

CITY OF MINNEAPOLIS

Capital Planning and Debt Overview

Presentation to the Board of Estimate & Taxation
February 10, 2016

Agenda

- Review Key Terms
- High Level Capital Funding 2016 – 2020
- Park Board Capital Program 2016 – 2020
- City Debt Capacity
- Bond Redemption Levy 2011 - 2020
- Net Debt Bond Considerations
- Debt Service Statistics and 2016 Budget
- Conclusion

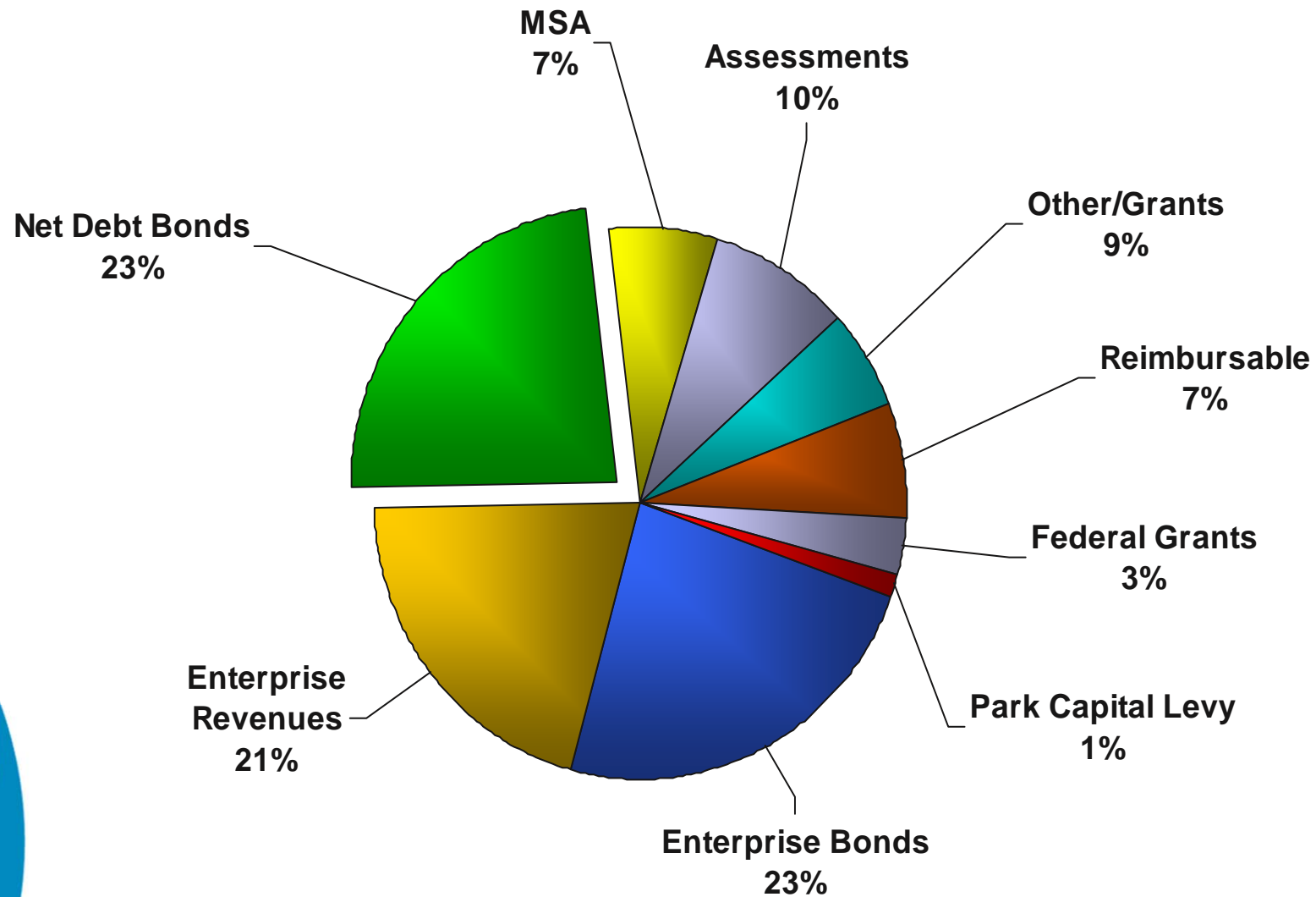


