



City of Delray Beach, Florida

City Commission Workshop

General Obligation Bond Referendum

August 16, 2022

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Debt Overview - Summary

- ◆ The City has four (4) financings outstanding as outlined in the table below

City of Delray Beach, Florida

| Long-Term Debt Outstanding | Issue Date | Original Par | Interest Rate | Amount | Call Date | Final |
|--|------------|--------------|---------------|------------|-----------------|-----------|
| General Obligation Bonds, Series 2005 ⁽¹⁾ | 8/26/2005 | 10,000,000 | 4.15% | 2,215,000 | Non Callable | 2/1/2024 |
| General Obligation Refunding Bonds, Series 2013 ⁽¹⁾ | 11/21/2013 | 8,810,000 | 2.17% | 1,895,000 | Non Callable | 2/1/2024 |
| Utilities Tax Revenue Refunding and Improvement Bonds, Series 2015 | 4/1/2015 | 39,020,000 | 3.00% - 5.00% | 30,680,000 | 6/1/2025 | 6/1/2035 |
| Capital Improvement Revenue Bond, Series 2017 | 6/23/2017 | 31,500,000 | 1.96% | 16,735,000 | Make Whole Call | 10/1/2026 |
| | | 89,330,000 | | 51,525,000 | | |
| (1) Authorized by Referendum | | | | | | |



Debt Overview – Current General Obligation Bonds

- The City's general obligation bonds have aggregate annual debt service payments of approximately \$2.15 million with a final maturity of 2/1/2024
- The City levies a separate ad valorem millage on the tax bill for debt service payments
- Based on the City's current taxable assessed value, 0.16 mills are levied to make annual debt service payments

| | Series 2013 GO Bonds | | | | Series 2005 GO Bonds | | | | Total |
|----------------------|----------------------|-----------------|---------------------|--|----------------------|-----------------|---------------------|--|---------------------|
| <u>Period Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Debt Service</u> | | <u>Principal</u> | <u>Interest</u> | <u>Debt Service</u> | | <u>Debt Service</u> |
| 2/1/2023 | 935,000 | 41,121.50 | 976,121.50 | | 1,080,000 | 91,922.50 | 1,171,922.50 | | 2,148,044.00 |
| 2/1/2024 | 960,000 | 20,832.00 | 980,832.00 | | 1,135,000 | 47,102.50 | 1,182,102.50 | | 2,162,934.50 |
| | 1,895,000 | 61,953.50 | 1,956,953.50 | | 2,215,000 | 139,025.00 | 2,354,025.00 | | 4,310,978.50 |



Financing Future Capital Needs - Overview

- The City has significant capital needs moving forward including, but not limited to, Police Headquarters, Fire Stations and parks/recreation facilities
- Local governments often issue debt to fund these long-term capital needs for the following reasons:
 - Large capital projects often can't be broken into smaller phases and funded out of annual budget
 - Mitigate rising construction costs
 - Taxpayer / Ratepayer equity – if multiple generations of tax or rate payers benefit from a capital project, then they should all pay for it
 - Historically speaking, interest rates for municipalities are low (tax-exempt)
- Local governments have a variety of financing options at their disposal including general obligation bonds, which the City has utilized historically
 - General Obligation Bonds are backed by the full faith and credit of the issuer, which has the power to tax residents to pay bondholders (ad valorem taxes). They require voter referendum approval in Florida and allow the City to levy a separate debt service millage that covers the annual debt service payment.



General Obligation Bonds – Financial Impact (Public Safety Projects)

- The City has indicated public safety needs of \$100,000,000 to include a new police headquarters, fire station 112 and ocean rescue headquarters.
- The table below provides an estimated overall millage levy that would be required to fund these projects over 20 and 30 years as well as impact on a potential property owner with a \$250,000 taxable assessed value.

| 20 Year Financing | | | 30 Year Financing | | |
|-----------------------|---------------------|---|-----------------------|---------------------|---|
| <u>Project Amount</u> | <u>Millage Levy</u> | <u>Annual Tax Payer Impact (\$250,000 Taxable Assessed Value)</u> | <u>Project Amount</u> | <u>Millage Levy</u> | <u>Annual Tax Payer Impact (\$250,000 Taxable Assessed Value)</u> |
| \$100,000,000 | 0.53 mills | \$132.00 | \$100,000,000 | 0.43 mills | \$107.00 |

Note: Assumes taxable assessed value for tax year 2022 (fiscal year 2023) of \$ 14,433,651,025 and 95% collection rate.



General Obligation Bonds – Financial Impact (Parks Projects)

- The City has indicated parks and recreation projects of \$20,000,000 to include Atlantic Dunes Park, Catherine Strong Park as well as other park improvements.
- The table below provides an estimated overall millage levy that would be required to fund these projects over 20 and 30 years as well as impact on a potential property owner with a \$250,000 taxable assessed value.

| 20 Year Financing | | | 30 Year Financing | | |
|-----------------------|---------------------|---|-----------------------|---------------------|---|
| <u>Project Amount</u> | <u>Millage Levy</u> | <u>Annual Tax Payer Impact (\$250,000 Taxable Assessed Value)</u> | <u>Project Amount</u> | <u>Millage Levy</u> | <u>Annual Tax Payer Impact (\$250,000 Taxable Assessed Value)</u> |
| \$20,000,000 | 0.11 mills | \$27.00 | \$20,000,000 | 0.09 mills | \$22.00 |

Note: Assumes taxable assessed value for tax year 2022 (fiscal year 2023) of \$14,433,651,025 and 95% collection rate.



General Obligation Bonds – Timeline

- Below is an overview of the sequence of events related to March 2023 general obligation bond referendum
 - April – July 2022: Staff/Commission to Finalize Project List to Be Financed, Run Taxpayer Impact Assumptions based on Varying Dollar Amounts to present options to City Commission for sizing of G.O. Bond Issue
 - August 2022: City Commission Workshop to discuss GO Bond Projects/Options. City Commission directs staff to proceed with preparation of resolution authorizing bond referendum
 - September 2022: City Attorney / Bond Counsel prepare resolution, including project scope, ballot question(s) and referendum date
 - October 2022: City Commission considers resolution for approval
 - December 2022: Notify Supervisor of Election of City's intent to pursue referendum
 - January 2023 – February 2023: Series of public notices are published as legally required
 - March 2023: Referendum is held
 - Summer 2023: Earliest Date Initial Series of Bonds can be issued (subject to timing of project expenditures)



General Obligation Bonds – Referendum Resolution

- The City Commission would need to adopt a resolution calling for a bond referendum to be held on March 14, 2023. Bond Counsel would prepare this resolution. It would describe each project (if more than one), authorize a not-to-exceed principal amount of general obligation bonds for each project, the maximum term of the bonds (e.g., not exceeding 20/30 years), and set forth each ballot question. Under Florida law, there is a 75-word limit in the ballot question and a descriptive title above the actual question is limited to no more than 15 words.
- In light of the single purpose rule, each ballot question must be for a single capital project unless it is determined that more than one capital project is significantly similar in one category such as public safety projects.