



Debt Management Plan Update and Bond Program

January 21, 2026

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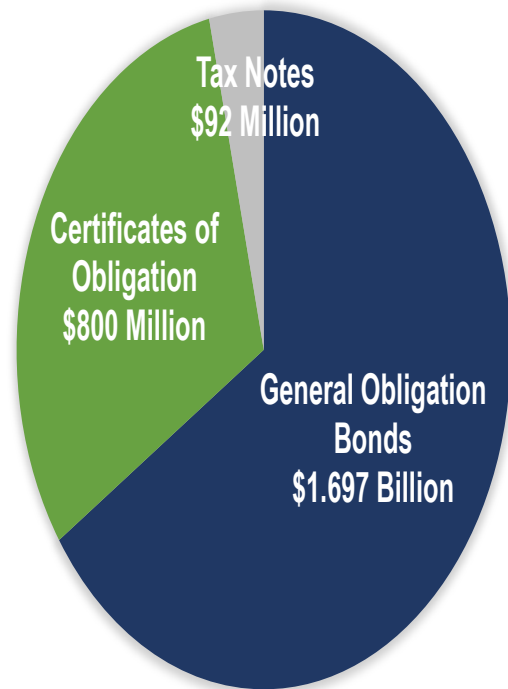
Debt Management

On August 27, 2025, the Debt Management Plan was presented to City Council as part of the FY 2026 Budget process

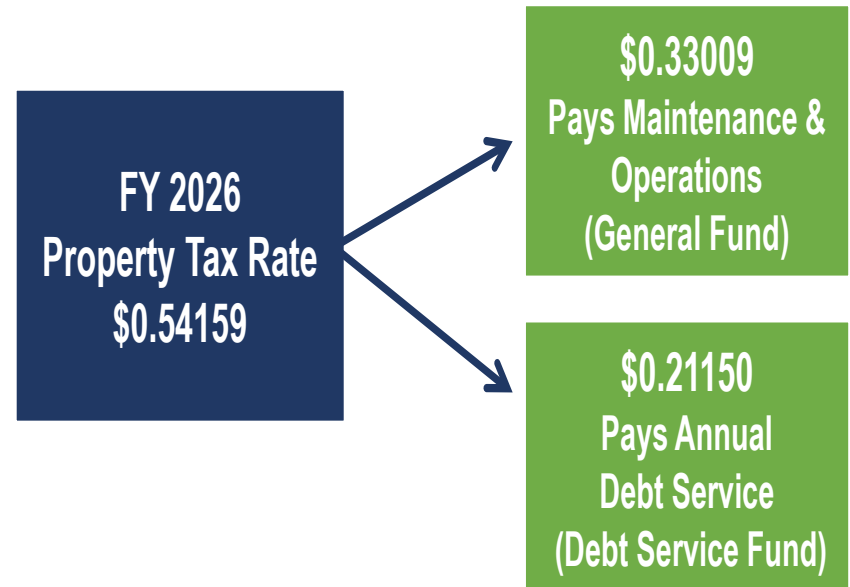
- Assumptions included in the Debt Management Plan produced an estimated capacity of \$500 Million for a potential 2026 Bond Program
 - Based on historical debt management practices
- Discussed the potential for issuance of Storm Water Revenue Bonds

Ad Valorem - Property Tax Debt Portfolio and Property Tax Rate

Ad Valorem Debt Outstanding \$2.6 Billion*



City of San Antonio Property Tax Rate



Bond Ratings: "Aaa" Moody's / "AAA" S&P / "AA+" Fitch

Effective Interest Rate: 2.79%

Average Life: 6.72 years

* Excludes Interim Financing for the Airport issued as Tax Notes in the amount of \$469.6 Million

Property Tax Rates

Maintenance and Operations Tax Rate (\$0.33009)

- SB 2 caps growth at 3.5%
- New Improvements are uncapped
- City Council has discretion to increase rate up to 3.5%
- Increase above 3.5% requires a vote

Debt Service Tax Rate (\$0.21150)

