

## SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

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ITEM NO: A- 4

DATE: June 10, 2010

SUBJECT: Public Works Trust Fund (PWTF) Loan  
#PW-06-962-PRE-131

CONTACT PERSON: Deborah Knight, City Administrator

### **ISSUE:**

The issue before the City Council is to authorize the Mayor to sign a revised loan agreement with the Public Works Trust Fund Board (Board) for loan #PW-06-962-PRE-131 for the Wastewater Plant Design Phase.

At its June 3, 2010 meeting, the PWTF Board approved continuing the .5% interest rate and extending the loan payoff from 2011 to 2012. This has the effect of reducing the city's loan payment for 2010 and 2011 from \$315,600 to \$208,000. The revised loan agreement would add a year to the term of the loan. The loan would be paid in full in 2012.

During its discussion the PWTF Board noted the city council should consider raising sewer rates by 5% in December 2010 and 5% in December 2011 in order to ensure a positive cash balance in the fund (Attachment A).

### **STAFF RECOMMENDATION:**

1. Review the recommendations and financial analysis of the sewer utility prepared by the PWTF staff.
2. Review the terms proposed by the Public Works Trust Fund Board (Board) to extend the PWTF loan.
3. Authorize the Mayor to sign a revised loan agreement with the Public Works Trust Fund Board.

### **SUMMARY:**

The City received a \$1,000,000 Public Works Trust Fund loan in 2006 to design the upgrade and expansion of the Wastewater Treatment Plant. The city was to "match" the \$1,000,000 Trust Fund Loan with sewer connection fees to complete the design.

The city has completed 50% of the design using the Trust Fund Loan. Unfortunately, the collapse of the housing market in 2008 meant there were no city funds available to finish the design. The council made a decision in 2008 to stop the design until adequate funds are available to complete the work.

The \$1,000,000 loan was for design and the repayment term is five years. The first payment was interest only in 2007. The city had anticipated starting construction on the upgrade project which would have allowed the city to extend the payments for the design phase loan out over a twenty year period. This did not occur. The payment schedule is five years. The city has made two payments and there is a \$625,000 balance on the principle. The loan payment for the next two years will be \$315,600 each year. The 2010 budget includes the full payment on the loan. Full payment of the loan was premised on receiving six connection charges. The city has collected 2 connection charges for two single-family residential units.

On January 14, 2010, the city council directed staff to forward a request for a one year extension on PW-06-962-PRE-131 to the PWTF Board. The effect of extending the city's loan repayment schedule from five years to six years would be to increase the remaining payment schedule from two years to three years, and reduce annual payments from approximately \$315,000 in July 2010 and 2011 to approximately \$208,000.00 for each of the remaining payments.

#### Loan Terms and Board Recommendations

The PWTF Board reviewed the city's request at its April 7, 2010 meeting. The Board requested and received additional information regarding the city's financial position for consideration at its June 3, 2010 meeting (Attachment B). The Board approved extending the loan for one additional year at the current .5% interest rate.

The Board also discussed the financial analysis prepared by its staff. Based on the financial analysis and the need to ensure positive cash balance in the fund, the PWTF Board requested the city council consider taking the following actions:

1. Adopt the maximum sewer rate on 12/1/2010 effective date. This may require an amendment to the City's current policy on adjusting sewer rates.
2. Adopt a sewer rate on 12/1/2011 effective date that is based on the Seattle-Tacoma-Bremerton CPI-U, as long as it is sufficient to provide funds, which along with other revenues of the system will pay all operating expenses and debt repayments. This may require an amendment to the City's current policy on adjusting sewer rates.
3. Complete a rate study in 2012 and implement the study's sewer rate recommendations thereafter.

**DISCUSSION:**

The financial analysis completed by Board staff indicates the city has taken the necessary actions to ensure a viable fund. The current problem is the result of not collecting sufficient net operating revenue (rates plus connection charges) for annual interest and principal payments on debt. This is the reason the city requested a loan extension.

