

General Governmental Debt

OVERVIEW & CAPACITY SCENARIOS

July 6, 2021



CITY OF WACO

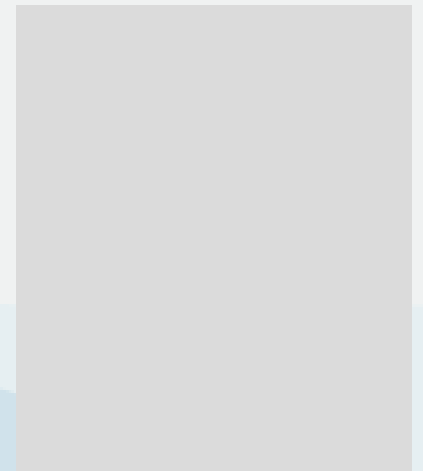
Key Concepts

- “Governmental Debt”
 - Non-Utilities (Water, Wastewater, Solid Waste, Drainage)
 - Streets, Sidewalks, Signals, Parks, Facilities, Fire, Police
 - \$1.8B replacement value (\$72M annually) excluding Parks and Facilities
- Tax Rate
 - M&O/O&M: Supports Operations and Maintenance in General Fund
 - Debt/I&S: Required to pay debt service on bonds previously issued
- Tax Revenue
 - Operations: $\text{Value} / 100 \times \text{Rate} \times \text{Collections \%} = \text{Revenue}$
 - Debt: $\text{Rate} = (\text{Total Debt Service} - \text{Self Supporting Debt}) / ((\text{Value} / 100) \times \text{Collections \%})$
 - Debt rate calculation is “solve for Rate” algebra
- Long Range CIPs subject to annual Debt Capacity/Debt Rate calculation

