City of Blaine
Debt Management Plan

FINANCE DEPARTMENT

PRESENTED BY: JOE HUSS

City's Debt Policy

- **Adopted by resolution June 21, 2018**
- **Established guidelines & parameters for:**
  - Effective governance
  - Management
  - Administration

City's Debt Policy

- **Objectives**
  - Compliance w/ State, Federal laws, regulations
  - Accurate information
  - Assist in funding decisions for essential public facilities & infrastructure
  - Maintain sound financial position
  - Protect, enhance credit rating
  - Minimize debt service through effective planning and cash management

City's Debt Policy

- **Policy**
  - Confine LT borrowing to equipment, improvements, projects w/ useful life >3 yrs
  - Keep total maturity length below 20 years
  - Retire 65% of O/S principal w/in 10 years
  - Structure debt payments to match pledged revenue streams and/or tax levies
  - Where able, use Revenue bonds rather than GO bonds
  - No LT debt for current operations

Debt Management

- **Will be enhanced with improved capital planning (comprehensive CIP)**
  - PMP – developing street condition rating
  - Facilities
    - Comprehensive plan
    - Internal service fund
  - Park Facilities – Master Plan development
  - Utilities – Refining CIP

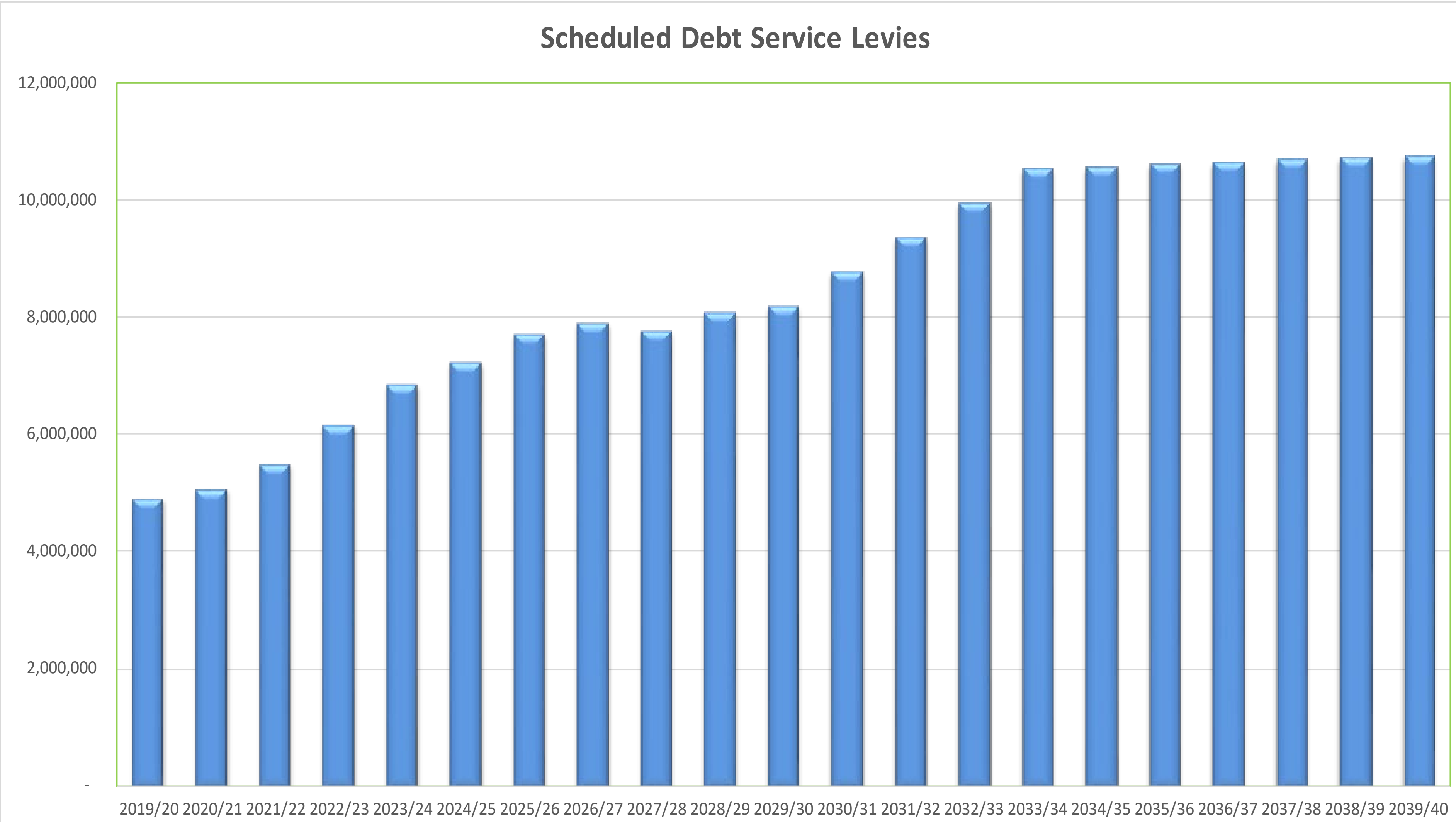
Debt Management

The City has prepared debt levy projections to 2040

SCHEDULED DEBT SERVICE LEVIES												
	Scheduled	Certified										
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
2012A - 312	35,907	75,000	36,175	41,503	-							
2012B - 314		-										
2013A - 307	568,050	450,000	568,470	568,680	573,930	573,615	578,340					
2014A - 308	182,827	300,000	189,632	185,623	188,176	185,348						
2014B (Equip. Cert.) - 301	471,240	450,000										
PROSPECTIVE EQUIP CERTS - 301	-	-	500,000	650,000	968,000	1,325,000	1,325,000	1,925,000	1,925,000	1,925,000	1,925,000	1,925,000
