Debt Affordability Study

FY17 Budget Update

August 24, 2016

What is the Debt Affordability Study?

*The Debt Affordability Study is a **tool** to help explain the **relative impact** of borrowing over time and **help guide** decision-making*

- Concept of “affordability” vs. “capacity”
- Established ratios that help guide the way we manage debt
- Budget Update report forecasts ratios into the future
  - Includes borrowings proposed by the Mayor’s budget and borrowing assumptions for future years
- How much we borrow depends on our ability and willingness to make the required debt service payments

Overview of this Year's Study

- All debt ratios show improvement due to:
  - Fiscally responsible budgets
  - Strong operating performance
  - Improving local economy and tax revenue
  - Paying down more debt than we borrow
  - Refinancing of higher cost debt
- Debt ratios matter, but do not guarantee a strong credit rating
- Current credit ratings: Aa3/AA-/AA- (Special Revenue Pledge)
- Rating agencies view pension obligations and debt together, and pension obligations have been going up
- We have done a good job of lowering our debt burden, but must continue doing so to offset the impact of pension costs

Debt Outstanding

City of Jacksonville

Outstanding Debt as of July 31, 2016

Debt Type (in thousands)	Amount Outstanding
Better Jacksonville Program (BJP) Debt:	
Better Jacksonville Sales Tax	$503,135
Better Jacksonville Transportation	$474,075
Special Revenue (Covenant) Bonds	$283,945
Total BJP Debt	**$1,261,155**
State Infrastructure Bank:	
SIB Loan Program	$36,176
Total SIB Debt	**$36,176**
General Government Debt:	
Excise Tax Revenue Bonds	$92,085
Special Revenue (Covenant) Bonds	464,166
Local Government Half-cent Sales Tax	21,405
Capital Improvement Revenue Bonds	104,215
Capital Projects Revenue Bonds	112,190
Total General Government Debt	**$794,061**
Notes Payable from General Revenue:	
Commercial Paper and Special Revenue (Covenant) Bonds	$270,209
U.S. Government Guaranteed Notes	210
Total Notes Payable from General Revenue	**$270,419**
Grand Total	**$2,361,811**

Continued Fiscal Responsibility

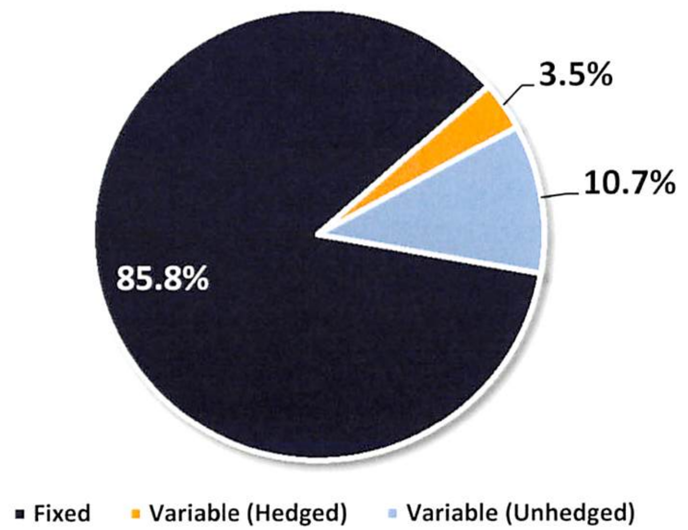
In Millions

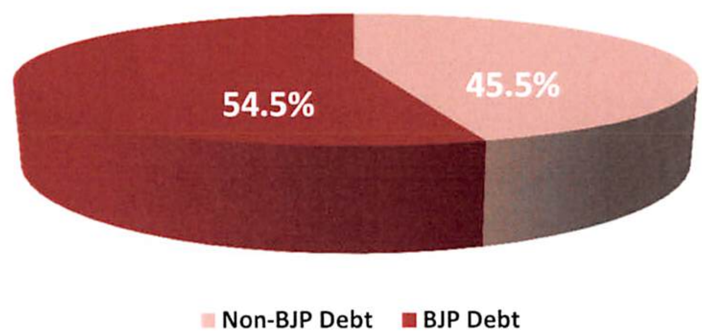
	FY17	FY18	FY19	FY20	FY21
Paydown of Existing Debt	$77.6	$77.8	$77.8	$64.1	$63.5
Proposed and Forecasted Authorizations[1]	63.2	65.6	68.5	54.2	52.2