Review of Key Terms

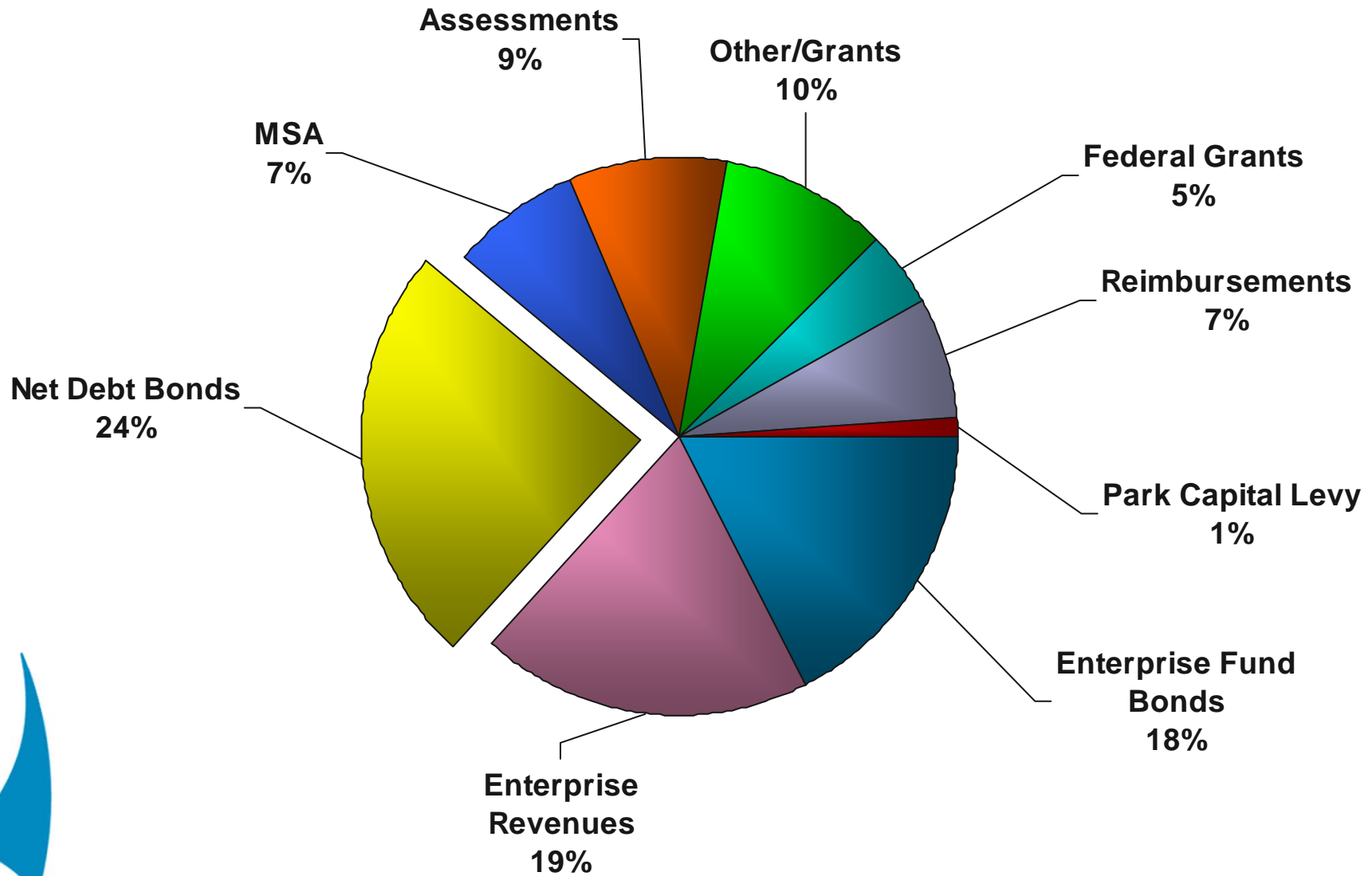
- **Net Debt Bonds:** General Obligation property tax supported bonds issued to finance general infrastructure improvements.
- **Bond Redemption Levy:** A dedicated tax levy used for payment of principal and interest on property tax supported bonds (NDB).
- **Debt Service:** Refers to payments required for principal and interest on outstanding bonds.



