

# Steady State Affordability Update

BUDGET WORKSHOP  
MARCH 9, 2022

1

## Overview

**What is Steady State?**

**Debt Model Key Drivers**

**Updated Steady State Affordability**

**Why it Matters... AAA**

2

## What is Steady State?

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

- General Obligation (GO) Bonds
- Certificates of Participation (COPs)

### Debt affordability analysis

- Ensures an overall project funding plan that considers debt service through final maturity while also maintaining financial policies

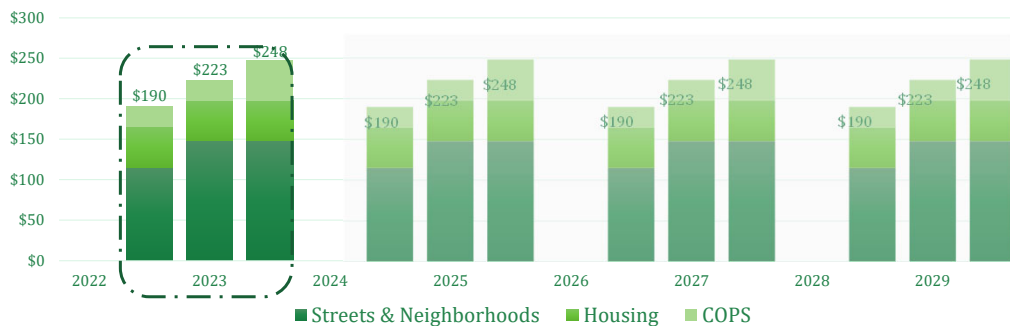
## What is Steady State?

**“Steady State” was first introduced in 2018 as a new vision for Capital Planning that preserves future bond funding**

**Steady State moves incrementally over time**

**New affordability can be allocated between bonds or COPs**

**Steady State & COPs Progression - May 2018, 2019 and 2021**

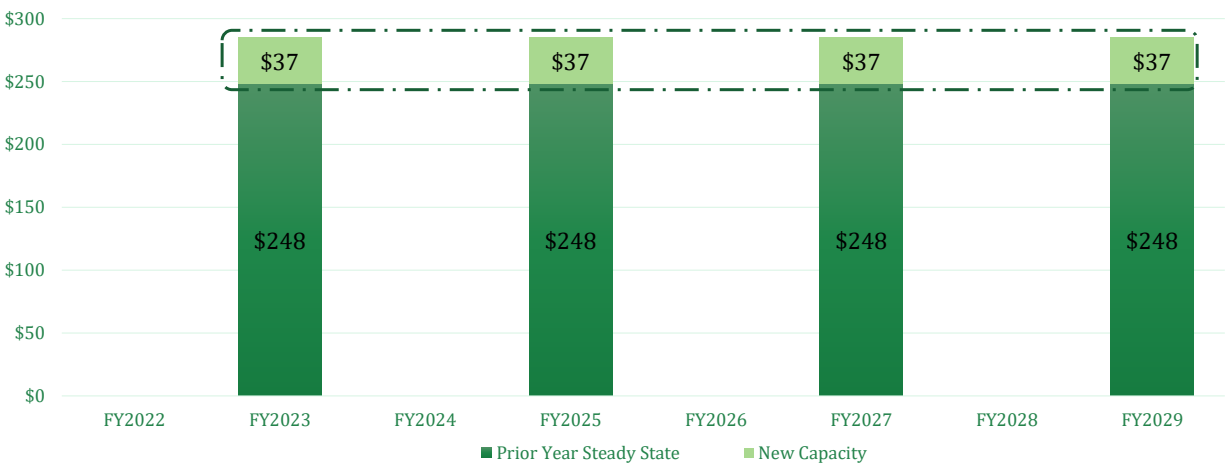


# Debt Model Key Drivers

Revenue	Spend Rate	Interest Rates
FY2021 \$5.2M Actuals exceed Budget	Realistic expectations for timing of project construction	November 2021 GO Refunding all-in cost of funds 1.63%
<div><div></div><div>Revenue growth higher than assumptions</div></div>	<div><div></div><div>Expenses lower than assumptions</div></div>	<div><div></div><div>Issue at lower rate than assumptions</div></div>

5

# Updated Steady State Affordability (includes Bonds and COPs)



6

# Why it Matters... AAA

## Rating Agency Comments from the latest GO Refunding, Oct 2021

### Moody's

The stable outlook reflects the city's position as a regional economic center, which will continue to support tax base growth and a strong employment base. **The outlook also reflects the city's stable financial position that benefits from formal policies, long-term planning and conservative budgeting.**

### S&P

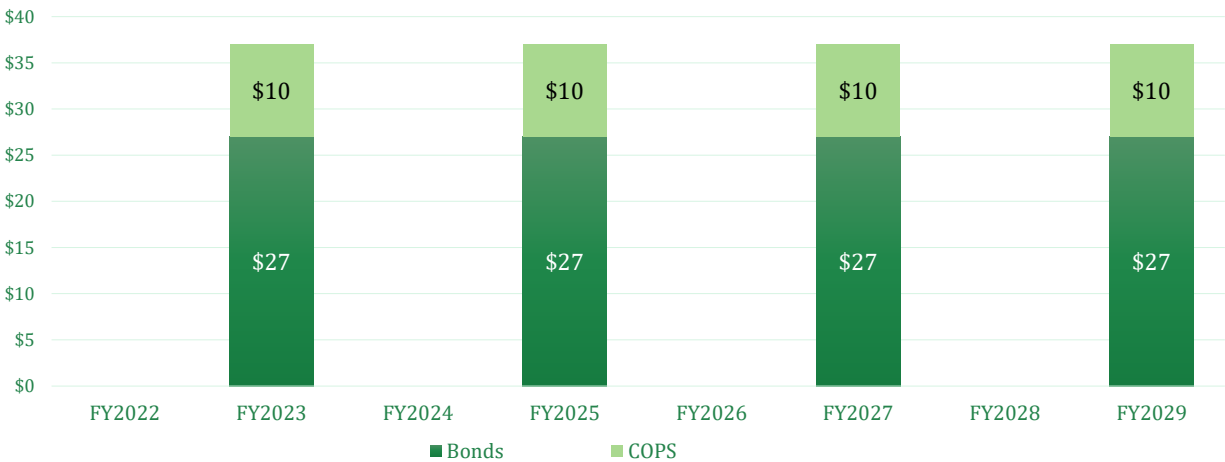
**Very strong management.** We view the city's management as very strong, **with strong financial policies and practices...** In addition, the city engages in annually updated five-year operational forecasting to target balanced budgets, and **annually updated capital planning that identifies funding for projects five years in advance.**

### Fitch

The city has demonstrated a **solid ability to manage spending pressures associated with growth...** Fitch expects the city to maintain a high level of fundamental financial flexibility throughout economic cycles based on its expenditure flexibility and conservative fund balance policy, supported by its strong economic revenue prospects.

7

# Allocation of Bonds and COPs for Discussion In Today's Presentations



8