1) Includes FY17 Budget Proposal and FY18-21 CIP Plan Forecast Authorizations

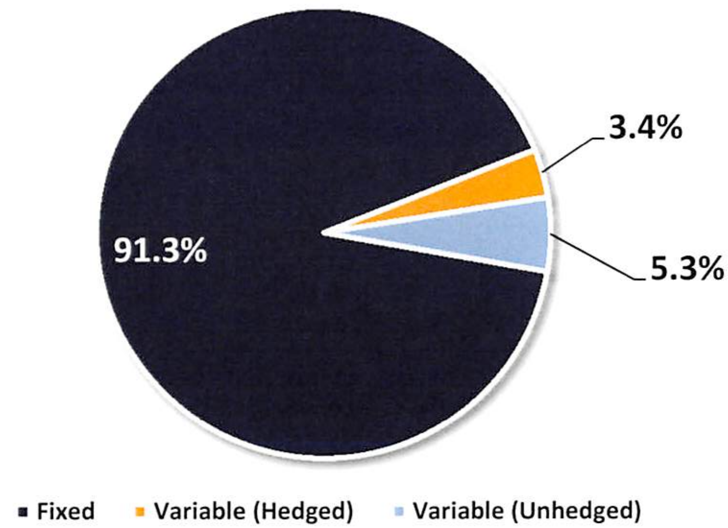
Debt Overview

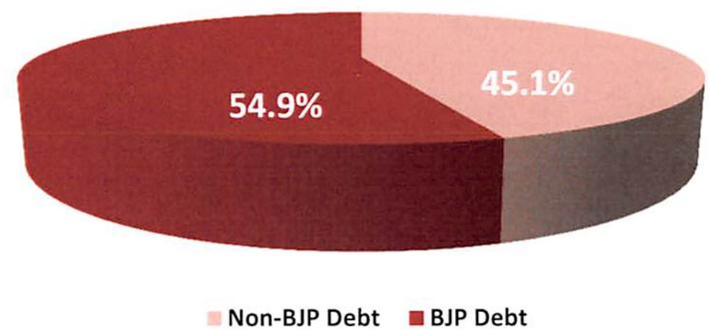
FYE 2015: $2.493 Billion





Current: $2.362 Billion





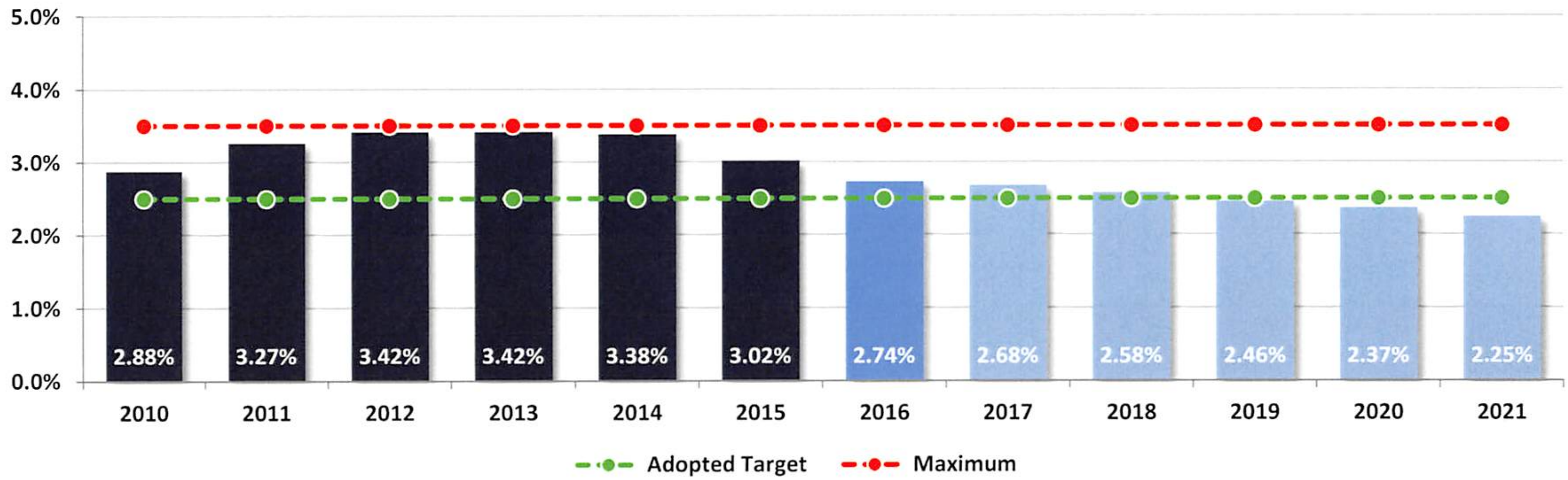
Debt Management Ratios

	Target	Max	Min
Overall Net Debt as % of Full Market Value	2.5%	3.5%	
GSD Debt Service as % of GSD Revenues	11.5%	13.0%	
Unassigned GF/GSD Balance as % of Rev. (incl. Emergency Reserve)	14.0%		10.0%
Unassigned GF/GSD Balance as % of Rev. (excl. Emergency Reserve)	10.0%		5.0%
Ten Year Principal Paydown – All City Debt	50.0%		30.0%
Ten Year Principal Paydown – GSD Debt	50.0%		30.0%
Debt Per Capita	$2,600	$3,150	

