

Funding Your Aspirations: A Public Finance Primer



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How a Small City Took On a Financial Giant—and Reclaimed Its Most Precious Resource

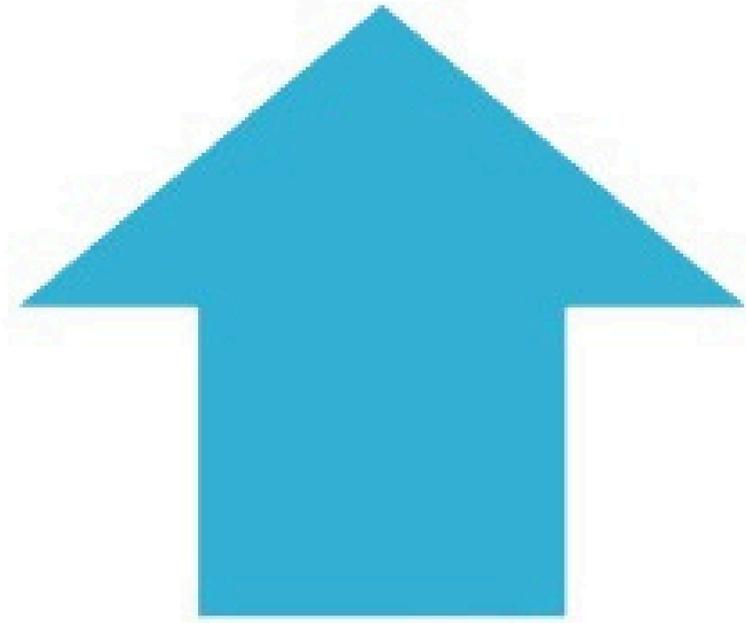
After a protracted fight with the Carlyle Group, Missoula's water is finally in the hands of the people.

Source: [The Nation](#)

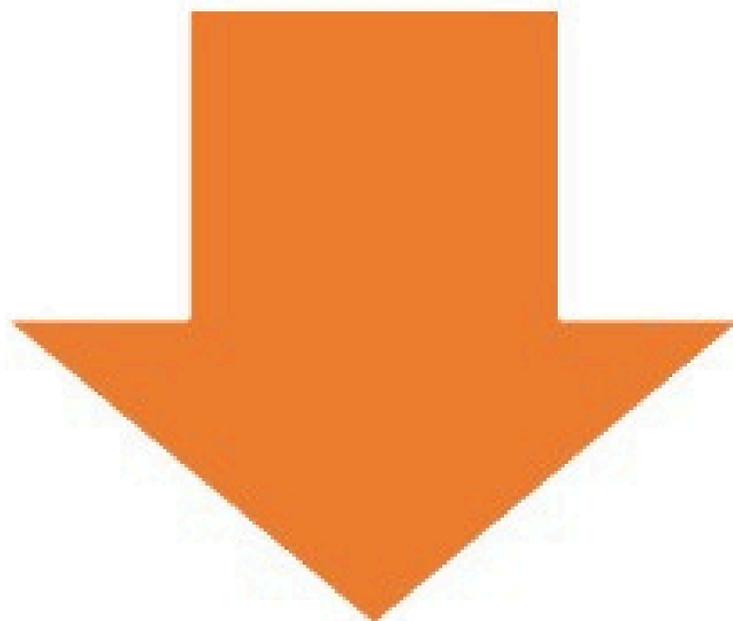
Agenda

- How do you Leverage Public Finance strategically to Advance your Long Term & Short Term Priorities?
- What role can municipal bonds play in your strategy?
- What questions should you ask when you use public finance strategies to realize your place-based aspirations?

What is Public Finance?