Funding Sources for Five-Year Capital Program \$668.90 M



Funding Sources for 2016 Capital Program \$134.80 M



Net Debt Bond Allocation

Five Year Total - \$155.0 M

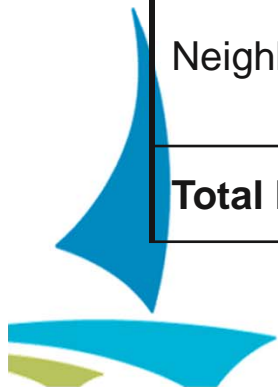
Infrastructure Category	2016	2017	2018	2019	2020	Total	Percent
						(in 000's)	
MBC	1,470	1,105	1,380	1,495	470	5,920	3.8%
PARK BOARD	2,500	1,500	1,000	3,315	1,840	10,155	6.6%
PUBLIC WORKS :							
STREET PAVING	13,135	9,630	9,800	11,090	6,740	50,395	32.5%
SIDEWALKS	315	325	335	345	355	1,675	1.1%
BRIDGES	400	2,285	4,330	5,685	13,660	26,360	17.0%
TRAFFIC CONTROL & LIGHTING	4,460	3,355	3,890	4,780	4,560	21,045	13.6%
BIKE TRAILS	760	1,250	1,000	1,140	1,940	6,090	3.9%
Public Works Sub-Total	19,070	16,845	19,355	23,040	27,255	105,565	68.1%
INFORMATION TECHNOLOGY	3,300	1,500	200			5,000	3.2%
PUBLIC GROUNDS & FACILITIES	5,910	6,350	1,000			13,260	8.6%
MISCELLANEOUS PROJECTS	580	600	6,620	6,640	660	15,100	9.7%
Total Net Debt Bonds Allocated	32,830	27,900	29,555	34,490	30,225	155,000	100.0%

*Only the first year funding is adopted as part of the budget.



2016 - 2020 CIP Park Board Neighborhood Capital Projects \$18.801 M

Projects	Council 2016 NDB	Council 5 yr NDB
Playground and Site Improvements Program	\$0.00 M	\$3.115 M
Shelter – Pool – Site Improvements Program	\$0.00 M	\$2.05 M
Athletic Fields and Site Improvements Program	\$0.00 M	\$0.70 M
Bossen Park Field Improvements	\$2.50 M	\$2.95 M
Bryn Mawr Meadows Field Improvements	\$0.00 M	\$1.34 M
Total NDB Funding for Parks	\$2.50 M	\$10.155 M
Neighborhood Parks Capital funded with – Park Capital Levy	\$1.652 M	\$8.646 M
Total Neighborhood Capital Projects (excluding Dis Tree)	\$4.152 M	\$18.801 M



City Debt Capacity

- Debt Capacity is determined by State Statute but utilized based on policymaker's *willingness to tax and raise fees to ensure adequate debt service coverage*
- Net Debt is subject to a Legal Debt Margin of 3.33% of Assessed Market Value (as adjusted)
- For 2015, legal debt margin was \$1.22 B and usage was \$.11 B, leaving \$1.11 B of “capacity to issue”
- In the last decade, the City has made great strides in improving our “capacity to pay” by paying off debt
- “Capacity to pay” is equal to or more important than “Capacity to issue”!