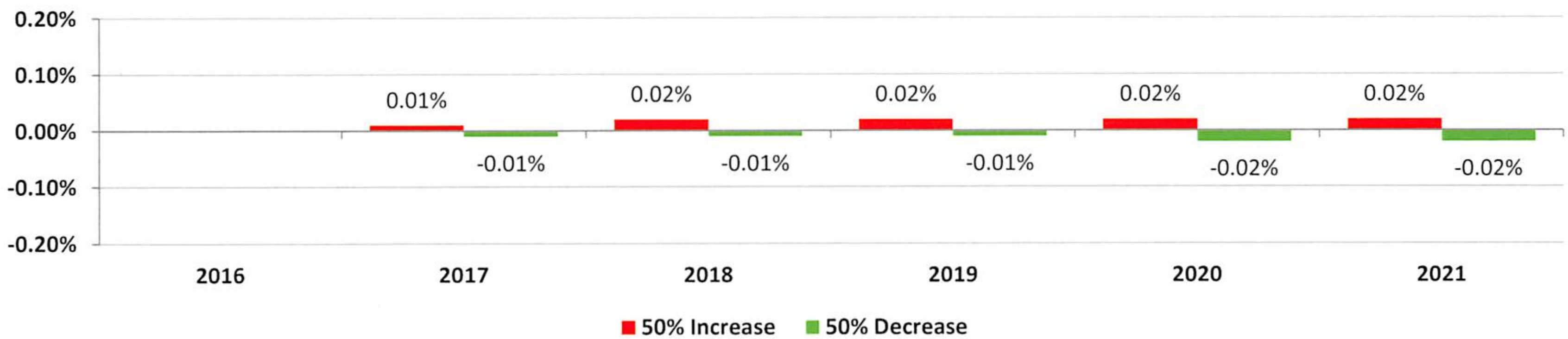
Overall Debt as % of Full Market Value

Includes Proposed FY17 CIP and Forecasted FY18-21 CIP Borrowing

Lower is Better



Future Impact Based on Changes to Proposed FY17 CIP Borrowing



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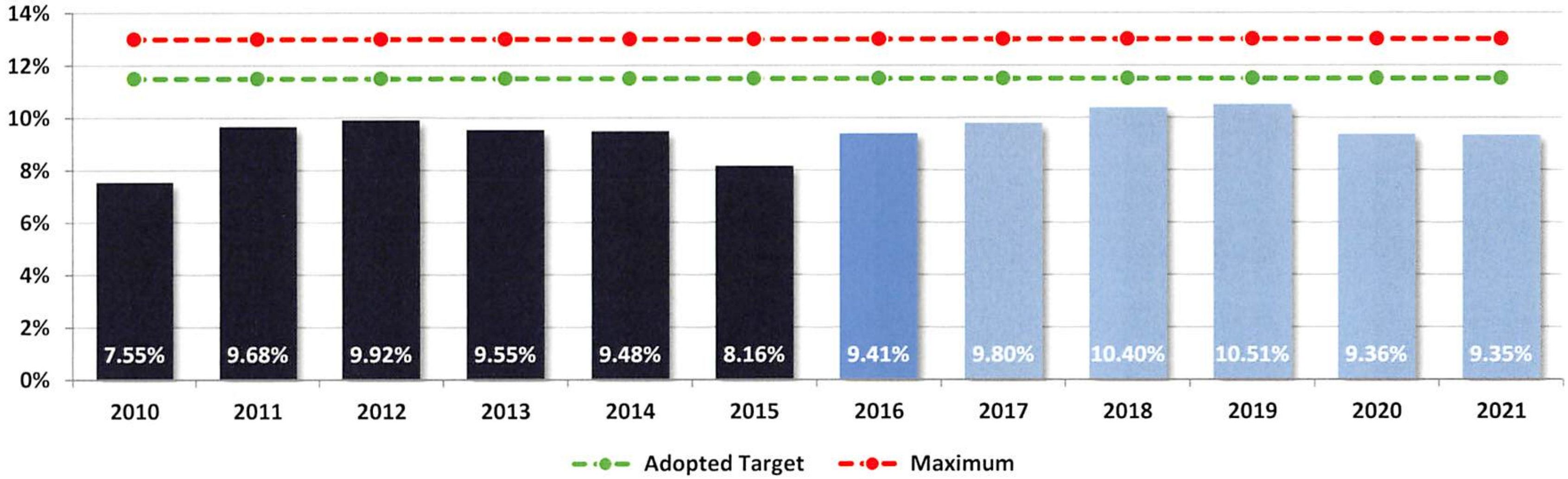
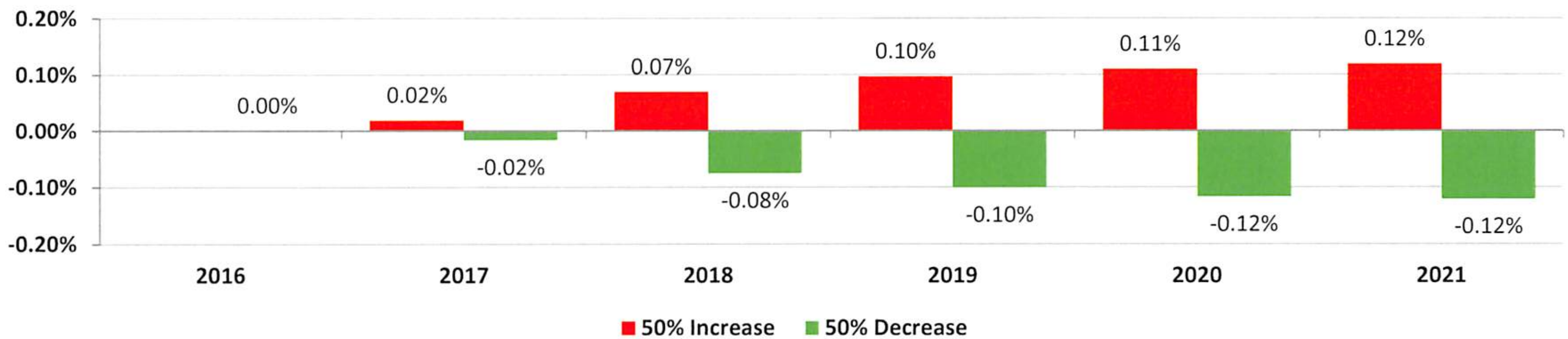
GSD Debt Service as % of GSD Revenues

