



PUBLIC  
FINANCE  
NETWORK



# How Tax-exempt Municipal Bonds Build Stronger Communities

*Formed in 1988, the PFN is a coalition of organizations united to preserve the tax-exemption for municipal bonds. The organizations represent a wide array of public entities responsible for building and improving schools, streets, highways, hospitals, bridges, water and sewer systems, ports, airports, and other public works projects. Approximately three-quarters of the nation's core infrastructure investments are financed with municipal bonds issued by public entities.*






# U.S. Infrastructure in the IIJA Era

**Emily Feenstra**

*Chief Policy & External Affairs Officer, ASCE*

# 2021 Infrastructure Grades

 AVIATION	 D+	 PORTS	 B-
 BRIDGES	 C	 RAIL	B
 DAMS	D	 ROADS	D
 DRINKING WATER	 C-	 SCHOOLS	D+
 ENERGY	 C-	 SOLID WASTE	C+
 HAZARDOUS WASTE	D+	 STORM WATER	D
 INLAND WATERWAYS	 D+	 TRANSIT	D-
 LEVEES	D	 WASTEWATER	D+
 PARKS AND RECREATION	D+		

America's  
Cumulative  
Infrastructure  
Grade



A	EXCEPTIONAL
B	GOOD
C	MEDIOCRE
D	POOR
F	FAILING



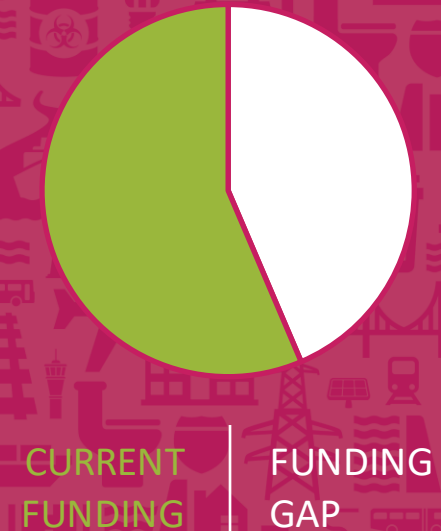
# Recent State Report Cards



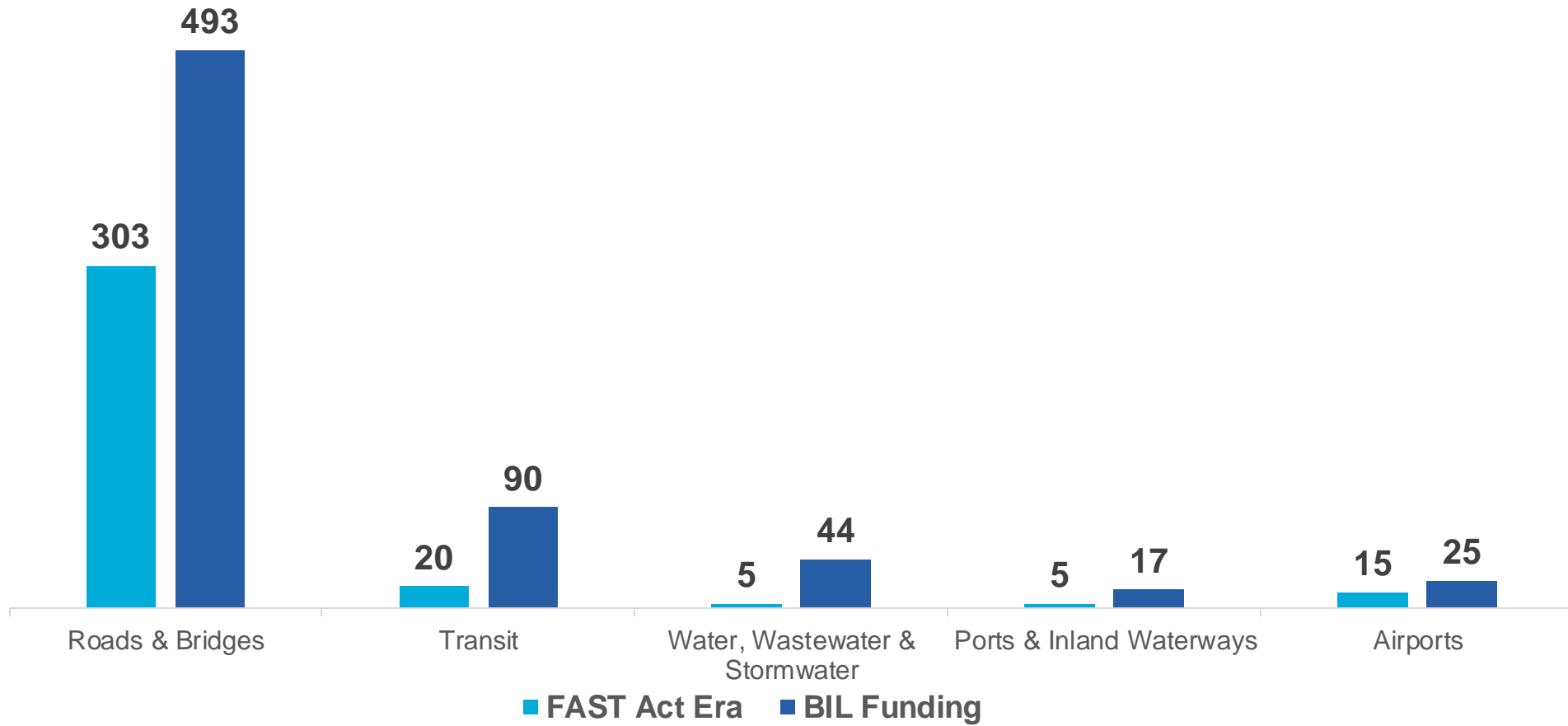
# Investment Needs

Category	Total Needs	Funded	Funding Gap
<b>SURFACE TRANSPORTATION<sup>1</sup></b>	<b>\$2,834</b>	<b>\$1,619</b>	<b>\$1,215</b>