The debt service coverage ratio (DSCR) analysis in Table 6 of Attachment B (below) shows the City's DSCRs for 2007 and 2008 show positive cash flow.

However, 2009 and 2010 DSCRs are less than one, which means that in 2009 and 2010 net operating income can only cover 75% and 76% of annual debt payments, respectively.

**Table 6: Debt Service Coverage Ratios (DSCR)**

Account Name	2007 Actual	2008 Actual	2009 Actual	2010 Adopted
Net Operating Revenue (A)	\$324,144	\$385,646	\$434,184	\$487,795
Total Debt Service (B)	\$313,079	\$333,726	\$579,865	\$638,190
Debt Service Coverage Ratio (A ÷ B)	1.035	1.156	0.749	0.764

This also means that the City has delved into its other funds to pay for its loan obligations. This is evidenced by the decline in fund balances of both bond and debt service funds and a transfer from the reserve fund to the debt service fund in 2010.

Attachment A shows that the sewer utility could experience a negative ending cash balances in 2012-2014 without a 5% rate increase in December 2010 and December 2012 with rates carried throughout 2014.

The city council will need to carefully consider a sewer rate increase during the 2011 budget deliberations.

**RECOMMENDED ACTION:**

1. Review the recommendations and financial analysis of the sewer utility prepared by the PWTF staff.
2. Review the terms proposed by the Public Works Trust Fund Board (Board) to extend the PWTF loan.
3. Authorize the Mayor to sign a revised loan agreement with the Public Works Trust Fund Board.

**ATTACHMENTS:**

- A. Cash Balance Projections
- B. Public Works Trust Fund Board - June 3, 2010 Request for Loan Term Change

## CASH BALANCE PROJECTIONS FOR THE CITY OF SULTAN

### Assumption 1: No changes to Pre-Con loan terms, and City adopting the minimum rates

- ORIGINAL Term – 5 years for PWTF Pre-con -2006 loan beginning 2006 – ending 2011
- Original terms for all other loans and bonds
- City adopting the minimum sewer rates for 12/1/2010 and 12/1/2011, and rates carried throughout 2014
- Hook-up fees revenue remains \$56,000 for FY 2011, 2012, 2013 and 2014
- Operating expenses was factored with 3% inflation
- Other non-operating costs (average of \$150,000/year) was factored with 3% inflation
- 0 spending for capital outlays/capital improvements

Ending Cash Balance for:

2010 = (+) \$102,682  
 2011= (-) \$140,000  
 2012 = (-) \$77,000  
 2013 = (-) \$31,000  
 2014 = (+) 2,000

### Assumption 2: With changes to Pre-Con loan terms, and City adopting the minimum rates (See Note 1)

- Term from 5 years to 6 years for PWTF Pre-con -2006 loan, beginning 2006 – ending 2012
- Original terms for all other loans and bonds
- City adopting the minimum sewer rates for 12/1/2010 and 12/1/2011, and rates carried throughout 2014
- Hook-up fees revenue remains \$56,000 for FY 2011, 2012, 2013 and 2014
- Operating expenses was factored with 3% inflation
- Other non-operating costs (average of \$150,000/year) was factored with 3% inflation
- 0 spending for capital outlays/capital improvements

Ending Cash Balance for:

2010 = (+) \$179,000  
 2011= (+) \$24,000  
 2012 = (-) \$135,000  
 2013 = (-) \$89,000  
 2014 = (-) \$66,000

### Assumption 3: With changes to Pre-Con loan terms, and City adopting the maximum rates (5%) increase

- Term from 5 years to 6 years for PWTF Pre-con -2006 loan, beginning 2006 – ending 2012
- Original terms for all other loans and bonds
- City adopting the maximum sewer rates for 12/1/2010 and 12/1/2011, and rates carried throughout 2014
- Hook-up fees revenue remains \$56,000 for FY 2011, 2012, 2013 and 2014
- Operating expenses was factored with 3% inflation
- Other non-operating costs (average of \$150,000/year) was factored with 3% inflation
- 0 spending for capital outlays/capital improvements