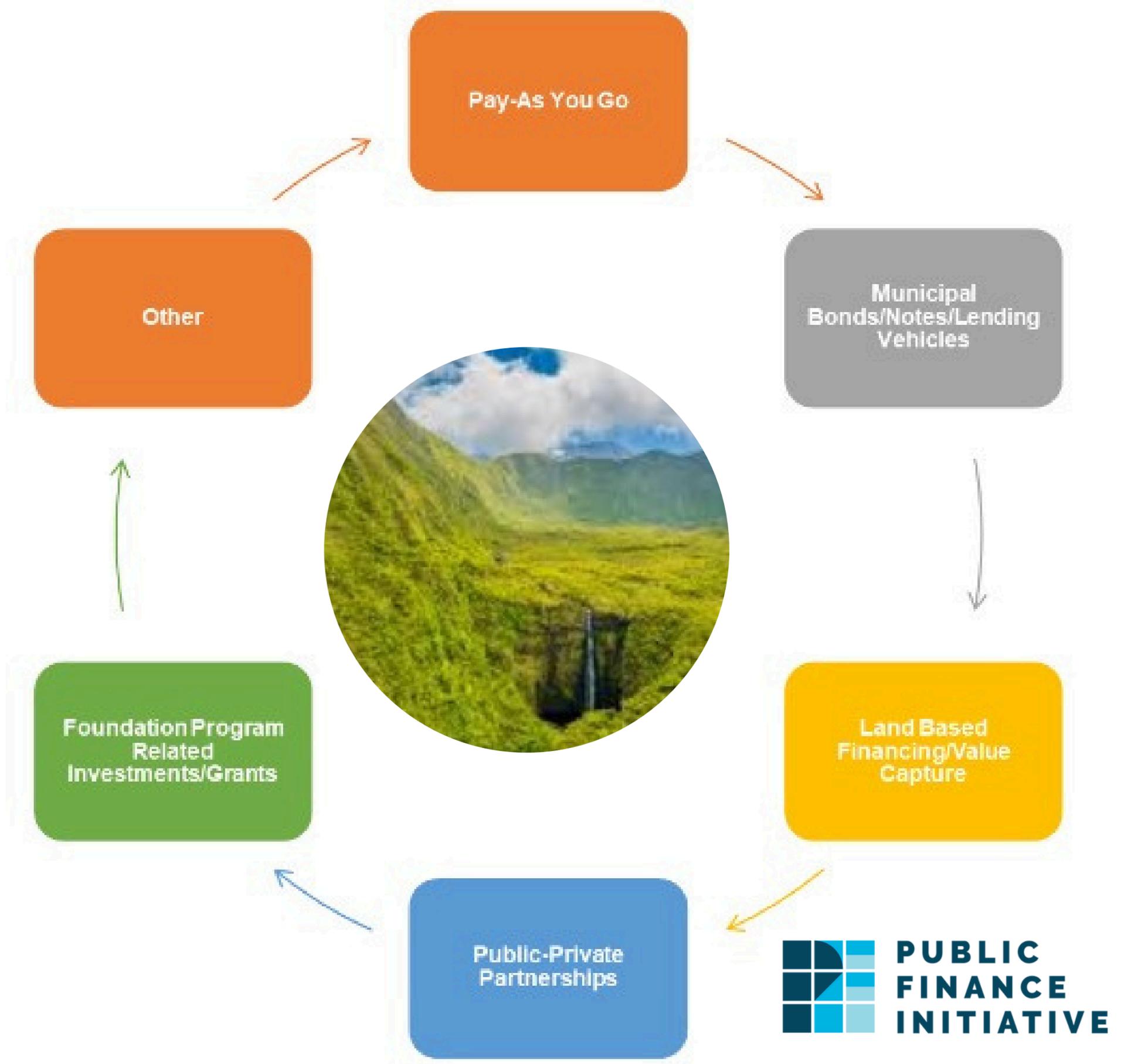


How a government
raises money



How a government
spends money

Public Finance Avenues



What is your Resource Base?

Your Framework of Fiscal Governance

- Revenue, Investment & Expenditure Authority of the Maui County Community Water Authorities was principally established under Article 8, Chapter 19 of the Revised Charter of the County of Maui
- The legal enabling framework of the Department of Water Supply as a regular county agency subject to the Mayor's Executive Management and the Council's legislative oversight provides extensive revenue and funding opportunities.
- The Section 8-19.6 Establishes the Regional Water System Fund which may be used to fulfill the powers, duties, and functions of the water authorities, including operation, maintenance, and capital improvements of water collection and delivery systems under the control of the county.