WATER/ WASTEWATER/ STORMWATER <sup>2</sup>	\$1,045	\$611	\$434
ELECTRICITY <sup>2</sup>	\$637	\$440	\$197
AIRPORTS <sup>2</sup>	\$237	\$126	\$111
INLAND WATERWAYS & MARINE PORTS <sup>2</sup>	\$42	\$17	\$25
DAMS <sup>3</sup>	\$93.6	\$12.5	\$81
HAZARDOUS & SOLID WASTE <sup>4</sup>	\$21	\$14.4	\$7
LEVEES <sup>5</sup>	\$80	\$10.1	\$70
PUBLIC PARKS & RECREATION <sup>6</sup>	\$77.5	\$9.5	\$68
SCHOOLS <sup>7</sup>	\$870	\$490	\$380
<b>TOTALS</b>	<b>\$5,937</b>	<b>\$3,350</b>	<b>\$2,588</b>

**\$2.59**  
Trillion  
needed



# Funding Before and During the Bipartisan Infrastructure Law



# IIJA Progress Report: Dollars Out the Door

*as of March 14, 2023*

Category	Approx. Funding to Date	Total Amount (over 5 yrs)
Bridges & Roads	\$128 billion	\$350 billion
Drinking Water, Wastewater & Stormwater (SRF funds)	\$8.8 billion	\$44 billion
Inland Waterways & Ports	\$3.7 billion	\$17 billion
Airports	\$5.92 billion	\$25 billion
Rail		\$66 billion
Transit	\$3.1 billion (not including CIG)	\$92 billion
Broadband	\$5 billion	\$65 billion
Resilience, Energy, MISC	~\$17.9 billion	\$153 billion



# Thank You

[www.infrastructurereportcard.org](http://www.infrastructurereportcard.org) | [reportcard@asce.org](mailto:reportcard@asce.org)

