



2023 Financing Plan

October 12, 2023

Ryan Wimmer, Treasurer

Financing Plan

What?

- borrow money to pay for infrastructure

Why?

- increase water portfolio
- support public safety
- quality of life – libraries, parks, streets, utilities
- fairness – infrastructure paid for while in use



Financing Evaluation

City finance team

- Evaluates when and how to:
 - Issue new debt
 - Refinance (“refund”) existing debt
 - Use cash to pay off existing debt early
- Makes payments when due



Financing Process

1. Borrow money through financial markets
2. Use money to pay for capital projects
3. Pay investors back over time



Debt Service

principal and interest paid to investors

- up to 25-year final maturity
 - at least 20% of principal repaid in first 10 years for shorter-life projects (fire apparatus, Advanced Metering Infrastructure (AMI))
- 10-year refinance “call”
- stable payment structure
- future debt sales included in forecast



Types of Debt

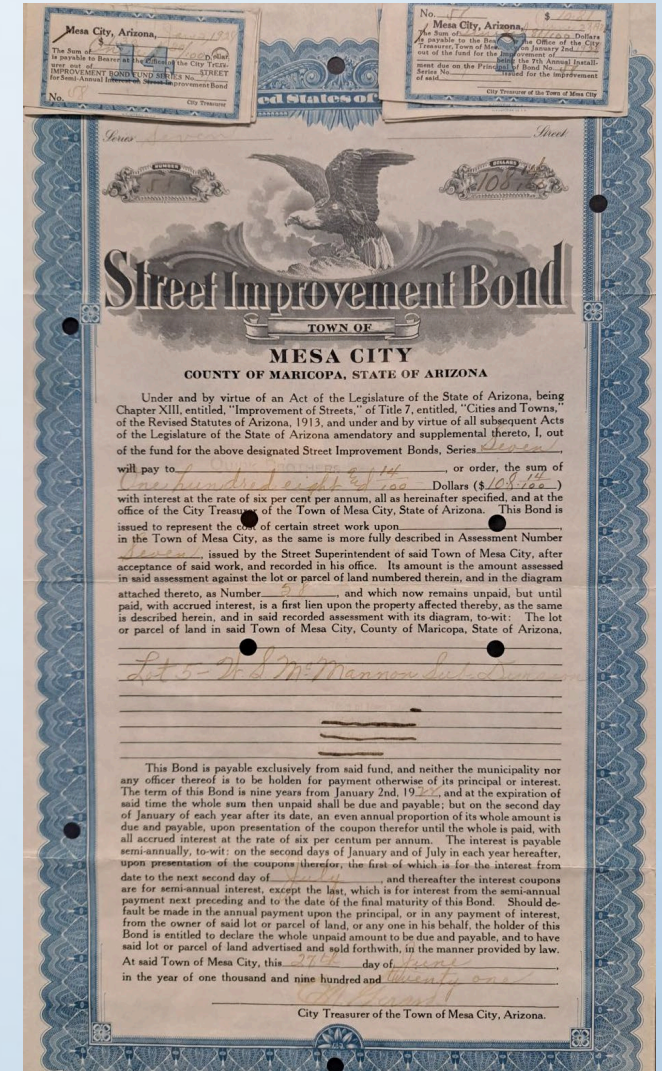
“bonds” and “obligations” = loans

1. general obligation (GO) bonds

- voter-approved for specific purpose (parks, etc.)
- backed by “full faith and credit” (property tax)
- paid for with secondary property tax

2. utility systems revenue obligations

- contractual obligation
- backed by utility revenue pledge
- paid for with utility revenue



Proposed 2023 Debt Issuances

General Obligation (GO) Bonds

Library – Parks and Culture – Public Safety – Transportation

Target: \$89 million (not-to-exceed \$90 million)

Utility Systems Revenue Obligations

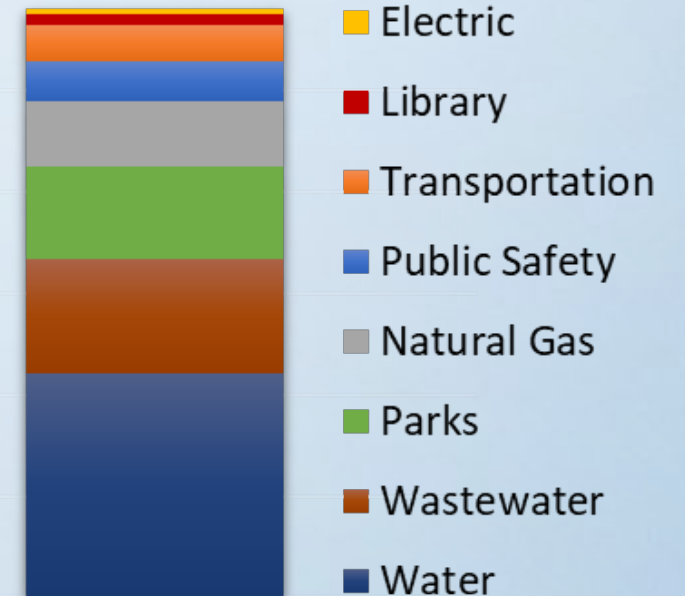
Electric – Natural Gas – Wastewater – Water

