

# Legislative Education Study Committee

Central Consolidated Schools - Debt  
Capacity and SB-9 Mil Levy Discussion

August 22, 2019



RBC Capital Markets

## Assessed Valuation / Tax Base

Tax Year	Residential	Centrally Assessed	Non-Residential	Oil & Gas	Total Valuation	Growth Over Previous Year
2013	\$79,395,256	\$661,845,801	\$25,185,634	\$6,415,561	\$772,842,252	-4.25%
2014	81,410,932	560,863,609	26,153,053	8,432,118	676,859,712	-12.42%
2015	83,845,561	647,784,626	27,063,799	7,226,896	765,920,882	13.16%
2016	86,312,680	701,117,838	27,795,180	2,777,656	818,003,354	6.80%
2017	89,384,169	658,341,815	30,000,000	1,593,403	779,319,387	-4.73%
2018	91,728,808	621,755,383	30,578,939	2,239,278	693,726,276	-10.98%
2019*	92,959,162	704,371,100	31,576,008	3,885,491	832,791,761	20.05%

\*Preliminary

	Excluding 2019 TY	Including 2019 TY
5 year average growth rate	-2.14%	1.25%

Source: New Mexico Department of Finance & Administration and San Juan County Assessor's Office

Bonding Capacity:	2018 A.V	2019 A.V
<b>Assessed Valuation</b>	<b>\$693,726,276</b>	<b>832,791,761</b>
Capacity Rate:	6.00%	6.00%
Total bonding capacity	41,623,577	49,967,506
Less outstanding net debt:	(34,505,000)	(31,155,000)
<b>Available bonding capacity</b>	<b>\$7,118,577</b>	<b>\$18,812,506</b>
<b>Percent bonded to capacity</b>	<b>82.90%</b>	<b>62.35%</b>

## Major Taxpayers

Taxpayer	2016 Assessed Valuation	% of District A.V.
Public Service Co. of NM	\$234,444,902	30.61%
Arizona Public Service Co.	173,788,206	22.69%
San Juan Coal Company	116,459,624	15.21%
Tucson Electric	27,226,545	3.55%
MSR Public Power	29,792,913	3.89%
So. California Public Power	23,013,749	3.00%
El Paso Natural Gas Company	14,979,805	1.96%
City of Farmington	14,388,546	1.88%
City of Anaheim	10,905,834	1.42%
Salt River Project	11,897,823	1.55%
<b>Total</b>	<b>\$656,897,947</b>	<b>85.77%</b>
<b>District's 2016 Assessed Valuation</b>	<b>\$818,003,354</b>	<b>100.0%</b>

Taxpayer	2017 Assessed Valuation	% of District A.V.
Public Service Co. of NM	\$242,666,630	31.68%
Arizona Public Service Co.	217,193,812	28.36%
MSR Public Power	26,069,868	3.40%
San Juan Coal Company	25,164,152	3.29%
So. California Public Power	19,402,374	2.53%
Tucson Electric	18,333,333	2.39%
Salt River Project	16,400,557	2.14%
El Paso Natural Gas Company	16,166,848	2.11%
4C ACQUISTIION LLC	15,555,255	2.03%
City of Farmington	15,167,286	1.98%
<b>Total</b>	<b>\$612,120,115</b>	<b>79.92%</b>
<b>District's 2017 Assessed Valuation</b>	<b>\$779,319,387</b>	<b>100.0%</b>

Taxpayer	2018 Assessed Valuation	% of District A.V.
Arizona Public Service Co.	\$310,582,397	44.77%
Public Service Co. of NM	143,385,747	20.67%
4C ACQUISTIION LLC	25,140,285	3.62%
Salt River Project	21,451,268	3.09%
El Paso Natural Gas Company	15,468,336	2.23%
Tucson Electric	14,903,745	2.15%
Los Alamos County	8,433,900	1.22%
Transwestern Pipeline	7,817,075	1.13%
Utah Assoc.	5,622,954	0.81%
Praxair Inc.	5,589,744	0.81%
<b>Total</b>	<b>\$558,395,451</b>	<b>80.49%</b>
<b>District's 2018 Assessed Valuation</b>	<b>\$693,726,276</b>	

