

Debt & Capital Model Update

March 16, 2020



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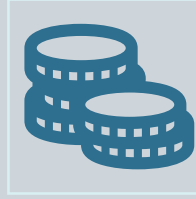


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Agenda

- ✓ **Review: February Retreat Highlights**
- ✓ **Updated Capital Requests Received**
- ✓ **Debt and Capital Model Outputs**
- ✓ **Schools Funding Options**
- ✓ **Summary & Questions**

Review: Components of Updating the Model



1. Financial actuals



**2. Assumptions reviewed
and adjusted as needed**



3. Capital Funding requests

Review: Revised Assumptions

Updated for February Retreat

- Investment Earnings Rate
- Short and Long Term Debt Rates
- Property Tax Valuation

Updated for March Retreat

- Property Tax Valuation – changes in red

	2020	2021*	2022	2023	2024	2025*	2026	2027
Property Tax Valuation Growth	3.30%	24.50%	2.00%	2.00%	2.00%	12.00%	2.00%	2.00%
*revaluation years								

Ultimate Goal in Reviewing and Revising Assumptions

- Maintain realistically conservative modeling which (a) accounts for the unknown while (b.) maximizes available County resources

Review: Capital Requests Assumed At Feb Retreat

Capital Program:	2021	2022	2023	2024	2025	2026	2027
Debt							
WCPSS	281,862,773	299,638,328	294,731,297	324,810,882	261,927,348	327,623,663	344,824,000
WTCC	90,510,000	76,873,000	95,111,000	99,697,000	78,902,000	79,148,000	83,304,000
PROS		22,540,000	19,200,000	20,920,000	15,610,000		
HUMAN SERVICES (LOBs)		20,000,000	60,500,000			10,000,000	
OTHER COUNTY CIP (LOBs)				11,000,000			
TOTAL DEBT	\$ 372,372,773	\$ 419,051,328	\$ 469,542,297	\$ 456,427,882	\$ 356,439,348	\$ 416,771,663	\$ 428,128,000
PAYGO							
WCPSS	65,855,281	62,230,939	65,127,867	66,357,303	68,090,522	70,133,238	73,816,000
WTCC	10,033,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,894,000
HUMAN SERVICES	5,100,000	500,000		500,000	1,100,000	1,500,000	
OTHER COUNTY CIP	35,133,000	35,721,000	36,437,000	38,986,000	39,739,000	40,471,000	41,281,000
TOTAL CASH	\$ 116,121,281	\$ 105,951,939	\$ 109,064,867	\$ 113,343,303	\$ 116,429,522	\$ 119,604,238	\$ 122,991,000
TOTAL CAPACITY	\$ 488,494,054	\$ 525,003,268	\$ 578,607,164	\$ 569,771,185	\$ 472,868,871	\$ 536,375,901	\$ 551,119,000

- Existing FY21-26 per adopted FY20-26 CIP
- All FY27 requests assumed at some growth level over FY26

Review: Schools Funding Options in FY22 & FY23

GO Bonds

Policy or Guideline	Goal	2021	2022	2023	2024	2025	2026	2027
Fund Balance Ratio	≥ 30%	32.8%	33.1%	31.8%	31.2%	30.5%	31.4%	34.1%
% Debt Paid in 10 Years	≥ 70%	71.7%	71.1%	70.3%	70.2%	70.6%	71.2%	72.0%
Debt / Capital Ratio	Strive for 80 / 20	76%	80%	81%	80%	76%	79%	79%
Debt / Assessed Value Ratio	≤ 1.75%	1.36%	1.42%	1.50%	1.55%	1.46%	1.51%	1.54%
Debt Service as % Total Expenditures	Strive for ≤ 20%	17%	18%	19%	20%	21%	20%	19%

Estimated Tax Levy

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2.45

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LOBs

Policy or Guideline	Goal	2021	2022	2023	2024	2025	2026	2027
Fund Balance Ratio	≥ 30%	32.8%	33.1%	31.8%	31.2%	30.5%	31.7%	34.9%
% Debt Paid in 10 Years	≥ 70%	71.7%	71.3%	70.1%	70.0%	70.7%	71.5%	72.4%
Debt / Capital Ratio	Strive for 80 / 20	76%	80%	81%	80%	76%	79%	78%
Debt / Assessed Value Ratio	≤ 1.75%	1.36%	1.42%	1.50%	1.55%	1.45%	1.51%	1.54%
Debt Service as % Total Expenditures	Strive for ≤ 20%	17%	18%	19%	20%	21%	20%	19%

Estimated Tax Levy

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2.95

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WCPSS Draft FY21-FY27 Plan

Shared with WCPSS Facilities Committee

Program Area	FY21	FY22	FY23	FY24	FY25	FY26	FY27	Total
New Schools	104.0	238.8	150.9	188.2	165.5	140.0	119.0	1,106.4
Renovations	126.1	5.9	92.1	55.7	12.8	55.7	55.6	403.8
Other Program Components	117.6	123.1	121.8	143.1	155.1	172.0	172.2	1,004.9
Total	\$347.7	\$367.7	\$364.8	\$387.1	\$333.4	\$367.7	\$346.8	\$2,515.2
Adopted FY20-26 CIP	\$347.7	\$361.9	\$359.9	\$391.2	\$330.0	\$397.8		\$2,188.5
Increase/(Decrease) from current plan	\$0.0	\$5.8	\$4.9	(\$4.1)	\$3.4	(\$30.1)		(\$20.1)

