



Travis County Commissioners Court Agenda Request

Meeting Date: 03/13/2012, 9:00 AM, Voting Session

Prepared By/Phone Number: Jessica Rio, Planning and Budget Office, 854-4455

Elected/Appointed Official/Dept. Head: Leslie Browder, County Executive
Planning and Budget

A handwritten signature in black ink, appearing to be "JB", located to the right of the text "County Executive".

Commissioners Court Sponsor: Judge Samuel Biscoe

AGENDA LANGUAGE:

CONSIDER AND TAKE APPROPRIATE ACTION ON REQUESTED DEBT ISSUANCE SCHEDULE AND FUNDING FOR FISCAL YEAR 2012 CAPITAL PROJECTS.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

Please see attached documentation.

STAFF RECOMMENDATIONS:

Please see attached documentation.

ISSUES AND OPPORTUNITIES:

Please see attached documentation.

FISCAL IMPACT AND SOURCE OF FUNDING:

Please see attached documentation.

REQUIRED AUTHORIZATIONS:

Planning and Budget Office
County Judge's Office

Leslie Browder
Cheryl Aker

**PLANNING AND BUDGET OFFICE
TRAVIS COUNTY, TEXAS**



314 W. 11th Street
P.O. Box 1748
Austin, Texas 78767

MEMORANDUM

TO: Commissioners Court
FROM: Jessica Rio, Assistant Budget Director 
DATE: March 6, 2012
SUBJECT: FY 12 Debt Issuance – Final List and Debt Model Information

The Commissioners Court is asked to approve the following projects for the FY 12 spring issuance. The total amount of debt proposed for issuance in FY 12 is \$86,810,000.

I. Voter Approved Bonds

2000 Voter Approved Bonds – Requested FY 12 Cash Flow		
US 290 West	<u>\$1,515,000</u>	^{1,2}
Sub-Total for 2000 Voter Approved Debt (all 20 year debt) -	1,515,000	
2011 Voter Approved Bonds – Requested FY 12 Cash Flow		
A. Proposition One (Roadway, Drainage, Bridge and Bike/Pedestrian Projects)	20,405,000	¹
B. Proposition Two (Parks and Land Conservation Projects)	<u>32,240,000</u>	¹
Sub-Total for 2000 Voter Approved Debt (all 20 year debt) -	52,645,000	
Total for all Voter Approved Debt (all 20 year debt) -	\$54,160,000	

(1) Includes related issuance amounts.

(2) A total of \$2,000,000 was authorized by voters; however, TNR will only require \$1.515 m.

II. State Highway System Bonds Series 2012 (Limited Tax)

Pass Through Projects		
A. FM 1626	\$1,750,000	¹
B. FM 969 Phase I	1,015,000	¹
C. FM 969 Phase II	735,000	¹
Total for State Highway System Bonds (all 20 year debt) -	\$3,500,000	

(1) Includes related issuance amounts.

III. Certificates of Obligation – FY 12

The FY 12 Certificates of Obligation total \$29,150,000 as shown on the following table:

	Short Term CO's:	Revised
<i>County Auditor:</i>	BEFIT Project	\$6,601,525
<i>ITS:</i>	Disk Storage	850,000
	LogLogic Appliance Group 1	182,400
	LogLogic Appliance Group 2	110,200
	Management Appliance with 1 Year support	95,000
	Compliance Pack Module with 1 Year support	11,396
<i>Facilities Mgmt:</i>	700 Lavaca FY 12 Renovation/Due Diligence	7,636,705
	Install fire sprinkler system in Granger building	765,000
<i>Sheriff's Office:</i>	Central AHU-VAV System w/ Dist Renewal	250,000
	Lighting Energy Efficiency Improv	195,500
	Visitation Counter Enclosure	23,000
	Metal Paneled System Renewal	315,371
	Water Dist Complete	153,417
<i>TNR:</i>	Centrally Budgeted Vehicles	5,598,731
	HMAC & Alternative Paving Projects	3,271,432
	Traffic Signals, New	300,000
	ADA Sidewalk Upgrades	60,000
	FY 12 Loop 1 Final Settlement with TxDoT	2,623,211
	Total for Projects -	\$29,042,888
	Issuance Costs	107,112
	TOTAL CO's (all 5 year debt)	\$29,150,000

Debt Service Impact:

The FY 12 debt service is \$74,613,184. As instructed, PBO has re-run the debt model with the debt issuance proposed for FY 12. I have adjusted interest rate assumptions based on the latest average rates (adjusted upward slightly). Assuming a 1% rate for 5 year debt and 3% rate for 20 year debt, the FY 13 debt service (including all recommended amounts listed above under Sections I, II, and III) is \$79,442,487. I have attached the two debt models summarized in the following table. The first assumes \$0 additional debt (Attachment A) in order to exemplify the impact of the County's continual pay off of debt. The second includes our known debt assumptions (Attachment B). Please note that debt related to the new courthouse is not included for this exercise.