## Electric and Electric Generation – Centrally Assessed Values

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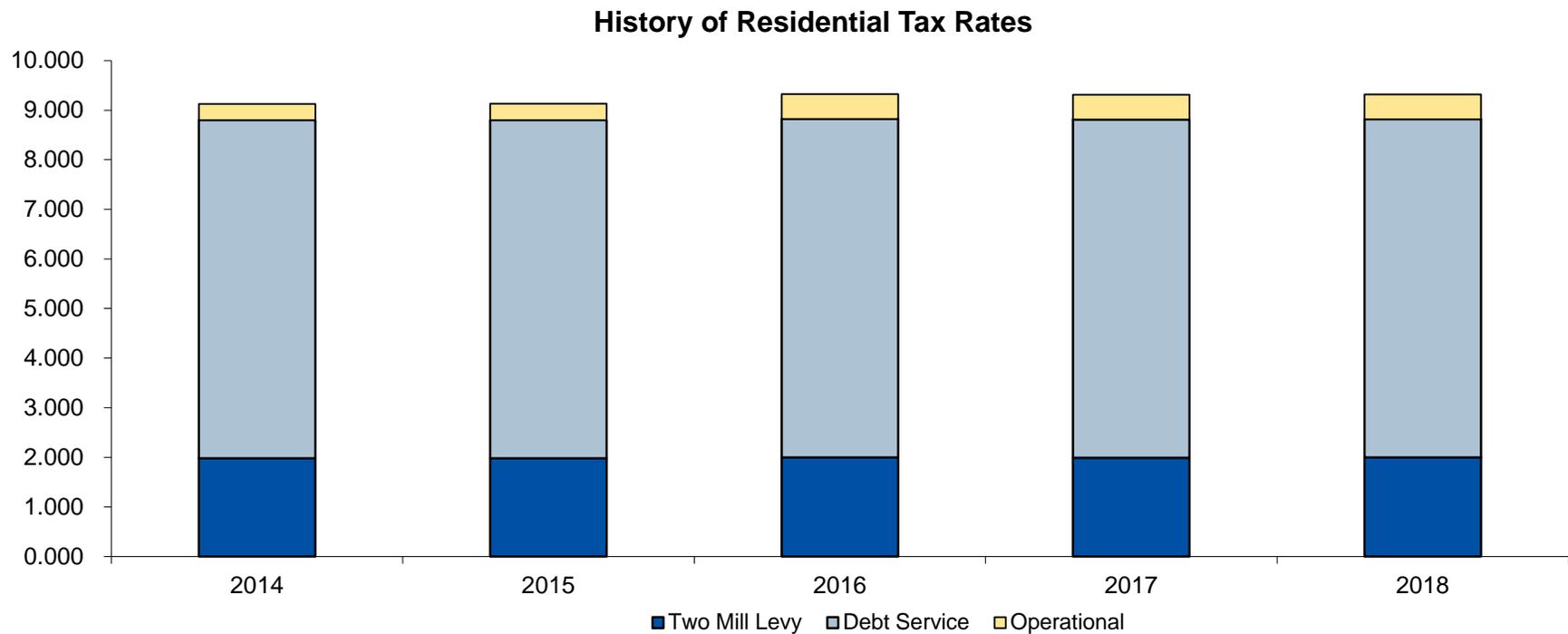
Electric	Tax Year		
	2016	2017	2018
City of Farmington	\$14,388,546	\$15,167,286	\$0
El Paso Elect	1,233,333	-	-
PNM Elect	234,444,902	242,666,630	143,385,747
S. Cal Pub POW	23,013,749	19,402,374	-
<b>Total Electric</b>	<b>\$273,080,530</b>	<b>\$277,236,290</b>	<b>\$143,385,747</b>

Electric Generation	Tax Year		
	2016	2017	2018
AZ Pub Svc	\$173,788,206	\$217,193,812	\$310,582,397
Salt River	11,897,823	16,400,557	21,451,268
Tucson Electric	27,226,545	18,333,333	14,903,745
County/Los Alamos	8,741,482	8,631,764	8,433,900
MSR Public Power	29,792,913	26,069,868	-
Utah Assoc.	6,578,087	6,706,938	5,622,954
Tri-State	7,268,295	4,929,355	301,131
City of Anaheim	10,905,834	9,573,726	-
PNMR Devel	-	3,040,205	-
<b>Total Electric</b>	<b>\$276,199,185</b>	<b>\$310,879,558</b>	<b>\$361,295,395</b>
<b>Total Combined</b>	<b>\$549,279,715</b>	<b>\$588,115,848</b>	<b>\$504,681,142</b>
<b>Total PNM Related</b>	<b>\$328,440,770</b>	<b>\$325,545,379</b>	<b>\$172,647,477</b>