Overview of Waco's Governmental Debt

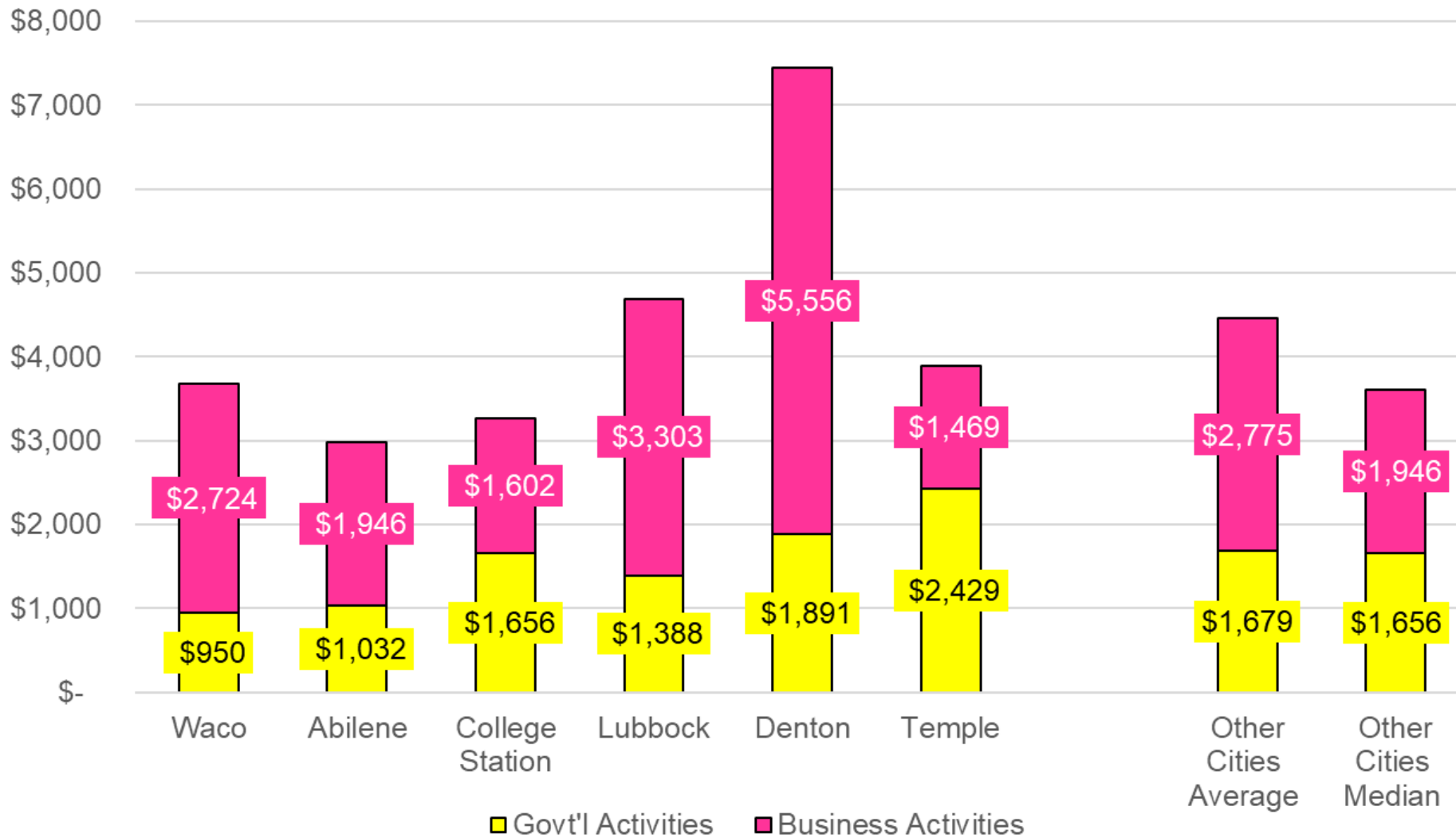


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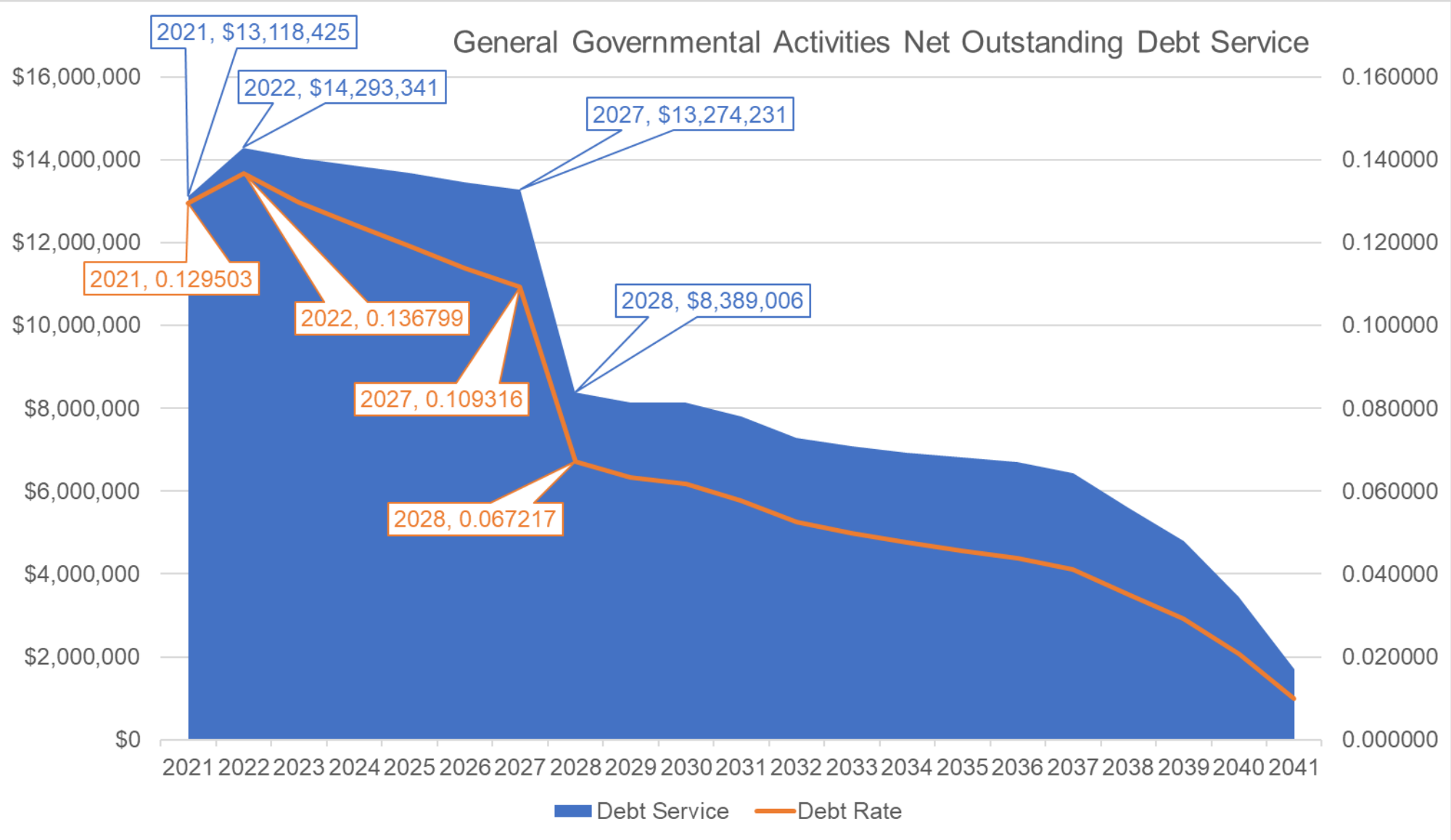
2020 Outstanding Debt Per Capita By Type

- Outstanding Governmental Debt: \$134 million (\$235m avg.)
- Per Capita: \$950 (\$1,679 avg.)
- 26% of outstanding debt (38% avg.)