Target: \$202 million (not-to-exceed \$205 million)

Largest GO and Utility Issuances Ever

- two years of funding (2023 and 2024) instead of one
- large water projects
- multiple GO bond packages (2018, 2020, 2022)
- price inflation

New Debt



GENERAL OBLIGATION PROJECT EXAMPLES

- Police Evidence Facility
- Lehi Sports Complex
- Street Improvements
- Historic Post Office
- Northeast Public Safety Facility



UTILITY SYSTEMS PROJECT EXAMPLES

- Advanced Metering Infrastructure
- Central Mesa Re-Use Pipeline
- Public Safety Campus Microgrid
- Natural Gas System Improvements



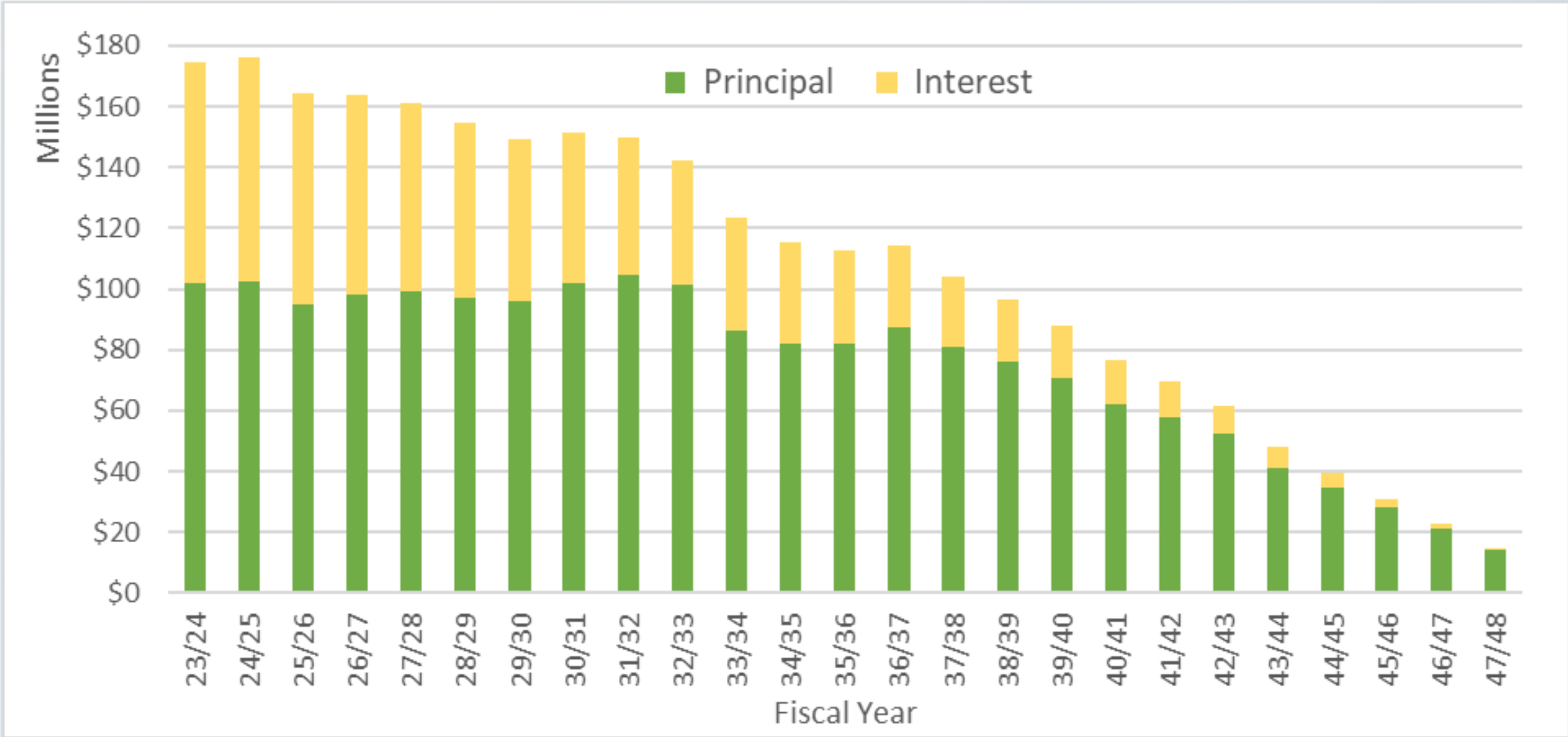
General Obligation Debt Service Payments