	Debt Service	
FY 12 Debt Service	\$74,613,184	
FY 13 Debt Service (assumes \$0 new debt issued in FY 12)	69,806,395	
Difference from FY 12	(4,806,789)	Debt service decreases because County continues to pay off debt.
FY 13 Debt Service (including FY 12 debt issuance)	79,442,487	
Difference from FY 13 with \$0 debt (impact of proposed debt issuance)	9,636,092	Debt service increase is broken down into \$5.27 M for short term debt and \$4.37 M for long term debt.

Debt Policy:

I have attached the Travis County Debt Policy (Attachment C) that details the County will not issue long term debt (with a repayment period in excess of five years) unless there are specific circumstances that can be met. PBO recommends that the FY 12 CO, totaling \$29,150,000, be issued as five year debt.

Recommendation and Next Steps:

PBO recommends approval of the FY 12 debt issuance. The order authorizing the publication of the *Notice of Intent to Issue Certificates of Obligation* will be posted for approval on March 20th. In addition, the County's Financial Advisor will brief the Court on the method of sale at that time. Given the current schedule, it is expected that the proceeds from the sale of bonds will be available by the end of May.

CC	Christina Adair (Co. Auditor's Office)	Glenn Opel (Bond Counsel)
	Roger El Khoury (FM)	PBO
	David Escamilla (Travis County Attorney)	Susan Spataro (Travis County Auditor)
	Greg Hamilton (Travis County Sheriff)	Diana Warner (Co. Auditor's Office)
	Michael Hemby (TCSO)	Mike Wichern (Co. Auditor's Office)
	Joe Harlow (ITS)	Donna Williams (TNR)
	Ladd Pattillo (Financial Advisor)	Hannah York (County Auditor's Office)
	Randy Lott (ITS)	
	Steve Manilla (TNR)	
	Cynthia McDonald (TNR)	

Cash Flow Assumptions based on previous schedules
COs - based on historic needs - All 5 yr debt

ATTACHMENT A

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
County Pop - Lagged one Year	1,049,873	1,076,119	1,103,022	1,133,356	1,164,523	1,196,547	1,232,444	1,269,417	1,307,499
Total Net Taxable Assessed Value	97,054,517,458	98,107,308,249	103,012,673,661	108,163,307,345	113,571,472,712	119,250,046,347	125,212,548,665	125,212,548,665	125,212,548,665
General Fund Expenditures*	461,639,969	483,154,860	507,501,980	534,708,169	563,076,374	592,638,817	623,490,273	646,915,877	670,951,837
Debt Service Expenditures	74,613,184	69,806,395	66,018,214	61,594,578	60,904,350	57,834,114	57,378,047	49,798,425	47,210,531
Tot Gen Fund & D.S.	536,253,153	552,961,255	573,520,194	596,302,747	623,980,724	650,472,931	680,868,320	696,714,302	718,162,368
CO Issue	0	0	0	0	0	0	0	0	0
2000 Voter Approved Bonds	0	0	0	0	0	0	0	0	0
2001 Voter Approved Bonds	0	0	0	0	0	0	0	0	0
2005 Voter Approved Bonds	0	0	0	0	0	0	0	0	0
2011 Voter Approved Bonds	0	0	0	0	0	0	0	0	0
Pass Through Projects	0	0	0	0	0	0	0	0	0
Travis County Gross Bonded Debt	566,800,905	519,100,905	473,355,905	431,015,905	391,127,415	349,662,097	306,272,097	268,662,097	232,850,918
Debt Service Reserve Balance	14,711,517	15,005,747	15,305,862	15,611,980	15,924,219	16,242,704	16,567,558	16,898,909	17,236,887
Travis County Net Bonded Debt	552,089,388	504,095,158	458,050,043	415,403,925	375,203,196	333,419,393	289,704,539	251,763,188	215,614,031
Total Overlapping Debt	5,562,014,244	5,943,568,421	6,351,297,215	6,786,996,204	7,252,584,143	7,750,111,415	8,281,769,058	8,849,898,416	9,457,001,447
Long Term Debt Service	58,770,761	56,881,457	56,158,726	55,599,734	57,854,975	57,834,114	57,378,047	49,798,425	47,210,531
Short Term Debt Service	15,842,423	12,924,938	9,859,488	5,994,844	3,049,375	0	0	0	0
Total Debt Service	74,613,184	69,806,395	66,018,214	61,594,578	60,904,350	57,834,114	57,378,047	49,798,425	47,210,531
Key Debt Ratios									
Primary									
Net Bonded Debt/Taxable Value	0.57%	0.51%	0.44%	0.38%	0.33%	0.28%	0.23%	0.20%	0.17%
Net Bonded Debt/Per Capita	\$525.86	\$468.44	\$415.27	\$366.53	\$322.19	\$278.65	\$235.07	\$198.33	\$164.91
Debt Svc./Tot Gen Fund & Debt Svc.	13.91%	12.62%	11.51%	10.33%	9.76%	8.89%	8.43%	7.15%	6.57%
Short-term Debt Svc./Total Debt Svc.**	21.23%	18.52%	14.93%	9.73%	5.01%	0.00%	0.00%	0.00%	0.00%
Secondary									
Overlapping Debt/Taxable Value	5.73%	6.06%	6.17%	6.27%	6.39%	6.50%	6.61%	7.07%	7.55%
Overlapping Debt/Per Capita	\$5,297.80	\$5,523.15	\$5,758.09	\$5,988.41	\$6,227.94	\$6,477.06	\$6,719.79	\$6,971.62	\$7,232.89
Debt Service Rate (I & S)	0.0769	0.0712	0.0641	0.0569	0.0536	0.0485	0.0458	0.0398	0.0377