(in millions)

Model Updated With All Capital Requests

Capital Program:	2021	2022	2023	2024	2025	2026	2027
Debt							
WCPSS	281,862,773	298,488,000	300,150,000	320,961,000	265,600,000	297,558,000	274,540,000
WTCC	90,473,000	76,873,000	95,111,000	99,700,000	78,902,000	79,148,000	88,250,000
PROS		22,540,000	19,200,000	20,920,000	15,610,000		
HUMAN SERVICES (LOBs)		33,500,000	55,500,000	5,000,000	10,000,000		
OTHER COUNTY CIP (LOBs)				11,000,000	25,000,000	17,500,000	17,500,000
TOTAL DEBT	\$ 372,335,773	\$ 431,401,000	\$ 469,961,000	\$ 457,581,000	\$ 395,112,000	\$ 394,206,000	\$ 380,290,000
PAYGO							
WCPSS	65,854,000	69,230,000	64,648,000	66,104,000	67,800,000	70,120,000	72,248,000
WTCC	10,033,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	8,000,000
HUMAN SERVICES	5,000,000	100,000	500,000	500,000	500,000	600,000	1,500,000
OTHER COUNTY CIP	35,377,000	35,971,000	36,691,000	39,246,000	40,073,000	40,810,000	41,627,000
TOTAL CASH	\$ 116,264,000	\$ 112,801,000	\$ 109,339,000	\$ 113,350,000	\$ 115,873,000	\$ 119,030,000	\$ 123,375,000
TOTAL CAPACITY	\$ 488,599,773	\$ 544,202,000	\$ 579,300,000	\$ 570,931,000	\$ 510,985,000	\$ 513,236,000	\$ 503,665,000

- Respective 2018 bond program funding remains unchanged

Resulting Policy Metrics – Both Options

GO Bonds

Policy or Guideline	Goal	2021	2022	2023	2024	2025	2026	2027
Fund Balance Ratio	$\geq 30\%$	32.8%	33.0%	31.7%	31.4%	30.9%	31.9%	34.8%
% Debt Paid in 10 Years	$\geq 70\%$	71.8%	71.0%	70.3%	70.2%	70.5%	71.2%	72.1%
Debt / Capital Ratio	Strive for 80 / 20	76%	79%	81%	80%	77%	77%	76%
Debt / Assessed Value Ratio	$\leq 1.75\%$	1.36%	1.42%	1.51%	1.56%	1.47%	1.51%	1.53%
Debt Service as % Total Expenditures	Strive for $\leq 20\%$	17%	18%	19%	20%	21%	20%	19%

Estimated Tax Levy

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2.45

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LOBs

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Debt / Capital Ratio	Strive for 80 / 20	76%	79%	81%	80%	77%	77%	76%
Debt / Assessed Value Ratio	$\leq 1.75\%$	1.36%	1.42%	1.50%	1.56%	1.46%	1.51%	1.52%
Debt Service as % Total Expenditures	Strive for $\leq 20\%$	17%	18%	19%	20%	21%	20%	19%

Estimated Tax Levy

-

2.95

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Schools Funding Options

GO Bond Approach

- November 2020 Bond Referenda
- May 2020 first of several required Board actions for Nov 2020 Ballot
- 2-yr Capital Program \$598.7 million
- If voters don't authorize, Board funding commitment shifts to LOBs approach
- Est. Tax Impact in FY24 is 2.45 ¢
- \$24.50 per \$100k/Assessed Valuation

LOBs Approach

- No referenda necessary
- No action required in 2020
- 2-yr Capital Program \$598.7 million
- Board authorizes, not voters
- Est. Tax Impact in FY24 is 2.95 ¢
- \$29.50 per \$100k/Assessed Valuation

GO Bond Referendum Steps*

- | | |
|-----------|--|
| April | ✓ County staff , with Bond Counsel, drafts BOE Resolution; drafts BOC Findings Resolution; drafts Bond Order language; drafts Notice of Intent to be published; coordinates with Board of Elections and LGC regarding official intent to hold fall Referendum |
| April | ✓ BOE adopts Resolution requesting BOC pursue Fall Bond |
| May | ✓ BOC adopts prelim Findings Resolution |
| June | ✓ County staff files application with LGC |
| June | ✓ BOC introduces Bond Order |
| July | ✓ BOC public hearing; adopts Bond Order; calls for Referendum |
| September | ✓ LGC approves future issuance of GO Bonds |
| November | ✓ Referendum question appears on ballot |
| December | ✓ BOC declaration of results of Referendum |

Summary Review



- * Property Tax Assumptions revised
- * 7-yr Capital Funding requests considered



- * Schools \$598.7 million request for FY22-FY23 to be funded with either GO Bonds or LOBs



- * Minimal estimated cost difference between options: GO 2.45 ¢ or LOBs 2.95 ¢ in FY24
- * \$5 difference in tax levy per \$100k valuation

Next Steps

Staff answers Board questions

Board chooses funding approach for Schools FY22-FY23

Questions