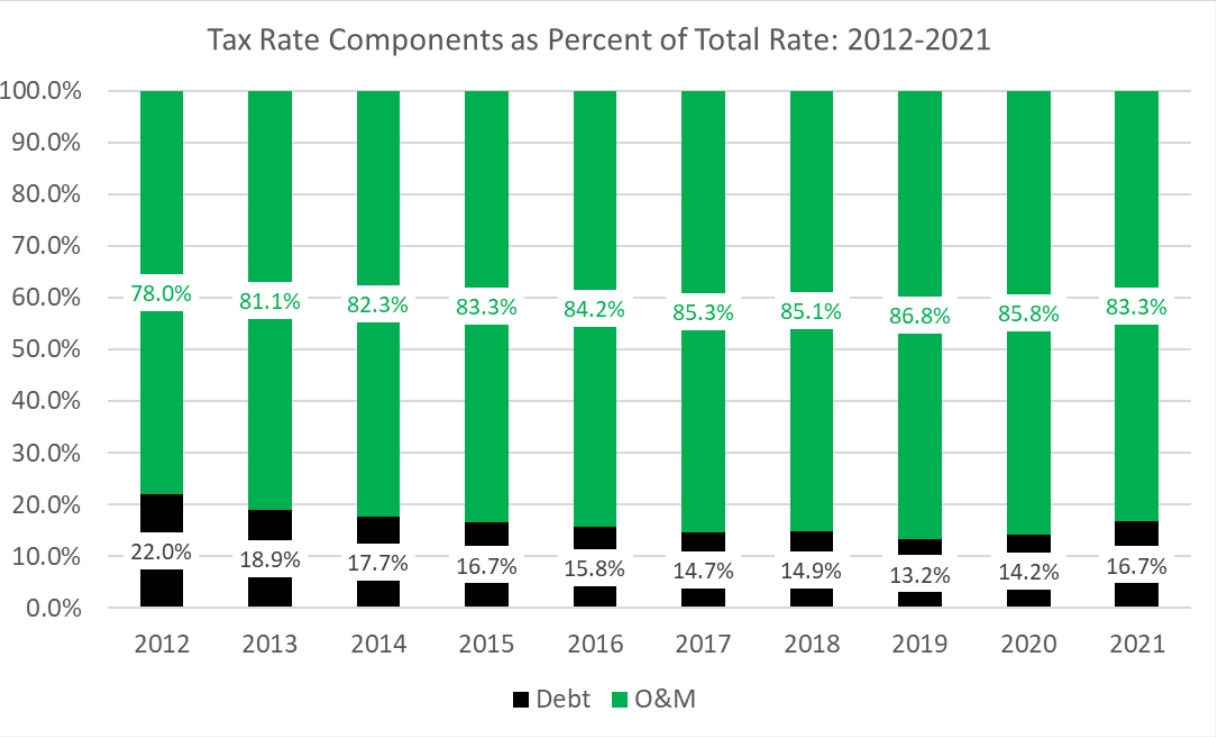
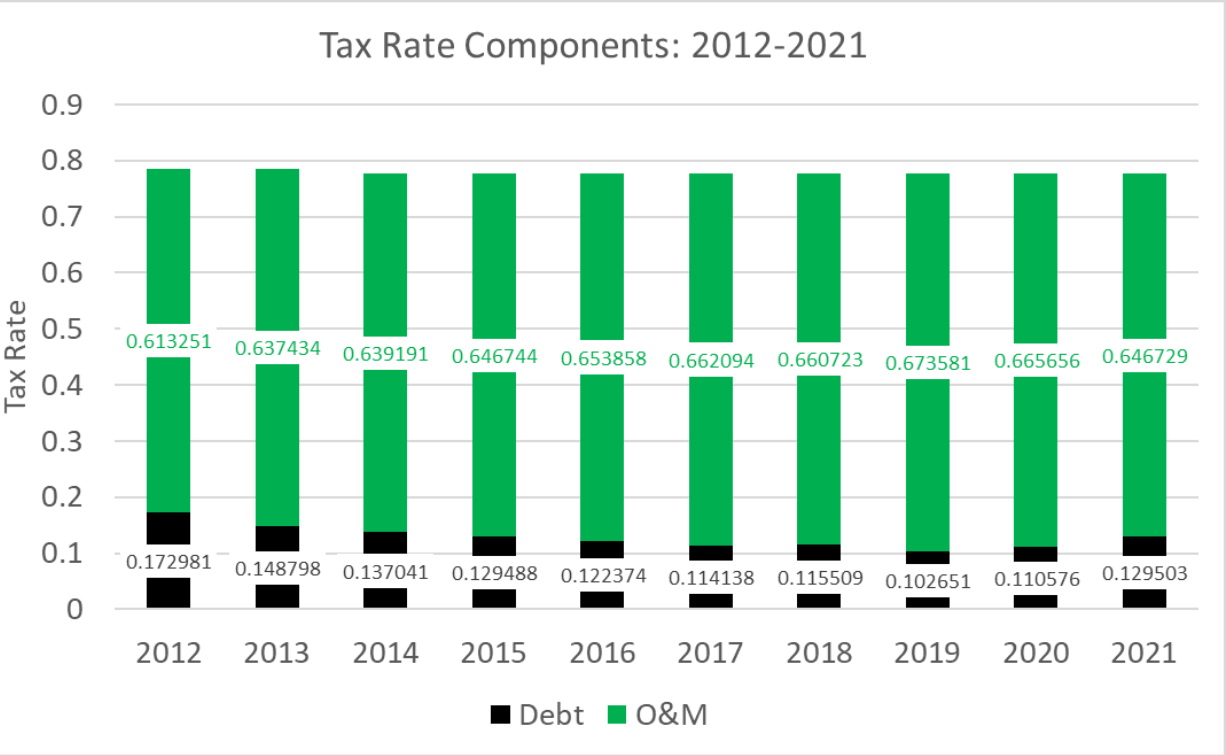
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Annual Payment Obligations