Ending Cash Balance for:

2010 = (+) \$179,000  
 2011= (+) \$81,000  
 2012 = (+) \$40,000  
 2013 = (+) \$202,000  
 2014 = (+) 352,000

**Note 1-**

**Assumption 2:** For the City to be able to repay the PWTF pre-Con Loan and with cash balances remain positive until pre-con loan term end date, pre-con loan term must be extended from 5 years to 7 years, beginning 2006 and ending 2013. In doing so, ending cash balances beginning 2010 through 2013 appeared positive. Beginning 2014 through 2017, ending cash balances showed negative, and then starts to accumulate positive reserves the next year and thereafter.

Also, the City currently have two other loans with the Trust Fund Loan Programs, which is around \$200,000 a year and with 20 years loan term.



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DATE: May 18, 2010

TO: Public Works Board

FROM: Myra Baldini, Application and Loan Specialist  
Terry Dale, Client Services Representative

SUBJECT: City of Sultan Request for Loan Term Change

### **RECOMMENDATION**

Based on the findings and analysis described below, Public Works Board (the Board) staff recommends extending the City of Sultan's Public Works Trust Fund (PWTF) pre-construction loan PW-06-962-PRE-131 repayment term from five (5) years to six (6) years, at the current interest rate of half of a percent (0.5%) per annum.

Board staff believe that in order for the City to achieve a long term solution to repay the loan and rebuild its financial reserves, the Board must encourage the City to do the following:

1. The City adopts the maximum sewer rate on 12/1/2010 effective date. This may require an amendment to the City's current policy on adjusting sewer rates (see attached email from Sultan's City Administrator).
2. The City adopts a sewer rate on 12/1/2011 effective date that is based on the Seattle-Tacoma-Bremerton CPI-U, as long as it is sufficient to provide funds, which along with other revenues of the system will pay all operating expenses and debt repayments. This may require an amendment to the City's current policy on adjusting sewer rates (see attached email from Sultan's City Administrator).
3. The City must complete a rate study in 2012 and implement the study's sewer rate recommendations thereafter (see attached email from Sultan's City Administrator).

### **BACKGROUND**

City of Sultan was awarded a \$1 million PWTF pre-construction loan in 2006 to design a new membrane bio-reactor treatment system. This loan funded design and bid documents and the pre-construction project was closed out in May 2009. The City has made one payment of \$375,000.00 and has a remaining balance of \$625,000 plus accrued interest. Unfortunately, the City was unable to acquire construction funding for this project, so was not able to use the Board's term

extension policy to convert the PWTF pre-construction loan term from five to 20 years.

The City was proactive in its recognition of the potential problem and submitted a request for the Board to consider extending their PWTF pre-construction loan repayment term from five years to six years and increase their interest rate to one percent. The effect of this request would be to increase the remaining payment schedule from two years to three years. This action would add an extra payment and thus reduce annual payments from approximately \$315,000 in July 2010 and July 2011 to approximately \$208,000.00 for the three remaining payments.

The Board directed the staff to proceed as if this were a loan default circumstance, and to undertake a review of the City's ability to repay the loan.

## **FINDINGS**

The lack of additional connections have reduced the City's anticipated revenue stream and forced the use of the City reserve funds to make loan payments, as well as to fund routine maintenance and operation activities. Although the City has used reserve funds to pay loan obligations, their financial status for FY 2010 does not show substantial risk for PWTF loan default. However, Board staff is concerned with the City's fiscal capacity in FY 2011. The current operating revenue does not support the current debt repayments schedule. The City does not appear to have enough reserves to meet their loan obligations and at the same time meet maintenance and operations and any unanticipated repair costs.

## **ANALYSIS**

Board staff's analysis on the City's financial situation focused on the review of four of the City's five funds: sewer operating, revenue bond, reserve, and debt service funds. Loan and bond proceeds go to the construction fund. For the sake of looking at the debt repayment capacity, Board staff combined the sewer revenue bond fund and debt service fund into one source of funds currently used for debt services.