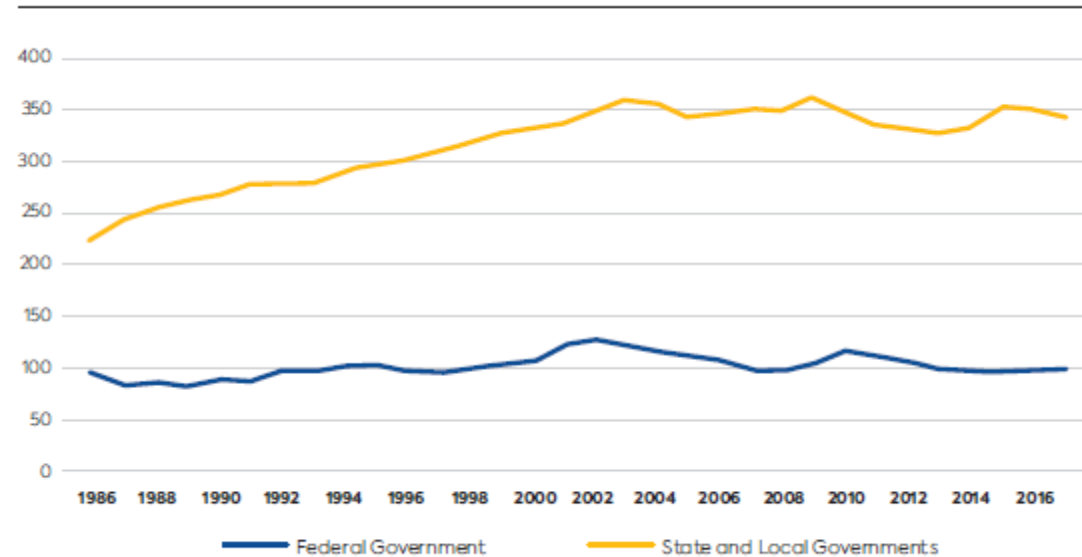


**2021 REPORT CARD**  
FOR AMERICA'S INFRASTRUCTURE  
**ASCE**



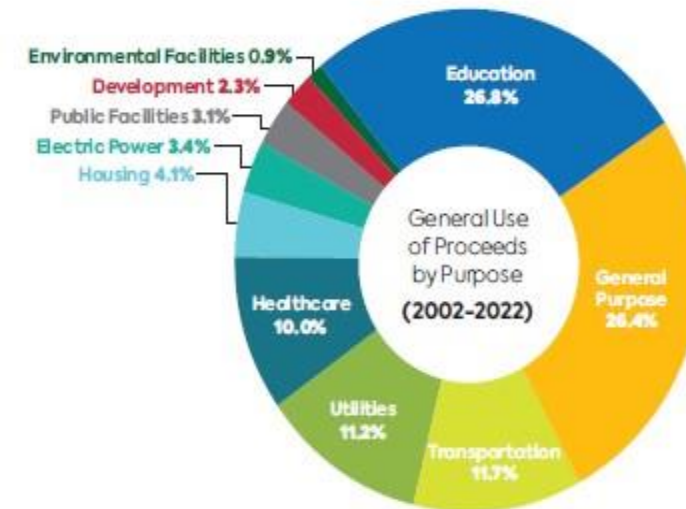
# Why tax-exempt municipal bonds?

**Exhibit 6.** Public Spending on Transportation and Water Infrastructure, By Level of Government, 1986-2017



SOURCE: ANALYSIS OF CONGRESSIONAL BUDGET OFFICE DATA

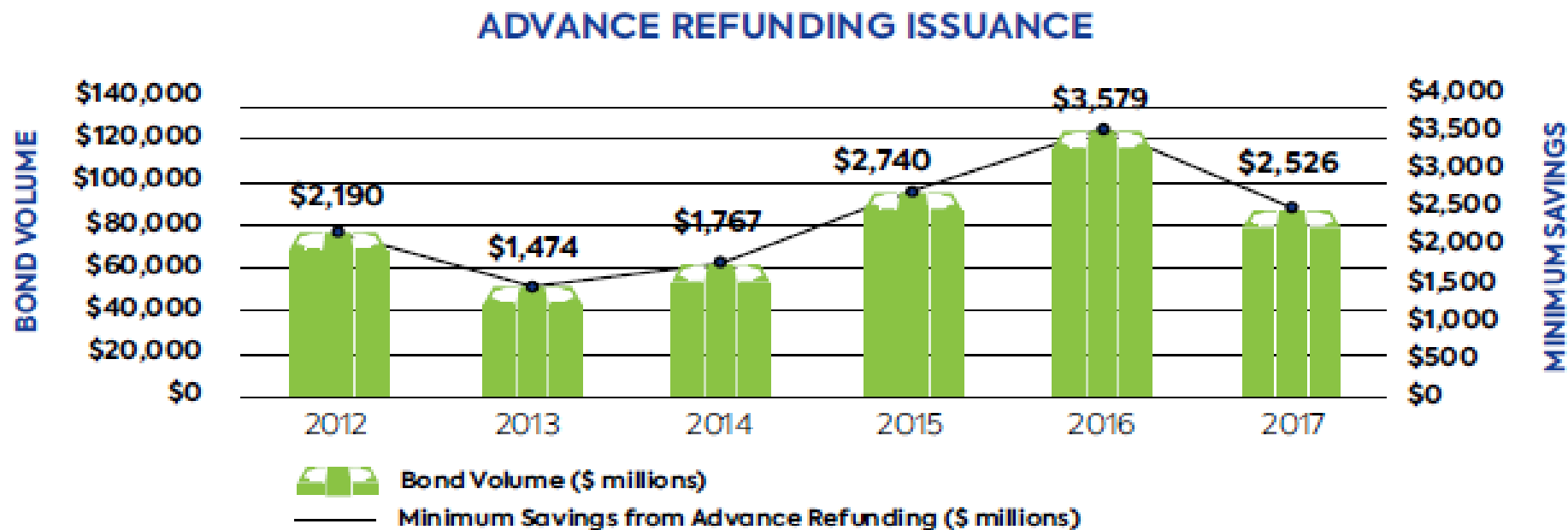
**Exhibit 2.** Projects funded by bonds by type and five year average