2016A - 309	1,353,576	1,300,000	1,364,887	1,065,774	1,070,721	1,078,555	1,068,015	1,087,189	717,570			
NMTV (Circle Pines) Cert.	124,134	-	124,756	122,494	123,060	123,569	124,021					
SBM Certificate (SLP 2017) 313	190,524	175,000	189,255	187,867								
2017A - 316	251,918	250,000	252,097	251,655	250,590	254,153	251,710	253,888	250,248	251,433		
2018A-313 SBM CERT	249,743	300,000	253,785	252,998	251,160							
2018B Water Utility Rev Bonds	1,932,177	-	1,973,403	1,977,603	1,969,465	2,521,765	2,519,665	2,524,915	2,521,240	2,524,653	2,524,128	2,519,665
2019A	556,033	850,000	555,097	559,382	562,616	559,550	555,696	556,306	555,865	554,374	562,333	563,467
2019B (CI Bonds CH Impr.)	525,000	750,000	485,362	489,825	487,988	490,612	486,938	487,725	487,462	486,150	487,305	
2020 PMP			557,000	556,100	560,400	563,600	560,600	556,700	557,300	556,900	555,400	563,300
2021 PMP			-	559,500	558,600	562,900	566,100	563,100	559,200	559,800	559,400	557,900
2022 PMP			-	-	562,000	561,100	565,400	568,600	565,600	561,700	562,300	561,900
2023 PMP			-	-	-	564,500	563,600	567,900	571,100	568,100	564,200	564,800
2024 PMP			-	-	-	-	567,000	566,100	570,400	573,600	570,600	566,700
2025 PMP			-	-	-	-	-	569,500	568,600	572,900	576,100	573,100
2026 PMP			-	-	-	-	-	-	572,000	571,100	575,400	578,600
2027 PMP			-	-	-	-	-	-	-	574,500	573,600	577,900
2028 PMP			-	-	-	-	-	-	-	-	577,000	576,100
2029 PMP			-	-	-	-	-	-	-	-	-	579,500
2030 PMP			-	-	-	-	-	-	-	-	-	-
2031 PMP			-	-	-	-	-	-	-	-	-	-
2032 PMP			-	-	-	-	-	-	-	-	-	-
2033 PMP			-	-	-	-	-	-	-	-	-	-
TOTALS	**$ 6,441,129**	**$ 4,900,000**	**$ 7,049,919**	**$ 7,469,004**	**$ 8,126,706**	**$ 9,364,267**	**$ 9,732,085**	**$ 10,226,923**	**$ 10,421,585**	**$ 10,280,210**	**$ 10,612,766**	**$ 10,707,932**
DS Tax Cap Levy	**4,508,952**	4,900,000	**5,076,516**	**5,491,401**	**6,157,241**	**6,842,502**	**7,212,420**	**7,702,008**	**7,900,345**	**7,755,557**	**8,088,638**	**8,188,267**