Includes Proposed FY17 CIP and Forecasted FY18-21 CIP Borrowing

Lower is Better



Future Impact Based on Changes to Proposed FY17 CIP Borrowing



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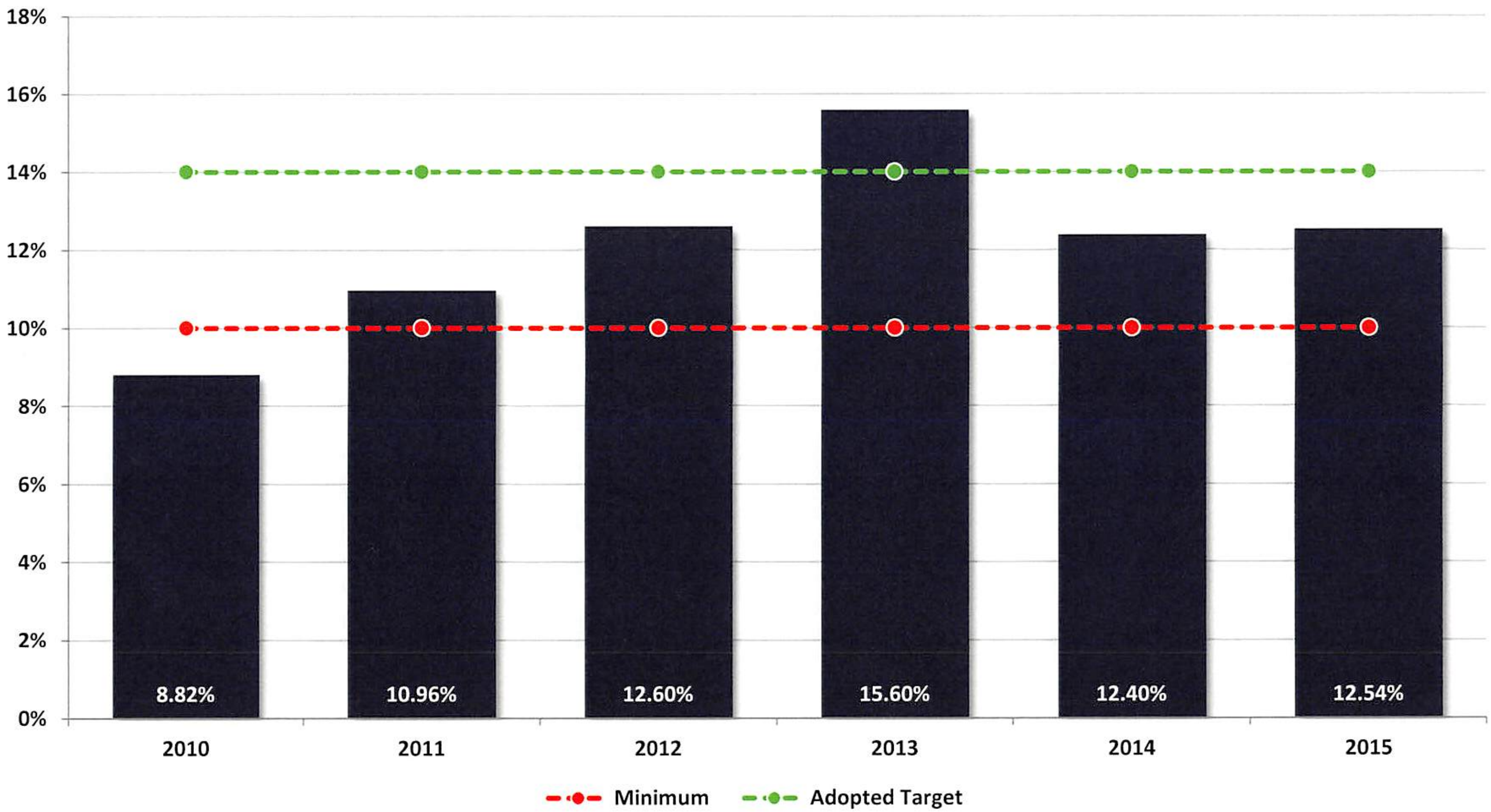
Unassigned GF/GSD Balance as % of Revenues