- Debt Service Tax Rate has not changed since FY 2004
- Debt Service Tax Rate is sufficient to cover annual debt service requirements
- City Council has authority to establish Debt Service Tax Rates, limitations include:
 - Should not exceed 10% of Total Assessed Valuation – Current ceiling is \$21.2 Billion
 - Current Outstanding Debt Service is \$3.1 Billion or 1.46% of Total Assessed Valuation
 - Property taxes levied for debt must not exceed \$1.50 per \$100 of Total Assessed Valuation
 - Current Debt Service Tax Rate is \$0.2115 for every \$100 of Total Assessed Valuation

Debt Management – Historical Approach

Bonding Capacity has historically been a function of:

Maintaining a stable
Debt Service Tax Rate
of \$0.2115

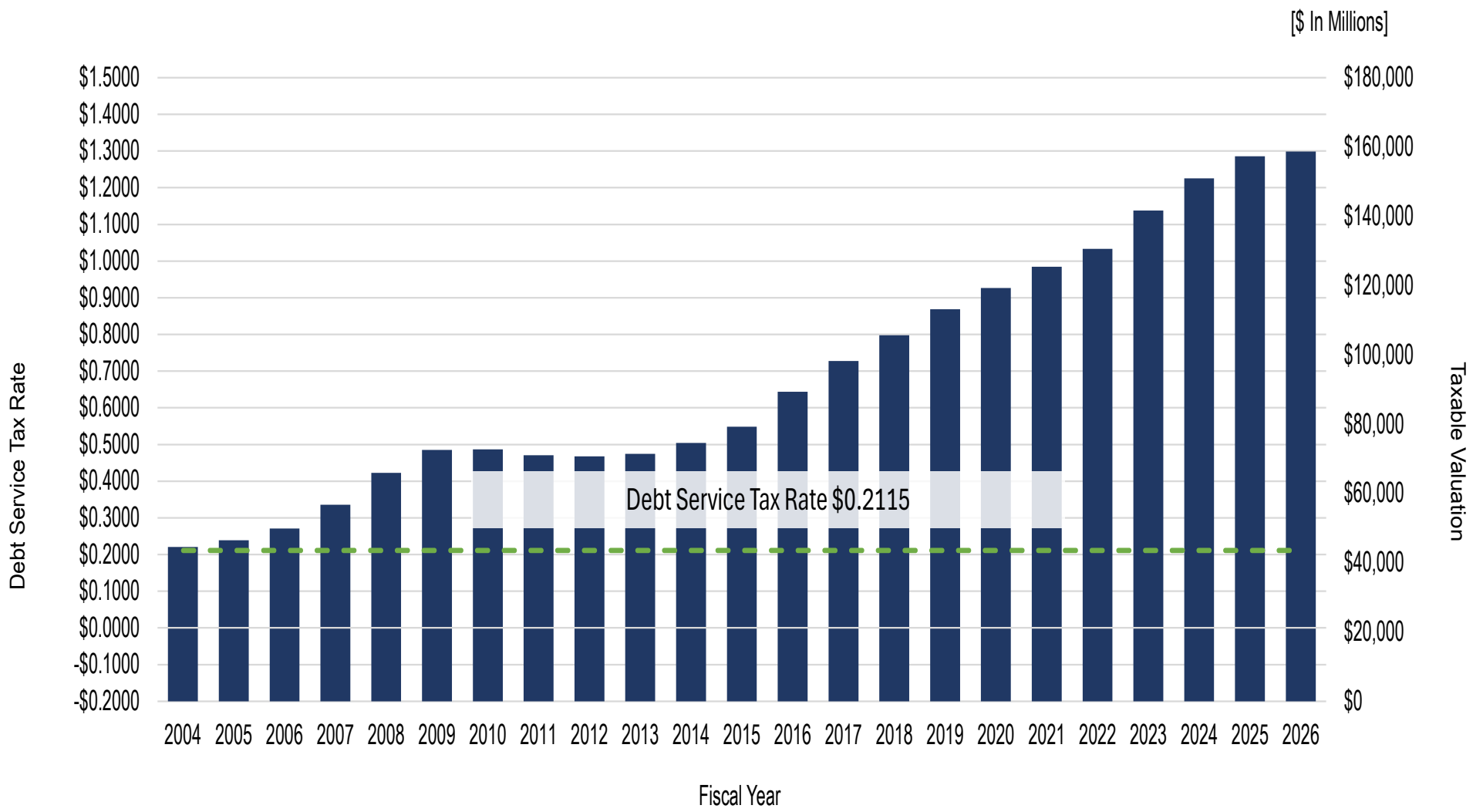
Property Values

Duration of Debt
Average Life

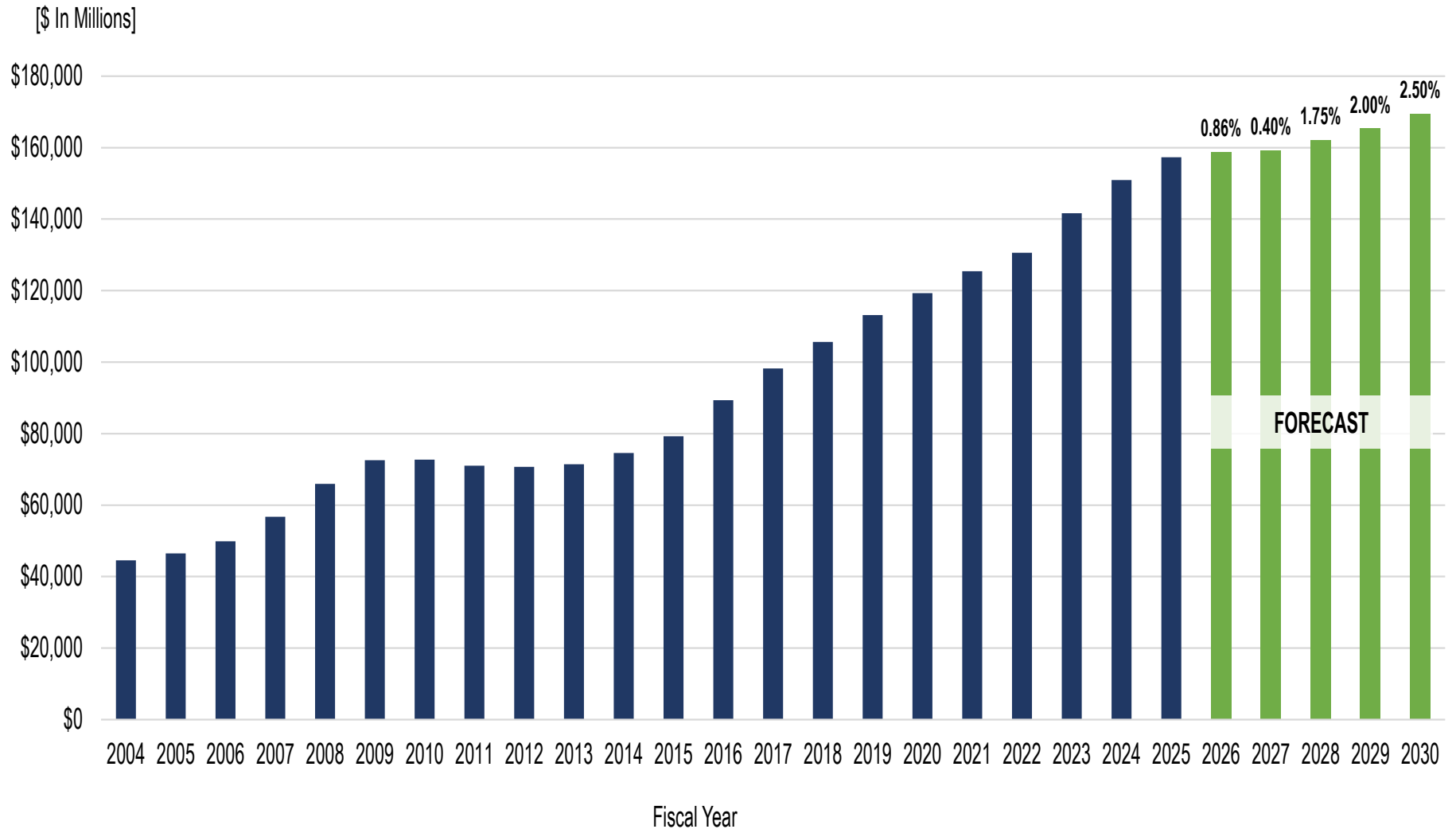
Interest Rates
Credit Ratings

Moderate Conservative Projections

