City Debt

2017 Budget Overview

Finance & Personnel Committee

October 4, 2016

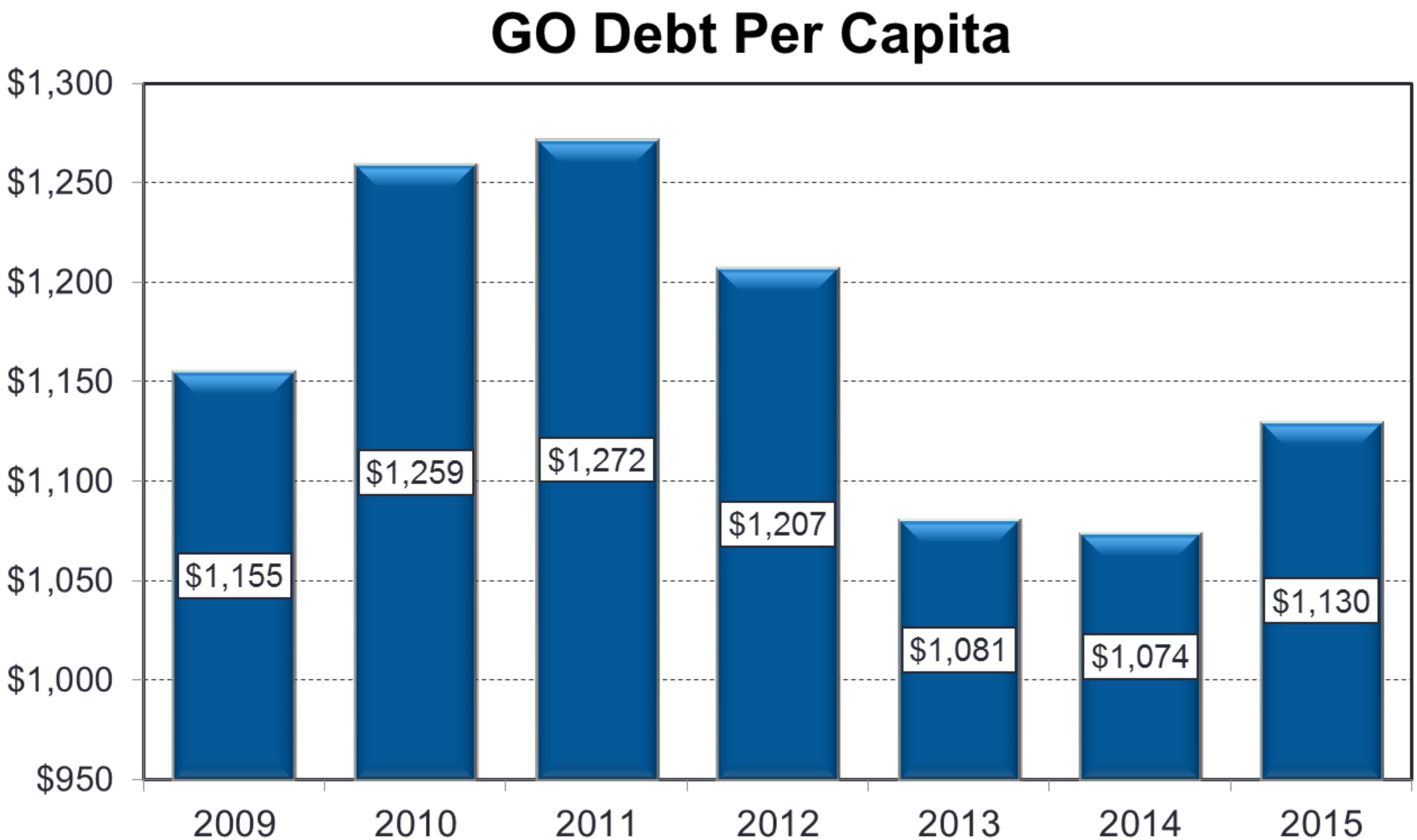
Community Goals & Objectives

- Increase investment and economic vitality throughout the city
  - Use borrowing and debt to strategically finance the City's capital investments
  - Minimize the burden of debt outstanding and future capital costs on property taxpayers

Performance Data

Indicator	2014	2015
Income as % of 2010 national average	73%	73%
Market value per capita	$43,775	$45,474
Taxpayer concentration (lower = more diverse)	4.5%	4.5%
Unreserved General Fund balance (5% is goal)	8.5%	9.1%
Debt maturing w/in 10 years (standard is 50%)	84%	84%