Operating resources come from sewer service rates and sewer inspection fees. Basically, monies move from the operating to the reserve, to the bond, to the construction, and to the debt service fund. Additionally, the debt service fund receives a dedicated income that is coming from sewer connection fees.

In 2004 the City adopted Ordinance 865-04 setting out a five-year rate schedule for residential and commercial connections. This provided an annual increase to the rates, a portion of which is dedicated to loan repayments. Additionally, Ordinance 1033-09 increased residential and commercial user fees for the period of 2009 to 2011. Rate schedules 12/1/2004 through 12/1/2006 were not included in our analysis. The rate schedule shown on **Table 1** begins on 12/1/2007 and ends on 11/30/2012.

The City has indicated that it is currently updating their General Sewer Plan. The plan will be completed in 2011. After the plan is adopted, the City Council will conduct another rate study based on the financial analysis and capital needs expressed in the plan.

**Table 1: City of Sultan Sewer Rate Schedule**

Effective Date:	12/1/2007	12/1/2008	12/1/2009	12/1/2010*		12/1/2011*	
<b>RESIDENTIAL (flat rate)</b>				<b>Minimum</b>	<b>Maximum</b>	<b>Minimum</b>	<b>Maximum</b>
Single Family	\$54.00	\$56.00	\$64.83	\$64.83	\$68.07	\$64.83	\$71.47
Low-Income senior	\$27.00	\$28.00	\$32.41	\$32.41	\$34.03	\$32.41	\$35.73
Multi-Family	\$54.00	\$56.00	\$64.83	\$64.83	\$68.07	\$64.83	\$71.47
Mobile Home Parks	\$54.00	\$56.00	\$64.83	\$64.83	\$68.07	\$64.83	\$71.47
<b>COMMERCIAL (base rate by meter + volume)</b>							
3" meter	\$54.00	\$56.00	\$64.83	\$64.83	\$68.07	\$64.83	\$71.47
1" meter	\$75.60	\$74.40	\$90.76	\$90.76	\$95.30	\$90.76	\$100.06
1.5" meter	\$97.20	\$100.80	\$116.69	\$116.69	\$122.52	\$116.69	\$128.65
2" meter	\$156.60	\$162.40	\$187.28	\$187.28	\$196.64	\$187.28	\$206.47
3" meter	\$594.00	\$616.00	\$713.10	\$713.10	\$748.76	\$713.10	\$786.20
4" meter	\$756.00	\$784.00	\$907.59	\$907.59	\$952.97	\$907.59	\$1,000.62
6" meter	\$1,134.00	\$1,176.00	\$1,361.38	\$1,361.38	\$1,429.45	\$1,361.38	\$1,500.92
8" meter	\$1,566.00	\$1,624.00	\$1,880.00	\$1,880.00	\$1,974.00	\$1,880.00	\$2,072.70
Volume Rate/100 CF	\$2.20	\$2.28	\$4.61	\$4.61	\$4.84	\$4.61	\$5.08
600 CF Volume Included in Base							
*If the Seattle-Tacoma-Bremerton CPI-U June to June is: - less than zero percent, sewer rates effective as of 12/1/2009 are the minimum base rates; - greater than five percent, sewer rates effective as of 12/1/2009 are the maximum base rates.							
System Connection Fee: \$7,983 per Equivalent Residential Units (ERU). Note: The City has 1,485 existing ERU, as of 2006. Their total customer base is 2,388. Total population of the City is 4,555 based on data updated yearly by Washington State Office of Financial Management.							

The City's current and proposed minimum and maximum rates were compared to jurisdictions with similar customer base and population. **Table 2** below shows the comparison.

