



Midpeninsula Regional
Open Space District

R-20-60
Meeting 20-12
June 10, 2020

AGENDA ITEM 10

AGENDA ITEM

Controller's Report on the Proposed Fiscal Year 2020-21 Budget

GENERAL MANAGER'S RECOMMENDATION

Approve the Controller's Report on the Fiscal Year 2020-21 Budget.

SUMMARY

Beginning cash balances, estimated at a total of \$97 million, and projected Fiscal Year 2020-21 revenues, adjusted for the estimated impact of the COVID-19 shutdown, are adequate to cover budgeted debt service, operating expenses, capital expenditures, and reserve requirements. District long-term financial projections indicate that the proposed Fiscal Year 2020-21 budget is sustainable and consistent with District long-term plans and objectives.

DISCUSSION

The first attachment, **FY2019-20 Review**, compares my current forecast of Fiscal Year 2019-20 revenues and expenditures to the projections presented in my June 12, 2019 Controller's Report. Due to fewer real estate transactions during the current shutdown, supplemental tax revenue has dropped, reducing Fiscal Year 2019-20 tax revenues to about 1% below projection. Property management, grant, and interest and other revenues each met or exceeded budget and projection. Excluding the Gordon Ridge land acquisition, general fund (GF) spending again ran well below budget and my discounted projection, with operating expenses and non-land GF capital spending estimated at 86% and 42% of the original budgets, respectively. These variances will be used up almost entirely in June with the completion of the Gordon Ridge purchase and a proposed \$1.5 million pension prepayment to our PARS account. Non-land Measure AA (MAA) capital expenditures will be within 2% of the original budget if current encumbrances close out in June. The projection included closing \$7.8 million of planned MAA land acquisitions—all of which have moved to next year. Hawthorn fund spending was again minimal—the fund actually grew by some \$50,000. If these projections are accurate, the District will begin the new fiscal year with cash balances totaling about \$97 million -- \$57.4 million in the general fund, \$38.0 million in the Measure AA fund, and \$1.65 million in the Hawthorn endowment fund.

The second attachment, **FY20-21 Cash Projection**, summarizes the proposed budget and my estimate of projected 2020-21 results, breaking the income and spending into three sections: [1] general fund, [2] MAA capital fund, and [3] Hawthorn endowment fund. The first column lists a summary of the proposed Fiscal Year 2020-21 budget. The second column shows my

expectations, based on experience, of probable budget variances, including anticipated unbudgeted MAA land purchases. The third column is my current projection for next year's cash flows.

The third attachment, **MROSD 30 Year Cash Flow Projection (FY21-50)**, includes the above projected Fiscal Year 2019-20 and 2020-21 numbers in the first two columns, and then projects forward year by year through Fiscal Year 2050 utilizing staff advice and my updated assumptions. The proposed Fiscal Year 2020-21 budget fits comfortably within the long-term model. The model assumes assessed valuation (AV) growth of about 6.5% in Fiscal Year 2020-21, 1.0% in 2021-22, and 3.5% per year thereafter. The 3.5% assumption is intended to be conservative as the District has enjoyed average assessed value (AV) growth of approximately 6% per year over its first 48 years, including the impact of four recessions since 1980.

District Recession Experience

Recessions impact District tax revenue with a one to two year lag because we receive only property tax, and property tax revenue allocated in any fiscal year is based on the AV calculated as of January 1 of the prior fiscal year. In the four recessions since 1980, the lowest tax revenue growth occurred two fiscal years following the start of the recession. The lowest one-year AV growth from these four recessions was 3.4% in 1983-84, 2.6% in 1992-93, 1.8% in 2003-04, and -0.5% in 2010-11. The most significant recession-related District revenue hit was in fiscal year 2005 and 2006, during which the state took \$3.5 million of District tax revenue in ERAF III, part of the state's plan to repair fiscal damage from the 2001-02 recession. Two similar post-recession state ERAFs occurred in the previous decade but the District escaped both due to the legislative clout of larger multi-county districts. The period of lowest three-year compounded District AV growth was 2009-12: 1.4% per year. One reason for the low AV growth in these recessions was low inflation; the AV did not receive the full 2% increase added each year to properties which experience no transaction. In fact, the inflation factor was negative in 2010-11 and that year's AV was reduced accordingly. Of course, District AV recovered strongly and our compounded ten-year AV growth 2008-18 was 5.8% per year. The actual county collection of tax has never been an issue for the District due to our participation in the Teeter Plan, under which we receive our full allotment of AV-based property tax, regardless of actual collections (in exchange, the counties get all of the interest and penalties). Bond counsel advises that the counties can suspend the Teeter Plan at any time, which I expect Santa Clara and San Mateo will do in 2020-21, in response to the governor's May 6 executive order suspending interest and penalties, for certain qualifying homeowners, on unpaid property taxes until May 6, 2021. So, for the first time, we may feel a negative impact from the amount and timing of actual property tax collection in 2020-21. Santa Clara County's property tax delinquency rate is normally very low (0.44% last year) and it will be interesting to see how qualifying homeowners respond to the lack of penalties and interest.