<u>Including</u> Emergency Reserves

Higher is Better



Unassigned GF/GSD Balance as % of Revenues

Excluding Emergency Reserves

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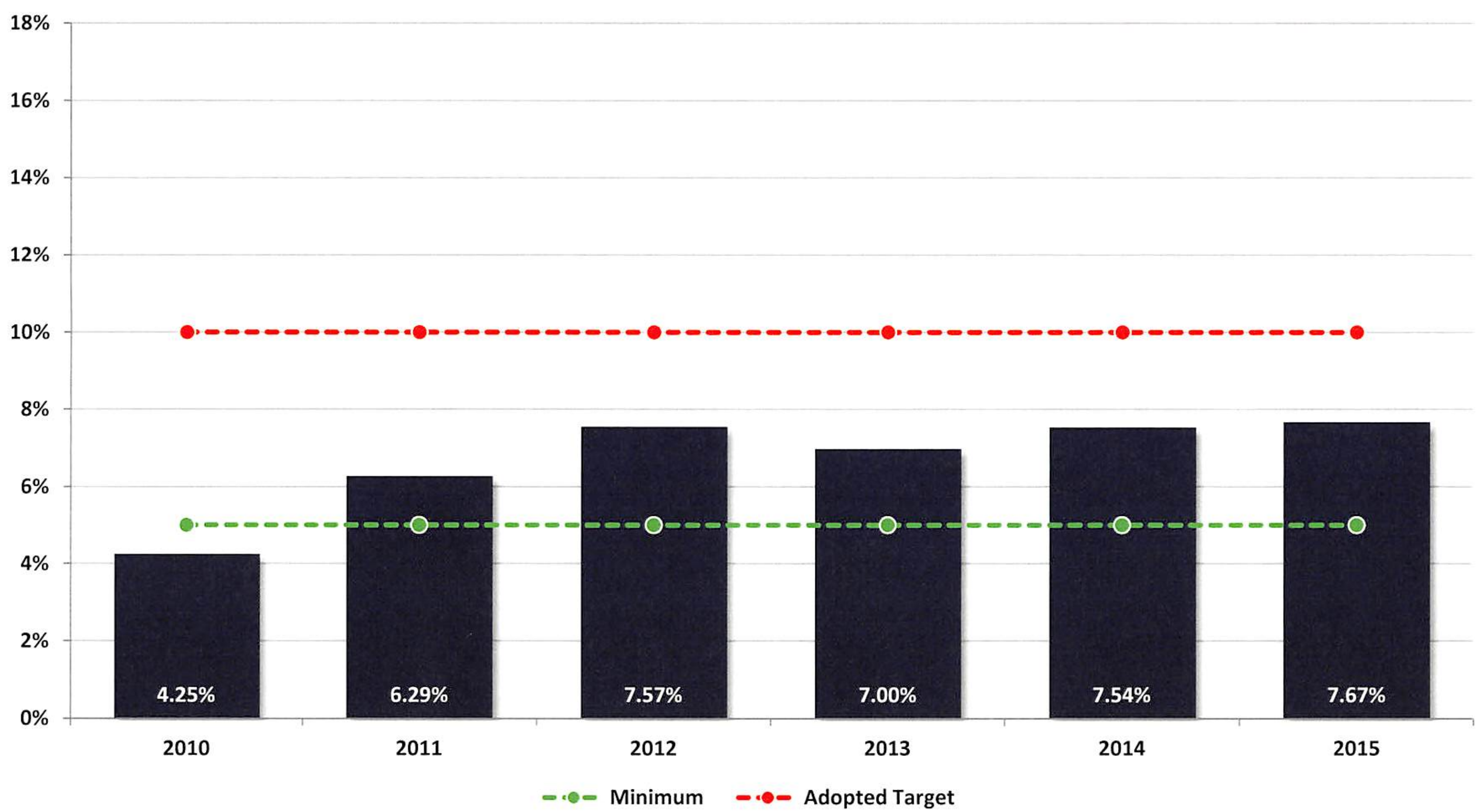
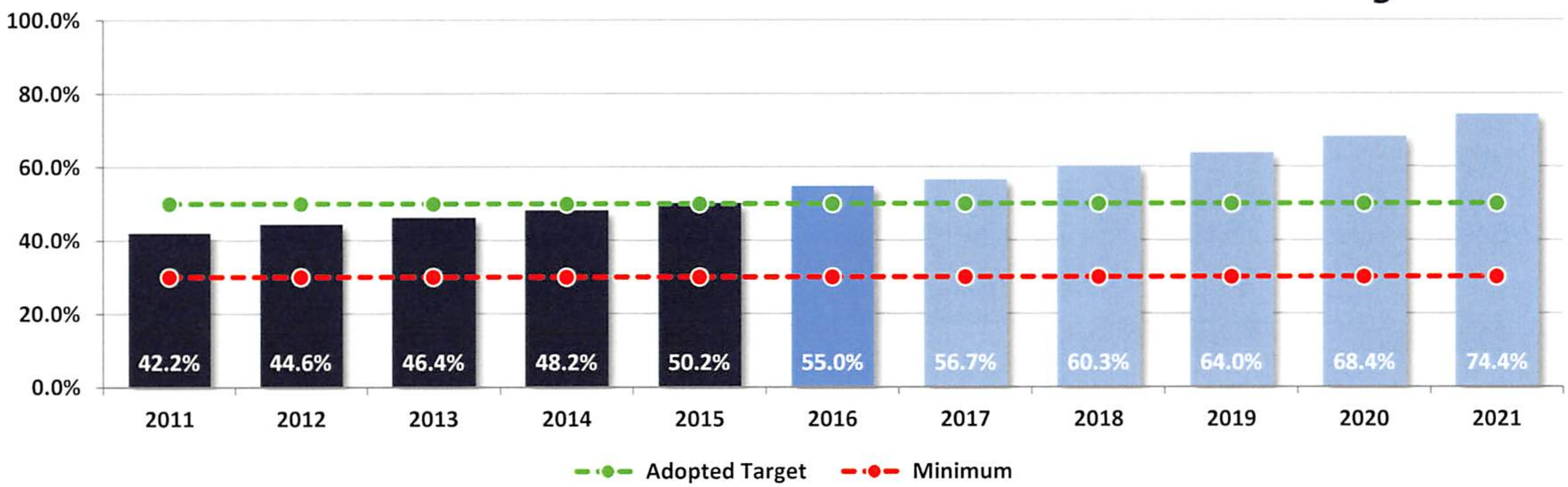