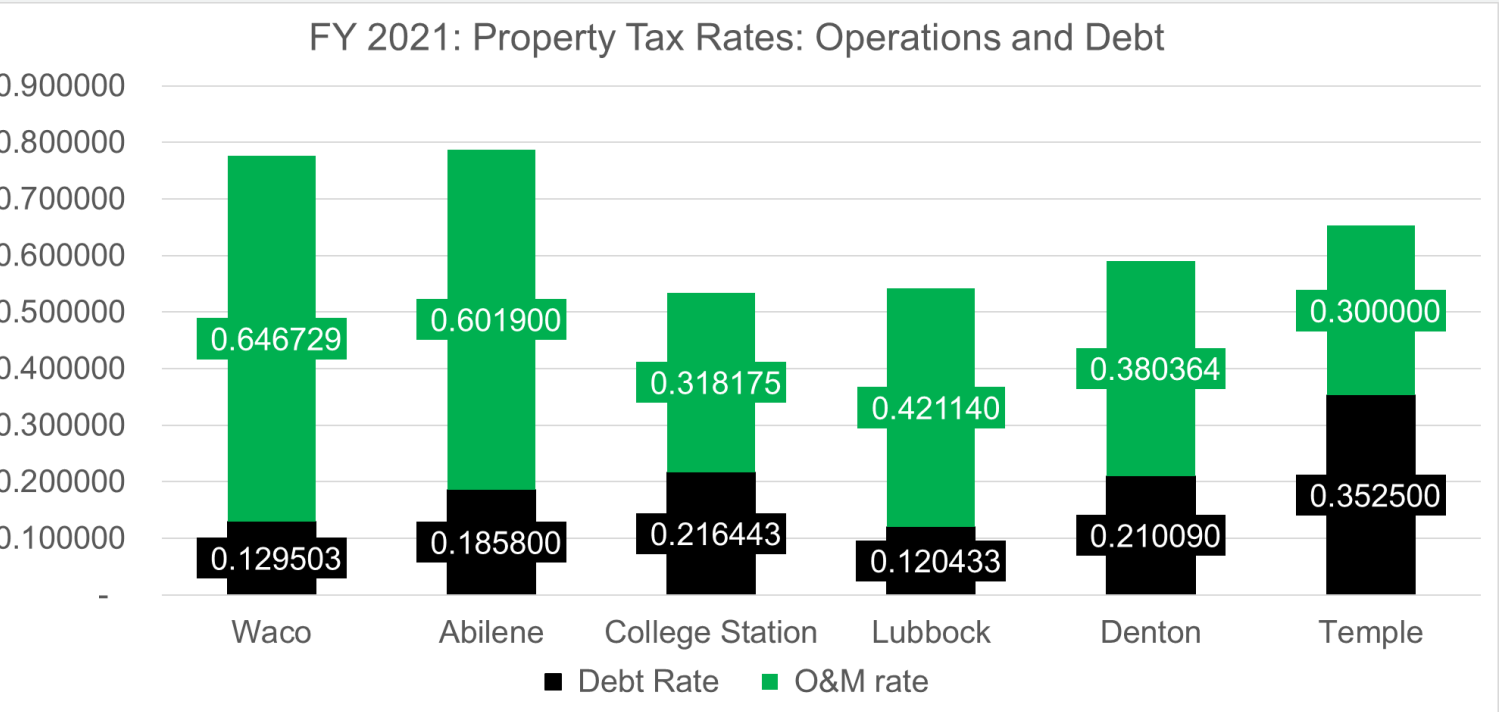
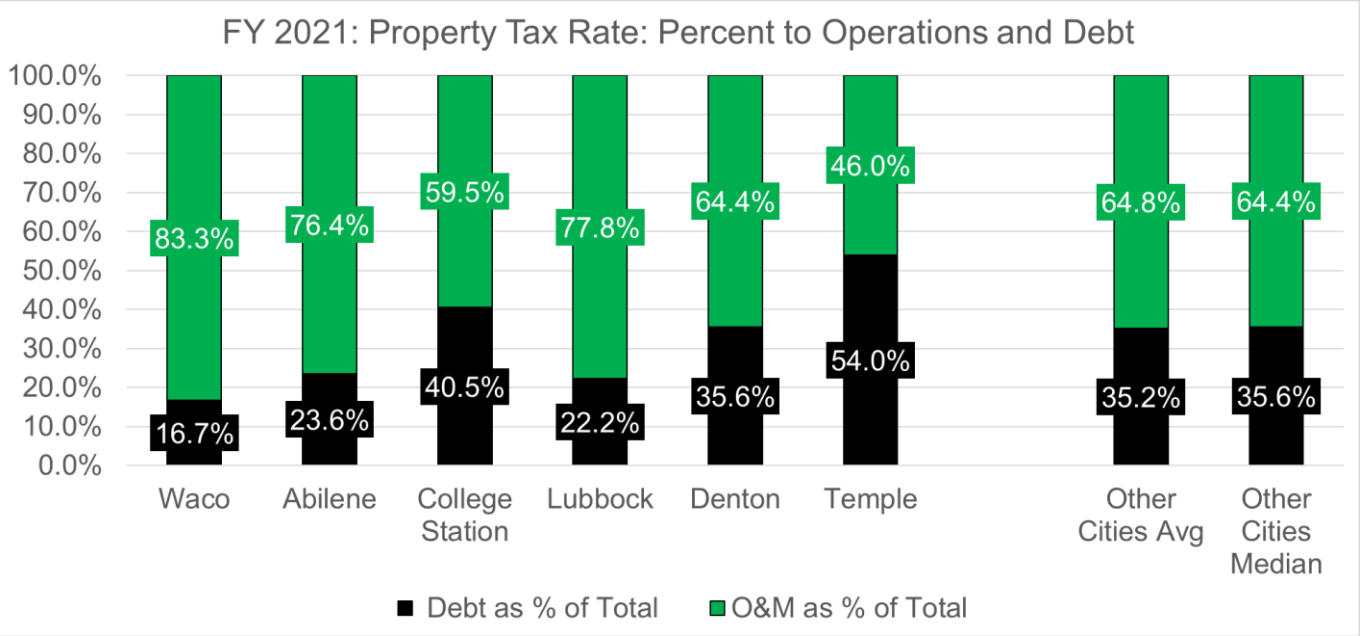
Rate History

At top right, a ten year history of the components of the total tax rate. At bottom left, the same data expressed as a percent of the total rate.



Rate Comparisons

Waco’s current debt rate of .129503 is 16.7% of the total tax rate, less than half the average of these cities.