Fiscal Year 2020-21 General Fund Tax Revenue

General fund tax revenue to be received between July 1, 2020 and June 30, 2021 is budgeted at \$53.5 million, a projected annual increase of 3.1% over 2019-20. This reflects a projected 7% increase in current secured AV (as of 1/1/20), no change in unsecured AV, a 3% increase in redevelopment-related taxes, a 20% decrease in supplemental property taxes (assuming a continued slowdown in real estate transactions), and a reserve of \$1.5 million for potentially deferred or uncollected taxes due to the May 6 executive order and other delinquencies,

calculated at 3% of estimated secured tax. If the Teeter Plan was in place and collections were not an issue, estimated GF tax revenue would be \$55.0 million, a 6% increase. The 3% reserve is a guess based on the following: [a] the executive order only applies to home and condo owners, which represent about 67% of total Santa Clara County secured AV, [b] the executive order excludes all property taxes collected through mortgage impound accounts, which exist for about 57% of all California home mortgages, and [c] the District unemployment rate is currently somewhere in the 10-15% range (probably lower for homeowners and lower still for homeowners without impound accounts). Thus, the executive order only applies to some 30% of secured AV, of which about 10-15% may meet the not-yet-written criteria for proving they cannot pay due to the shutdown — hence, 3 to 5% of secured tax is at risk for deferral. However, unless extended, late payment penalties resume on May 7, 2021. If all deferred taxes are paid in May 2021, there is no impact on tax revenue collected in the fiscal year -- it just comes in later in the year. The 3% reduction reserve assumes no Teeter Plan protection, two-thirds of the deferral is collected in May 2021, and the overall delinquency rate triples to 1.5% ($0.67 \times 0.43 \times 0.15 \times 0.33 = 1.5\%$ deferred + 1.5% delinquency = 3%).

Other Budgeted General Fund Revenue totals \$3.4 million, consisting of anticipated income from rental properties, interest, Rancho San Antonio park management, grants, and other minor sources. All these budget estimates appear to be appropriate.

Fiscal 2020-21 General Fund Expenditures

1. Operating Expenses are budgeted at \$36.8 million, or 69% of projected GF tax revenue. While below last year's original budget, this represents a 15% increase over estimated actual spending in 2019-20, excluding the proposed June 2020 \$1.5 million pension prepayment. My projection only includes a 3% haircut on this Opex budget, probably leaving room for another pension prepayment next June.
2. Non-MAA Capital Expenditures: The budget includes \$15.9 million for capital expenditure (capex) projects that do not qualify for MAA funding. This breaks down to \$12.0 million for staff facility construction and \$3.9 million for normal GF capex. Any of the facility spending that does not occur next year will happen in the following year, so the amount budgeted in 2020-21 is not very important, but the \$12.0 million budget estimate seems aggressive, warranting a 20% downward adjustment. The non-facility capex budget seems less aspirational than normal, so I show no adjustment.
3. Debt Service: The debt service requirement for non-MAA debt for fiscal 2020-21 is \$10.7 million, up 3% from the current year.

General Fund Reserves: If all GF revenues, expenditures, and reimbursements occur as projected, the June 30, 2021 GF cash balance would be \$54.3 million, \$2.9 million less than the starting balance. After prudent changes to committed reserves, the ending unassigned GF cash balance will be well above requirements.

Fiscal Year 2020-21 MAA Tax, Grant, and Interest Revenue

This year's MAA tax levy must cover debt service requirements of the 2015 and 2018 Series General Obligation (GO) Bonds in September 2020, March 2021, and September 2021, net of existing cash balances. Goodwin Consulting Group, our tax administration consultant, will be

providing its tax rate recommendation in June. Assuming suspension of the Teeter Plan, we will need to factor in potential tax deferrals and collection delinquencies. We will bring this recommendation to the Board in late June or July, for your review and approval. Pending Goodwin's calculations, MAA tax revenue is budgeted at \$6.2 million. Grant revenue tied to MAA projects is budgeted at \$1.6 million and interest income is estimated at \$450,000.