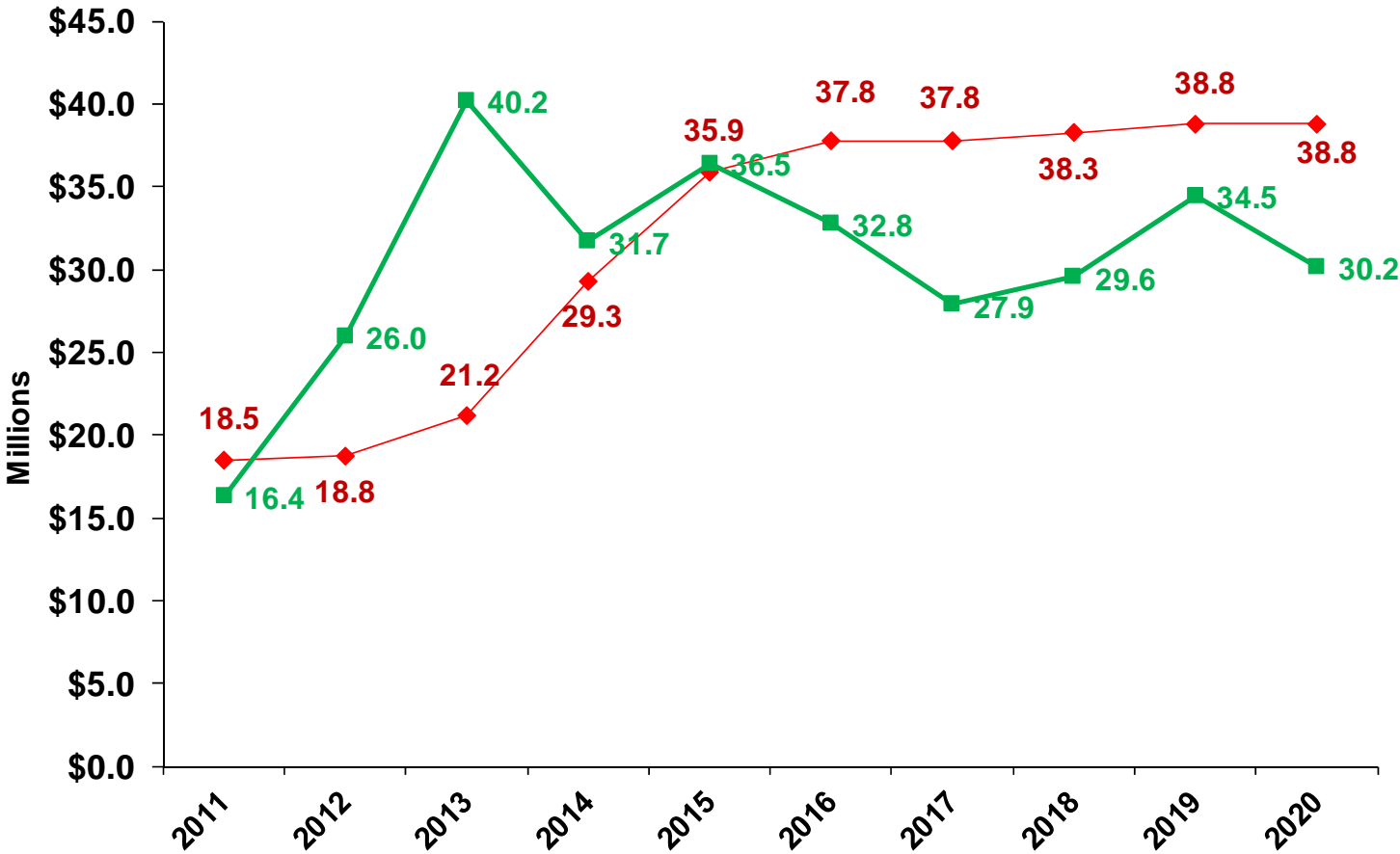


Net Debt Bond Considerations (the moving parts)

- Cash Balance in Debt Service Fund
- Bond Redemption Levy Plans 2016–2020 \$37.8 to \$38.8 M
- Debt Service for bonds already issued
- Bonds authorized but not yet issued for prior years ~ \$49 M
- 2016 NDB authorized \$32.8 M
- 2017 – 2020 NDB Plans = \$122.2 M
- Future 2021 – 2025 NDB Plans = \$180 M



