INTRO

poem Rime of the Ancient Mariner 1798

"Ah! Well a day! what evil looks
Had I from old and young!
Instead of the cross,
The Albatross
About my neck was hung"

DEBT BURDEN = “ALBATROSS AROUND ONE’S NECK”

metaphor meaning:

something that one is associated with (S&P rating weaknesses) that
keeps one from succeeding in what they want to achieve

DEBT BURDEN IS THE ELEPHANT IN THE ROOM

DEBT BURDEN = NO WIGGLE ROOM

1. Standard & Poor's Rating Services Appendix “A” to Report FCS13072

external experts evaluating city financial status

3 weaknesses:

- budgetary flexibility: constrained by infrastructure requirements
- increase in debt burden expected over the medium term

4 outlook: revise to negative or lower the ratings if weaker budgetary performance

- operating balances less than 5% of operating revenue
- after capital deficits > 15%
- borrowing pushes tax supported debt > 60% of operating revenues

7 pressures on revenue due to less provincial subsidies

7 deferring capital plan to preserve financial flexibility under stress scenario hindered by infrastructure deficit of $2 billion

& funding gap $195 million

city must balance:

- need to repair & replace existing infrastructure
- fund new growth capital projects to increase tax base
- but own sources of funding are insufficient to fund both
- declining capital affordability due to:
  - increasing debt service costs
  - inflation
  - slow revenue growth from developer contributions (DCs)

recommendation:

6/02/2014
1. defer/delay new projects if feasible
2. decrease new debt
3. evaluate wants vs needs

2. Debt Management Policy FCS13074

pleased to have debt watchdog
city-internal goals
debt limit decreased significantly by $1.7 billion

prov reg based on ARL $2.9 billion
city policy $1.2 billion

3. Request to Financial

Create debt history chart

Plot:
1. actual debt
2. projected debt
3. debt service costs
4. debt limit

for each year from 2000 to 2013

why?
compare projected vs actual debt
timeline trend of debt and debt service costs

post to city website

email me chart

Raymond L. Fullerton