SOURCE: THOMSON REUTERS, 1/10/2023

# Tax-exempt Advance Refunding

- Prior to 2017 tax reform, issuers could advance refund one time
- Best practice called for a minimum savings (at least) 3% of par
- HR 1837 *Investing in Our Communities Act*



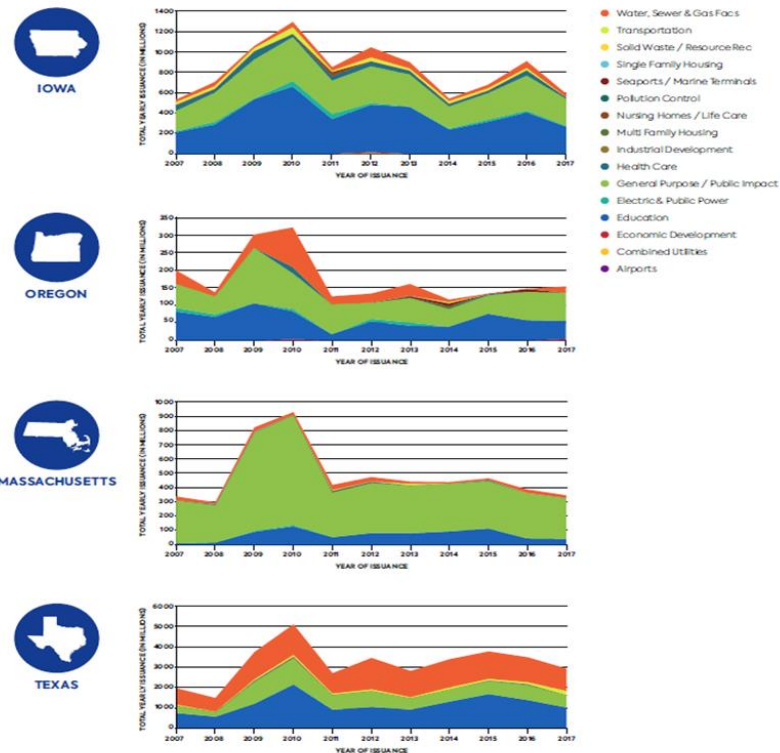
Source: GFOA analysis of Thomson Reuters data



# Bank Qualified (aka Small Issuer Exception)

TAX-EXEMPT MUNICIPAL BONDS & INFRASTRUCTURE

BQ BOND ISSUANCE BY GENERAL USE OF PROCEEDS: 2007-2017 (in millions)

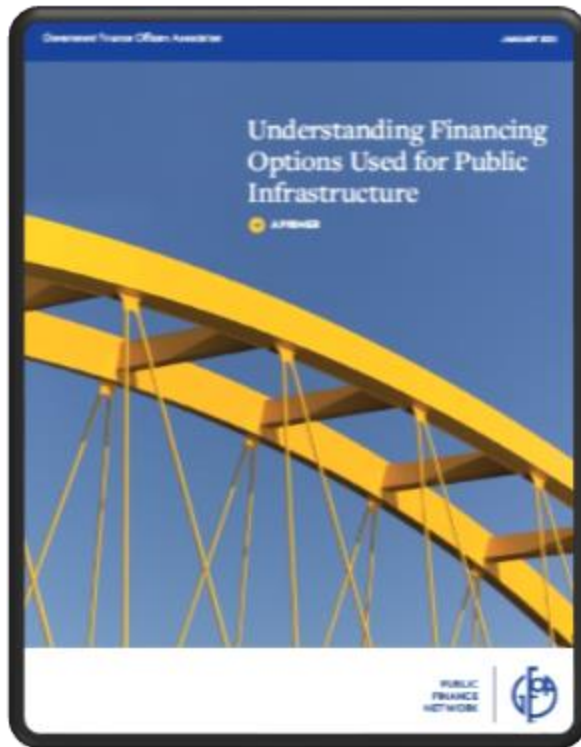


Source: GFOA analysis of Thomson Reuters data as of 11/28/18

JANUARY 2019 5

- Small Issuer Exception allows smaller jurisdictions working with community banks to issue TE BQ debt = COST SAVINGS
- Right now the cap is \$10M per issuer, we are asking to raise the cap to \$30M, pegged to inflation and based at the level of the borrower
- Past efforts include:
  - HR 3967 Municipal Bond Market Support Act (116<sup>th</sup>)
  - HR 2634 *LIFT Act* (117<sup>th</sup>)