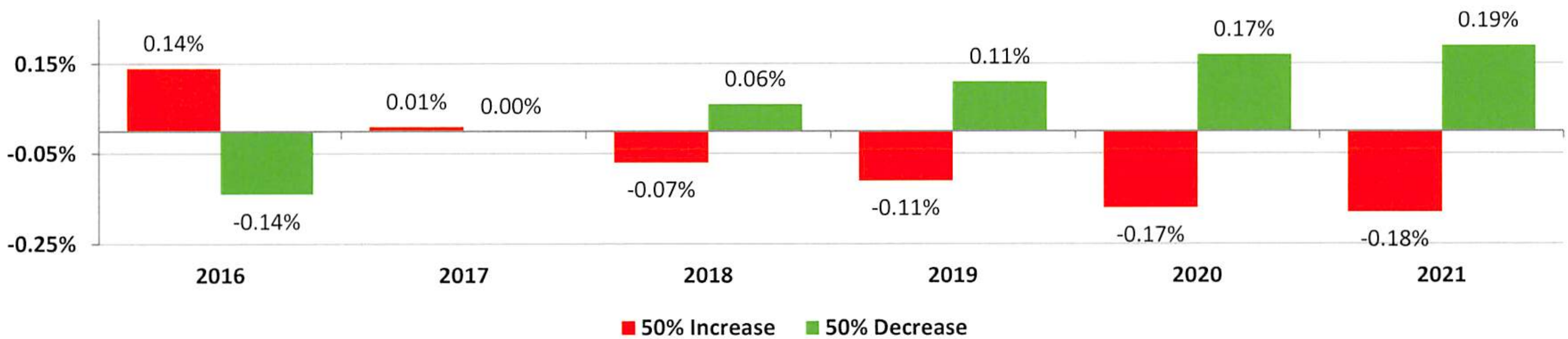
Ten Year Principal Paydown – All City Debt

Includes Proposed FY17 CIP and Forecasted FY18-21 CIP Borrowing

Higher is Better



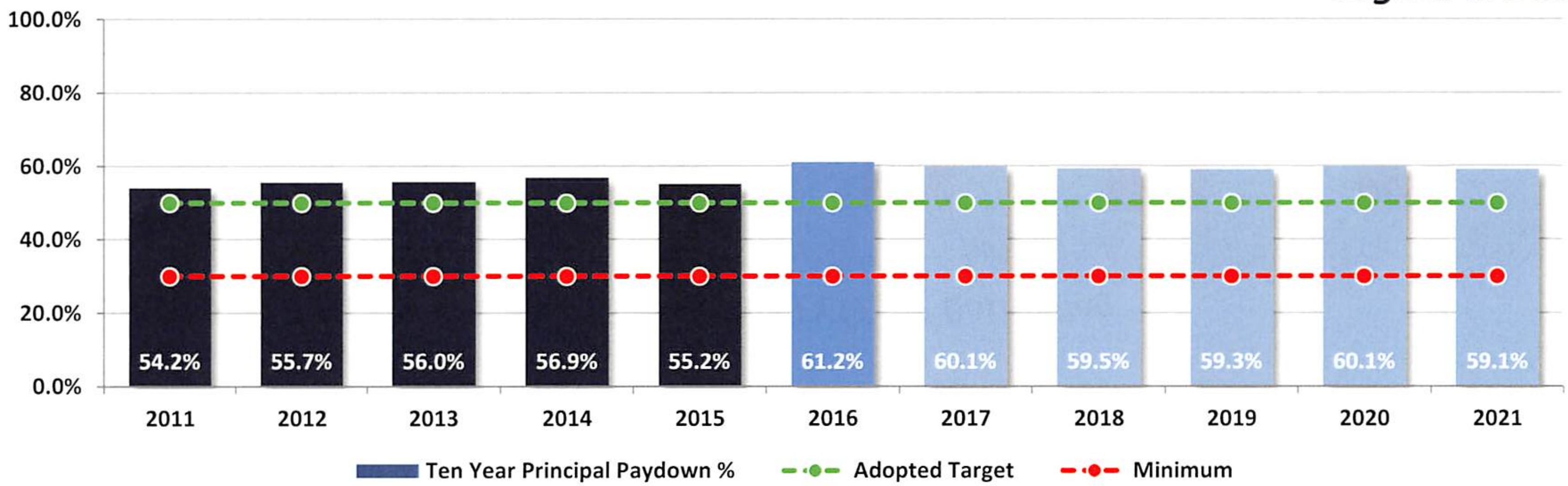
Future Impact Based on Changes to Proposed FY17 CIP Borrowing