Fiscal Year 2020-21 MAA Fund Capital Expenditures: The budget includes \$11.7 million of MAA capex, including \$1.6 million for one land purchase already approved by the Board. Based on advice from Real Property, I have added \$7.4 million for additional anticipated MAA land purchases in 2020-21, making a total MAA capex projection of \$19.1 million.

Fiscal Year 2020-21 MAA Debt Service: Scheduled debt service on outstanding GO bonds totals \$6.0 million in 2020-21.

MAA Fund Balance: Given expected revenues, expenditures, and GF reimbursements, the MAA cash balance at the end of June 2021 would be \$21.1 million.

Hawthorn Endowment: The budget includes \$110,200 of spending from the Hawthorn endowment. If spent, this would reduce the endowment fund to \$1.55 million at June 30, 2021.

Updated Long-Term Financial Model

I have updated the 30-year model with the latest thinking about the impact of the COVID-19 shutdown, potential land acquisitions, staff facility costs, low interest rates, and the level of general fund opex and capex needed to meet strategic objectives. I have projected AV and tax growth in 2021-22 at 1.0%. While this may prove to be conservative, it is not a good idea to go against the advice of Larry Stone, the longtime Assessor of Santa Clara County, who suggested a (county-wide) number in this range. This includes the AV impact of zero or negative inflation and slow real estate activity, but no mass down-assessments and foreclosures as occurred in the Great Recession. A further conservative factor is that I did not add back into the 2021-22 tax revenue any of the \$1.5 million deducted from the 2020-21 tax estimate. The prices paid in residential and commercial real estate transactions closing between September and December 2020 will determine the extent of down assessments, if any, and drive the January 1, 2021 AV and 2021-22 tax growth. It is amazing to note that the overall U.S. stock market has already rebounded to near all-time highs, and the stock prices of the seven most valuable companies in our area (Apple, Google, Facebook, Oracle, Cisco, Tesla and Intel) are each up over the last three months, several by as much as 15-20%! So, this feels very different from the Great Recession and I believe the negative impact on District finances will be smaller and shorter than in 2009-11. There is no lack of wealth (and future-oriented skills) within the District to hold up both residential and commercial AV growth.

The 3.5% AV growth assumed starting in 2022-23 does not consider the potential 15% increase in District AV that would occur with voter approval and implementation of the "Split Role" initiative on the November 2020 ballot. The model assumes the sale of the current Distel Circle headquarters building for \$10 million and the subsequent pay-off of our existing parity bonds. The model continues to support the growth of operational and GF capex funding at least to the levels called for in the Financial and Operating Sustainability Model (FOSM) plan, with Opex spending allowed to grow at 2 percentage points more than tax revenue growth through 2034-35. Sale of the next tranche of GO bonds will be needed when the District is ready to close a MAA land purchase in the \$12-20 million range; the model assumes this will happen in 2022-23.

The original 2014-15 plans for the \$300 million MAA program bond funding, over thirty years at a maximum tax rate of \$3.18, assumed long-term AV growth of 4.5% per year. Because of the strong AV growth since 2015, the model indicates that even with the COVID-19 shutdown and the more conservative 3.5% AV growth assumption, we will have MAA funding to complete the program three years early. The last maturity of our current GF debt is in Fiscal Year 2038-39, so we have considerable unused GF financing capacity should additional funding become necessary.

Overall, the proposed Fiscal Year 2020-21 budget is consistent with our long-term financial plans, and the model indicates that the District remains on a prudent, sustainable financial path.

FISCAL IMPACT

There are no unbudgeted fiscal impacts associated with this Agenda Item.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. No additional notice is required.

CEQA COMPLIANCE

Board review of the Controller's Report is not a project under the California Environmental Quality Act and no environmental review is required.

NEXT STEPS

Following this Agenda Item, the Board will be asked to evaluate the FY2020-21 Budget in view of the information contained in the Controller's report.

Attachments:

1. FY 2019-20 Review
2. 2020-21 Cash Projection
3. MROSD 30 Year Cash Flow Projection (FY21-50)

Prepared by:

Michael L. Foster, Controller

FY2019-20 Review

(\$Millions)	June 2019 Projected	May 2020 Forecast	Forecast Variance	% of Original Budget
EST. BEGINNING GENERAL CASH	52.64	56.15	3.51	
GENERAL FUND TAX REVENUE	52.30	51.88	(0.42)	100%
SANTA CLARA COUNTY PARKS PROPERTY MANAGEMENT	0.38	0.38	0.00	100%
INTEREST INCOME	2.06	2.08	0.02	101%
GRANT INCOME	1.08	1.08	0.00	100%
OTHER INCOME	0.20	1.96	1.76	Gordon Ridge
	<u>0.10</u>	<u>0.23</u>	<u>0.13</u>	<u>230%</u>
TOTAL GENERAL FUND REVENUE	56.12	57.61	1.50	103%
OPERATING EXPENSES	34.04	32.00	(2.04)	86%
PENSION PREPAYMENT	1.50	1.50	0.00	not budgeted
NEW FACILITIES CAPEX	1.93	1.48	(0.45)	77%
NON-MAA LAND ACQUISITION	5.31	9.22	3.91	Gordon Ridge
NON-MAA CAPITAL SPENDING	4.48	2.46	(2.02)	51%
NON-MAA DEBT SERVICE	<u>10.40</u>	<u>10.40</u>	<u>0.00</u>	<u>100%</u>
TOTAL GENERAL FUND SPENDING	57.66	57.06	(0.61)	99%
OPERATING CASH FLOW	(1.54)	0.56	2.10	
NET MAA REIMBURSEMENTS	<u>1.75</u>	<u>0.53</u>	<u>(1.22)</u>	
ENDING GENERAL FUND CASH	52.85	57.24	4.39	
COMMITTED RESERVES	<u>24.10</u>	<u>27.40</u>	<u>3.30</u>	
AVAILABLE GENERAL FUND CASH	28.75	29.84	1.09	
EST. BEGINNING MMA FUND CASH	45.28	46.12	0.84	
MAA DEBT SERVICE	5.64	5.64	0.00	100%
MAA TAX REVENUE	5.44	5.22	(0.22)	96%
INTEREST INCOME	0.87	1.00	0.13	115%
GRANT INCOME	2.11	2.11	0.00	100%
MAA CAPITAL SPENDING	9.45	9.30	(0.15)	98%
MAA LAND PURCHASES	7.75	0.06	(7.70)	not budgeted
REIMBURSE THE GENERAL FUND	<u>16.83</u>	<u>8.68</u>	<u>(8.15)</u>	
ENDING MAA FUND CASH BALANCE	29.12	38.02	8.90	
BEGINNING HAWTHORN CASH	1.53	1.60	0.07	
HAWTHORNE INTEREST	0.04	0.06	0.02	150%
HAWTHORNE SPENDING	<u>0.14</u>	<u>0.01</u>	<u>(0.13)</u>	10%
ENDING HAWTHORN FUND CASH	1.43	1.65	0.22	
ENDING BOND PREMIUM CASH	0.08	0.01	(0.07)	
ENDING TOTAL CASH BALANCES	83.57	96.91	13.44	

FY2020-21 Cash Projection

	<u>BUDGET</u>	<u>adjust</u>	<u>Projected</u>
EST. BEGINNING GENERAL CASH	57.24		57.24
GENERAL FUND TAX REVENUE	53.49		53.49
SANTA CLARA COUNTY PARKS	0.39		0.39
PROPERTY MANAGEMENT	1.73		1.73
INTEREST INCOME	0.89		0.89
GRANT INCOME	0.29		0.29
OTHER INCOME	<u>0.10</u>		<u>0.10</u>
TOTAL GENERAL FUND REVENUE	56.89		56.89
OPERATING EXPENSES	36.77	-3%	35.67
NEW FACILITY CAPEX	11.96	-20%	9.57
NON-MAA CAPITAL SPENDING	3.89		3.89
NON-MAA DEBT SERVICE	<u>10.68</u>		<u>10.68</u>
TOTAL GENERAL FUND SPENDING	63.31		59.81
OPERATING CASH FLOW	(6.42)		(2.92)
NET REIMBURSEMENTS			
ENDING GENERAL FUND CASH	50.82		54.32
COMMITTED RESERVES	<u>27.25</u>		<u>27.25</u>
AVAILABLE GENERAL FUND CASH	23.57		27.06
EST. BEGINNING MMA FUND CASH	38.02		38.02
MAA DEBT SERVICE	5.96		5.96
MAA TAX REVENUE	6.20		6.20
INTEREST INCOME	0.45		0.45
GRANT INCOME	1.62		1.62
MAA CAPITAL SPENDING	10.13		10.13
MAA LAND PURCHASES	1.56	7.40	8.96
REIMBURSE THE GENERAL FUND	<u>10.25</u>		<u>17.65</u>
ENDING MAA FUND CASH BALANCE	28.46		21.06
BEGINNING HAWTHORN CASH	1.65		1.65
HAWTHORNE INTEREST	0.01		0.01
HAWTHORNE SPENDING	<u>0.11</u>		<u>0.11</u>
ENDING HAWTHORN FUND CASH	1.55		1.55
ENDING BOND PREMIUM CASH	0.01		0.01
ENDING TOTAL CASH BALANCES	80.85		76.94