Bond Redemption Levy 2011 – 2020



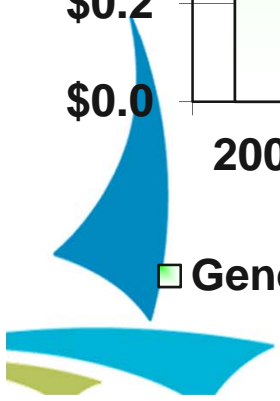
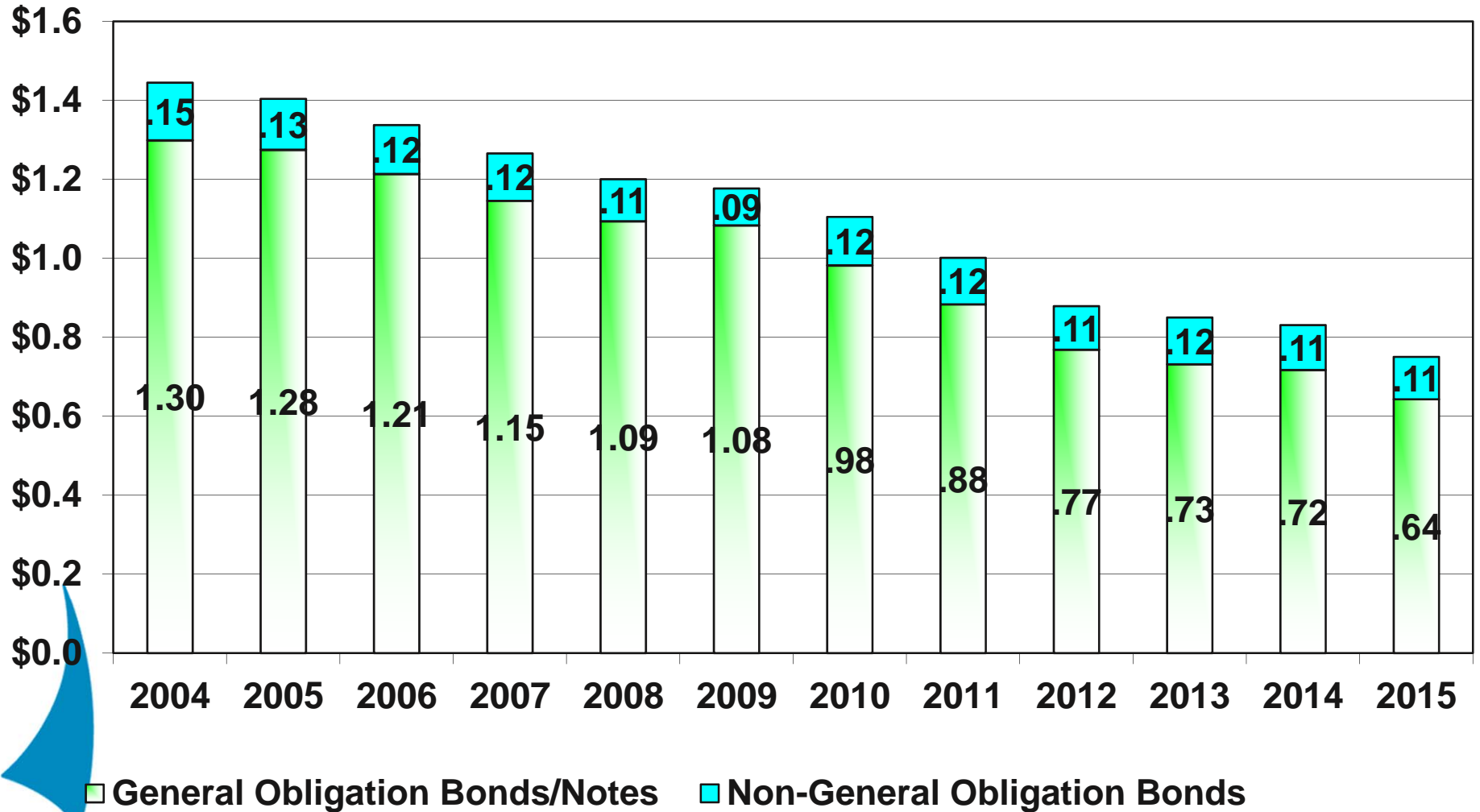
Adopted/Projected Levy

Net Debt Spending

Years 2017-2020 Per Five-Year Financial Direction with other tax supported budget demands¹⁰



