Town of Alta Capital Committee

Capital Funding Decisions

ZIONS PUBLIC FINANCE, INC.

September 2, 2026

QUESTIONS TO ASK – CASH/DEBT

- Can the project be financed?
- What is the priority of the project?
- What is the economic environment (interest earned vs. interest paid)?
- What is the useful life of the asset/who benefits from the project?
- What is the current reserve position?
- What are future capital needs?

Not always an "either/or" decision

What combination of financing tools are appropriate to meet policy, financial and community goals



Factor	Cash Financing	Debt Financing
Intergenerational Equity	Current taxpayers pay	Costs spread over time
Liquidity	Reduces reserves/future financial flexibility	Preserves reserves/financial flexibility
Budgetary Cost	Lost investment revenue	Interest & issuance costs
Speed/Flexibility	Limited by available funds	Can accelerate projects
Risk	Inflation & market risk	Interest rate & market risk
Political Optics	Often viewed favorably	Sometimes scrutinized

INTERGENERATIONAL EQUITY

The cost of public infrastructure is distributed fairly among the generations who benefit from it....

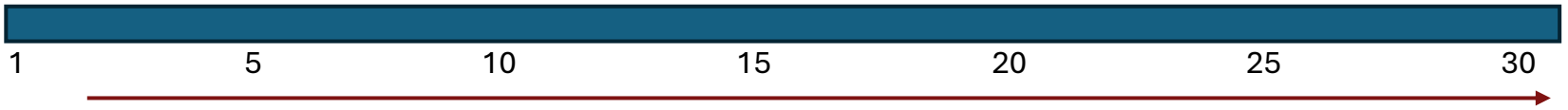






Scenario 1: Cash Financing: $5 Million Water Infrastructure Project

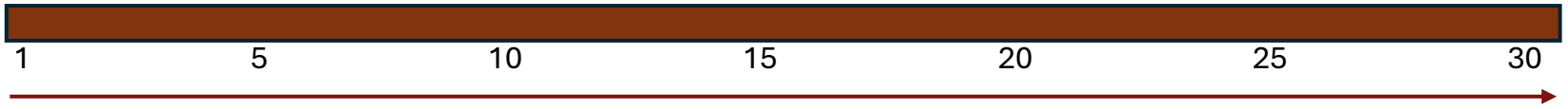
Year 1: Past and current taxpayers pay $5M for the water infrastructure project
Future taxpayers pay $0



Years 2 through 30: Future residents benefit from the water project with no contribution toward the cost.

Scenario 2: Debt Financing: $5 Million Water Infrastructure Project

Annual debt service payments



Years 1 through 30: Current and future residents contribute toward the cost of the water project.

DECISION FRAMEWORK – CASH OR DEBT?

Not always an "either/or" decision

What combination of financing tools are appropriate to meet policy, financial and community goals



Factor	Cash Financing	Debt Financing
Intergenerational Equity	Current taxpayers pay	Costs spread over time
Liquidity	Reduces reserves/future financial flexibility	Preserves reserves/financial flexibility
Budgetary Cost	Lost investment revenue	Interest & issuance costs
Speed/Flexibility	Limited by available funds	Can accelerate projects (match with priority)
Risk	Inflation & market risk	Interest rate & market risk
Political Optics	Often viewed favorably	Sometimes scrutinized

The Zero-Debt Mindset…."Cash Is King" and "All Debt Is Bad"

Shifting Away from the Zero-Debt Mindset…

- Municipal debt is not the same as high-interest personal credit card debt (a fundamental misunderstanding of public economics)
- Avoiding debt shifts rather than eliminates risk
- Difference between borrowing to pay daily operating expenses and borrowing to build essential, long-term infrastructure
- The cost of delay