Taxable Assessed Valuation Growth: No Change in Debt Service Tax Rate

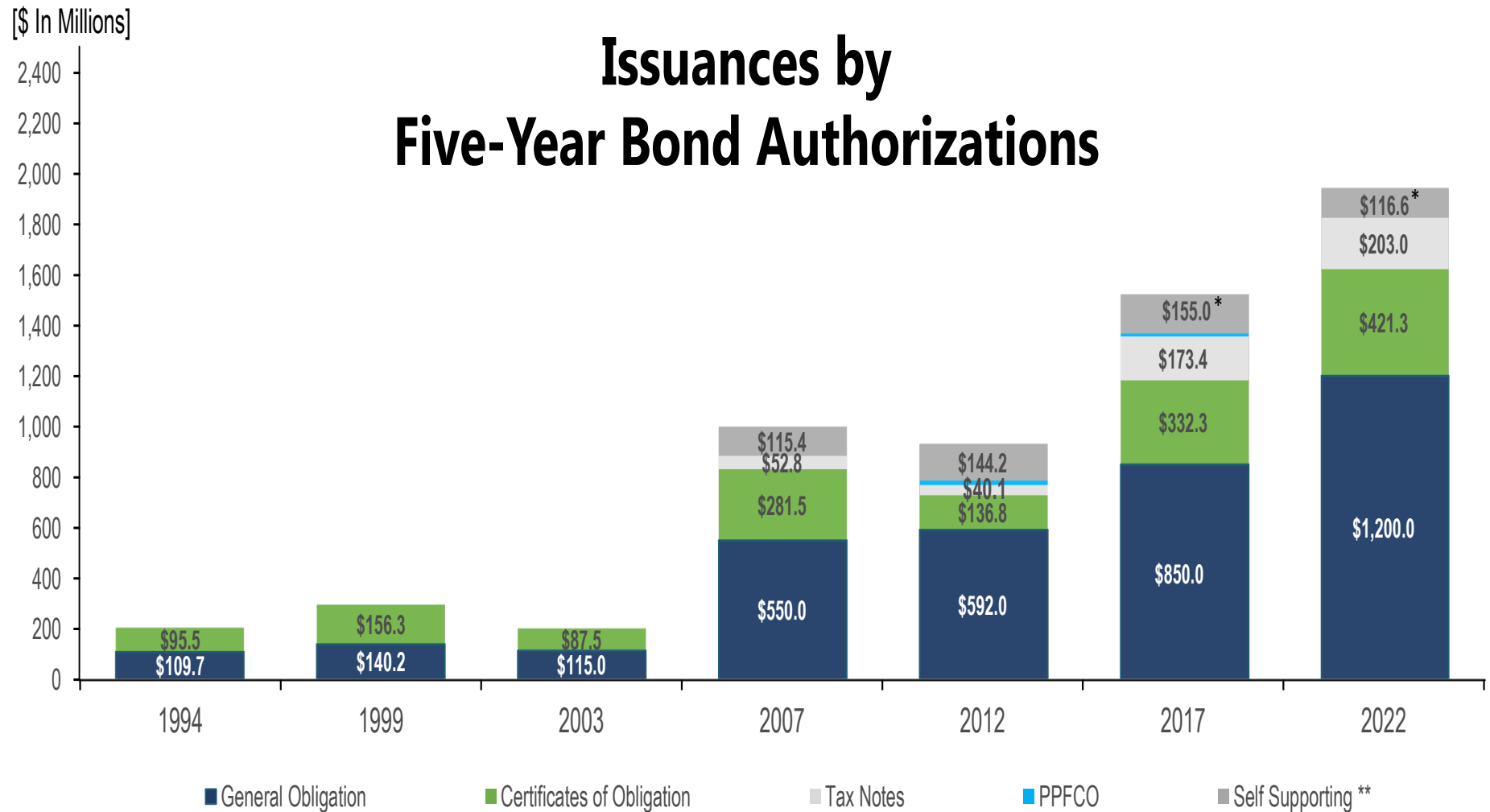


Taxable Assessed Valuation Growth - Assumptions for Forecast



Debt Management Plan

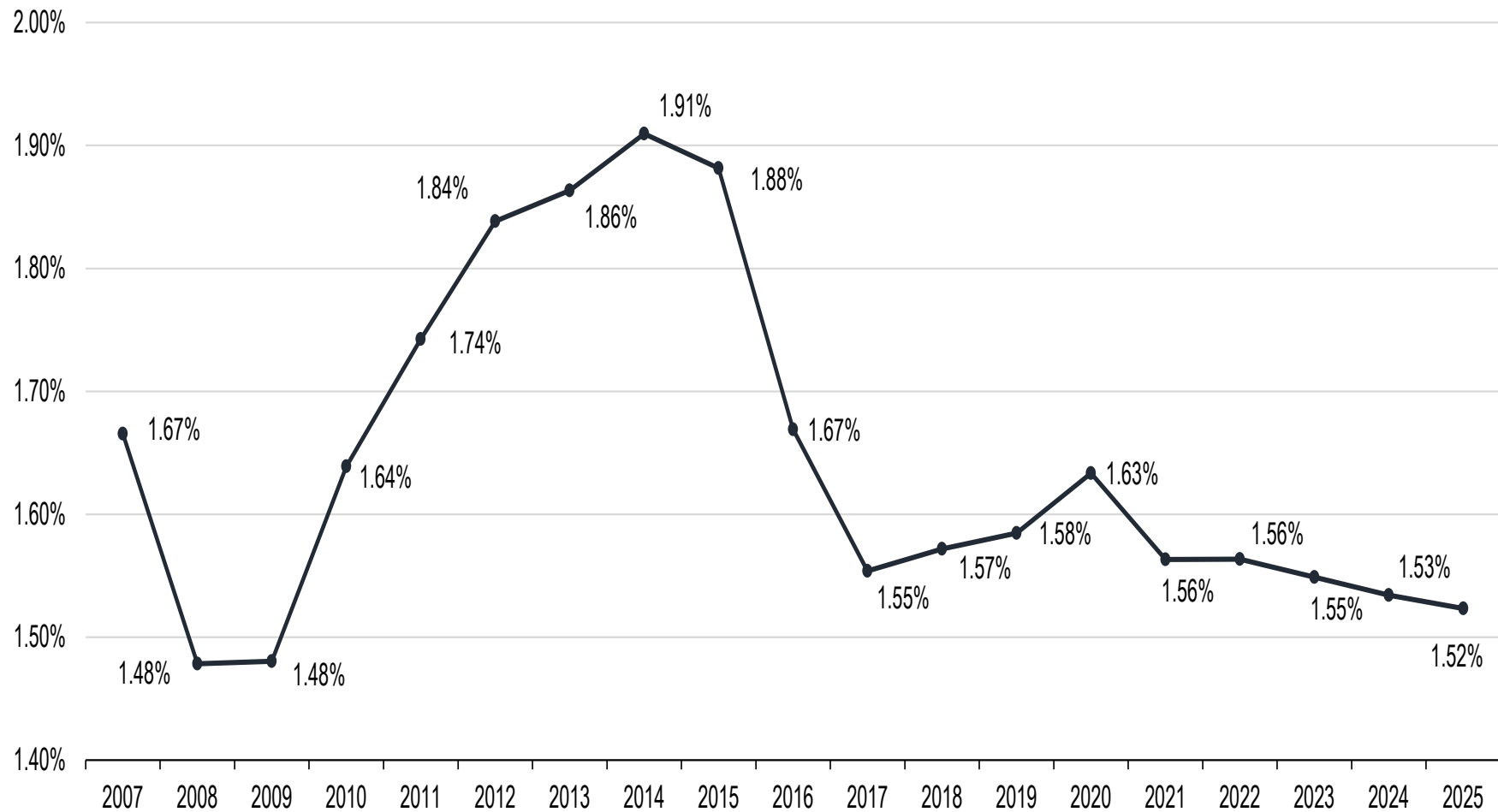
Ad Valorem Actual and Projected Issuances – Summer 2025 Plan



