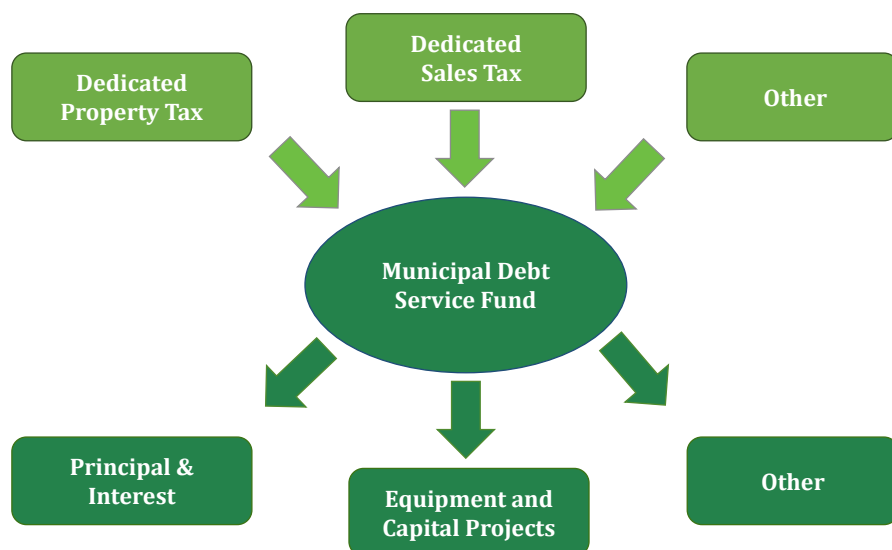
Debt is one component of a comprehensive capital planning program used to advance strategic initiatives

Debt affordability is a point-in-time analysis

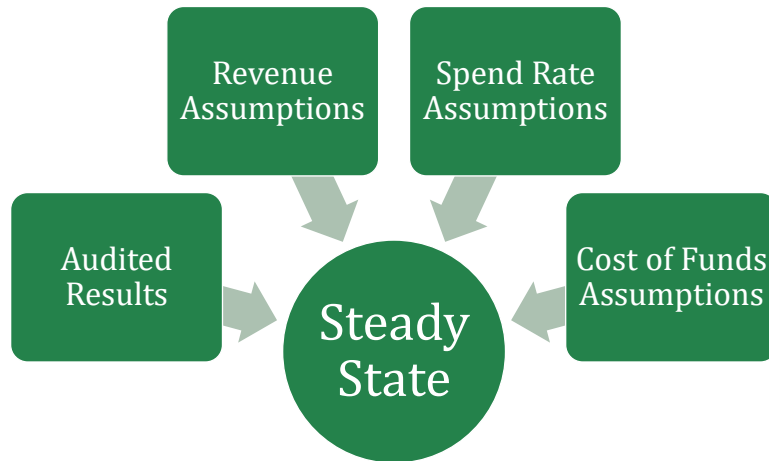
“Steady State” was first introduced in 2018 as a new vision for Capital Planning

Affordability changes can be allocated between bonds or Certificates of Participation (COPs)




Municipal Debt Service Fund



Debt Model Key Drivers



Debt Model Key Drivers

Driver	Revenue	Spend Rate	Cost of Funds
Model Input	Conservative, but reasonable, assumptions for future growth	Realistic expectations for timing and cost of project construction	Financing rates as determined by market conditions
Impact	 <div>FY2022 Actuals in line with Budget</div>	 <div>Future spend rate increased due to inflation</div>	 <div>Interest rate assumptions increased significantly</div>

Updated Steady State Affordability for Bonds