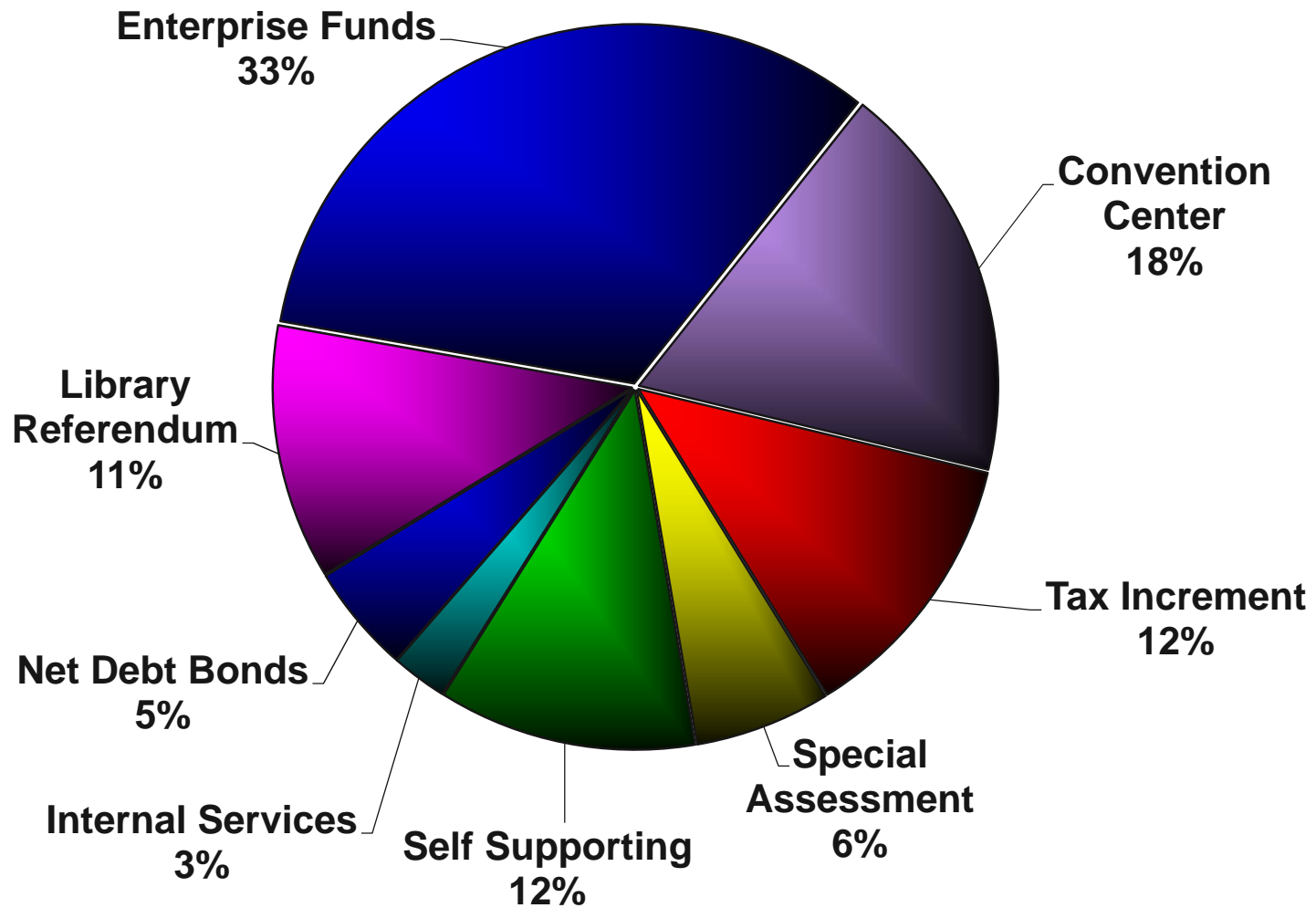
12/31/2015 Outstanding City Debt Year Ending 2004 to 2015 (in billions)



12/31/2015 GO Debt Outstanding

Debt Type with 2004 Peak Debt Balances*	12/31/15 Balances**	Change from 2004
Enterprise Funds - \$407.28 M	\$211.67 M	(\$195.61) M
Convention Center - \$244.09 M	\$116.05 M	(\$128.04) M
Tax Increment - \$206.31 M	\$80.00 M	(\$126.31) M
Special Assessment - \$49.30 M	\$39.29 M	(\$10.01) M
Other Self Supporting - \$22.70 M	\$74.73 M	\$52.03 M
Internal Service Funds - \$101.16 M	\$16.01 M	(\$85.15) M
Library Referendum - \$93.40 M	\$73.75 M	(\$19.65) M
Net Debt Bonds - \$56.85 M	\$31.42 M	(\$25.43) M
Pension - \$117.87 M	\$0.00 M	(\$117.87) M
Total GO 2004 vs 2015 \$1,298.96 M	\$642.92 M	(656.04) M
<ul style="list-style-type: none"> • Peak GO Debt in 2004, 1996 was \$766 M ** Includes 2015 issuances for NDB of \$15 M and \$5 M for Nicollet Mall. 		