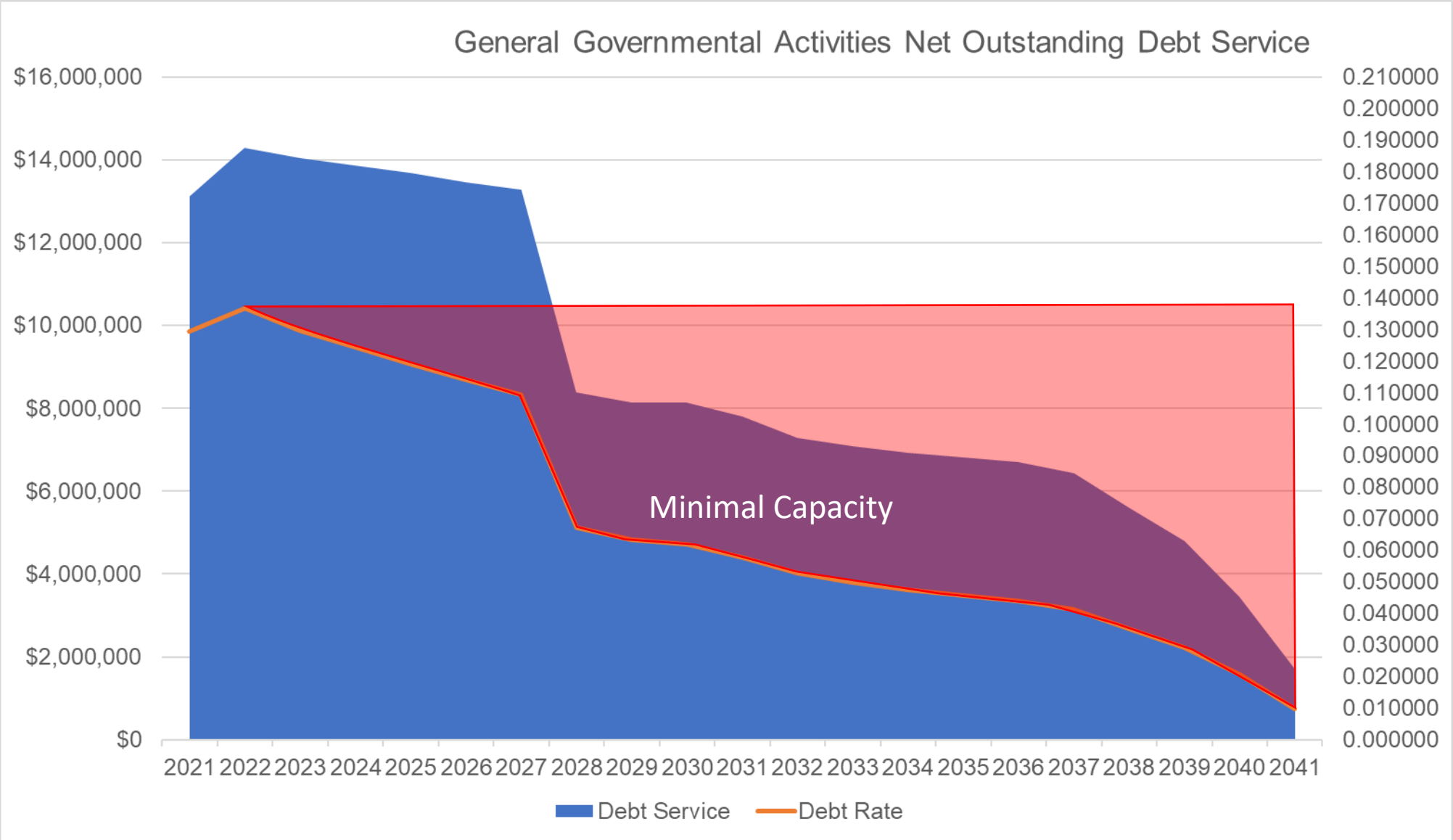


Capacity Scenarios

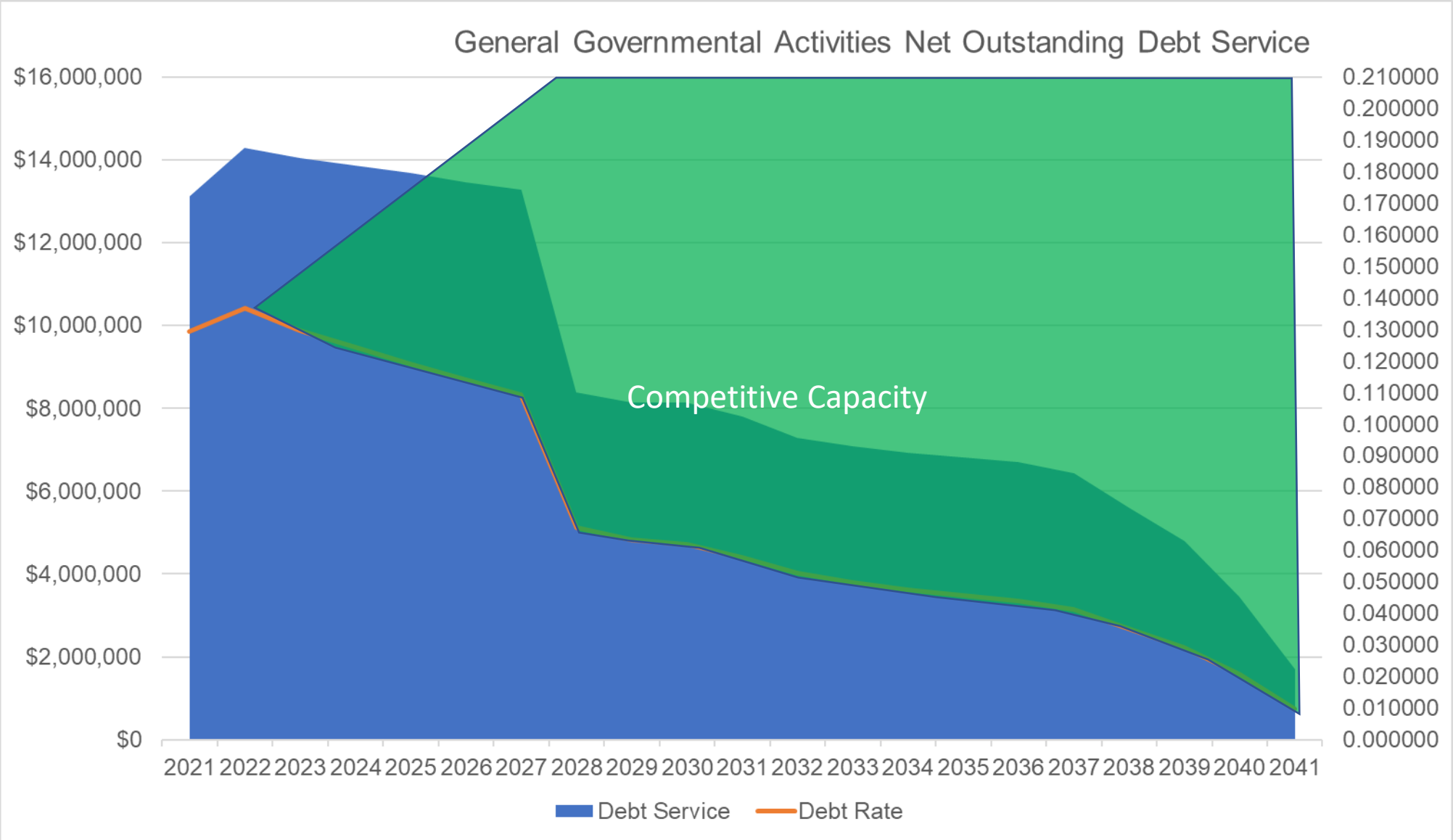