Maui County Revenues

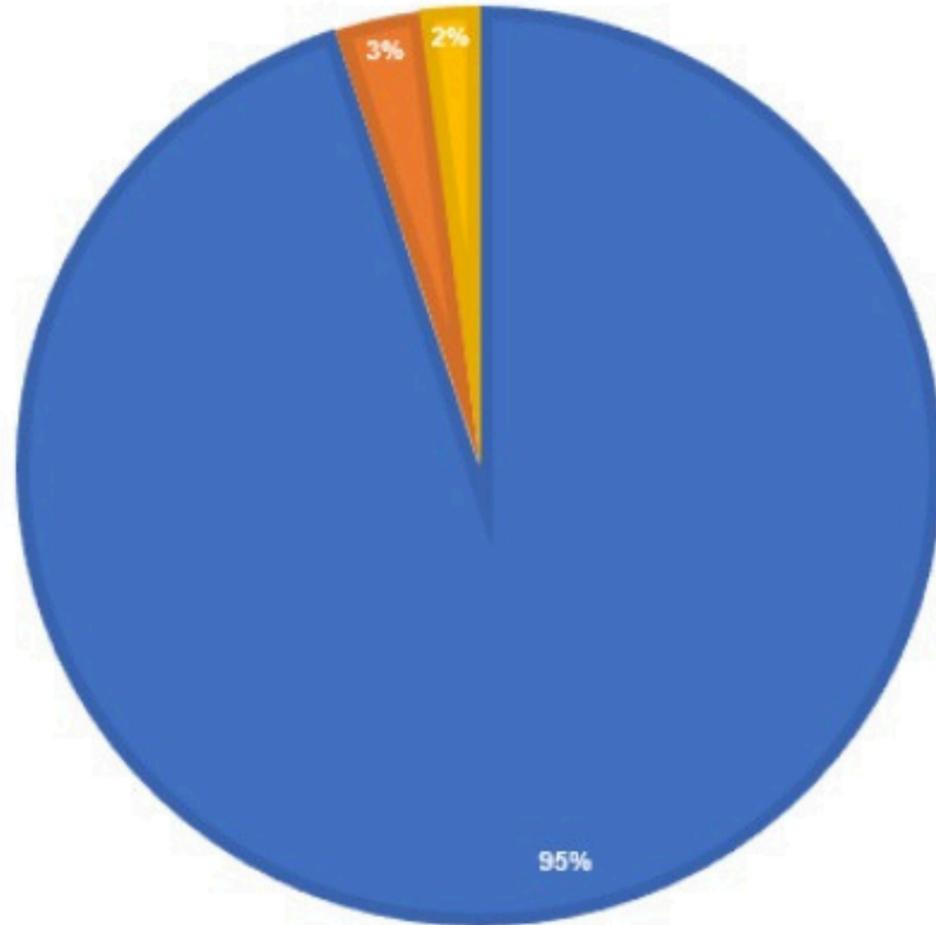
**COUNTY OF MAUI
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| | General Fund | Highway Fund | Grant Fund | Debt Service Fund | Capital Improvement Projects Fund | Other Governmental Funds | Total Governmental Funds |
|-------------------------------------|--------------------|-------------------|-------------------|-------------------|-----------------------------------|--------------------------|--------------------------|
| REVENUES: | | | | | | | |
| Taxes | | | | | | | |
| Property taxes | \$ 434,915,557 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ 434,915,557 |
| Transient accommodations tax | 84,525,758 | -- | -- | -- | -- | -- | 84,525,758 |
| Franchise tax | -- | 11,615,285 | -- | -- | -- | -- | 11,615,285 |
| Fuel tax | -- | 16,690,872 | -- | -- | -- | -- | 16,690,872 |
| Public service company tax | 8,797,603 | -- | -- | -- | -- | -- | 8,797,603 |
| Licenses and permits | 12,021,858 | 28,149,855 | -- | -- | -- | 2,876,841 | 43,048,554 |
| Intergovernmental revenues | -- | -- | 72,871,410 | -- | 12,827,272 | -- | 85,698,682 |
| Charges for current services | 3,978,476 | 1,748,142 | -- | -- | -- | 94,744,301 | 100,470,919 |
| Fines and forfeitures | 4,239,652 | -- | -- | -- | -- | 122,573 | 4,362,225 |
| Interest and investment income, net | 6,329,418 | -- | 39,710 | -- | 2,099,559 | -- | 8,468,687 |
| Other revenues | 5,558,823 | 957,904 | 2,656,193 | -- | (923,012) | 4,489,228 | 12,739,136 |
| Assessments | -- | -- | -- | -- | -- | 343,123 | 343,123 |
| Total Revenues | 560,367,145 | 59,162,058 | 75,567,313 | -- | 14,003,819 | 102,576,066 | 811,676,401 |