Includes the General Fund and the Road & Bridge Fund less Unallocated Reserves

* Please note that the CO's in future years are assumed to be all 5 year, but could change to a mix of 5 year and 20 year debt. Such a mix would impact this ratio.

Cash Flow Assumptions based on previous schedules
COs - based on historic needs - All 5 yr debt

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
County Pop - Lagged one Year	1,049,873	1,076,119	1,103,022	1,133,356	1,164,523	1,196,547	1,232,444	1,269,417	1,307,499
Total Net Taxable Assessed Value	97,054,517,458	98,107,308,249	103,012,673,661	108,163,307,345	113,571,472,712	119,250,046,347	125,212,548,665	125,212,548,665	125,212,548,665
General Fund Expenditures*	461,639,969	483,154,860	507,501,980	534,708,169	563,076,374	592,638,817	623,490,273	646,915,877	670,951,837
Debt Service Expenditures	74,613,184	79,442,487	82,844,630	86,320,110	93,558,771	99,657,987	97,277,692	90,538,811	88,302,625
Tot Gen Fund & D.S.	536,253,153	562,597,347	590,346,610	621,028,279	656,635,145	692,296,805	720,767,965	737,454,688	759,254,462
CO Issue	29,150,000	20,400,000	20,400,000	21,400,000	21,400,000	21,400,000	21,400,000	21,400,000	21,400,000
000 Voter Approved Bonds	1,515,000	0	0	0	0	0	0	0	0
001 Voter Approved Bonds	0	0	0	0	0	0	0	0	0
005 Voter Approved Bonds	0	0	0	0	0	0	0	0	0
011 Voter Approved Bonds	52,645,000	41,940,000	39,295,000	33,170,000	36,400,000	6,600,000	4,895,000	0	0
Pass Through Projects	3,500,000	0	4,950,000	7,875,000	14,030,000	0	0	0	0
Travis County Gross Bonded Debt	597,465,905	560,529,813	518,358,396	472,692,864	421,549,952	359,660,761	297,771,116	240,820,730	185,317,457
Debt Service Reserve Balance	14,711,517	15,005,747	15,305,862	15,611,980	15,924,219	16,242,704	16,567,558	16,898,909	17,236,887
Travis County Net Bonded Debt	582,754,388	545,524,066	503,052,534	457,080,884	405,625,733	343,418,057	281,203,559	223,921,821	168,080,570
Total Overlapping Debt	5,592,679,244	5,996,737,040	6,428,513,201	6,890,909,206	7,385,025,578	7,913,038,333	8,477,272,762	9,080,213,674	9,724,516,332
Long Term Debt Service	58,770,761	61,249,555	63,177,535	65,942,465	71,243,245	75,356,890	74,509,801	67,365,125	64,723,981
Short Term Debt Service	15,842,423	18,192,932	19,667,095	20,377,645	22,315,526	24,301,097	22,767,890	23,173,686	23,578,644
Total Debt Service	74,613,184	79,442,487	82,844,630	86,320,110	93,558,771	99,657,987	97,277,692	90,538,811	88,302,625
Key Debt Ratios									
Primary									
Net Bonded Debt/Taxable Value	0.60%	0.56%	0.49%	0.42%	0.36%	0.29%	0.22%	0.18%	0.13%
Net Bonded Debt/Per Capita	\$555.07	\$506.94	\$456.07	\$403.30	\$348.32	\$287.01	\$228.17	\$176.40	\$128.55
Debt Svc./Tot Gen Fund & Debt Svc.	13.91%	14.12%	14.03%	13.90%	14.25%	14.40%	13.50%	12.28%	11.63%
Short-term Debt Svc./Total Debt Svc.**	21.23%	22.90%	23.74%	23.61%	23.85%	24.38%	23.41%	25.60%	26.70%
Secondary									
Overlapping Debt/Taxable Value	5.76%	6.11%	6.24%	6.37%	6.50%	6.64%	6.77%	7.25%	7.77%
Overlapping Debt/Per Capita	\$5,327.01	\$5,572.56	\$5,828.09	\$6,080.09	\$6,341.67	\$6,613.23	\$6,878.42	\$7,153.06	\$7,437.49
Debt Service Rate (I & S)	0.0769	0.0810	0.0804	0.0798	0.0824	0.0836	0.0777	0.0723	0.0705