# PFN Resources – [www.gfoa.org](http://www.gfoa.org)







#BUILT *by* BONDS



# Public Finance Network

**Kishia L. Powell, General Manager & CEO**

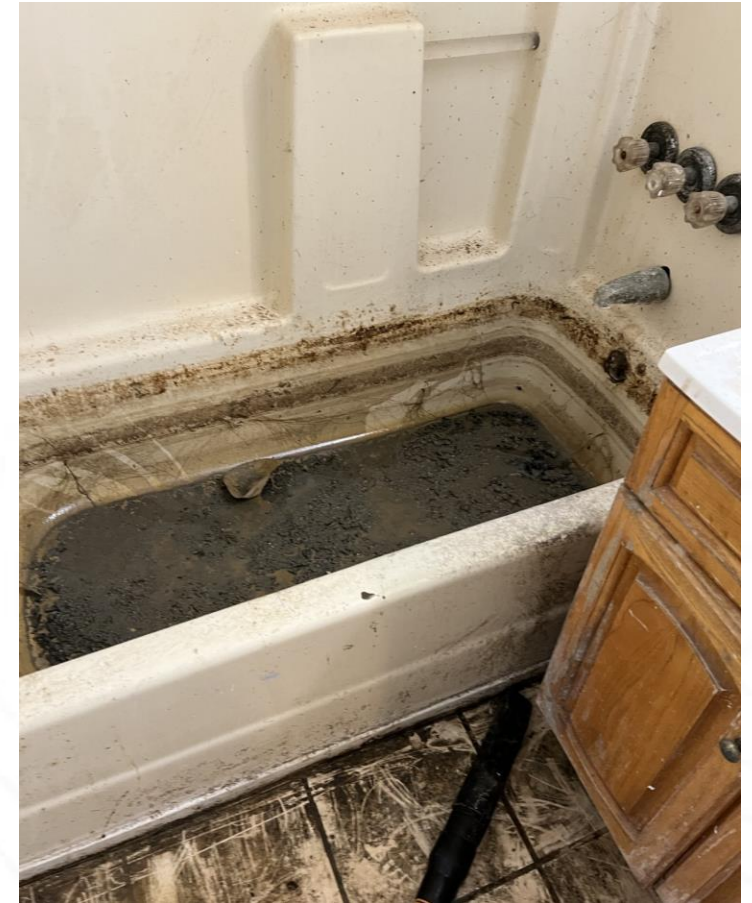
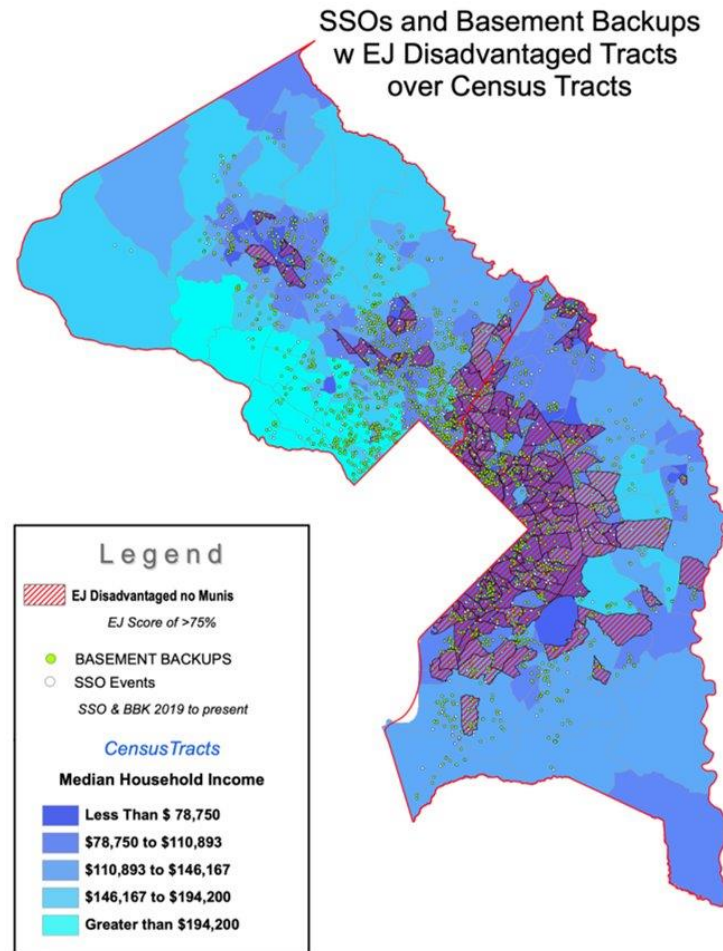
**April 25, 2023**