Utility Systems Debt Service Payments



Total City Debt Service Payments (including 2023 sales)



City Financial Policy - Refunding Savings

“To ensure that bond refundings produce anticipated savings, **refunding bonds should have a net present value savings exceeding 3%** of the debt service amount of the bonds being refunded” (*City of Mesa Financial Policies, section 5.6, 2017*)

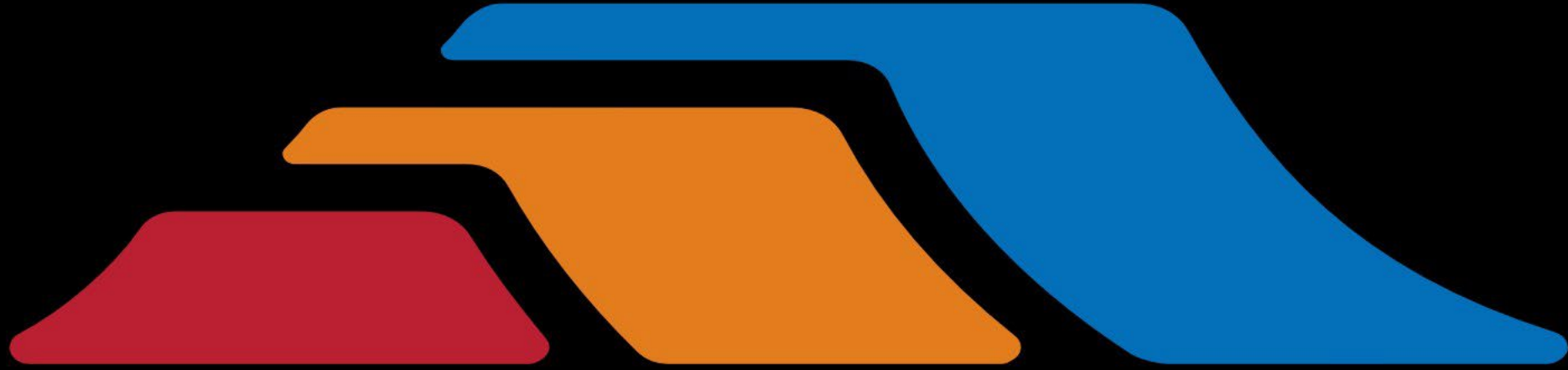
Actual savings over past 5 years = \$60 million

Timeline for 2023 Financings

(subject to market conditions)

Oct 16	Council considers authorization
week of Nov 6	Bonds/obligations sold
Dec 7	Proceeds received





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General Obligation Debt - Constitutional Limit

FY 2022 City/Town^{WA} GO Debt and Debt Limitations*

City/Town	Current Capacity Limit	Current Debt	% of Capacity Used
City of Tempe	\$620,205,964	\$401,755,000	64.78%
City of El Mirage	\$38,480,679	\$17,860,000	46.41%
City of Goodyear	\$336,400,692	\$150,555,000	44.75%
Lake Havasu City	\$232,047,164	\$97,153,351	41.87%
Town of Gilbert	\$777,628,705	\$298,465,000	38.38%
City of Maricopa	\$95,749,809	\$30,720,000	32.08%
City of Avondale	\$141,497,289	\$44,475,000	31.43%
City of Peoria	\$491,612,746	\$146,110,000	29.72%
City of Mesa	\$1,100,745,506	\$318,950,000	28.98%
City of Glendale	\$437,530,107	\$125,320,000	28.64%
City of Tolleson	\$71,951,605	\$20,022,579	27.83%
City of Chandler	\$962,768,837	\$236,415,000	24.56%
City of Casa Grande	\$118,607,896	\$27,525,000	23.21%
City of Scottsdale	\$1,905,487,530	\$398,885,000	20.93%
City of Phoenix	\$4,027,538,303	\$815,395,000	20.25%
City of Flagstaff	\$266,468,149	\$34,661,467	13.01%
City of Surprise	\$372,417,766	\$43,225,000	11.61%
City of Tucson	\$1,080,465,756	\$110,905,000	10.26%
Grand Total	\$13,077,604,503	\$3,318,397,397	