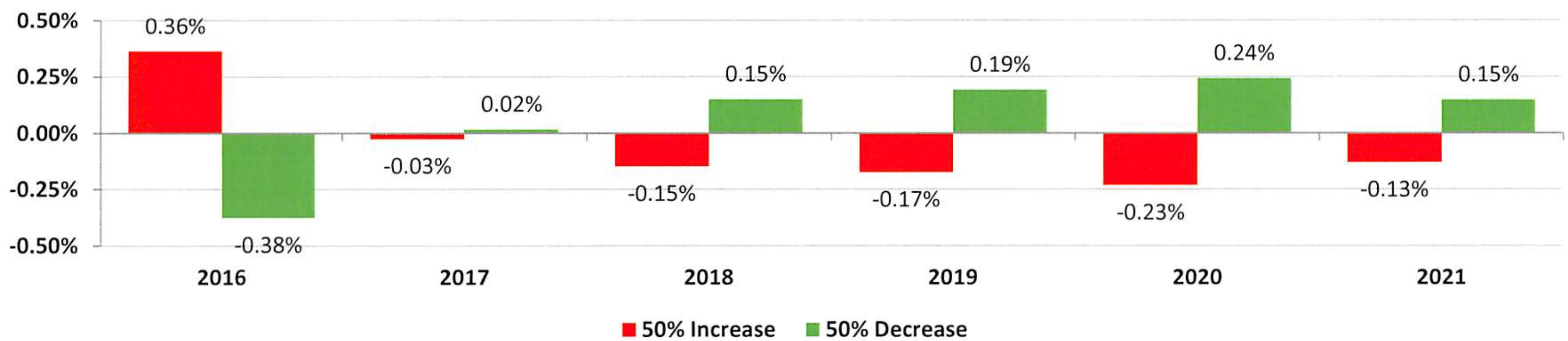
Ten Year Principal Paydown – GSD Debt

Includes Proposed FY17 CIP and Forecasted FY18-21 CIP Borrowing

Higher is Better



Future Impact Based on Changes to Proposed FY17 CIP Borrowing



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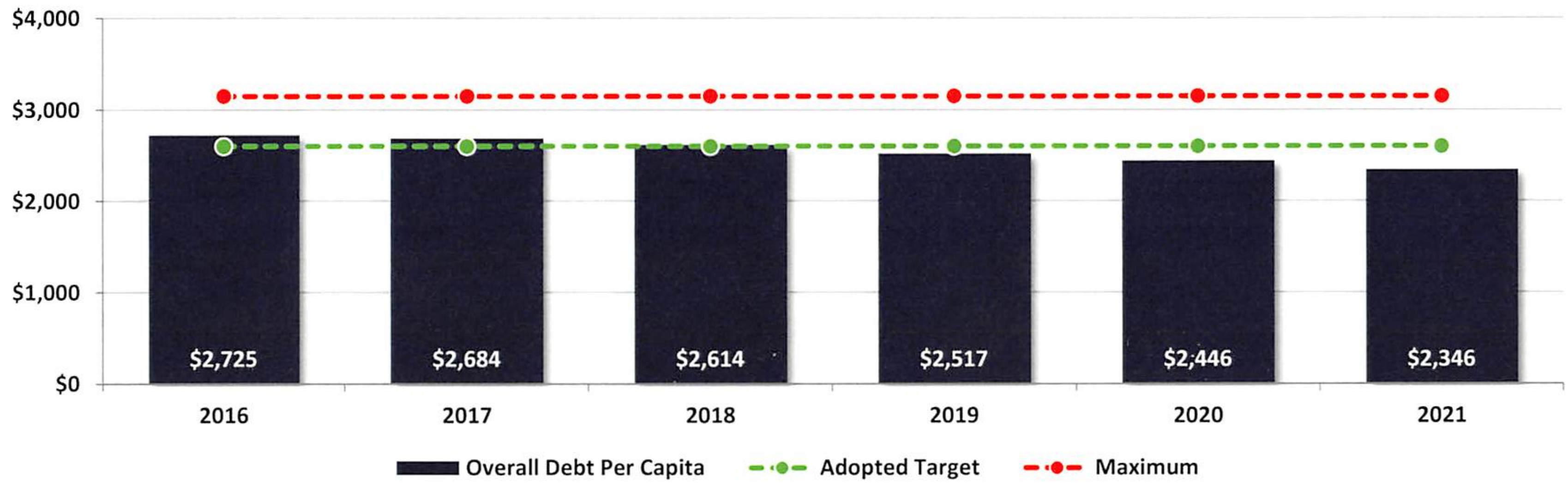
Debt Per Capita

Includes Proposed FY17 CIP and Forecasted FY18-21 CIP Borrowing

Lower is Better



Future Impact Based on Changes to Proposed FY17 CIP Borrowing