City Debt is Stabilizing



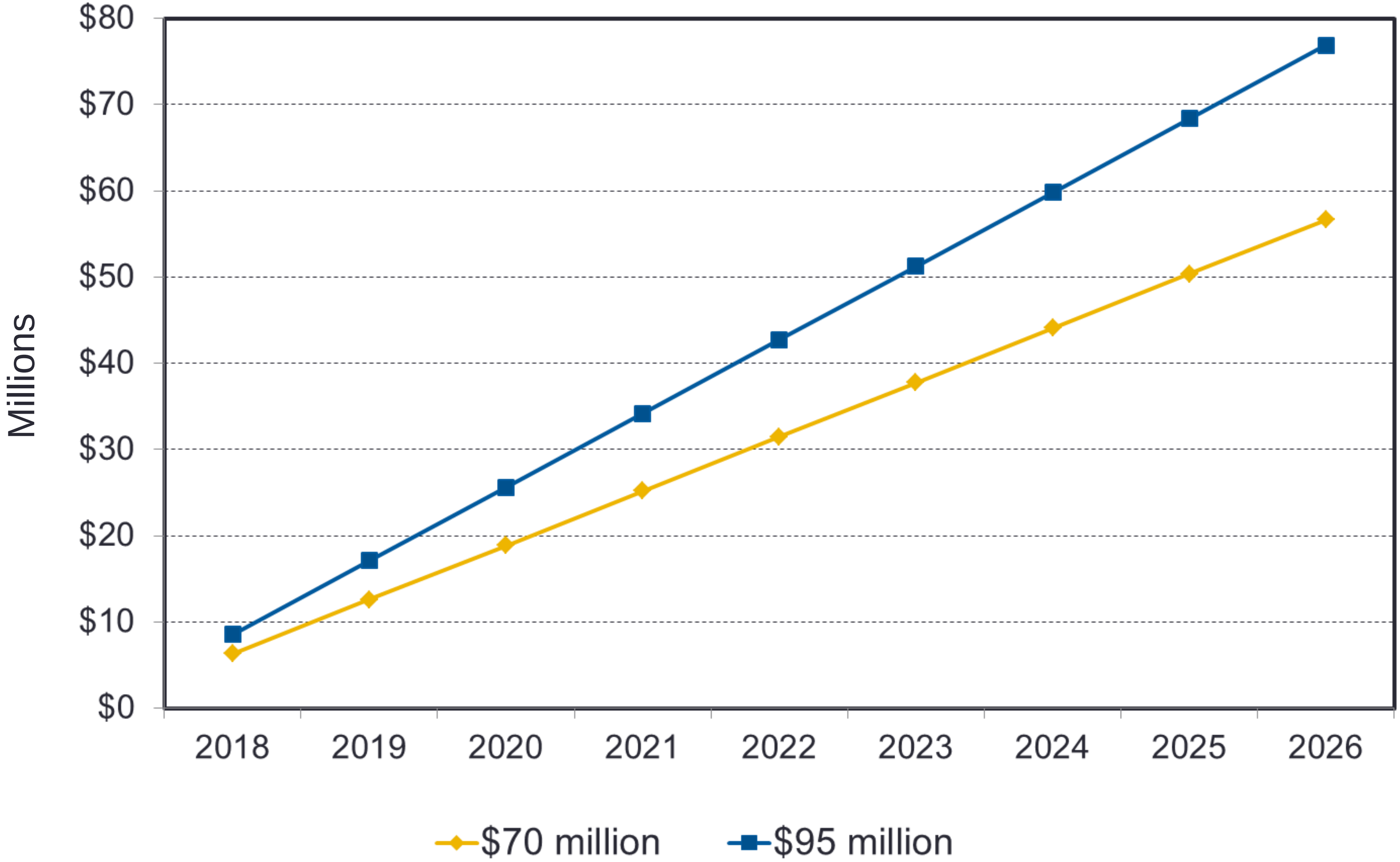
Controlling Debt

- $75 million of borrowing was authorized in 2013
- Borrowing in 2016 was $93.9 million and 2017 $88.9 million
- Debt service tax levy has increased $5.5 million between 2014 and 2017 which reflects the impact of the increased borrowing
- The growth in the debt service tax levy would be $2.4 million annually if the City borrowed $95 million annually verses $70 million annually
- Bond sales must equal principal retirement in order to stabilize the debt service tax levy

Controlling Debt

- Advantages
  - Debt levy impact on the service related budget is reduced
  - Improves ability to stay within debt limit
- Disadvantage
  - Requires more difficult prioritization of the capital improvement budget

Controlling Debt



Budget Changes

- Debt levy increases 6.7% compared to the 2016 Adopted levy
  - +$4.1 million from 2016
- Continue use of premiums to reduce levy
- Decrease PDAF draw $500,000