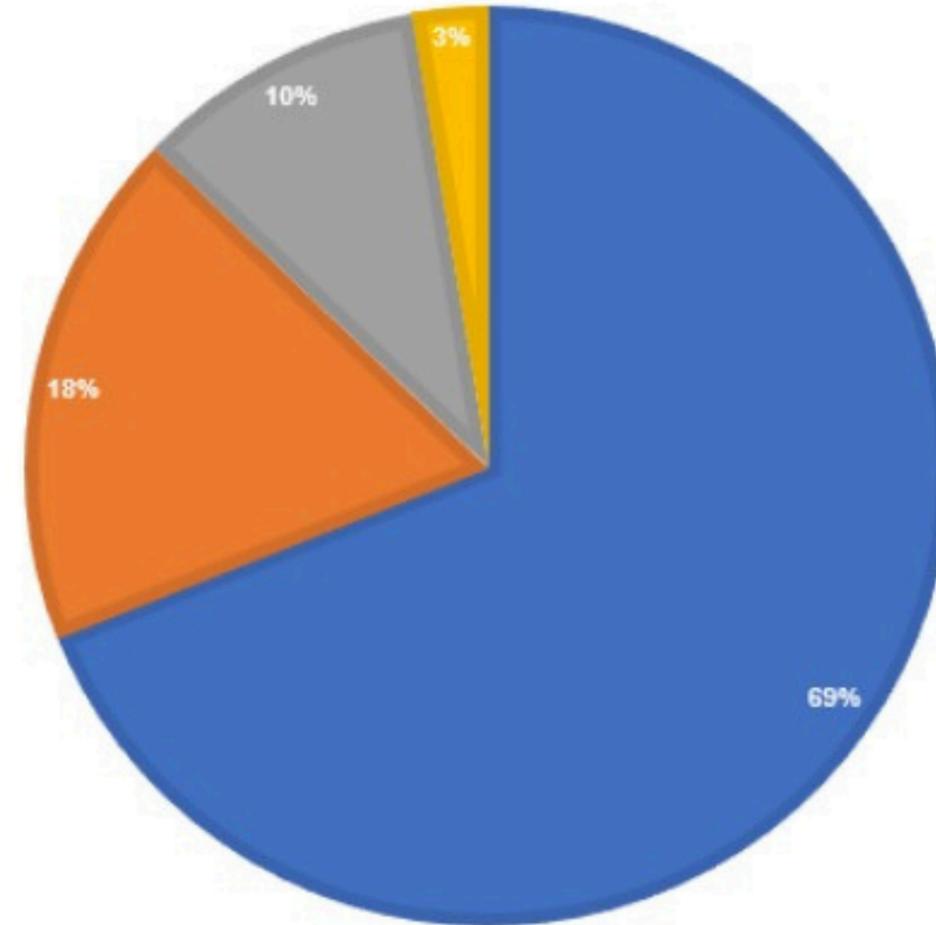
Source: [Maui County FY23 CAFR](#)

Maui County Revenues

General Fund



Governmental Fund



■ Own-Source Revenues from Taxes ■ Non-Tax Own-Source Revenues ■ Intergovernmental Funds ■ Other Revenues