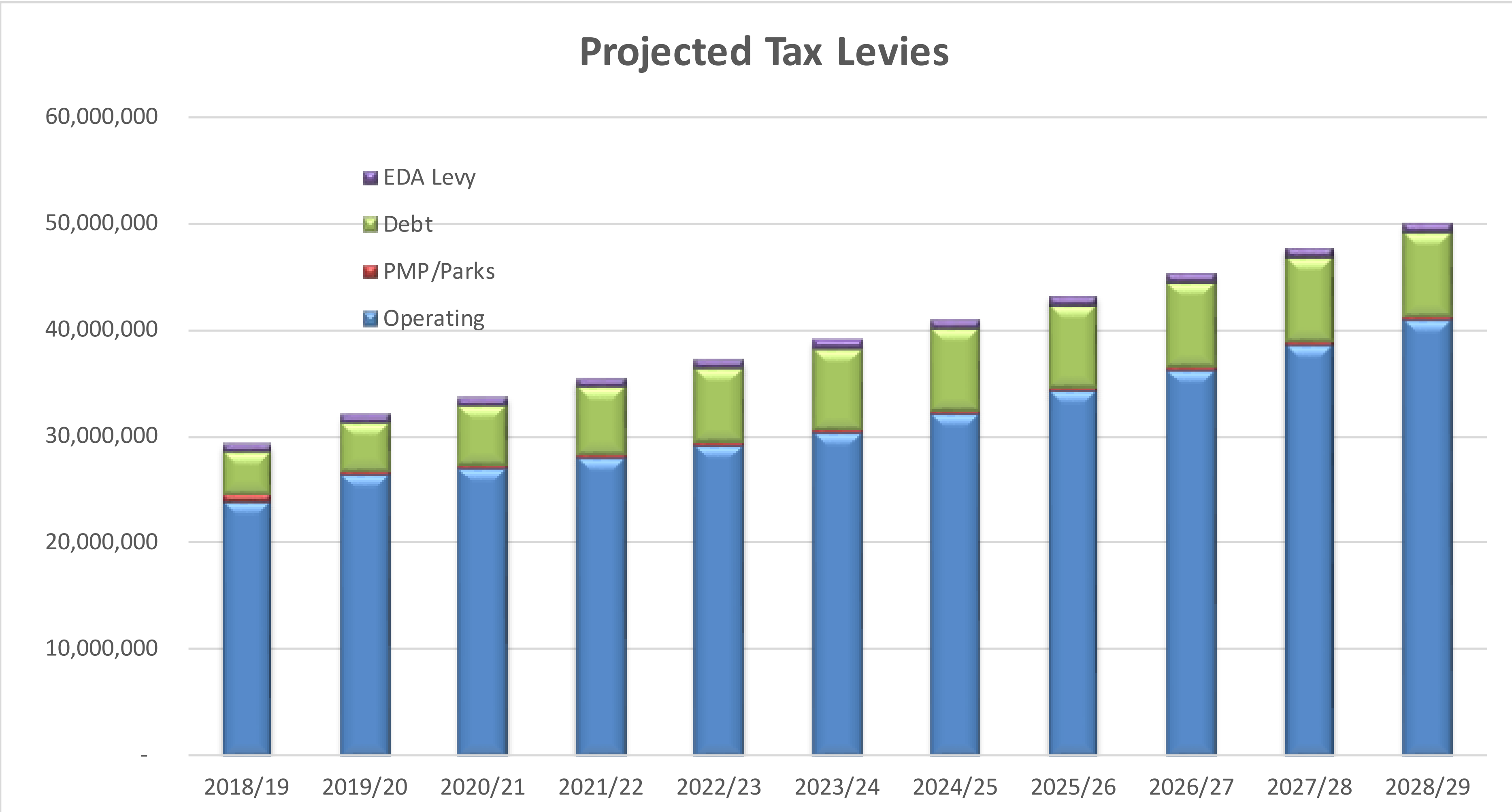
Debt Management

The City has prepared debt levy projections to 2040



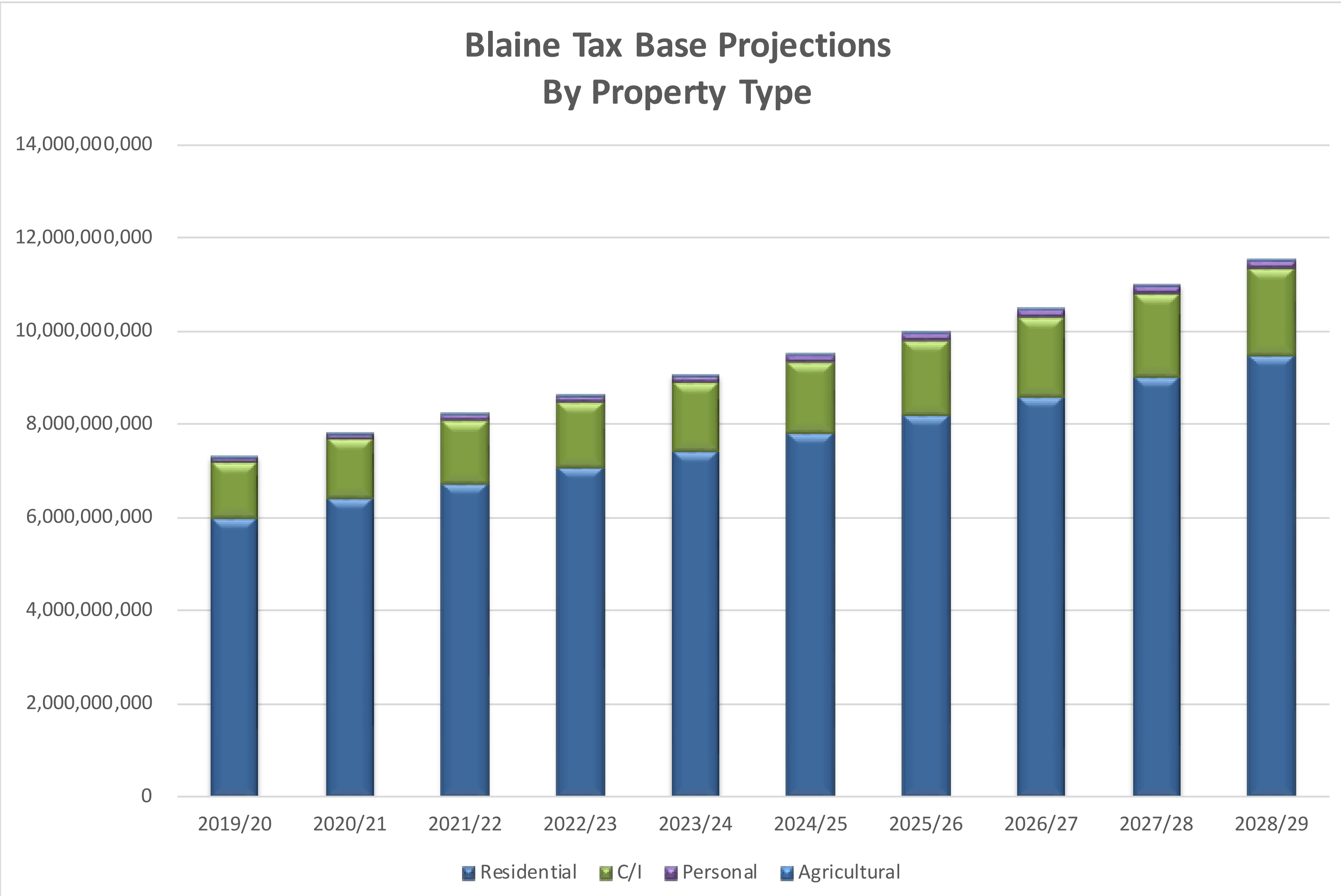
Debt Management – Levy Impact

The City considers levy capacity within current tax rate principles



