

CDIAC

CALIFORNIA  
DEBT AND  
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THE CALIFORNIA DEBT & INVESTMENT ADVISORY COMMISSION  
PRE-CONFERENCE FOR THE  
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# Session Two: The Economics of Good Decision Making

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# Issuing Debt: Knowing When is as Critical as Knowing How...

- Capital projects provide opportunities for community:
  - Safety enhancements
  - Economic Growth
  - Efficiency
  - Recreation and lifestyle
- Projects may also be mandated or critical upgrades
  - Water quality or effluent treatment

# Issuing Debt: Knowing When is as Critical as Knowing How...

- Analyzing projects from a framework of goals and objectives leads to reasoned decisions about financing
  - If enterprise enhancement or regulatory compliance
    - Debt service costs can be factored into rate base
  - If a new police station will enhance public safety and is strongly supported
    - Does a voter-authorized general obligation bond or parcel tax make sense?

# Issuing Debt: Knowing When is as Critical as Knowing How...

- Analyzing goals and objectives
  - If core street and landscape improvements will enhance retail sales and sales tax receipts
    - Should they be financed with an assessment bond on local businesses deriving the greatest benefit?

# Issuing Debt: Knowing When is as Critical as Knowing How...

- With Redevelopment Agencies dissolved, cities must be more aggressive in economic development
  - Can a new auto dealership be “financed” with a rebate of sales or property taxes?
  - Can city assets be sold, leveraged, leased or partnered?
    - Parking garages, administrative buildings, community centers, sports facilities

# Issuing Debt: Knowing When is as Critical as Knowing How...

- Key Questions
  - If a project meets none of the city's key goals, should it be financed at all?
  - If truly desired, can a revenue stream be created to fund it?
  - Are other non-debt financing tools available?
- *Debt capacity is finite and, where possible, should be tied to revenue enhancements*