**Table 2: Rates Comparison**

City	Ridgefield	Wapato	Sultan		Buckley	Blaine	North Bend
			12/1/2009*	Maximum**			
<b>Population</b>	4,215	4,555	<b>4,555</b>	<b>4,555</b>	4,635	4,740	4,760
<b>Single Family Flat Rate</b>	\$49.79	\$35.00	<b>\$64.83</b>	<b>\$68.07</b>	\$65.55	\$81.31	\$65.37
<b>County</b>	<b>Clark</b>	<b>Yakima</b>	<b>Snohomish</b>		<b>Pierce</b>	<b>Whatcom</b>	<b>King</b>

\*Also the proposed minimum rate on 12/1/2010 effective date

\*\*Proposed maximum rate on 12/1/2010 effective date

To determine the Affordability Index (AI) of the single family residence flat monthly rate of \$64.83, the rate was compared to Snohomish County's Annual Median Household Income (AMHI) projections (see **Table 3**). AI is defined as percent of monthly household income dedicated to utility services.

Rates are deemed to be affordable if the rates are less than two percent. EPA's guidance on the affordability of investment in wastewater systems uses an average household rate of two percent of MHI as one assessment factor in conjunction with measures of the system's debt, socioeconomic conditions of the area, and financial management conditions. Based on EPA's standard, the City's rates are affordable rates.

**Table 3: City of Sultan Sewer Rate Affordability Index**

Effective Date:	12/1/2007	12/1/2008	12/1/2009	12/1/2010*	12/1/2011*		
<b>RESIDENTIAL (flat rate)</b>				<b>Minimum</b>	<b>Maximum</b>	<b>Minimum</b>	<b>Maximum</b>
Single Family ( X 12)	\$54.00	\$56.00	\$64.83	\$64.83	\$68.07	\$64.83	\$71.47
Snohomish County AMHI	\$65,359	\$62,071	\$60,353	\$60,353	\$60,353	\$60,353	\$60,353
Affordability Index	0.99%	1.08%	1.29%	1.29%	1.35%	1.29%	1.42%

The City's operating ratios for 2007–2010 are illustrated on **Table 4**. The City's historical and 2010 operating ratios indicate that revenues exceed 150 percent of expenses and indicate good financial condition. In other words, the City has sufficient revenue to meet current operating expenses.

**Table 4: Operating Ratios for 2007 – 2010**

Account Name	2007 Actual	2008 Actual	2009 Actual	2010 Adopted
Operating Revenue (A)*	\$919,165	\$1,028,796	\$1,036,676	\$1,140,486
Operating Expenses (B)**	\$595,018	\$643,150	\$602,492	\$652,691
Net Operating Revenue (A – B)	\$324,144	\$385,646	\$434,184	\$487,795
Operating Ratio (A ÷ B)	1.545	1.600	1.721	1.747

\*Sewer Inspection Fee and Sewer Service Fees

\*\*Operating expenses includes general and administrative expenses

Board staff also looked at the Debt Ratio of the City. Debt ratio indicates what proportion of debt the City has relative to its assets. This is a way to measure how the City leverages its assets along with the potential risks it faces in terms of its debt load. Please refer to **Table 5** below. Debt ratios indicate that in 2010 only 23 percent of the City's utility assets are debt financed, while at least 77 percent remain as equity.

**Table 5: Debt Ratios**

Account Name	2007 Actual	2008 Actual	2009 Actual	2010 Adopted
Liabilities (A)	\$5,860,245	\$5,391,038	\$4,828,365	\$4,333,473
Assets (B)	\$18,856,494	\$18,873,615	\$19,180,694	\$19,180,694
<b>Debt Ratio (A ÷ B)</b>	<b>0.311</b>	<b>0.286</b>	<b>0.253</b>	<b>0.226</b>

The City's Debt Service Coverage Ratio (DSCR) shows a different picture (**Table 6**). DSCR is the ratio of net operating revenue available for annual interest and principal payments on debt. A DSCR of less than one would mean a negative cash flow.