MROSD 30 YEAR CASH FLOW PROJECTION (FY21-50)

(\$Millions)

5/28/20

TAX GROWTH STARTING 22-23: **3.5** % GenFund CAPEX BASE: **\$4.8 M** GenFund LAND ACQ: **\$1.0 M/yr**
 OPEX GROWTH STARTING 22-23: **5.5** % GenFund CAPEX GR: **4.0** % 21-22- to 33-34 RESERVE INCR: **\$2.0 M/yr**
 OPEX GR > TAX GR: **2.0** % GRANTS/MAA CAPEX: **7** % OTHER REVENUE GR: **2** %

FISCAL YEAR:	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	FY21-35
BEGINNING GEN CASH	56.15	57.23	54.31	40.38	50.44	50.79	55.95	60.56	65.41	69.95	74.28	78.02	80.38	81.74	82.06	81.80	
TAX REVENUE	51.88	53.49	54.02	55.92	57.87	59.90	61.99	64.16	66.41	68.73	71.14	73.63	76.21	78.87	81.64	84.49	1008.5
AO FACILITY REVENUE	0.80	0.40		10.00	0.43	0.44	0.45	0.46	0.48	0.48	0.49	0.50	0.25				14.4
OTHER REVENUE	<u>4.93</u>	<u>3.00</u>	<u>3.00</u>	<u>3.06</u>	<u>3.12</u>	<u>3.18</u>	<u>3.25</u>	<u>3.31</u>	<u>3.38</u>	<u>3.45</u>	<u>3.51</u>	<u>3.59</u>	<u>3.66</u>	<u>3.73</u>	<u>3.80</u>	<u>3.88</u>	50.9
OPERATING REVENUES	57.61	56.89	57.02	68.98	61.42	63.52	65.69	67.94	70.26	72.67	75.15	77.72	80.12	82.60	85.44	88.37	1073.8
OPERATING EXPENSES	33.50	35.67	36.92	38.63	40.75	43.00	45.36	47.35	49.96	52.71	55.61	58.66	61.89	65.29	68.89	72.67	773.4
<i>Operating Exp/Taxes</i>	65%	67%	68%	69%	70%	72%	73%	74%	75%	77%	78%	80%	81%	83%	84%	86%	
GenFund CAPEX	2.46	3.89	4.80	4.99	5.19	5.40	5.62	5.84	6.07	6.32	6.57	6.83	7.11	7.39	7.39	7.68	91.1
GenFund LAND ACQ	9.22		1.00	1.02	1.04	1.06	1.08	1.10	1.13	1.15	1.17	1.20	1.22	1.24	1.27	1.29	16.0
NEW FACILITIES	1.48	9.57	17.50	2.00													29.1
DEPOSITS/ADJUSTMENTS	-0.53																
GenFund DEBT SERVICE	<u>10.40</u>	<u>10.68</u>	<u>10.74</u>	<u>12.28</u>	<u>14.08</u>	<u>8.91</u>	<u>9.02</u>	<u>8.80</u>	<u>8.57</u>	<u>8.16</u>	<u>8.06</u>	<u>8.67</u>	<u>8.54</u>	<u>8.36</u>	<u>8.16</u>	<u>6.95</u>	<u>140.0</u>
GenFund SPENDING	<u>56.53</u>	<u>59.81</u>	<u>70.95</u>	<u>58.92</u>	<u>61.07</u>	<u>58.36</u>	<u>61.08</u>	<u>63.09</u>	<u>65.72</u>	<u>68.33</u>	<u>71.41</u>	<u>75.36</u>	<u>78.75</u>	<u>82.29</u>	<u>85.70</u>	<u>88.60</u>	<u>1049.5</u>
OPERATING CASH FLOW	1.08	-2.92	-13.93	10.05	0.36	5.16	4.61	4.84	4.54	4.33	3.74	2.36	1.36	0.32	-0.26	-0.23	24.3