Includes the General Fund and the Road & Bridge Fund less Unallocated Reserves

* Please note that the CO's in future years are assumed to be all 5 year, but could change to a mix of 5 year and 20 year debt. Such a mix would impact this ratio.

TRAVIS COUNTY DEBT POLICY

The purpose of this policy is to provide guidelines for the Commissioners' Court in deciding whether to issue additional debt and to attempt to keep the debt issuance of the County within established limits.

General Approach to Debt

- I. Travis County will maintain a prudent approach to the issuance of debt that includes the following:
 - Travis County will ensure that necessary services are provided in this community in a timely and sufficient manner using current revenues.
 - Travis County will ensure that necessary equipment and facilities are provided to County departments in a timely manner using the most frugal method of payment available for such expenditures.
 - Routine purchase and replacement of capital equipment, such as computer equipment, furniture, and "down payments" on larger capital projects will be financed through the Capital Acquisition Resources Account from current operating revenues. This account will be gradually adjusted as existing funds become available and as economic circumstances allow, to reduce or eliminate the need for issuing debt or entering into any other financing arrangement for recurring operating equipment purchases.
 - Sale of bonds or certificates of obligation will follow general market conventions assuring the best interest rate deemed possible at the time, as determined by the Commissioners' Court, based upon advice from the County's financial advisors.
- II. The Travis County Commissioners' Court will not issue long-term debt (with a repayment period in excess of five years) without the approval of such bond issue by the voters at an election, except under the following circumstances:
 1. The expenditure is legally required of the County, where penalties or fines could be imposed on the County if the expenditure is not made. Or,
 2. When a financial analysis demonstrates that during a stipulated term Travis County would spend significantly less. Or,
 3. The voters have previously approved the issuance of general obligation bonds but, for valid reasons, certificates of obligation must be substituted for such bonds in order to carry out the voters' authorization. Or
 4. When the expense is for necessary planning services or acquiring options for a future capital project that will be submitted to the voters.
- III. Capital expenditures, particularly those involving the issuance of debt, will be approved only in the context of multi-year planning by the County.

mitigate the need to increase the debt service tax rate or may be used for projects of a similar nature as allowed by law. Excess funds will not be allowed to increase the scope of the original project without additional justification and analysis.

- Optional debt redemption shall be provided for, based upon the advice of the County's financial advisor.
- Travis County will maintain a ratio of annual short-term debt service payments to total debt service of 25% or less, and short-term debt service payments to total General Fund expenditures of 5% or less.
- Guidelines in the form of industry-standard ratios will be reviewed in conjunction with each debt issuance in order to provide a framework within which to view overall Travis County debt. Those guideline ratios include:

Primary Guidelines

1. Net bonded debt to taxable value should not exceed the range of 1.0%-1.5%.
2. Net bonded debt to population should not exceed \$800 per capita.
3. Debt service to total expenditures (operating expenditures and debt service combined) shall be approximately 20% or less.

Secondary Guideline

A total debt target of 5% of taxable value for all overlapping debt in Travis County (county, city, school district and other) will be established, in concert with cooperative efforts toward sharing this goal with the other debt-issuing entities.

- The debt analysis will also show the anticipated net bonded debt per taxable value and the net bonded debt per capita that will be shown as a part of an upcoming official statement.

Approved by the Commissioners Court on March 18, 2008