# History of Tax Rates

Tax Year	Operational		Two Mill Levy		Debt Service			Total	
	Res	Non Res	Res	Non Res	GO Bonds	ETNs	Total	Res	Non Res
2014	0.329	0.500	1.980	2.000	6.818	0.000	6.818	9.127	9.318
2015	0.329	0.500	1.983	2.000	6.818	0.000	6.818	9.130	9.318
2016	0.500	0.500	2.000	2.000	6.821	0.000	6.821	9.321	9.321
2017	0.497	0.500	1.990	2.000	6.823	0.000	6.823	9.310	9.323
2018	0.500	0.500	2.000	2.000	6.816	0.000	6.816	9.316	9.316

Source: New Mexico Department of Finance & Administration.



## Projected Bonding Capacity with Declines in Assessed Value

### Projected Future Bonding Capacity with Closure of SJGS\*:

Date	Outstanding Debt	Available Bonding Capacity	Applicable Assessed Valuation*	Percent Bonded	Estimated Tax Rate
08/01/2018	34,505,000	7,118,577	693,726,276	82.90%	6.82
08/01/2019	31,155,000	18,812,506	832,791,761	62.35%	6.82
08/01/2020	27,630,000	17,158,081	746,468,022	61.69%	6.82
08/01/2021	23,920,000	15,688,657	660,144,284	60.39%	6.28
08/01/2022	20,620,000	18,988,657	660,144,284	52.06%	6.14
08/01/2023	17,320,000	22,288,657	660,144,284	43.73%	6.00
08/01/2024	14,020,000	25,588,657	660,144,284	35.40%	6.16
08/01/2025	10,520,000	29,088,657	660,144,284	26.56%	4.89
08/01/2026	7,720,000	31,888,657	660,144,284	19.49%	4.91
08/01/2027	4,820,000	34,788,657	660,144,284	12.17%	4.96
08/01/2028	1,800,000	37,808,657	660,144,284	4.54%	2.89

Assumed Based Growth 0.00%

\*Estimated, subject to change, assumes phase out of PNM, Tucson Electric, Los Alamos, Utah Assoc. and Tri-State by 2021

### Capacity with Closure of SJGS with Additional 20% Decline in Tax Base

Date	Outstanding Debt	Available Bonding Capacity	Applicable Assessed Valuation*	Percent Bonded	Estimated Tax Rate
08/01/2018	34,505,000	7,118,577	693,726,276	82.90%	6.82
08/01/2019	31,155,000	18,812,506	832,791,761	62.35%	6.82
08/01/2020	27,630,000	17,158,081	746,468,022	61.69%	6.82
08/01/2021	23,920,000	15,688,657	660,144,284	60.39%	6.28
08/01/2022	20,620,000	11,066,926	528,115,427	65.07%	7.67
08/01/2023	17,320,000	14,366,926	528,115,427	54.66%	7.50
08/01/2024	14,020,000	17,666,926	528,115,427	44.25%	7.70
08/01/2025	10,520,000	21,166,926	528,115,427	33.20%	6.12
08/01/2026	7,720,000	23,966,926	528,115,427	24.36%	6.14
08/01/2027	4,820,000	26,866,926	528,115,427	15.21%	6.20
08/01/2028	1,800,000	29,886,926	528,115,427	5.68%	3.62

Assumed Growth Rate: 0.00%

\*Estimated, subject to change, assumes phase out of PNM, Tucson Electric, Los Alamos, Utah Assoc. and Tri-State by 2021 plus additional 20% additional decline in AV.

