



DATE: May 2, 2024
TO: Assembly Finance Committee
FROM: Angie Flick, Finance Director
SUBJECT: **FY25 Debt Service Mill Rate**

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The purpose of this memo is to provide information and context for potential discussion regarding the Manager's Proposed Budget and the Debt Service Mill Rate.

Background

In recent years, CBJ has structured new general obligation bond issuances to maintain a level 1.20 Debt Service mill rate. There are a number of reasons an organization would want to keep this element of the mill rate flat and stable, mostly stemming from predictability for the Assembly and tax payers. It also allows new GO bonds to be issued without having to cause an increase to the tax base, assuming one follows the same basic practice.

During the CBJ Assembly Retreat in December 2023, the Body discussed the project needs facing the city and provided general direction to the City Manager to produce a budget that kept the mill rate flat for debt service. Since that time, there have been several discussions regarding projects, use of fund balance and debt/bond capacity.

FY25 Debt Service

In keeping with the direction provided to the City Manager, the debt service mill rate was presented flat (1.20 mills) which allows for all current and regularly scheduled debt service payments (.76 mills) and three maturities of the 2014 Series Three GO Bonds to be paid during FY25 (.44 mills).

There are a couple of option points between 1.20 and .76 mills that could be considered. Please see the breaking points below:

Mill Rate	Mill Rate Change	Dollar Change	Notes
1.20	0.00	\$ 0.1M	FY2025 required debt service plus 3 callable maturities
1.08	- 0.12	\$ - 0.8M	FY2025 required debt service plus 2 callable maturities
0.95	- 0.25	\$ - 1.6M	FY2025 required debt service plus 1 callable maturity
0.76	- 0.44	\$ - 2.8M	FY2025 required debt service

This memo is presented with no recommendation; but rather to provide information for the Body to discuss the various policy choices to be made.