**Table 6: Debt Service Coverage Ratios (DSCR)**

Account Name	2007 Actual	2008 Actual	2009 Actual	2010 Adopted
Net Operating Revenue (A)	\$324,144	\$385,646	\$434,184	\$487,795
Total Debt Service (B)	\$313,079	\$333,726	\$579,865	\$638,190
<b>Debt Service Coverage Ratio (A ÷ B)</b>	<b>1.035</b>	<b>1.156</b>	<b>0.749</b>	<b>0.764</b>

The City's DSCRs for 2007 and 2008 show positive cash flow. However, 2009 and 2010 DSCRs are less than one, which means that in 2009 and 2010 net operating income can only cover 75% and 76% of annual debt payments, respectively. Please refer to **Table 7** below. This also means that the City has delved into its other funds to pay for its loan obligations. This is evidenced by the decline in fund balances of both bond and debt service funds and a transfer from the reserve fund to the debt service fund in 2010.

**Table 7: Debt Fund Balances**

Account Name	2007 Actual	2008 Actual	2009 Actual	2010 Adopted
Beginning Balances				
Sewer Revenue Bond Fund (A)	\$53,168	\$42,574	\$30,214	\$17,095
Sewer Debt Service Fund (B)*	\$459	\$48,980	\$39,094	\$12,134
<b>Total Beginning Balances (A + B)</b>	<b>\$53,627</b>	<b>\$91,554</b>	<b>\$69,308</b>	<b>\$29,229</b>
Revenues				
Sewer Connection Fees (C)	\$88,733	\$47,384	\$138,390	\$56,000
Transfer from Reserve Fund (D)	\$0	\$0	\$0	<b>\$173,397</b>
Transfer from Operating Fund (E)*	\$262,273	\$264,096	\$401,396	\$407,882
<b>Total Revenues (C + D + E)</b>	<b>\$351,006</b>	<b>\$311,480</b>	<b>\$539,786</b>	<b>\$637,279</b>
<b>TOTAL RESOURCES (A+B+C+D+E)</b>	<b>\$404,633</b>	<b>\$403,034</b>	<b>\$609,094</b>	<b>\$666,508</b>
<b>Total Debt Service (F)**</b>	<b>\$313,079</b>	<b>\$333,726</b>	<b>\$579,865</b>	<b>\$638,347</b>
<b>Ending Fund Balance (Total Resources-F)</b>	<b>91,554</b>	<b>\$69,308</b>	<b>\$29,229</b>	<b>\$28,161</b>

\*Includes investment interest.

\*\* Includes professional services fee on bonds.

In 2009 the City completed the Centrifuge project. There were no transfers that occurred from the operating fund, nor were sewer reserve funds transferred to the construction fund during this time to ensure that debt services were met.

In 2010, the City has adopted a transfer of \$173,397 from its sewer reserve fund to the sewer debt service fund in order to make up the anticipated 2010 debt obligations

of \$638,347. In addition, the City has also adopted a transfer of \$50,000 for I&I reduction program from the sewer reserve fund to the construction fund for 2010. After these two transactions, the ending sewer reserve fund balance is \$43,552.