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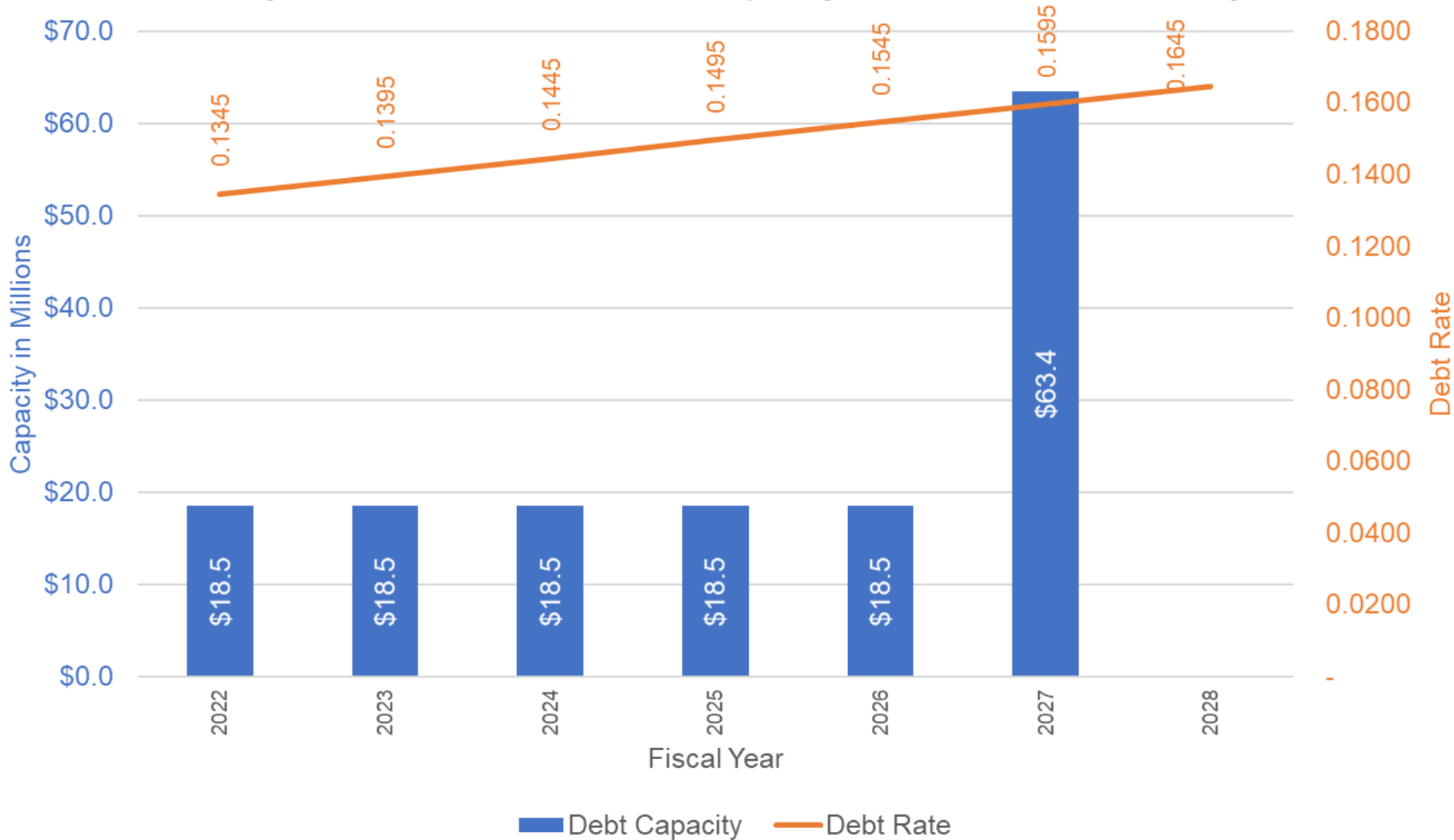
Obligations & Capacity