### Capacity with Closure of SJGS with Additional 10% Decline in Tax Base

Date	Outstanding Debt	Available Bonding Capacity	Applicable Assessed Valuation*	Percent Bonded	Estimated Tax Rate
08/01/2018	34,505,000	7,118,577	693,726,276	82.90%	6.82
08/01/2019	31,155,000	18,812,506	832,791,761	62.35%	6.82
08/01/2020	27,630,000	17,158,081	746,468,022	61.69%	6.82
08/01/2021	23,920,000	15,688,657	660,144,284	60.39%	6.28
08/01/2022	20,620,000	15,027,791	594,129,856	57.84%	6.82
08/01/2023	17,320,000	18,327,791	594,129,856	48.59%	6.67
08/01/2024	14,020,000	21,627,791	594,129,856	39.33%	6.84
08/01/2025	10,520,000	25,127,791	594,129,856	29.51%	5.44
08/01/2026	7,720,000	27,927,791	594,129,856	21.66%	5.46
08/01/2027	4,820,000	30,827,791	594,129,856	13.52%	5.51
08/01/2028	1,800,000	33,847,791	594,129,856	5.05%	3.22

Assumed Growth Rate: 0.00%

\*Estimated, subject to change, assumes phase out of PNM, Tucson Electric, Los Alamos, Utah Assoc. and Tri-State by 2021 plus additional 10% additional decline in AV.

## Debt Capacity

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- There are two types of capacity:
  - Legal capacity which is limited to 6% of a school district's assessed valuation
  - Tax rate capacity which is the amount of additional debt that can be issued without an increase in the current tax rate
- While Central Consolidated Schools has legal capacity to issue additional debt up to \$18 million, subject to voter authorization, given the values provided on the following page the District would be limited to only \$4.2 million over the next 4 years without a potential impact to the tax rate
  - Election size assumes the values presented on page 4 with no growth in tax base
    - If actual values are higher than projected, capacity could be higher without impacting the tax rate
    - If actual values are lower than projected, capacity would be lower without impacting the tax rate

## SB 9 Mil Levy Revenues

- In addition to general obligation bonds the District also has voter authorized 2 mil or SB9 mil levy in place
- Based upon the values presented on page 4 the impact to the District's SB9 mil levy is detailed below

### **Projected SB-9 Mil Levy Revenue with Closure of SJGS:**

Date	SB9-Mil Levy	Applicable Assessed Valuation	SB9-Mil Levy Revenue
08/01/2018	2.00	693,726,276	1,318,080
08/01/2019	2.00	832,791,761	1,582,304
08/01/2020	2.00	746,468,022	1,418,289
08/01/2021	2.00	660,144,284	1,254,274
08/01/2022	2.00	660,144,284	1,254,274
08/01/2023	2.00	660,144,284	1,254,274
08/01/2024	2.00	660,144,284	1,254,274
08/01/2025	2.00	660,144,284	1,254,274
08/01/2026	2.00	660,144,284	1,254,274
08/01/2027	2.00	660,144,284	1,254,274
08/01/2028	2.00	660,144,284	1,254,274

### **Projected SB-9 Mil Levy Revenue with Closure of SJGS - Additional 20% Decline in AV:**

Date	SB9-Mil Levy	Applicable Assessed Valuation	SB9-Mil Levy Revenue
08/01/2018	2.00	693,726,276	1,318,080
08/01/2019	2.00	832,791,761	1,582,304
08/01/2020	2.00	746,468,022	1,418,289
08/01/2021	2.00	660,144,284	1,254,274
08/01/2022	2.00	528,115,427	1,003,419
08/01/2023	2.00	528,115,427	1,003,419
08/01/2024	2.00	528,115,427	1,003,419
08/01/2025	2.00	528,115,427	1,003,419
08/01/2026	2.00	528,115,427	1,003,419
08/01/2027	2.00	528,115,427	1,003,419
08/01/2028	2.00	528,115,427	1,003,419

### **Projected SB-9 Mil Levy Revenue with Closure of SJGS - Additional 10% Decline in AV:**

Date	SB9-Mil Levy	Applicable Assessed Valuation	SB9-Mil Levy Revenue
08/01/2018	2.00	693,726,276	1,318,080
08/01/2019	2.00	832,791,761	1,582,304
08/01/2020	2.00	746,468,022	1,418,289
08/01/2021	2.00	660,144,284	1,254,274
08/01/2022	2.00	594,129,856	1,128,847
08/01/2023	2.00	594,129,856	1,128,847
08/01/2024	2.00	594,129,856	1,128,847
08/01/2025	2.00	594,129,856	1,128,847
08/01/2026	2.00	594,129,856	1,128,847
08/01/2027	2.00	594,129,856	1,128,847
08/01/2028	2.00	594,129,856	1,128,847

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