* Amount excludes Interim Financing for the Airport

**Self Supporting debt paid from non-property tax revenues

Debt Ratio: Property Tax Debt Outstanding / Taxable Assessed Valuation*



* Does not include Self Supporting Debt paid from non-property tax revenues

Debt Management – Alternative Approach

Establish a specific amount for future Bond Programs

- Requires the Debt Service Tax Rate to be evaluated annually with target of \$0.2115 with ability to flex up or down based on taxable value growth
- May need to be adjusted due to fluctuating property tax values
 - Tax Rate may be decreased in high growth years of taxable values
 - Tax Rate may be increased in low growth years of taxable values
 - Historically property values have increased over time
 - Average growth rate of taxable values for the past 22 years is 6.33%
- Develop Financial Policy to guide the development of the Debt management Plan and Debt Service Tax Rate

Debt Management Plan – Scenario Assumptions*

PRELIMINARY

Base Scenario:

Provides \$500 Million in Bonding Capacity

- Assumed November 2025 Election
- Average Growth of 2.00%
 - Included in Forecast

Scenario 1:

Provides \$625 Million in Bonding Capacity

- Assumes May 2027 Bond Election

Scenario 2:

Provides \$1 Billion in Bonding Capacity

- Constant Debt Service tax rate of \$0.2115
- 3.25% growth starting in FY 2028
 - If growth is below 3.25%, a tax rate increase could be required to make up for lower value growth
 - In higher growth periods, the tax rate could be lowered, and/or the amortization periods could be shortened

Scenario 3:

Provides \$1.2 Billion in Bonding Capacity

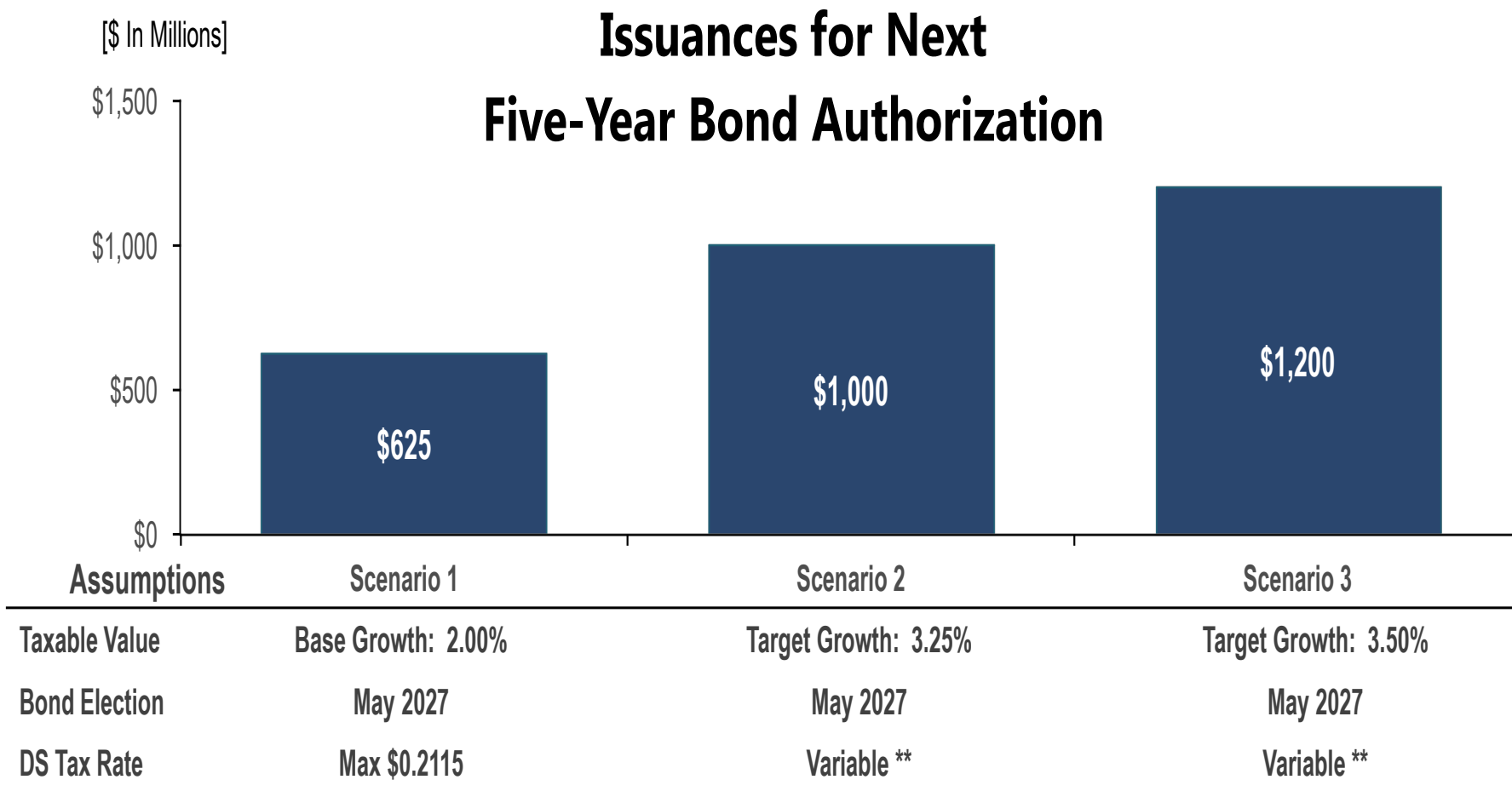
- Constant Debt Service tax rate of \$0.2115
- 3.50% growth starting in FY 2028
 - If growth is below 3.50%, a tax rate increase could be required to make up for lower value growth
 - In higher growth periods, the tax rate could be lowered, and/or the amortization periods could be shortened