Obligations & Capacity



Projected Governmental Bond Capacity at 1/2 Cent Shift Annually

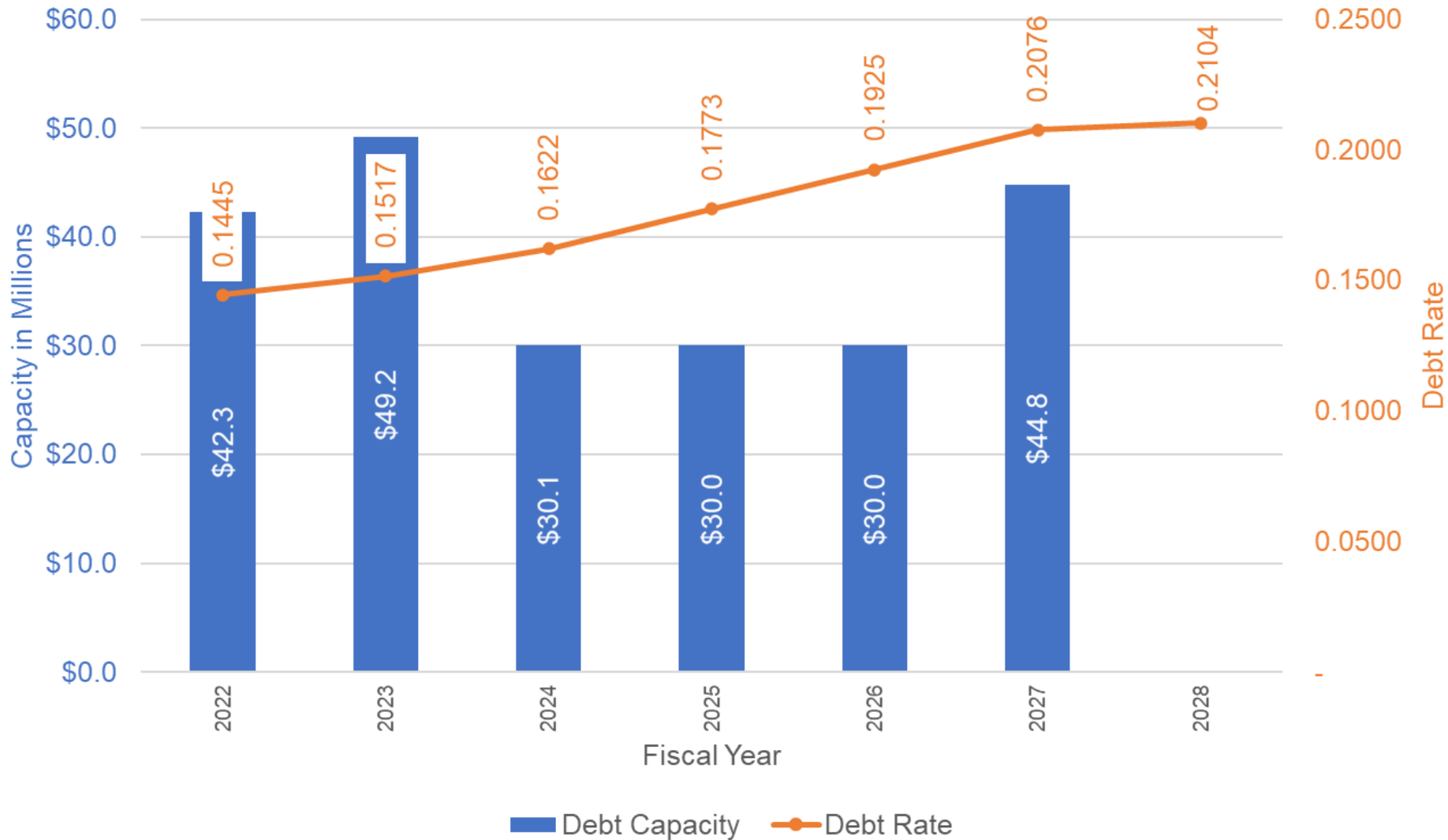


- Total of \$156 million over 6 years
- 41% of Total in year 6
- 24% in first 2 years.
- Holds total rate to current .776232
- Shifts half a penny from O&M rate to debt rate
- Total shift to debt: 3.5 cents.
- 2028 debt rate as % of total rate: 21% (16.7% currently)



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Proposed Projected Governmental Bond Capacity



- Total of \$226 million over 6 years
- 40% in first 2 years.
- Holds total rate to current .776232
- Shifts average of 1.2 cents annually from O&M rate to debt rate
- Total shift to debt: 8.1 cents
- 2028 debt rate as % of total rate: 27% (16.7% currently)



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				Prin	\$	42,340,000	\$	49,185,000	\$	30,050,000	\$	30,045,000	\$	30,035,000	\$	44,825,000		
				Term		20		20		20		20		20		20		
				Rate		3.50%		4.00%		4.50%		5.00%		5.00%		5.00%		
Tax	Fiscal	FORECASTED	TAV		Feb 2022		Feb 2023		March 2024		March 2025		March 2026		March 2027		TOTAL	
Year	Year	TAV	GROWTH		\$	42,340,000	\$	49,185,000	\$	30,050,000	\$	30,045,000	\$	30,035,000	\$	44,825,000	\$	226,480,000
2022	2023	\$11,043,310,530	3.6%			2,925,979												2,925,979
2023	2024	\$11,372,209,144	3.0%			1,548,650		3,619,100										5,167,750
2024	2025	\$11,711,750,189	3.0%			1,545,150		3,619,100		2,310,000								7,474,251
2025	2026	\$12,057,474,051	3.0%			1,541,650		3,619,100		2,310,000		2,411,000						9,881,750
2026	2027	\$12,390,804,797	2.8%			1,538,150		3,619,100		2,310,000		2,411,000		2,410,000				12,288,250
2027	2028	\$12,735,160,639	2.8%			3,519,300		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,866,400
2028	2029	\$13,081,739,527	2.7%			3,518,788		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,865,888
2029	2030	\$13,430,570,947	2.7%			3,515,650		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,862,750
2030	2031	\$13,781,683,298	2.6%			3,514,800		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,861,900
2031	2032	\$14,135,103,747	2.6%			3,516,063		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,863,163
2032	2033	\$14,490,858,074	2.5%			3,519,263		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,866,363
2033	2034	\$14,848,970,506	2.5%			3,514,400		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,861,500
2034	2035	\$15,209,463,542	2.4%			3,516,388		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,863,488
2035	2036	\$15,572,357,754	2.4%			3,515,050		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,862,150
2036	2037	\$15,937,671,589	2.3%			3,515,300		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,862,400
2037	2038	\$16,305,421,147	2.3%			3,516,963		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,864,063
2038	2039	\$16,675,619,942	2.3%			3,514,950		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,862,050
2039	2040	\$17,048,278,653	2.2%			3,519,088		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,866,188
2040	2041	\$17,423,404,852	2.2%			3,514,288		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,861,388
2041	2042	\$17,801,002,713	2.2%			3,515,463		3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		17,862,563
2042	2043	\$18,181,072,707	2.1%					3,619,100		2,310,000		2,411,000		2,410,000		3,597,000		14,347,100
2043	2044	\$18,563,611,266	2.1%							2,310,000		2,411,000		2,410,000		3,597,000		10,728,000
2044	2045	\$18,948,610,431	2.1%											2,410,000		3,597,000		6,007,000
2045	2046	\$19,336,057,472	2.0%													3,597,000		3,597,000



