

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: Hearing - 2
DATE: November 8, 2007
SUBJECT: 2008 Debt Service
CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

SUMMARY:

This staff report presents the Debt Service Portion of the 2008 Budget. The detailed debt schedule for all funds is included as Attachment A. A detailed discussion on the Police Bonds and the Water/Sewer Bonds is provided in this report.

205 POLICE BOND FUND

Voted bonds were issued in 2004 in the amount of \$399,750 for the City's share of the Snohomish County 911 Emergency Radio system and for public safety and health improvements to the Police Department.

This was a 20 year bond issue with average payments of \$31,000 per year. Additional taxes are levied to cover the cost of the bonds.

Funding Source: Tax levy on property
Expense: Bond payments of \$31,045

110 POLICE BOND

The bonds were issued in 2004 for the purpose of paying for the Snohomish County 911 Emergency Radio System and to make public health and safety improvements to the Police Department building. These improvements included completion of the evidence room, weapons storage and miscellaneous storage. The breakdown of the fund is as follows:

Bond Proceeds	\$399,750.00
Less Underwriters fee	-5,796.37
Interest Receipted	23,619.07
Radios/SERS	\$380,626.10
Fund Balance	\$ 36,946.60

The Emergency Radio equipment installation needs to be completed and the weapons locker and evidence room need to be finished. The City Council may determine that other safety improvements are necessary and use the bond proceeds

for those purposes after the initial purpose has been fulfilled. The Police Department will provide detailed estimates of costs to complete the original purpose of the bonds. The remaining balance has been included in the 2008 Budget. The following is information from the bond ordinance:

Section 5: Proceeds

Section 1. Project. The Council hereby finds and declares that the Project to be paid for with proceeds of the Bonds is more particularly defined and described as follows:

1.1 Pay the City's share of the costs of completing Phase II of the System and make related public health and safety improvements to implement the system, in accordance with the City-County Agreement.

1.2 Acquire and install all necessary furniture, equipment, fixtures and appurtenances in the foregoing, all as deemed necessary and advisable by the Council.

Pay incidental costs incurred in connection with carrying out and accomplishing the foregoing and costs related to the sale and issuance of the Bonds pursuant to RCW 39.46.070. Such costs include, but are not limited to, payments for fiscal and legal expenses, obtaining ratings and bond insurance, printing, advertising, establishing and funding accounts, capitalized interest for up to six months after completion of construction, necessary and related engineering, architectural, planning, consulting, inspection and testing costs, administrative and relocation expenses, site acquisition and improvement, demolition, on and off-site utilities, and other similar activities or purposes, all as deemed necessary and advisable by the Council

Section 2. Proceeds of the Bonds. If available money from the proceeds of Bonds is more than sufficient to pay costs of the Project, or should state or local circumstances require any alteration in the Project, the City may acquire, construct, equip and make other capital improvements to the City's facilities, or retire and/or defease a portion of the Bonds, all as the Council may determine by ordinance and as permitted by law. If the Council shall determine that it has become impractical to accomplish any of the Project or portions thereof by reason of state or local circumstances, including, but not limited to, changed conditions or needs, regulatory considerations, incompatible development or costs substantially in excess of those estimated, the City shall not be required to accomplish such Project and may apply the Bond proceeds or any portion thereof to other portions of the Project, to other capital purposes of the City, or to retire and/or defease a portion of the Bonds, all as the Council may determine by ordinance and as permitted by law. In the event that the proceeds of sale of the Bonds, plus any other money of the City legally available therefore, are insufficient to accomplish all of the Project, the City shall use the available money for paying the cost of the Project for which the Bonds were approved that is deemed by the City most necessary and in the best interest of the City.

Water/Sewer Revenue Bonds – 403

Bonds in the amount of \$1,500,000 were issued in 1996 for improvements to the Wastewater Plant and for water system improvements. This issue also provided for the refunding of prior revenue bonds.

The bonds are paid for by funds collected from current water/sewer customers. An interfund transfer of \$50,000 from the Water fund and the Sewer fund cover the majority of the payments. The fund receives interests on the fund reserves. The coverage requirement is 125% which means that the total fund must equal 125% of the annual debt payment.

Current reserves are estimated to be \$59,000 plus the \$100,000 transfer in for 2008 will meet coverage requirement

The City Council approved a refunding issue for these bonds if it becomes cost effective to proceed. The Council determined that at least a \$60,000 savings would be required.

DEBT SERVICE SCHEDULE									
	2006	2007	2008	2009	2010	2011-15	2016-20	2021-25	Total
W/S Revenue Bonds	129,362.50	125,460.00	126,290.00	126,755.00	126,845.00	637,000.00	128,875.00	0.00	1,400,587.50
Total Revenue Bond Debt	129,362.50	125,460.00	126,290.00	126,755.00	126,845.00	637,000.00	128,875.00	0.00	1,400,587.50
Public Works Loans									
PW 596-790-056	119,520.05	118,443.20	117,366.54	116,289.78	115,213.02	559,913.75	108,752.60	0.00	1,255,498.94
PW 02-691-PRE 119	17,369.52	17,289.48	17,209.44	17,129.39	17,049.35	84,046.09	82,044.99	32,257.69	284,395.95
SFF 97-78-897-076	86,863.68	84,577.75	82,291.86	80,005.98	77,720.09	354,312.19	185,156.69	0.00	950,928.24
PW 02-691-PRE 122	45,831.77	44,880.85	0.00	0.00	0.00	0.00	0.00	0.00	90,712.62
PW 98-791-063	57,754.81	56,508.30	55,261.80	54,015.29	52,768.78	245,146.32	132,129.70	0.00	653,585.00
PW 04-691-064	78,242.50	77,585.00	76,927.50	76,270.00	75,612.50	368,200.00	351,762.50	269,575.00	1,374,175.00
DEOLO 10034	8,631.24	8,631.24	8,631.24	8,631.24	8,631.24	43,156.20	43,156.20	38,840.55	168,309.15
Total Other Loan Debt	414,213.57	407,915.82	357,688.38	352,341.68	346,994.98	1,654,774.55	903,002.68	340,673.24	4,777,604.90
GO Bonds Community Center									
GO Bonds Community Center	117,550.00	120,120.00	122,423.00	124,447.00	126,223.00	682,065.00	460,580.00	0.00	1,753,408.00
GO Bonds Police Equipment	31,862.50	31,465.00	31,045.00	30,595.00	30,085.00	156,045.00	154,675.00	124,535.00	590,307.50
Total GO Bond Debt	149,412.50	151,585.00	153,468.00	155,042.00	156,308.00	838,110.00	615,255.00	124,535.00	2,343,715.50
Street Sweeper									
Main Street PWTF	9,753.74	9,753.74	9,753.74	4,876.87	0.00	0.00	0.00	0.00	34,138.09
	28,864.77	28,320.16	27,775.56	0.00	0.00	0.00	0.00	0.00	84,960.49
Total Other GO Debt	38,618.51	38,073.90	37,529.30	4,876.87	0.00	0.00	0.00	0.00	119,098.58
TOTAL DEBT	731,607.08	723,034.72	674,975.68	639,015.55	630,147.98	3,129,884.55	1,647,132.68	465,208.24	8,641,006.48

Attachment A