

**CITY OF CORPUS CHRISTI
OFFICE OF THE CITY MANAGER**

TO: Peter Zaroni, City Manager

FROM: Heather Hurlbert, Assistant City Manager *HH*

COPY: Mayor and City Council

SUBJECT: **Overview of Debt Issuance Strategy and Long-Term Financial Planning**

DATE: July 18, 2025

The City takes a thoughtful and strategic approach to borrowing for capital projects. When issuing debt, we follow our formal debt policy, incorporate guidance from financial advisors, and utilize financial models to assess variables such as interest rates, property values, annexations, and tax collection trends. This process helps us avoid unnecessary borrowing and identify savings opportunities—such as refinancing existing debt, optimizing debt structures, and issuing debt in phases rather than all at once. As a result, the City continues to maintain strong credit ratings and a stable financial outlook.

Debt planning is an integral part of the City’s annual Capital Improvement Plan (CIP), which outlines infrastructure priorities such as roads, parks, and public facilities. Each year, the City Council carefully assess funding needs and aligns borrowing decisions within the City’s growth, budget capacity, and long-term financial sustainability. By issuing debt only when needed and using a phased approach, we ensure that each project is financially justified and responsibly supported.

Attached is a summary of the debt financial forecast modeling developed and utilized last summer with the then City Council for the FY 2025 Capital Improvement Budget. An updated model will be developed with the current City Council for the FY 2026 Capital Improvement Program.

City of Corpus Christi, Texas



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Future Bond Issuance Assumptions

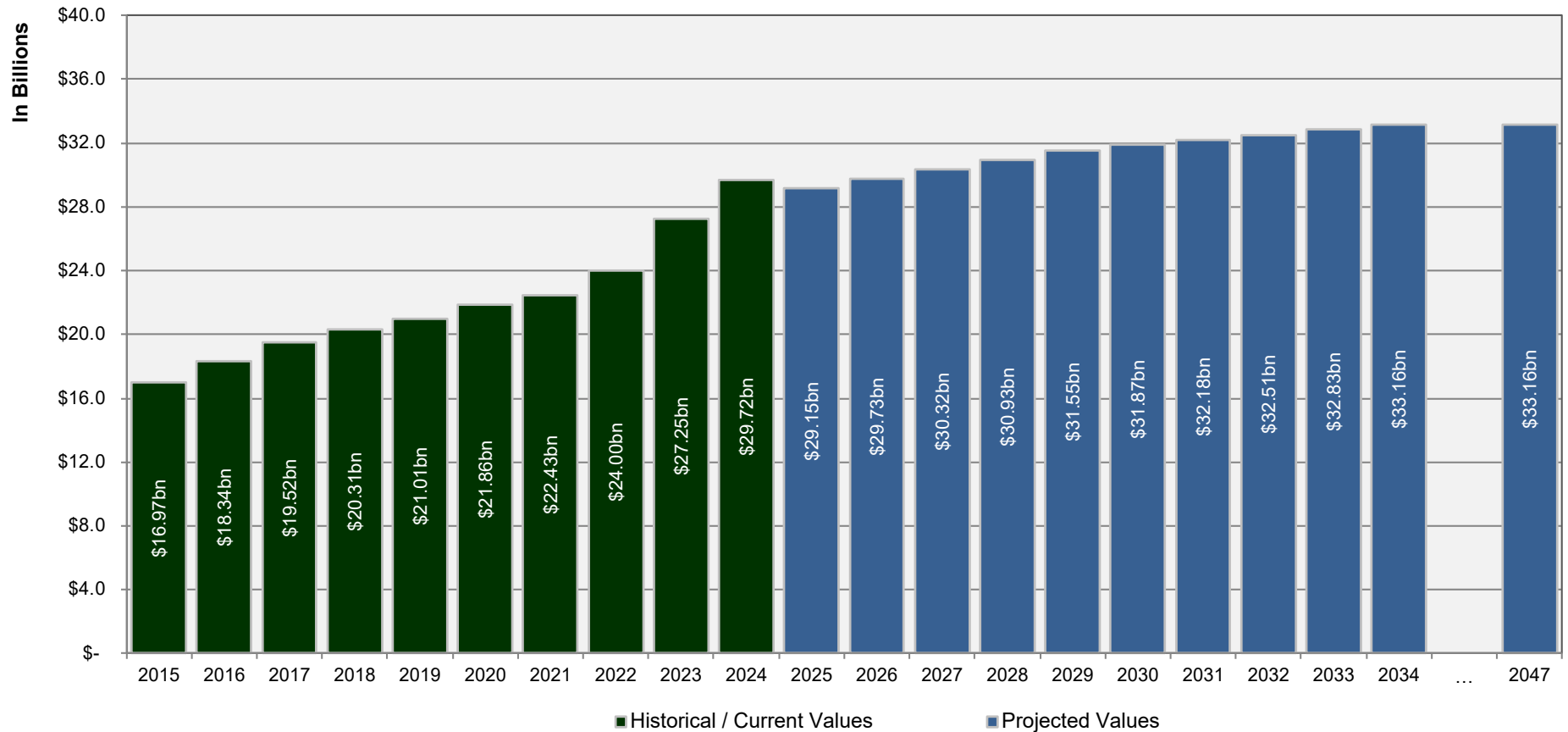
Goal:

Calculate bond capacity without increasing the current I&S tax rate of \$0.2209, assuming conservative property valuation growth rates

Future Debt Issuance Assumptions:

- **November 2022 Program Authorization Issuance:**
 - \$50,000,000 in FY 2024
 - \$75,000,000 in FY 2025 (*remaining authorization*)
- **FY 2025 General Fund Budget Support:**
 - \$11,000,000 Tax Notes, primarily for Public Safety Vehicles and Developer Participation Agreements
- **November 2024 Program Authorization Issuance:**
 - \$87,500,000 in FY 2026
 - \$87,500 000 in FY 2027

Historical and Projected Taxable Value Growth



Historical and Projected Annual AV Growth													
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 to 2029	2030 to 2034	Thereafter
9.23%	8.11%	6.39%	4.05%	3.45%	4.05%	2.59%	7.01%	13.55%	9.04%	-1.91%	2.00%	1.00%	0.00%
10-Year Average: 6.75%						5-Year Average: 7.25%				Projected			

Note: FY 2015 to FY 2023 data provided by the City's Annual Comprehensive Financial Report ("ACFR") dated September 30, 2023. ACFR values do not exclude TIF values.
 Values beginning in FY 2024 exclude TIF values in order to match assumptions used for budgeting purposes.

Summary of I&S Bond Capacity Analysis

Results:

- Excluding the November 2022 Bond Program Authorization of \$125,000,000, the City's I&S tax rate of \$0.2209 allows for \$175,000,000 of new bond capacity for November 2024.
- Additionally, the current I&S tax rate allows for \$11,000,000 in Tax Notes for FY 2025 to support General Fund budget expenditures for public safety vehicles and developer participation agreements.

Variables in G.O. Debt Model:

- Conservative Property Value Growth
- 20-Year Debt for GO Bonds
- 7-Year Debt for Tax Notes
- Use of I&S Fund Balance
- 2-Year Bond Funding Cycles
- Conservative Interest Rates
- Tax Collection Rate of 97.5%
- Existing Debt Service