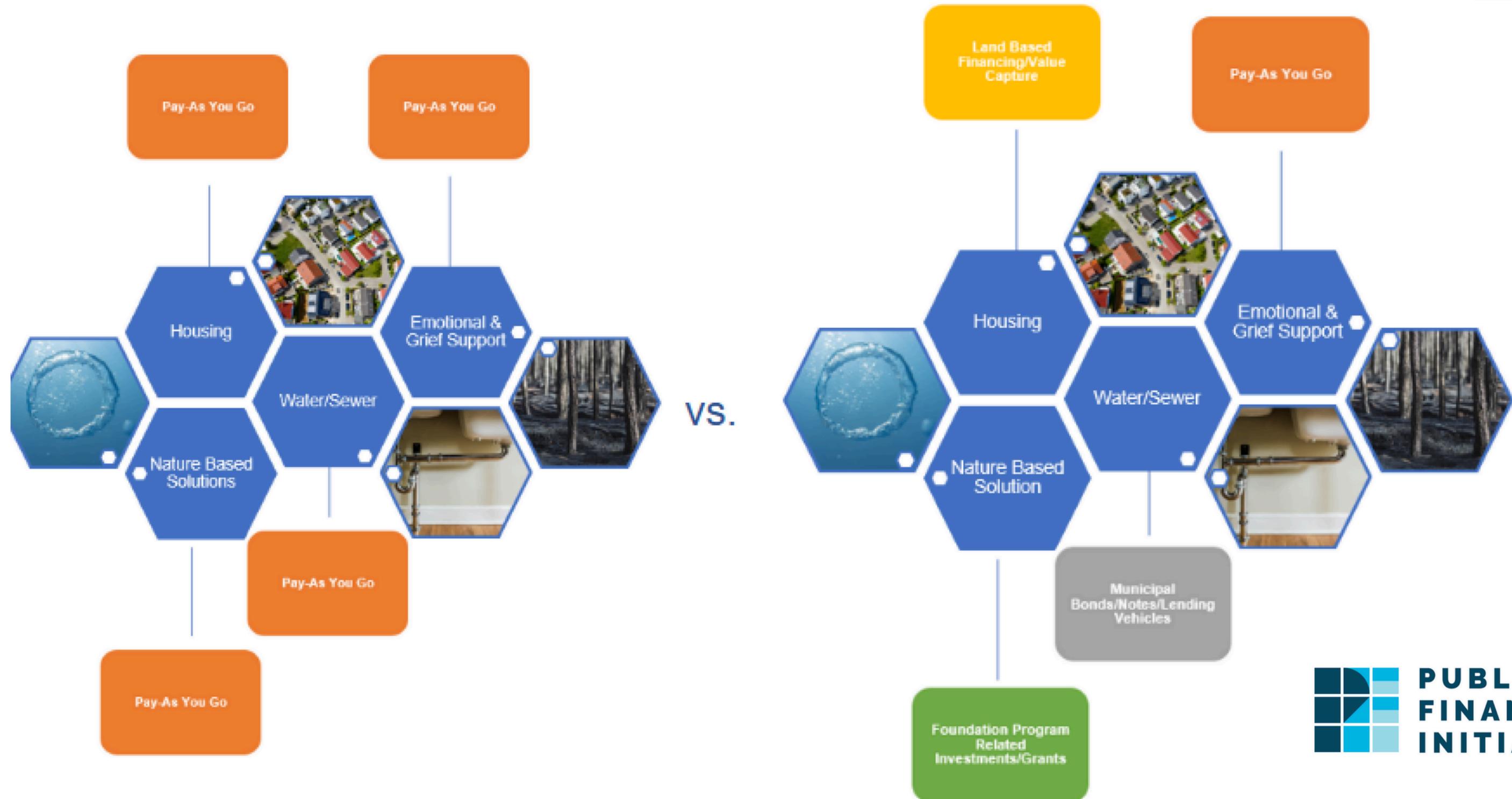
Key Questions to Guide Future Decisions

- When you capitalize the Section 8-19.6 Regional Water System Fund that will serve to resource operations, maintenance, and capital improvements of water collection and delivery systems under the control of the county, **how will you design the rate-setting plan? Is this is going to be:**
 - A source for funding operations and maintenance?
 - A source of future debt securitization?
 - A source for supporting pay-as-you-go financing for projects that are just focused on the water system or that also reflect a commitment to other functional areas of spending (food security, etc.) and reflect community benefits?

Risks & Benefits of “Pay-As-You-Go”