ENDING GenFund CASH	57.23	54.31	40.38	50.44	50.79	55.95	60.56	65.41	69.95	74.28	78.02	80.38	81.74	82.06	81.80	81.57	
COMMITTED RESERVES	<u>27.40</u>	<u>27.25</u>	<u>13.50</u>	<u>15.50</u>	<u>17.50</u>	<u>19.50</u>	<u>21.50</u>	<u>23.50</u>	<u>25.50</u>	<u>27.50</u>	<u>29.50</u>	<u>31.50</u>	<u>33.50</u>	<u>35.50</u>	<u>37.50</u>	<u>39.50</u>	
USABLE GenFund CASH	29.83	27.06	26.88	34.94	33.29	36.45	39.06	41.91	44.45	46.78	48.52	48.88	48.24	46.56	44.30	42.07	
BOND PROCEEDS (NET)			45.0			35.0			30.0			30.0			27.5		167.5
GO BOND DEBT SERVICE	5.64	5.96	5.71	6.33	6.83	8.02	9.06	9.06	9.66	10.71	10.72	11.31	12.51	12.52	13.07	14.17	145.6
GO BOND TAX REVENUE	5.22	6.20	5.94	6.58	7.10	8.34	9.43	9.42	10.05	11.14	11.15	11.77	13.01	13.02	13.59	14.73	151.5
INTEREST LESS COI	1.00	0.45	0.45	0.65	0.25	0.40	0.70	0.40	0.30	0.45	0.40	0.30	0.50	0.35	0.20	0.70	6.5
MAA CAPEX	9.35	19.09	32.40	14.00	11.50	14.00	12.00	12.00	13.00	11.00	11.00	13.00	11.00	11.00	12.00	12.00	209.0
LESS: GRANT INCOME	<u>2.11</u>	<u>1.62</u>	<u>0.83</u>	<u>0.98</u>	<u>0.81</u>	<u>0.98</u>	<u>0.84</u>	<u>0.84</u>	<u>0.91</u>	<u>0.77</u>	<u>0.77</u>	<u>0.91</u>	<u>0.77</u>	<u>0.77</u>	<u>0.84</u>	<u>0.84</u>	<u>13.5</u>
NET MAA CAPEX	7.24	17.47	31.57	13.02	10.70	13.02	11.16	11.16	12.09	10.23	10.23	12.09	10.23	10.23	11.16	11.16	195.5
BOND REIMBURSEMENT	<u>8.68</u>	<u>17.65</u>	<u>31.57</u>	<u>13.02</u>	<u>10.70</u>	<u>13.02</u>	<u>11.16</u>	<u>11.16</u>	<u>12.09</u>	<u>10.23</u>	<u>10.23</u>	<u>12.09</u>	<u>10.23</u>	<u>10.23</u>	<u>11.16</u>	<u>11.16</u>	195.7
MAA FUND CASH	38.02	21.06	35.17	23.05	12.88	35.58	25.48	15.08	33.68	24.33	14.93	33.59	24.36	14.98	32.04	22.15	
BOND PREMIUM CASH	0.00	0.00	1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	
ENDOWMENT CASH	<u>1.65</u>	<u>1.55</u>	<u>1.47</u>	<u>1.39</u>	<u>1.31</u>	<u>1.23</u>	<u>1.15</u>	<u>1.07</u>	<u>0.99</u>	<u>0.91</u>	<u>0.83</u>	<u>0.75</u>	<u>0.67</u>	<u>0.59</u>	<u>0.51</u>	<u>0.43</u>	1.22
ENDING TOTAL CASH	96.90	76.92	78.02	75.37	65.48	93.26	87.69	82.06	105.12	100.02	94.28	115.22	107.27	98.13	114.85	104.65	
CUMM MAA CAPEX	74.6	93.6	126.0	140.0	151.5	165.5	177.5	189.5	202.5	213.5	224.5	237.5	248.5	259.5	271.5	283.5	