**Table 8** shows the summary of the four funds, illustrating the City's declining cash balances.

**Table 8: Summary of Four Sewer Funds**

Account Name	2007 Actual	2008 Actual	2009 Actual	2010 Adopted
<b>Beginning Balances</b>				
Sewer Operating Fund	\$113,513	\$38,055	\$25,398	\$30,932
Sewer Reserve Fund	\$380,085	\$380,085	\$384,598	\$241,052
Sewer Revenue Bond Fund*	\$53,168	\$42,574	\$30,214	\$17,095
Sewer Debt Service Fund *	\$459	\$48,980	\$39,094	\$12,134
<b>Total Beginning Fund Balances (A)</b>	<b>\$547,225</b>	<b>\$509,694</b>	<b>\$479,304</b>	<b>\$301,213</b>
<b>Revenues</b>				
Sewer Operating Fund**	\$929,115	\$1,077,330	\$1,050,666	\$1,150,986
Sewer Reserve Fund	\$0.00	\$4,513	\$16,454	\$25,500
Sewer Revenue Bond Fund*	\$52,292	\$50,941	\$50,415	\$64,250
Sewer Debt Service Fund ***	\$298,714	\$260,539	\$489,371	\$573,029
<b>Total Revenues (B)</b>	<b>\$1,280,122</b>	<b>\$1,393,323</b>	<b>\$1,606,906</b>	<b>\$1,813,765</b>
<b>TOTAL RESOURCES (A + B)</b>	<b>\$1,827,347</b>	<b>\$1,903,017</b>	<b>\$2,086,210</b>	<b>\$2,114,978</b>
<b>Expenses</b>				
Sewer Operating Fund**/****	\$1,004,572	\$1,089,987	\$1,045,132	\$1,150,949
Sewer Reserve Fund ****	\$0.00	\$0.00	\$160,000	\$223,000
Sewer Revenue Bond Fund****	\$62,886	\$63,301	\$63,533	\$63,580
Sewer Debt Service Fund ****	\$250,193	\$270,425	\$516,332	\$574,767
<b>Total Expenses (C)</b>	<b>\$1,317,701</b>	<b>\$1,423,713</b>	<b>\$1,784,997</b>	<b>\$2,201,296</b>
<b>Ending Balances</b>				
Sewer Operating Fund	\$38,055	\$25,398	\$30,932	\$30,969
Sewer Reserve Fund	\$380,085	\$384,598	\$241,052	\$43,552
Sewer Revenue Bond Fund	\$42,574	\$30,214	\$17,096	\$17,765
Sewer Debt Service Fund	\$48,980	\$39,094	\$12,133	\$10,396
<b>TOTAL ENDING FUND BALANCE</b>	<b>\$509,694</b>	<b>\$479,304</b>	<b>\$301,213</b>	<b>\$102,682</b>

\*Includes investment/interest income.

\*\*Includes miscellaneous income.

\*\*\*Includes sewer connections fees and transfers of funds in.

\*\*\*\*includes professional services fees.

\*\*\*\*\*Includes transfer funds out.

**Table 9** is the City's projected debt service schedule from 2010 through 2016. PW-06-962-  
PRE-131 Sewer Plant Design loan is comprised of almost 50% of the debt obligations.

**Table 9: Debt Service Schedule**

Account Name	2010	2011	2012	2013	2014	2015	2016
Water/Sewer Revenue Bonds	\$126,845	\$126,572	\$125,976	\$129,873	\$128,262	\$126,315	\$128,875
Total Revenue Bond Debt	126,845	126,572	125,976	129,873	128,262	126,315	128,875
Professional Services	315	315	315	315	315	315	315
50% is Sewer Debt							
<b>Public Works Loans</b>							
<b>Sewer</b>							
PW 596-790-056 Sewer Plant Upgrade	115,213	114,136	113,059	111,983	110,906	109,829	108,752
PW 04-691-064 Sewer I & I Project	75,099	74,750	74,400	74,051	73,702	73,352	73,003
PW 06-962-PRE-131 Sewer Plant Design	315,625	314,063	0.00	0.00	0.00	0.00	0.00
<b>Total PWTF Debt</b>	<b>505,937</b>	<b>502,948</b>	<b>187,460</b>	<b>186,034</b>	<b>184,608</b>	<b>183,182</b>	<b>181,755</b>
<b>50% of Revenue Bonds</b>	<b>63,580</b>	<b>63,444</b>	<b>63,146</b>	<b>65,094</b>	<b>64,289</b>	<b>63,315</b>	<b>64,595</b>
<b>Other Debt Service</b>							
DEOLO 10034 Sewer Storm Water Report	8,631	8,631	8,631	8,631	8,631	8,631	8,631
LTGO Sewer Revenue Bonds	60,199	58,025	55,965	53,905	51,845	49,785	47,725
<b>TOTAL SEWER SYSTEM DEBT</b>	<b>\$638,347</b>	<b>\$633,048</b>	<b>\$315,202</b>	<b>\$313,664</b>	<b>\$309,373</b>	<b>\$304,913</b>	<b>\$302,707</b>