A Broader Public Finance Strategy

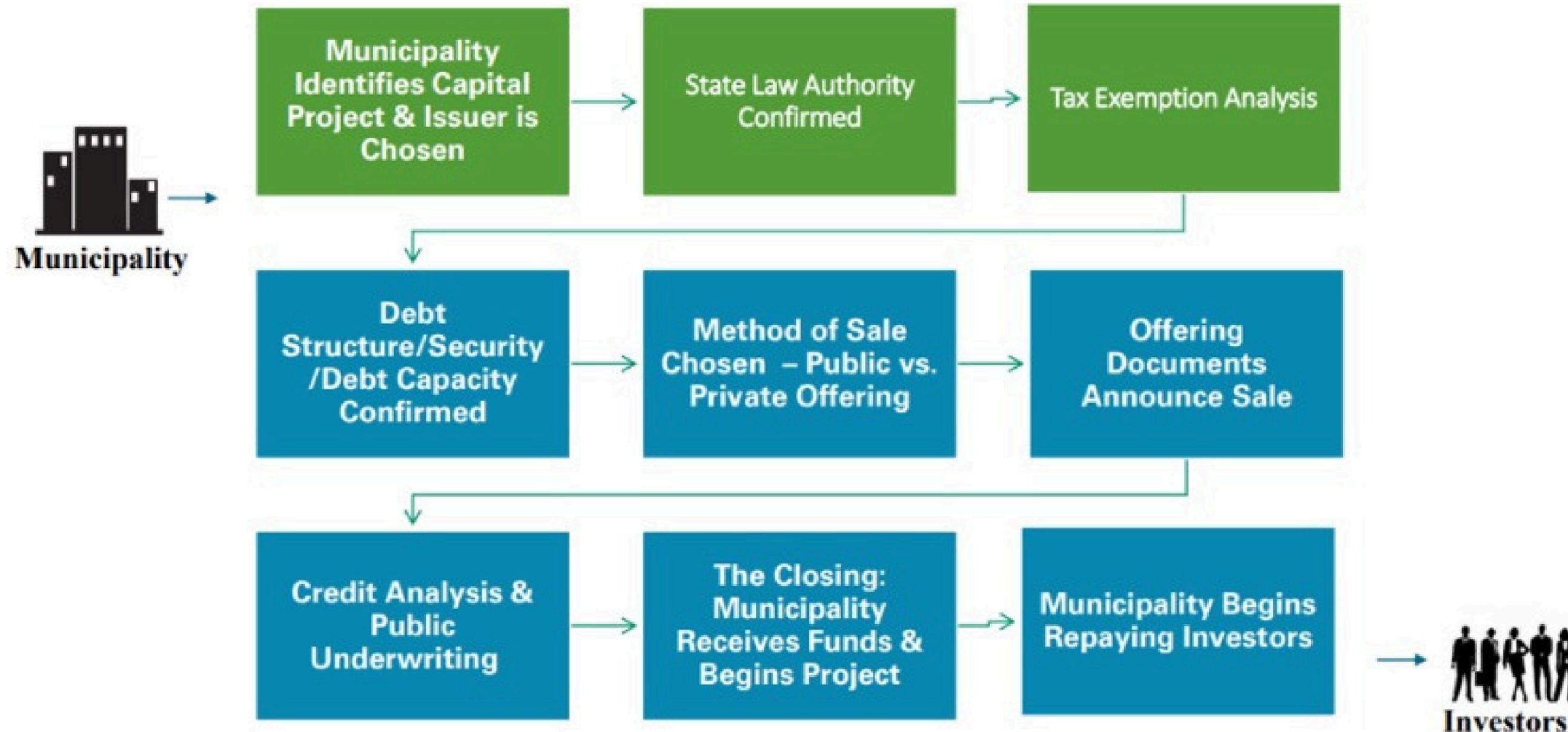


Integrating Municipal Bonds & Lending Strategies

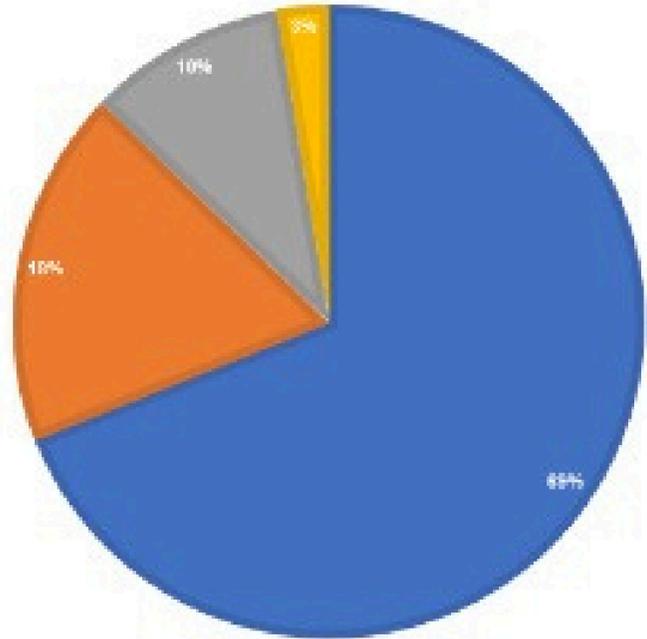
Municipal Bond Basics



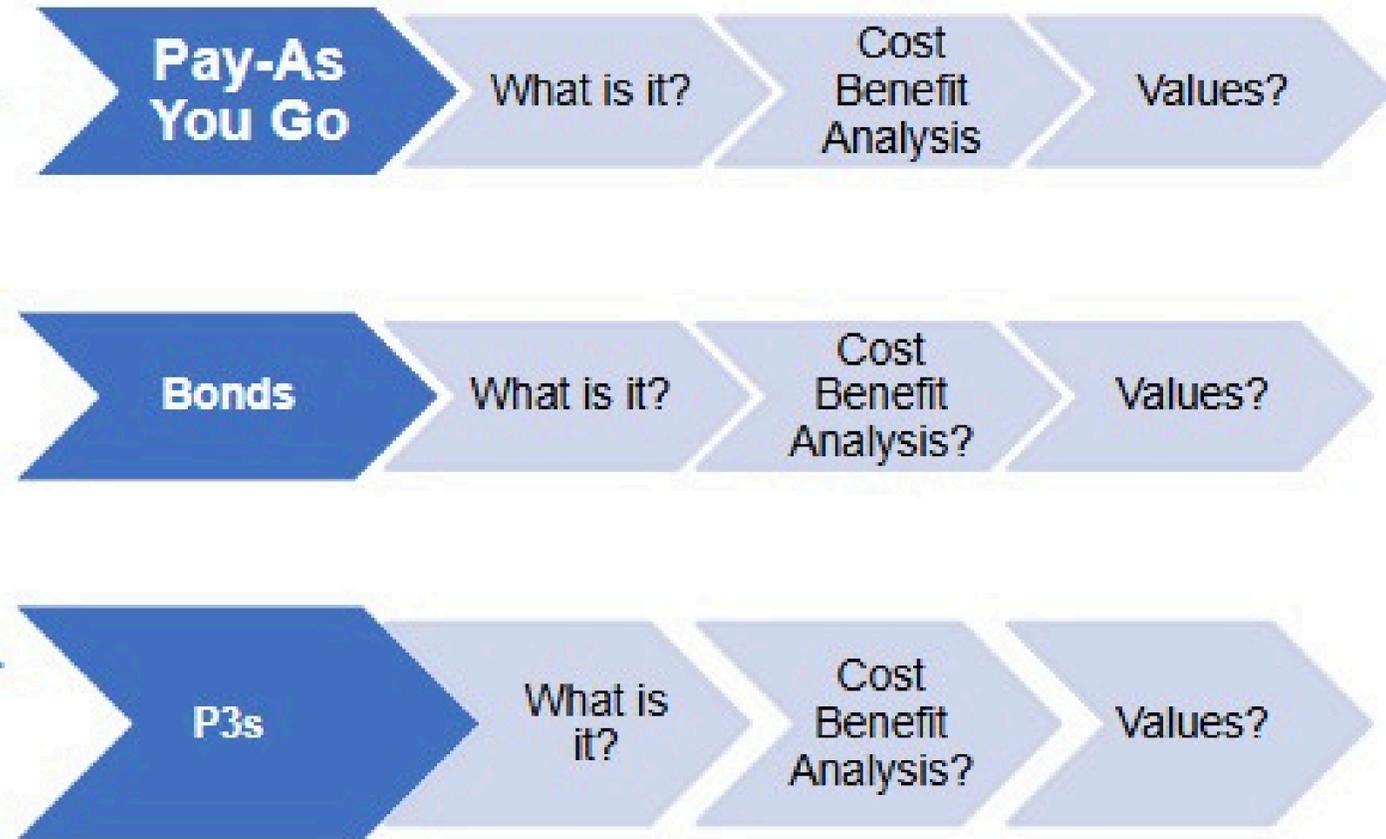
Municipal Bond Basics



Public Finance Decision-Making



Understanding your revenue mix, history, context, constraints, vision, opportunities, and needs will inform the avenues of public finance might you want to consider given your vision and priorities