MROSD 30 YEAR CASH FLOW PROJECTION (FY21-50)

(\$Millions)

5/28/20
 TAX GROWTH: 3.5 % NON-MAA CAPEX BASE: \$4.8 M RESERVE INCR: \$1.00 M/year
 OPEX GROWTH: 4.25 % NON-MAA CAPEX GR: 3.0 % GRANTS/MAA CAPEX: 7 %
 OPEX GR > TAX GR: 0.75 % OTHER REVENUE GR: 2 %

FISCAL YEAR:	34-35	35-36	36-37	37-38	38-39	39-40	40-41	41-42	42-43	43-44	44-45	45-46	46-47	47-48	48-49	49-50	FY36-50
BEGINNING GEN CASH	81.80	81.57	81.03	79.17	77.42	78.03	81.81	86.12	89.88	93.05	95.57	97.40	100.05	103.91	104.99	106.34	
TAX REVENUE	84.49	87.45	90.51	93.68	96.96	100.35	103.86	107.50	111.26	115.15	119.19	123.36	127.67	132.14	136.77	141.55	1687.4
OTHER REVENUE	<u>3.88</u>	<u>3.96</u>	<u>4.04</u>	<u>4.12</u>	<u>4.20</u>	<u>4.28</u>	<u>4.37</u>	<u>4.46</u>	<u>4.55</u>	<u>4.64</u>	<u>4.73</u>	<u>4.83</u>	<u>4.92</u>	<u>5.02</u>	<u>5.12</u>	<u>5.22</u>	<u>68.5</u>
OPERATING REVENUES	88.37	91.41	94.55	97.80	101.16	104.64	108.23	111.96	115.81	119.79	123.92	128.18	132.60	137.16	141.89	146.78	1755.9
OPERATING EXPENSES	72.67	75.76	78.98	82.34	85.84	89.49	93.29	97.26	101.39	105.70	110.19	114.87	119.76	124.84	130.15	135.68	1545.5
<i>Operating Exp/Taxes+RR</i>	86%	87%	87%	88%	89%	89%	90%	90%	91%	92%	92%	93%	94%	94%	95%	96%	
GenFund CAPEX	7.68	7.92	8.15	8.40	8.65	8.91	9.18	9.45	9.74	10.03	10.83	11.15	11.49	11.83	12.19	12.55	150.5
GenFund LAND ACQ	1.29	1.32	1.35	1.37	1.40	1.43	1.46	1.49	1.52	1.55	1.58	1.61	1.64	1.67	1.71	1.74	22.8
NET REIMBURSEMENTS											0.50	0.50	2.50	0.60	1.80	0.30	6.2
GenFund DEBT SERVICE	<u>6.95</u>	<u>6.95</u>	<u>7.93</u>	<u>7.43</u>	<u>4.66</u>	<u>1.03</u>											<u>28.0</u>
GenFund SPENDING	<u>88.60</u>	<u>91.95</u>	<u>96.41</u>	<u>99.54</u>	<u>100.55</u>	<u>100.85</u>	<u>103.92</u>	<u>108.19</u>	<u>112.64</u>	<u>117.27</u>	<u>122.09</u>	<u>125.53</u>	<u>128.74</u>	<u>136.08</u>	<u>140.54</u>	<u>147.93</u>	<u>1732.2</u>
OPERATING CASH FLOW	-0.23	-0.54	-1.86	-1.75	0.61	3.78	4.31	3.76	3.17	2.52	1.82	2.66	3.85	1.09	1.35	-1.16	23.6
ENDING GENERAL CASH	81.57	81.03	79.17	77.42	78.03	81.81	86.12	89.88	93.05	95.57	97.40	100.05	103.91	104.99	106.34	105.19	
COMMITTED RESERVES	<u>39.50</u>	<u>40.50</u>	<u>41.50</u>	<u>42.50</u>	<u>43.50</u>	<u>44.50</u>	<u>45.50</u>	<u>46.50</u>	<u>47.50</u>	<u>48.50</u>	<u>49.50</u>	<u>50.50</u>	<u>51.50</u>	<u>52.50</u>	<u>53.50</u>	<u>54.50</u>	
AVAILABLE GEN CASH	42.07	40.53	37.67	34.92	34.53	37.31	40.62	43.38	45.55	47.07	47.90	49.55	52.41	52.49	52.84	50.69	
BOND PROCEEDS (NET)	0.00		27.50			10.00											37.5
GO BOND DEBT SERVICE	14.17	14.17	14.99	15.80	15.80	16.10	16.39	16.39	16.39	16.39	16.38	16.38	16.38	13.83	13.82	11.13	230.3
GO BOND TAX REVENUE	14.73	14.88	15.74	16.59	16.59	16.90	17.21	17.05	16.88	16.71	16.54	16.55	16.54	13.96	13.96	11.24	237.3
INTEREST LESS COI	0.70	0.40	0.30	0.70	0.40	0.30	0.70	0.40	0.30	0.30	0.30	0.30	0.25	0.25	0.25	0.20	5.4
MAA CAPEX	12.00	11.00	11.50	11.00	11.00	7.50	6.00	4.00									62.0
LESS: GRANT INCOME	0.84	<u>0.77</u>	<u>0.81</u>	<u>0.77</u>	<u>0.77</u>	<u>0.53</u>	<u>0.42</u>	<u>0.28</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>4.3</u>
NET MAA CAPEX	11.16	10.23	10.70	10.23	10.23	6.98	5.58	3.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	57.7
BOND REIMBURSEMENT	<u>11.16</u>	<u>10.23</u>	<u>10.70</u>	<u>10.23</u>	<u>10.23</u>	<u>6.98</u>	<u>5.58</u>	<u>3.72</u>	<u>0.30</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>2.50</u>	<u>0.60</u>	<u>1.80</u>	<u>0.30</u>	64.7
MAA FUND CASH	22.15	13.03	30.88	22.14	13.10	17.23	13.17	10.51	11.00	11.13	11.09	11.05	8.97	8.76	7.36	7.37	
BOND PREMIUM CASH	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
ENDOWMENT	<u>0.43</u>	<u>0.40</u>	<u>0.37</u>	<u>0.34</u>	<u>0.32</u>	<u>0.29</u>	<u>0.26</u>	<u>0.23</u>	<u>0.20</u>	<u>0.17</u>	<u>0.15</u>	<u>0.12</u>	<u>0.09</u>	<u>0.06</u>	<u>0.03</u>	<u>0.00</u>	0.43
ENDING TOTAL CASH	104.65	94.96	110.42	99.91	91.45	99.33	99.55	100.62	104.25	106.88	108.63	111.22	112.97	113.82	113.73	112.56	
CUMM MAA CAPEX	283.5	294.5	306.0	317.0	328.0	335.5	341.5	345.5	345.5	345.5	345.5	345.5	345.5	345.5	345.5	345.5	