TOWN OF ALTA NEEDS



Water Infrastructure



New Building



Sewer Infrastructure

FUNDING OPTIONS

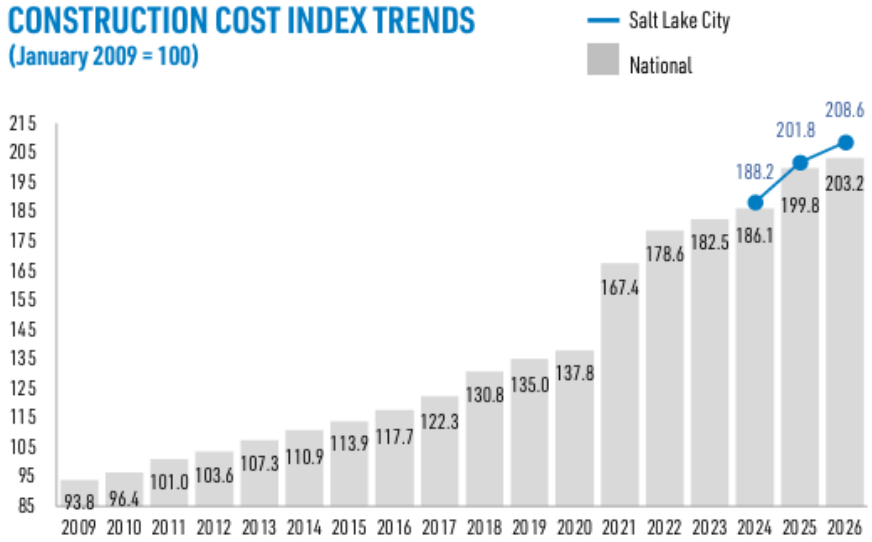


General Obligation Bonds	• Guaranteed property tax revenue to make bond payments through the term of the bond.
Revenue Bonds	• Bond payments are made from pledged revenues and are a line item in the applicable budget.
Pay-Go	• Cash financing.

INTEREST VS. INFLATION

Example:

- Annual revenue of $175,000 available
- Can use revenue to issue debt or “pay-go”
- Average construction inflation index over past five year 7.7%



Source: Mortenson

NATIONAL SNAPSHOT

2026 Nonresidential Construction Costs

Market	Q1 % Change	YoY % Change
Salt Lake City	+3.38%	+9.75%
National	+1.69%	+6.77%
Chicago	+1.53%	+5.67%
Denver	+2.44%	+10.37%
Milwaukee	+2.19%	+10.32%
Minneapolis	+1.10%	+6.24%
Phoenix	+1.97%	+7.05%
Portland	+0.86%	+2.55%
Seattle	+0.56%	+4.15%

INTEREST VS. INFLATION : DIVISION OF DRINKING WATER SRF

Interest rate:	**1.5%**	**Annual loan Payment:**	**$174,737**
Loan term:	**20 yrs**	**Total cost*:**	**$3,519,744**
Project proceeds:	**$3,000,000**	***Includes cost of issuance***	

Year	Principal	Interest	Total	Balance
1	$129,737	$45,000	$174,737	$2,870,263
2	131,683	43,054	174,737	2,738,580
3	133,659	41,079	174,737	2,604,921
4	135,663	39,074	174,737	2,469,258
5	137,698	37,039	174,737	2,331,559
6	139,764	34,973	174,737	2,191,795
7	141,860	32,877	174,737	2,049,935
8	143,988	30,749	174,737	1,905,947
9	146,148	28,589	174,737	1,759,799
10	148,340	26,397	174,737	1,611,459
11	150,565	24,172	174,737	1,460,893
12	152,824	21,913	174,737	1,308,070
13	155,116	19,621	174,737	1,152,953
14	157,443	17,294	174,737	995,511
15	159,805	14,933	174,737	835,706
16	162,202	12,536	174,737	673,504
17	164,635	10,103	174,737	508,870
18	167,104	7,633	174,737	341,766
19	169,611	5,126	174,737	172,155
20	172,155	2,582	174,737	0
Total	**$3,000,000**	**$494,744**	**$3,494,744**	

Both debt and pay-go are being paid for with "cheaper" inflated dollars over the years.

Construction inflation rate:	**6.0%**		
Annual revenue for pay-go:	**$175,000**		
Fund projects on a biennial basis			
Total Cost: $5,471,828			

Year	Original Cost	Cost Assuming 6% Annual Inflation
2	$350,000	$393,260
4	350,000	441,867
6	350,000	496,482
8	350,000	557,847
10	350,000	626,797
12	350,000	704,269
14	350,000	791,316
16	350,000	889,123
18	200,000	570,868
Total	**$3,000,000**	**$5,471,828**



STATE REVOLVING LOAN FUND PROCESS

Division of Drinking Water (DDW)

- Submit application (last date to submit application for 2027 Funding is September 15, 2026).
- Board reviews and approves loan amount, interest and principal forgiveness (generally within 2 months – DDW authorization meeting).
- Municipality begins bond issuance process (2 months).
- Closing and delivery of funds – timeline dependent on infrastructure plans and bids.

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