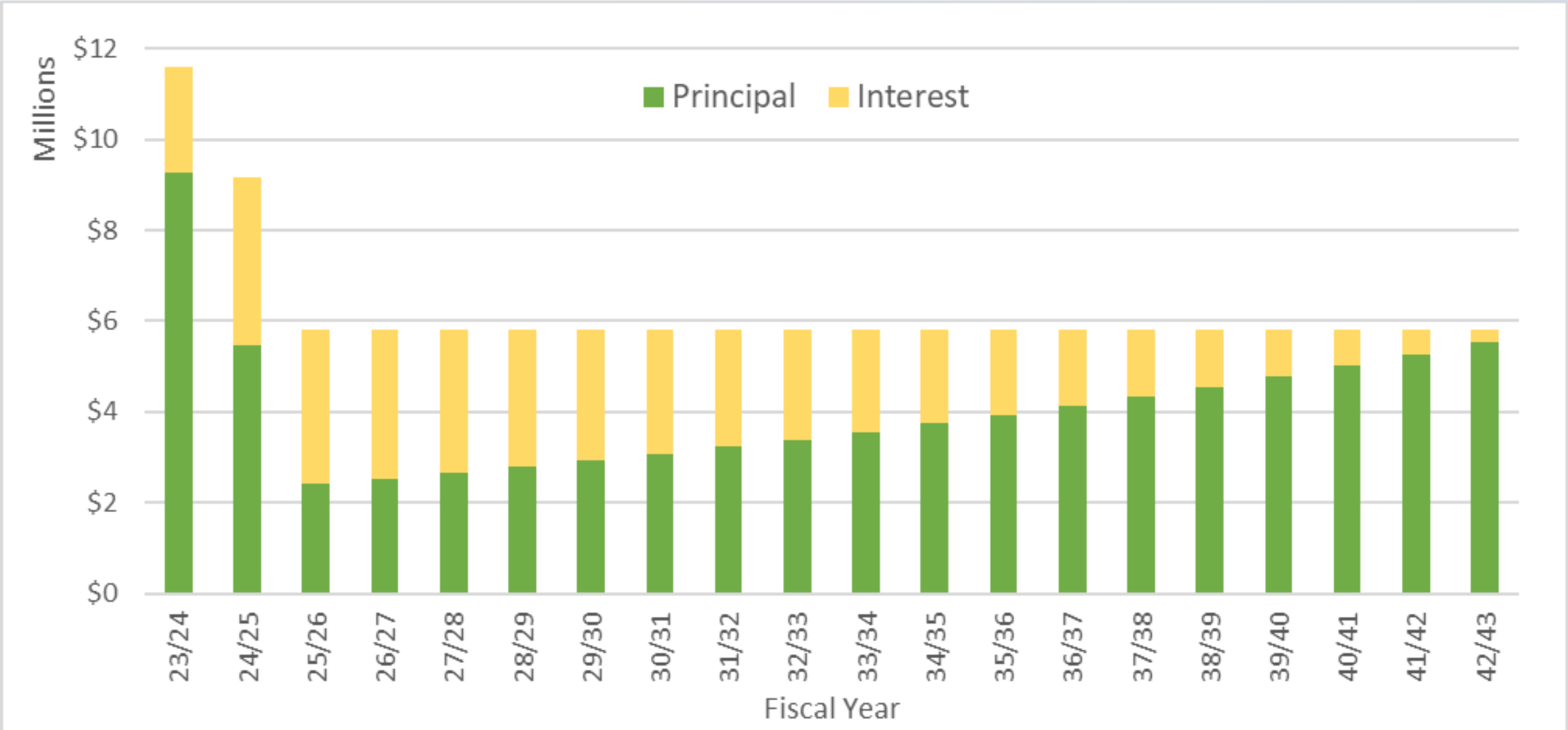
*Cities and Towns that submitted data for both the six percent and twenty percent capacity amounts were added as one lump sum and calculated at the combined twenty six percent capacity limit.

2023 General Obligation (GO) Bonds

Proposed 2023 Sale: \$89 million

Purpose	Election Year	Approved but Unissued Bond Sale Amounts	Proposed 2023 Sale	Estimated Remaining Bond Sale Approval
Library	2018	\$ 16,660,000	\$ 5,010,000	\$ 11,650,000
Parks and Culture	2018	66,115,000	46,090,000	20,025,000
Public Safety	2018	51,690,000	20,040,000	31,650,000
Transportation	2020	96,945,000	18,035,000	78,910,000
Public Safety	2022	157,000,000	0	157,000,000
<i>Total</i>		\$ 388,410,000	\$ 89,175,000	\$ 299,235,000

2023 General Obligation Bonds – Debt Service Payments



2023 Utility Systems Revenue Obligations

Proposed 2023 Sale: \$202 million

Utility System	Proposed 2023 Sale
Electric	\$ 3,000,000
Natural Gas	32,000,000
Wastewater	56,000,000
Water	111,000,000
Total	\$ 202,000,000

2023 Utility Obligations – Debt Service Payments