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MROSD PROJECTED MEASURE AA TAX RATE (FY21-50)

5/28/20

FISCAL YEAR: **19-20** **20-21** **21-22** **22-23** **23-24** **24-25** **25-26** **26-27** **27-28** **28-29** **29-30** **30-31** **31-32** **32-33** **33-34** **34-35**

AV GROWTH starting 22-23: **3.5** %

ASSESSED VALUE (\$B)	303.3	323.0	326.2	337.7	349.5	361.7	374.4	387.5	401.0	415.1	429.6	444.6	460.2	476.3	493.0	510.2
MAA DEBT SVC-OLD (\$M)	7.27	5.96	5.31	5.30	5.30	5.30	5.29	5.29	5.29	5.29	5.29	5.29	5.28	5.30	5.29	5.29
MAA DEBT SVC-NEW (\$M)			0.90	2.03	2.03	2.73	3.78	3.78	4.38	5.43	5.43	6.03	7.23	7.23	7.78	8.88
less Bond Premium	<u>1.63</u>	<u>0.00</u>	<u>0.50</u>	<u>1.00</u>	<u>0.50</u>											
NET MAA DEBT SVC	5.64	5.96	5.71	6.33	6.83	8.02	9.06	9.06	9.66	10.71	10.72	11.31	12.51	12.52	13.07	14.17
MAA TAX REVENUE	5.22	6.20	5.94	6.58	7.10	8.34	9.43	9.42	10.05	11.14	11.15	11.77	13.01	13.02	13.59	14.73
TAX RATE	\$1.72	\$1.92	\$1.82	\$1.95	\$2.03	\$2.31	\$2.52	\$2.43	\$2.51	\$2.68	\$2.59	\$2.65	\$2.83	\$2.73	\$2.76	\$2.89

FISCAL YEAR: **34-35** **35-36** **36-37** **37-38** **38-39** **39-40** **40-41** **41-42** **42-43** **43-44** **44-45** **45-46** **46-47** **47-48** **48-49** **49-50**

AV GROWTH: **3.5** %

ASSESSED VALUE (\$B)	510.2	528.1	546.6	565.7	585.5	606.0	627.2	649.2	671.9	695.4	719.7	744.9	771.0	798.0	825.9	854.8
MAA DEBT SVC-OLD (\$M)	5.29	5.29	5.29	5.28	5.27	5.27	5.27	5.27	5.26	5.26	5.26	5.26	5.25	2.70	2.70	0.00
MAA DEBT SVC-NEW (\$M)	<u>8.88</u>	<u>8.88</u>	<u>9.70</u>	<u>10.53</u>	<u>10.53</u>	<u>10.83</u>	<u>11.13</u>	<u>11.13</u>	<u>11.13</u>	<u>11.13</u>	<u>11.13</u>	<u>11.13</u>	<u>11.13</u>	<u>11.13</u>	<u>11.13</u>	<u>11.13</u>
NET MAA DEBT SVC	14.17	14.17	14.99	15.80	15.80	16.10	16.39	16.39	16.39	16.39	16.38	16.38	16.38	13.83	13.82	11.13
MAA TAX REVENUE	14.73	14.88	15.74	16.59	16.59	16.90	17.21	17.05	16.88	16.71	16.54	16.55	16.54	13.96	13.96	11.24
TAX RATE	\$2.89	\$2.82	\$2.88	\$2.93	\$2.83	\$2.79	\$2.74	\$2.63	\$2.51	\$2.40	\$2.30	\$2.22	\$2.15	\$1.75	\$1.69	\$1.31