

Water and Sewer Bond Issue \$9.15 Million

AUGUST 8, 2016

Projects to be Completed

- A second Primary Clarifier
- Aeration Basins Improvements
- Return Activate Sludge (RAS) pump upgrades
- SCADA and electrical upgrades, including automated sensors and controls to improve treatment efficiency
- Operations Building Improvements to renovate the building and bring the various components up to code and ensure the building meets current and future staff needs

Overview of the Financing

- 20-year financing
- Estimated average 2.5% interest rate
 - \$3.5 million in interest costs over the term
 - Annual debt service will cost approximately \$550,000
- Payable from the sewer fund, but both enterprise funds pledge revenue

Overview of the Bond Ratings

MOODY'S AA₂

- Residential system
 - No concentration of one business
- Strong coverage
 - Revenues far exceed bond payments
- Declining net asset position
- Lack of rate adjustments
- Small system with large needs

STANDARD AND POOR'S AA

- Strong coverage
 - Revenues far exceed bond payments
- Strong liquidity
 - Net position policy
- Manageable CIP
- Financial management

Staff recommends that the City Council adopt the ordinance authorizing the issuance of approximately \$9.15 million in water and sewer bonds and allow the Mayor and appropriate staff members to execute applicable documents.

QUESTIONS?