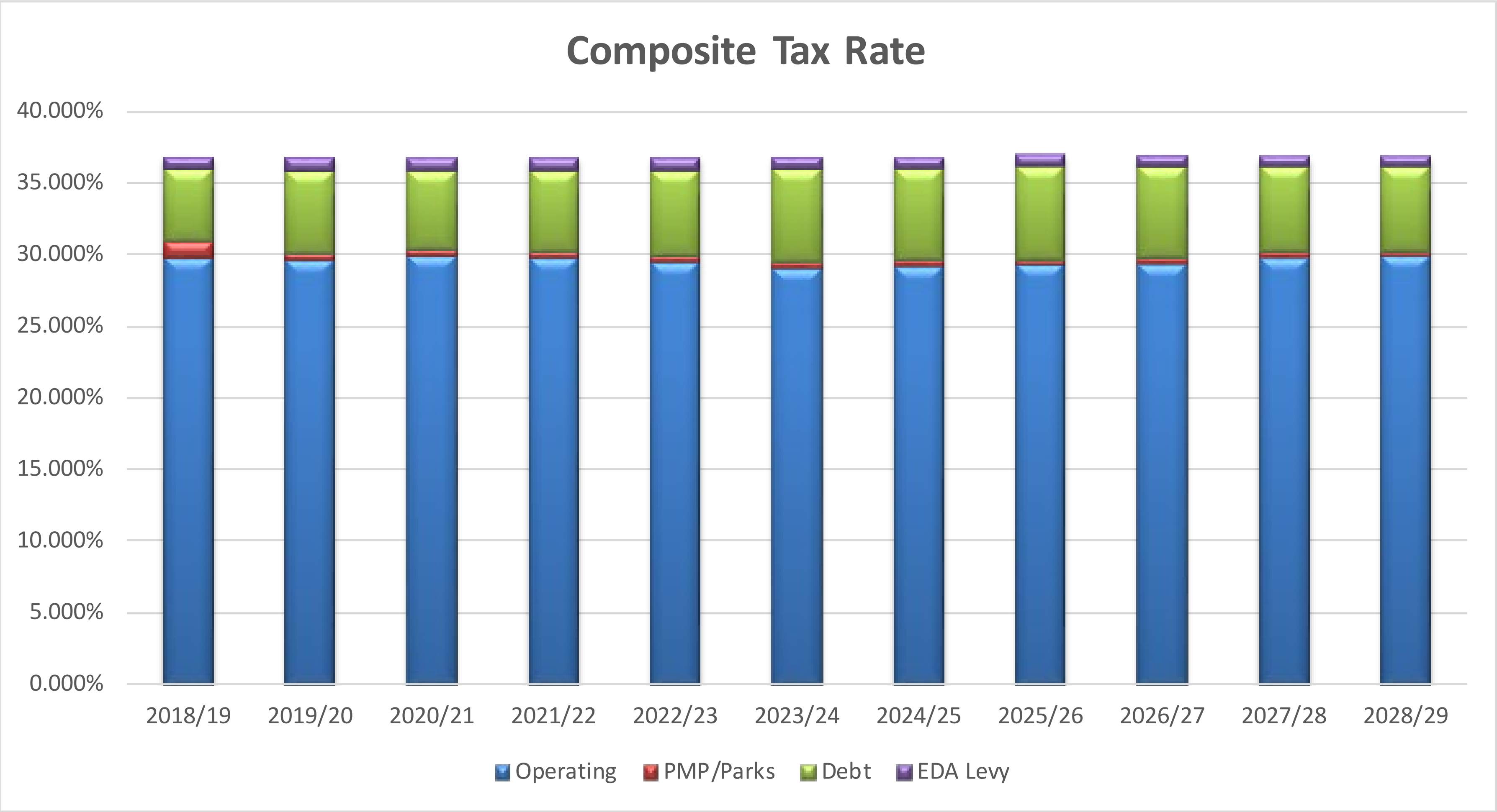
Debt Management – Rate Impact

Conservative tax base growth projections (5%) Average over last 5 years = 7.4%



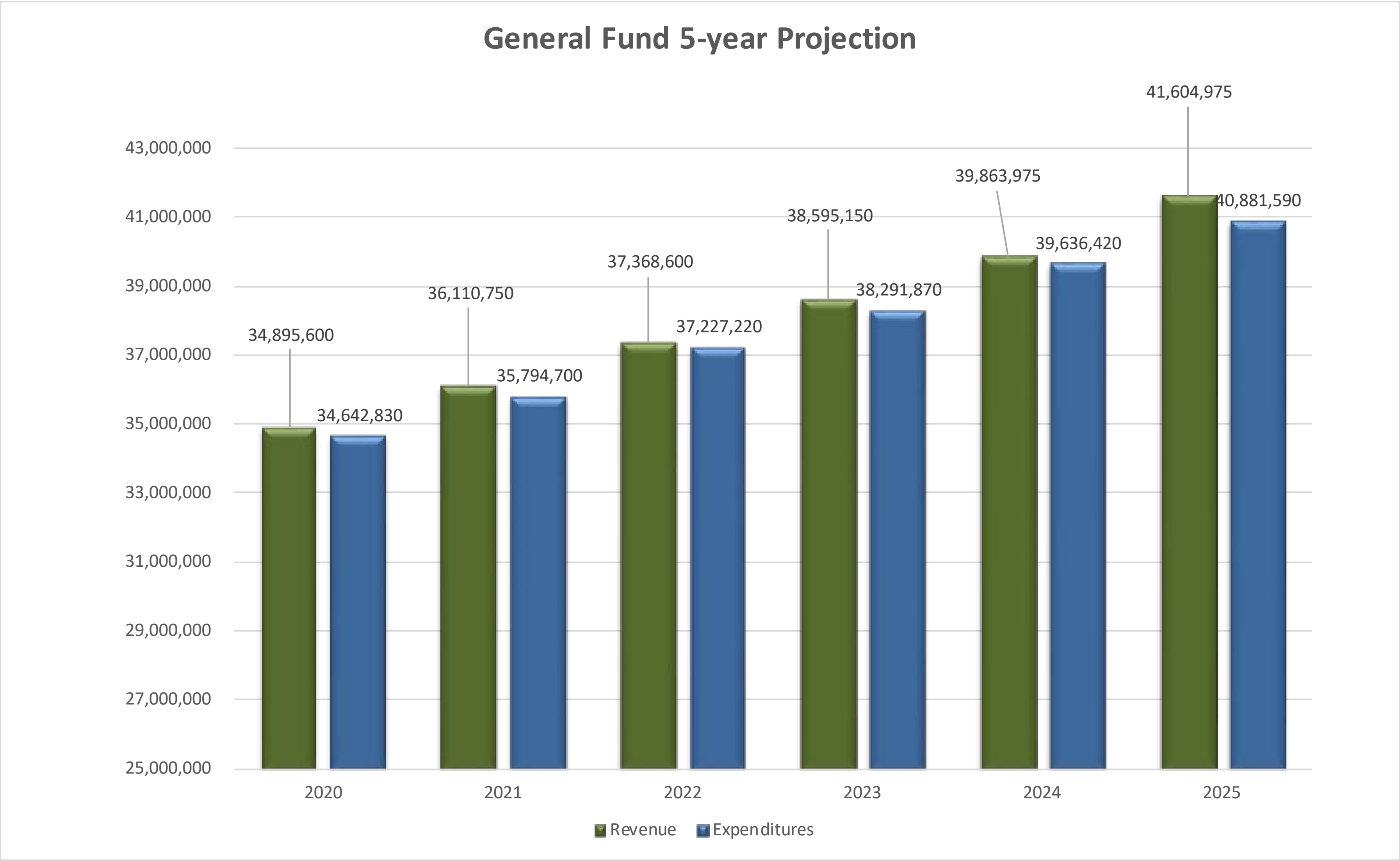
Debt Management – Rate Impact

Goal is stable Tax Rate (36.8-37.0%)



Debt Management – GF Impact

Overriding goal is structural balance in GF



Additional Levy Capacity

- **How/Where to Allocate**
  - Reduce levy?
    - *Difficult to recover in an economic downturn*
  - Debt service?
    - *Allows reductions in future DS levies*
    - *Provides flexibility in other levies*
  - “Strategic Priorities” levy?
    - *Also provides flexibility*
    - *Allows time to incorporate into strategic planning*