Outstanding Principal @ 12/31/15 \$642.92 M



2016 Estimated Debt Service Budget

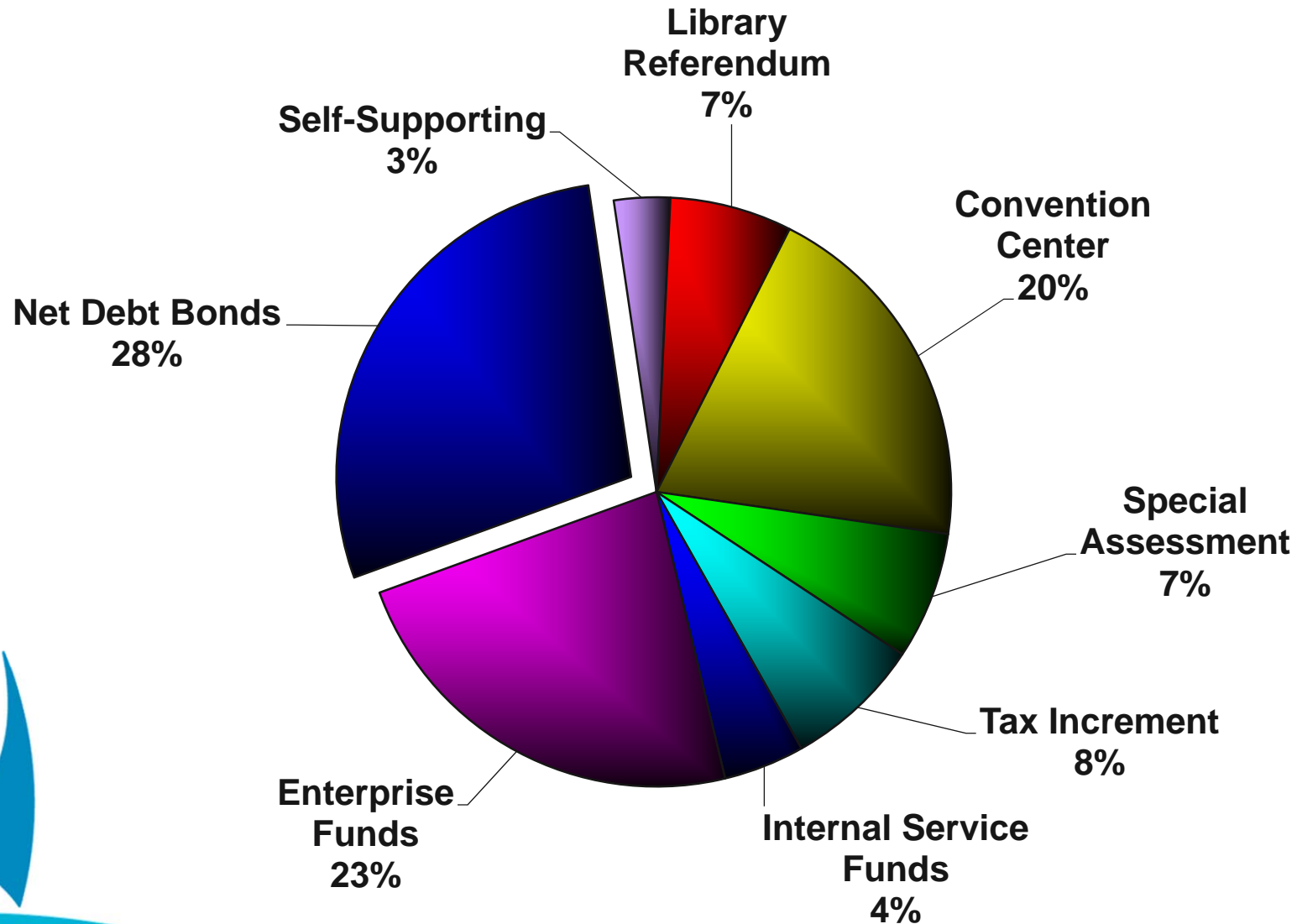
(Including 2016 estimated debt issuances)