* Projected Issuances – FY 2026 through FY 2031, 25-year amortizations, and \$150 million in taxable bonds for affordable housing

Debt Management Plan – Scenarios

PRELIMINARY

Projected Issuances – FY 2027 through FY 2031*



* Includes 25-year amortizations and \$150 million in taxable bonds for affordable housing

** If targeted growth rates are not met, the debt service tax rate would be adjusted to make up the difference

Taxable Assessed Valuation Growth

Total Number of Years from FY 2004 – FY 2025: 22 Years

- Total Number of Years Below 3.25%: 4 Years
- Total Number of Years Below 3.50%: 4 Years

Stormwater Revenue Fund

History and Background

- Monthly Stormwater Fees were established in May 1993 to protect the health, safety, and welfare and in response to the requirements of the Federal Water Quality Act of 1987
- In January 2016, the rate structure changed based on area of impervious cover and a five-year phased-in rate increase was— to fund additional mowing, storm drain inventory assessment, high water detection maintenance, and capital projects
- Latest Stormwater rate increase was in FY 2020 to provide service enhancements to storm drain tunnel maintenance and new capital projects



Stormwater Revenue Bonds* – Outstanding Debt

BONDS ISSUED

- \$44.15 Million issued in 2003 for 46 projects
- \$61.06 Million issued in 2005 for 41 projects
- Refunding bonds in the amount \$70.685 Million sold in 2013 which refunded all outstanding 2003 and 2005 bonds

OUTSTANDING DEBT

**\$24.5
Million**

**Stormwater Revenue Bonds
backed by Stormwater Revenue**

Bonds mature in FY 2030

Currently callable

Bond Ratings: “Aa2” Moody’s / “AA” S&P / “AA+” Fitch

Effective Interest Rate: 3.34%

* Does not require a bond election

Stormwater Rates

Current Rates

Residential		
Category	Impervious Area (SF)	Monthly Fee
Tier 1	≤ 2,750	\$3.75
Tier 2	> 2,750 - 4,220	\$4.94
Tier 3	> 4,220	\$10.45
Non-Residential		
Category	Percent Impervious Area (%)	Monthly Fee
Tier 1	≤ 20%	\$0.31
Tier 2	> 20% - 40%	\$0.45
Tier 3	> 40% - 65%	\$0.58
Tier 4	> 65%	\$0.73

Budget

Stormwater Revenue Fund	Adopted FY 2026 [\$ In Millions]
Beginning Balance	\$ 5.6
Stormwater Revenues	\$56.8
Expenses	\$59.8
Ending Balance	\$ 2.6