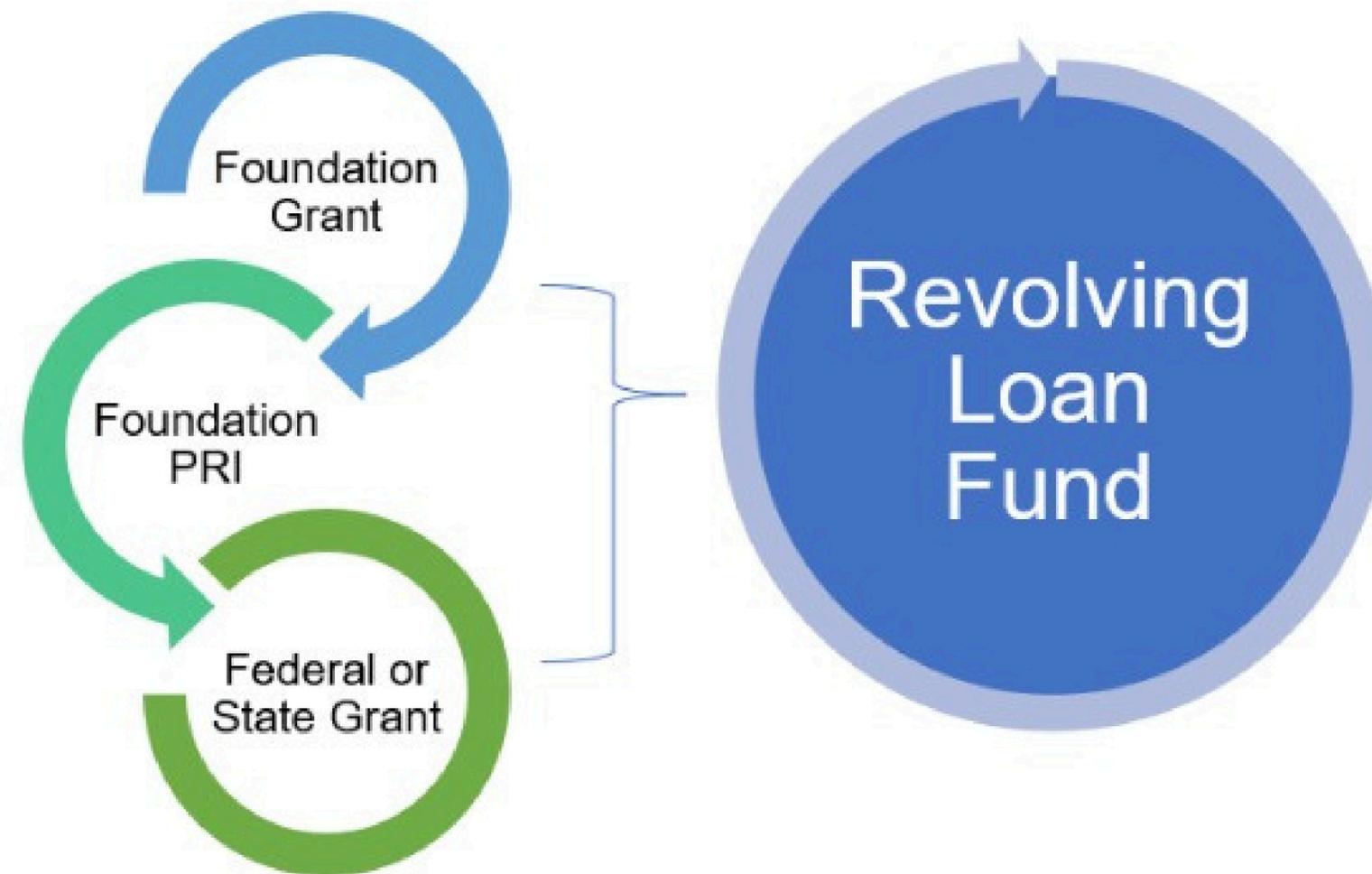
Municipal Bonds Can Carry Benefits & Risks

- When used correctly, municipal securities can enable the county to:
 - Invest in deferred maintenance at scale
 - Invest in expansion projects at scale
 - Achieve Intergenerational equity in a plan of finance
 - Engage in asset-liability matching
 - Make strategic choices regarding pledged revenues
- Solvency risk is present, among others.

Municipal Bonds & Social Investments

- Analyze carefully the options you have to raise money from bonds at the lowest cost of capital.
- Could you leverage Program Related Investments from Foundations (to diversify beyond seeking foundation grants) and couple that with municipal bonds to lower net interest costs and save money on future years of debt service payments? Those cost savings would be passed on to your community.
- PRIs could be particularly prudent when using revenue bonds versus “GO” Bonds, depending on the context.

Combining Philanthropy & Public Finance Avenues



Example: Funding Food Insecurity

- Use of **pay-as-you-go** would likely be the predominant mechanism to fund food insecurity.
- Expanding the strategy to fund this avenue to possibly include a **lending vehicles** like a **revolving loan fund** mechanism could expand the level of funding available to address food insecurity, and create a vehicle that exists in perpetuity. If the revolving loan fund was capitalized with a blend of appropriations and grants from foundations you could have a generative vehicle for resource expansion by pursuing these avenues.
- **Macon-Bibb County Georgia** serves as an example.