Debt Type	Principal	Interest	Total
Enterprise Funds	\$21.62 M	\$7.15 M	\$28.77 M
Convention Center	\$21.15 M	\$3.46 M	\$24.61 M
Net Debt Bonds	\$34.42 M	\$.62 M	\$35.04 M
Tax Increment	\$5.77M	\$3.57 M	\$9.34 M
Library Referendum	\$6.80 M	\$1.52 M	\$8.32 M
Special Assessment	\$7.52 M	\$1.18 M	\$8.70 M
Internal Services	\$4.99 M	\$.52 M	\$ 5.51 M
Self Supporting	\$.77 M	\$3.05 M	\$3.82 M
Total Debt Service Budget	\$103.04 M	\$21.07M	\$124.11 M
	83% Principal	17% Interest	

2016 Avg Interest Rate – 3.06%

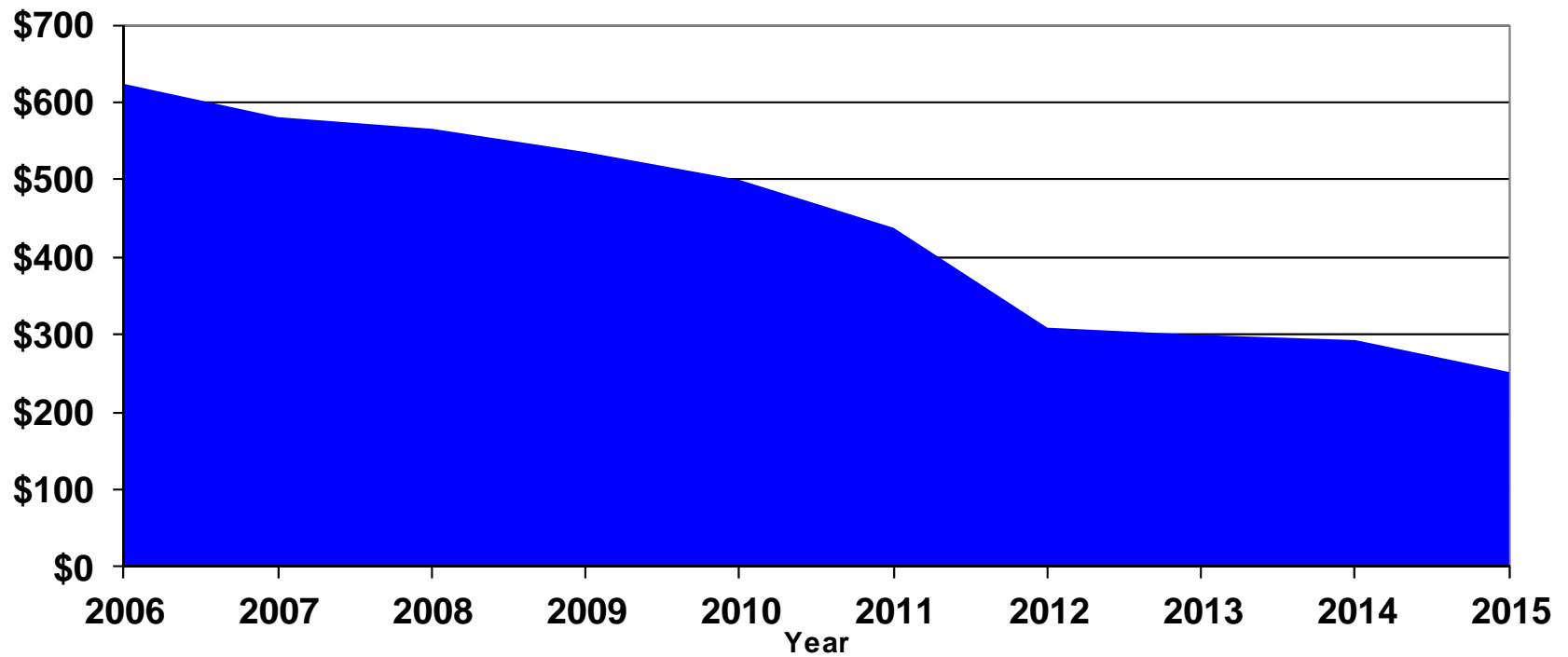
Variable Rate Debt – 0.34%

2016 Debt Service Budget \$124.12 M



City of Minneapolis

Property Tax Supported Debt Per Capita Debt (millions \$) 2006-2015



Questions/Conclusions?

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Thank You