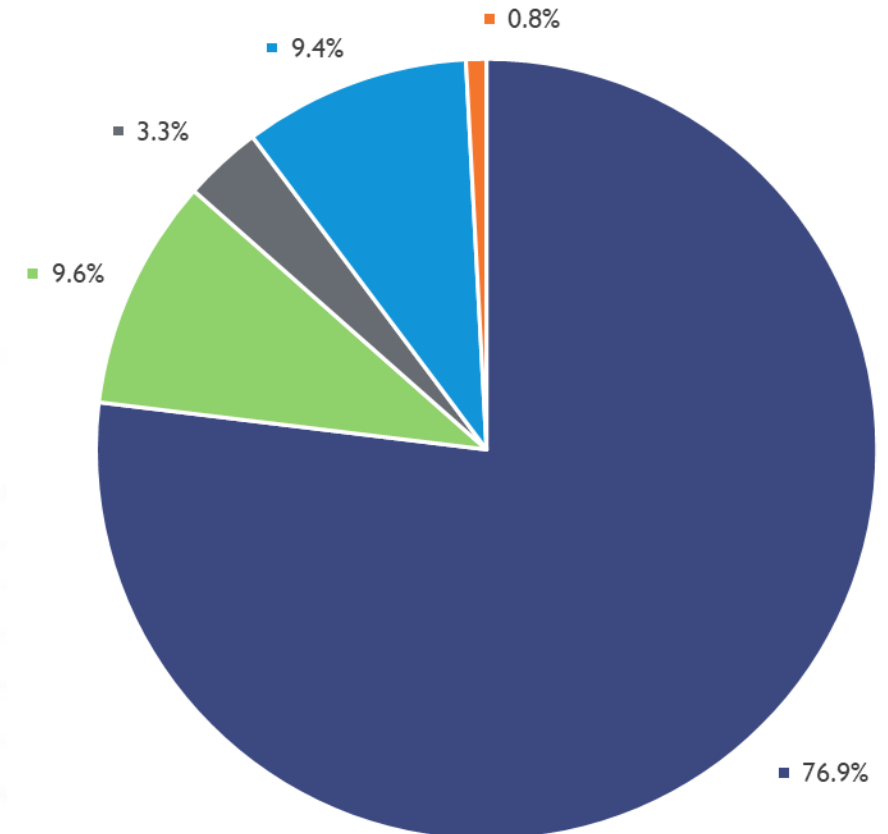
# SSO and Basement Backups



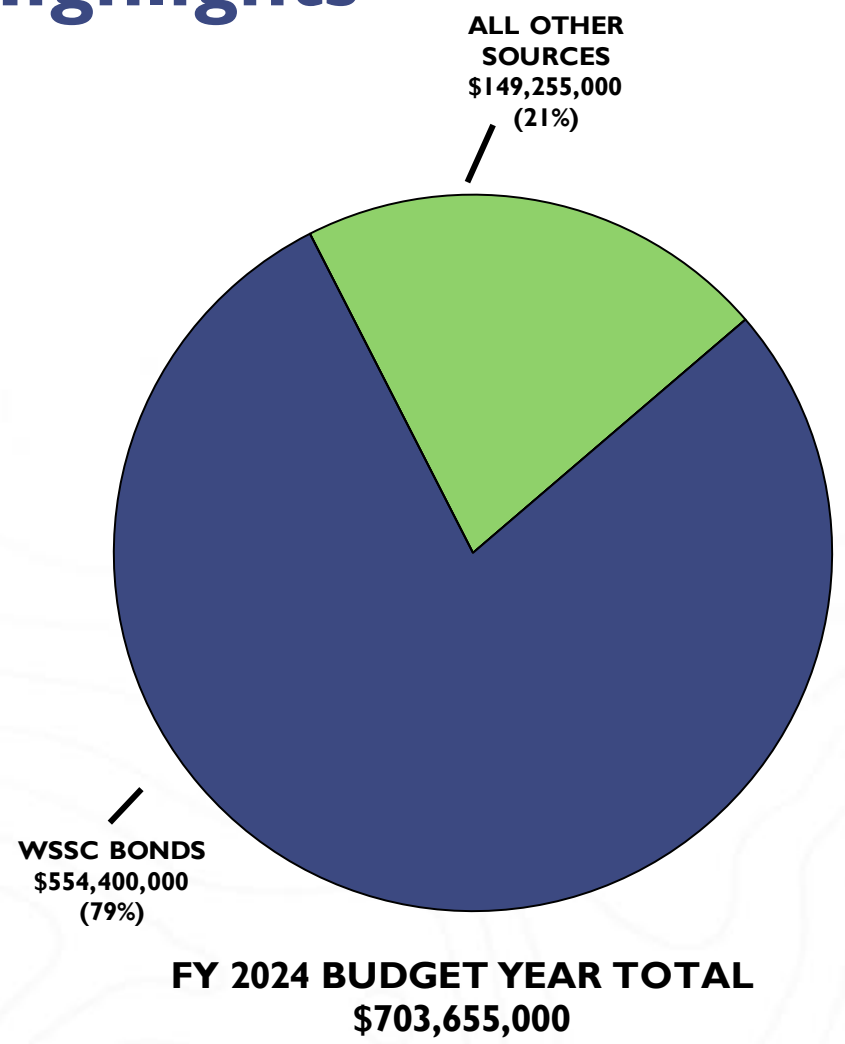


# Funding for Water and Sewer Capital Expenditures FYs 2023-2028

Funding Source	Total 6 Years
Bond Issues	3,209,272,000
PAYGO	400,016,000
Grants	135,743,000
System Development Charges & Other Contributions	391,223,000
Local Government Contributions	35,351,000
<b>Total</b>	<b>4,171,605,000</b>



# FY 2024 Capital Program Overview & Highlights



**79%**

of the FY 2024 Capital program is funded through long-term debt

Funding Source	FY 2024 Amount
WSSC Bonds	554,400,000
PAYGO	44,000,000
SDC & Others	73,785,000
Federal & State Grants	25,142,000
Local Government Contributions	6,328,000
<b>Total</b>	<b>703,655,000</b>



# Impact of Loss of Tax-Exempt Bonds

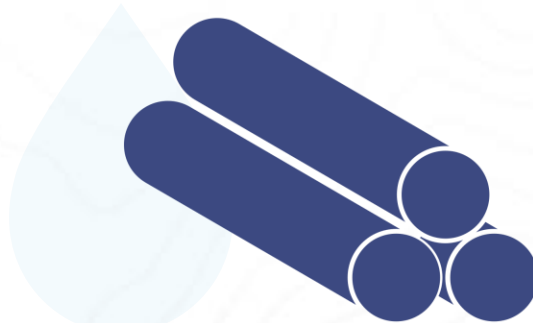
The loss of tax-exempt bonds to WSSC Water:

- \$1.1 billion in cuts needed to offset increased interest payment

**Over 30 years - cuts equivalent to:**



1,290 large  
vehicles



203 miles of sewer  
reconstruction & 165  
miles of water main  
replacements



91 positions









# Municipal Bonds

## Financed Projects and Impact of Advanced Refundings

---

Jason Friess  
Debt Manager

April 25, 2023





# Impact of Municipal Bonds

40% of Arlington's Capital Projects Funded with Municipal Bonds

- Arlington issues approximately \$150 million annually
- Single largest funding source for capital projects

- Parks