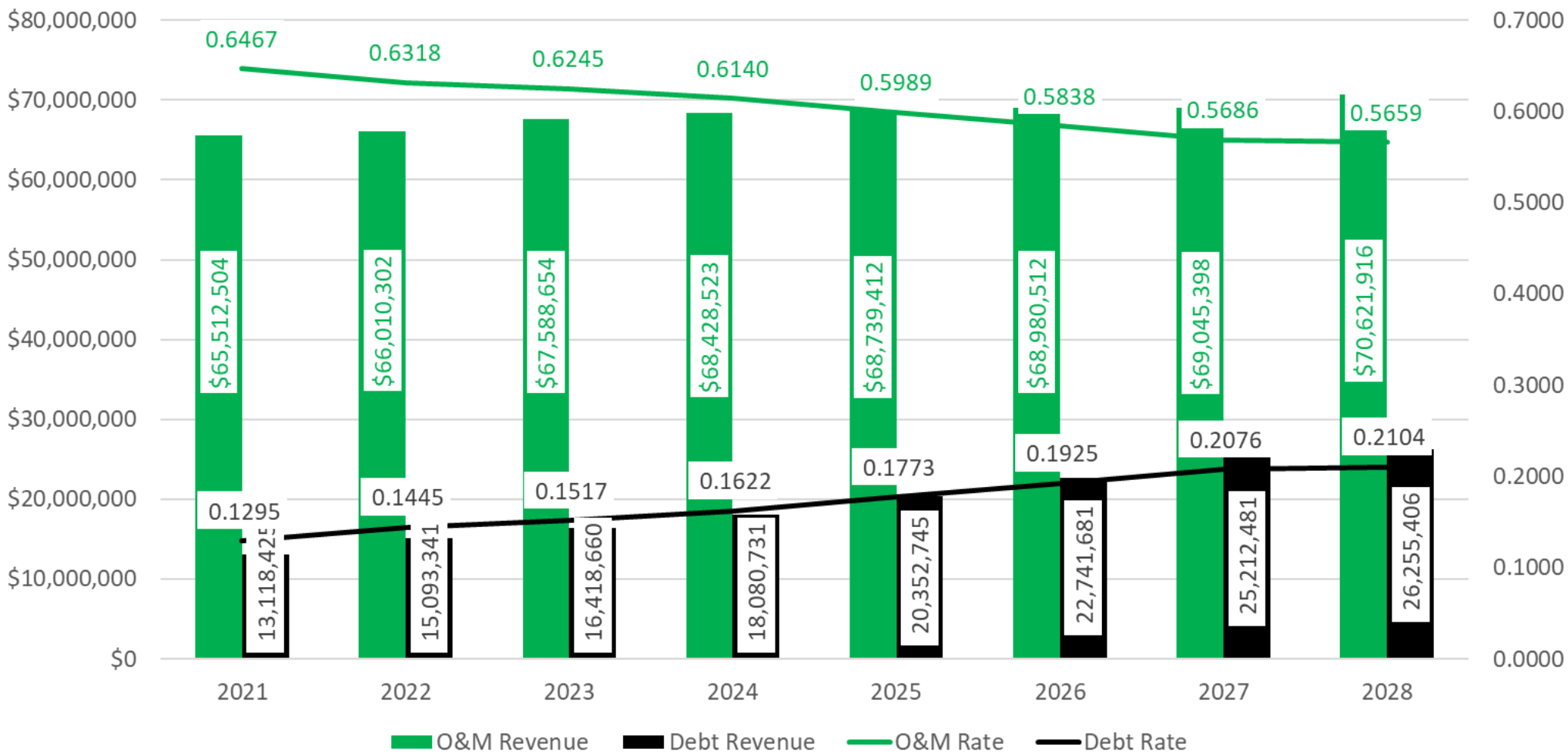
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Revenue Implications



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Proposed Projected Property Tax Rates and Revenue



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Summary

- Waco's governmental debt per capita and percent of the tax rate dedicated to debt are low compared to comparable cities.
- Council's strategic efforts in economic development, infrastructure utility funding, coupled with conservative financial management during COVID have positioned the City to enhance Waco's governmental infrastructure investment.
- The steep decline in debt service in 2027 provides an opportunity to shift capacity to the intervening years.
- The proposed plan projects ¼ Billion in governmental bond capacity through 2027, \$92 million in the next two years.



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