Stormwater Fee Increase – SCENARIOS*

PRELIMINARY

Scenario 1 No Rate Increase

FY 2027	0.00%
FY 2028	0.00%
FY 2029	0.00%
FY 2030	0.00%
FY 2031	0.00%

Total 0.00%

25 Year Term: \$9.8M

Scenario 2 2.00%

FY 2027	2.00%
FY 2028	2.00%
FY 2029	2.00%
FY 2030	2.00%
FY 2031	2.00%

Total 10.00%

25 Year Term: \$106.7M

Scenario 3 5.00% & 2.00%

FY 2027	5.00%
FY 2028	2.00%
FY 2029	2.00%
FY 2030	2.00%
FY 2031	2.00%

Total 13.00%

25 Year Term: \$140.0M

Scenario 4 5.00% (2 yrs) & 2.00%

FY 2027	5.00%
FY 2028	5.00%
FY 2029	2.00%
FY 2030	2.00%
FY 2031	2.00%

Total 16.20%

25 Year Term: \$174.3M

* Assumes issuance in FY 2026 and includes additional capacity resulting from the refinancing/restructuring of the current outstanding Stormwater Bonds

Stormwater Fees – Residential Ratepayer Estimated Impact

- Approximately 366,084 Residential Accounts
- 50% fall within Tier 2 Stormwater Rate
- Tier 2 Residential Accounts currently pay \$4.94 per month and \$59.28 per year

Estimated Impact of Rate Increase on Residents' Annual Payment

Year	Scenario 1	Scenario 2	Scenario 3	Scenario 4
2027		\$1.20	\$3.00	\$3.00
2028		\$2.40	\$4.20	\$6.12
2029	No change in rate, no impact to Residential Customers	\$3.60	\$5.52	\$7.44
2030		\$4.80	\$6.84	\$8.76
2031		\$6.12	\$8.16	\$10.08

Airport Revenue Bonds

	OUTSTANDING DEBT	RATINGS
\$740.3 Million*	General Airport Revenue Bonds \$105.9 Million	“A1” Moody’s / “A+” S&P / “A+” Fitch
	Passenger Facility Charge Revenue Bonds \$68.1 Million	“A2” Moody’s / “A” S&P / “A” Fitch
	Customer Facility Charge Revenue Bonds \$113.5 Million	“A3” Moody’s / “A” S&P / “BBB+” Fitch
	Airport System Revenue and Refunding Bonds (Interim Financing) \$452.8 Million	

* Outstanding debt excludes Interim Financing for the Airport issued as Tax Notes in the amount of \$200 Million of which debt service is paid by Airport revenues

Airport Revenue Bonds

TIMELINE

- GMP approved in the amount of \$1.3 Billion on December 18th
- City Council consideration of first issuance of Airport Bonds in an estimated amount of \$1.2 Billion – April 2nd
 - Does not require a bond election
- Airport Bond Sale – June 16th / 17th
- Airport Bond Closing – July 15th



Summary

Ad Valorem Debt Management Plan

- Presented an alternative to the Historical Management of the Debt Service Tax Rate and development of Bonding Capacity

Stormwater Revenue Bonds

- Provided revenue bond capacity based on refunding existing debt and varying levels of Stormwater Rate increases

Airport Revenue Bonds

- Provided timeline for upcoming revenue bond issuance

Bond Program Development Timeline

Phase/Milestones	May 2027	November 2027
<ul style="list-style-type: none"> • Program Initiation & Development • Identification of Potential Projects • Initial Community Engagement • Streets & Drainage Advisory Boards Engagement 	Winter 2026	Summer 2026
<ul style="list-style-type: none"> • Consultant Selection – Cost Estimating • B Session – Proposition Overview, Infrastructure Need, & Guiding Principles 	Spring 2026	Fall 2026
<ul style="list-style-type: none"> • Project Scoping & Cost Estimating • B Sessions – Staff Recommended Projects & Community Meetings Process 	Summer 2026	Winter 2027
<ul style="list-style-type: none"> • B Sessions – Council Discussion on Propositions and Projects • Staff Determination on Operational Impact From Projects • Committee Appointments & Community Engagement 	Fall 2026	Spring 2027
<ul style="list-style-type: none"> • A Session - Council Approval of Committee Recommendations & Proposed Projects • Call for Election - Mayor & City Council Action 	Jan/Feb 2027	June/Aug 2027
<ul style="list-style-type: none"> • Bond Election – Public Vote 	May 2027	Nov. 2027