- Government Facilities
- Transportation & Public Transit
- Public Schools
- Stormwater
- Water and Wastewater

Program Category	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Total
Local Parks & Recreation	19,745	31,568	36,638	14,887	53,419	19,226	12,683	14,214	24,796	43,402	270,578
Transportation Initiatives <sup>1</sup>	195,985	312,286	283,794	219,664	161,586	116,779	126,975	119,894	121,194	96,922	1,755,079
Metro	31,100	32,000	33,000	34,000	35,000	36,000	37,100	38,200	39,400	40,600	356,400
Community Conserv/Economic Develop.	7,774	7,625	10,525	9,525	7,525	7,525	8,525	8,525	9,525	9,525	86,599
Public / Government Facilities	39,033	33,710	46,823	18,725	20,945	26,290	48,350	18,765	19,140	22,115	293,896
Information Technology & Public Safety	29,760	30,540	25,471	15,488	19,005	7,890	16,177	19,283	18,026	10,792	192,432
Regional Partnerships	5,754	1,059	1,066	1,078	1,091	1,105	1,126	1,148	1,170	1,193	15,790
Water & Sewer Infrastructure	53,550	70,470	93,670	93,690	79,050	78,860	29,010	60,650	29,045	29,400	617,395
Stormwater Management <sup>2</sup>	28,795	39,750	32,320	48,385	44,855	30,205	21,055	30,885	29,515	25,570	331,335
Total County Capital	411,496	559,008	563,307	455,442	422,476	323,880	301,001	311,564	291,811	279,519	3,919,504
Schools Capital	181,040	73,750	45,320	24,430	25,000	25,000	25,000	25,000	25,000	25,000	474,540
Total Program Cost	592,536	632,758	608,627	479,872	447,476	348,880	326,001	336,564	316,811	304,519	4,394,044

Arlington County, Virginia											
Adopted CIP Program Summary											
10 Year Capital Program Costs Summary (000s)											
Capital Funding Sources	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Total
Pay-As-You-Go (PAYG)	8,405	22,172	24,710	16,545	16,476	17,037	19,636	16,957	20,113	17,100	179,151
Short Term Financing	14,630	15,001	16,655	14,307	18,791	7,310	12,998	18,805	13,498	10,868	142,863
General Fund GO Bond Issue	49,970	75,920	110,298	68,295	88,435	78,740	100,305	72,405	84,400	104,560	833,328
Schools GO Bond Issue	51,900	73,750	45,320	24,430	25,000	25,000	25,000	25,000	25,000	25,000	345,400
Utilities PAYG	16,725	14,810	18,300	16,030	16,705	17,830	17,820	16,520	17,320	17,275	169,335
Utility GO Bond Issue	8,750	28,165	55,075	56,435	44,015	47,030	-	32,700	-	-	272,170
Sanitary District Tax <sup>2</sup>	3,835	3,835	3,835	3,835	3,830	4,545	4,035	4,120	4,220	4,220	40,310
Stormwater GO Bond Issue	-	12,835	28,485	44,550	41,025	25,660	17,020	26,765	25,295	21,350	242,985
Federal Funding	1,665	6,739	50,594	19,040	14,418	16,877	12,578	-	-	-	121,911
State Funding	12,815	39,684	35,885	34,196	36,396	25,956	35,099	28,759	37,134	21,671	307,595
Developer Contributions and Partnerships	6,935	12,791	8,574	11,577	33,444	11,470	14,013	18,557	10,860	11,255	139,476
Transportation Capital Fund (TCF) - C&I <sup>1</sup>	14,417	27,473	42,037	63,858	43,851	32,024	30,450	34,927	36,314	38,756	364,107
TCF - HB2313 Local <sup>3</sup>	7,154	14,483	13,462	13,931	17,113	13,048	19,242	15,617	19,611	16,774	150,435
HB2313 Regional <sup>3</sup>	-	11,378	42,187	49,565	18,209	7,655	6,103	6,697	7,292	7,391	156,477
Tax Increment Financing	1,230	5,678	11,847	11,459	15,498	11,571	6,637	15,911	9,584	4,652	94,067
Other Funding	4,416	16,810	17,926	13,898	13,276	7,097	5,065	2,824	6,170	3,647	91,129
Subtotal New Funding	202,847	381,524	525,190	461,951	446,482	348,850	326,001	336,564	316,811	304,519	3,650,739
Previously Approved Funding											
Authorized but Unissued Bonds	43,680	28,580	4,000	3,000	-	-	-	-	-	-	79,260
Issued but Unspent Bonds	107,301	4,367	2,363	904	-	-	-	-	-	-	114,935
Other Previously Approved Funds <sup>4</sup>	238,708	218,287	77,074	14,017	994	30	-	-	-	-	549,110
Subtotal Previously Approved Funding	389,689	251,234	83,437	17,921	994	30	-	-	-	-	743,305
Total Funding	592,536	632,758	608,627	479,872	447,476	348,880	326,001	336,564	316,811	304,519	4,394,044

# What we fund with municipal bonds

## Public Safety



Fire Station 8 (Rosslyn)

## Schools



HB Woodlawn

## Parks



Long Bridge Park

## Utilities



Water Pollution Control Plant

# Advance Refundings Save Taxpayers Money

\$590 million of debt refinanced from 2009 – 2018

1 penny on  
Arlington's tax rate  
\$8 million

Fiscal Year	Total Savings	All Funds Debt Service	Savings %
2010	2,197,792	83,573,363	2.6%
2011	1,056,804	83,776,203	1.3%
2012	1,839,294	87,493,360	2.1%
2013	1,186,333	89,268,683	1.3%
2014	3,469,232	92,980,788	3.7%
2015	1,620,733	99,504,576	1.6%
2016	664,085	103,407,035	0.6%
2017	1,921,321	107,087,494	1.8%
2018	2,868,098	121,457,535	2.4%
2019	2,696,723	125,949,337	2.1%
2020	3,580,999	131,202,638	2.7%
2021	1,870,129	121,281,618	1.5%
2022	3,018,332	138,821,648	2.2%
2023-2035	26,323,130		

## Refundings

2010 – 2018: 10  
2019 – 2023: 2

Debt service savings of \$54 million  
from advance refunding of bonds



PUBLIC  
FINANCE  
NETWORK



**Thank You!**