



## City Council

### Approval of an Ordinance to Provide Authority to Issue Revenue Refunding Bonds

**Agenda Date:** 11/19/2019  
**Agenda Item Number:** 4.F  
**File Number:** 19-1047

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**Type:** ordinance **Version:** 2 **Status:** Passed

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#### **Title**

Approval of an Ordinance to Provide Authority to Issue Revenue Refunding Bonds

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee

##### **City Manager Recommendation:**

Move to approve the Ordinance authorizing issuance of Revenue Refunding Bonds on second reading.

#### **Report**

##### **Issue:**

Whether to approve Ordinance authorizing issuance of Revenue Refunding Bonds

##### **Staff Contact:**

Debbie Sullivan, Administrative Services Director, 360.753.8499

##### **Presenter(s):**

None - Consent Calendar Item.

##### **Background and Analysis:**

Background and analysis has not changed from first to second reading.

This Ordinance provides fiscal authority to provide funds necessary to refund existing City Revenue Bond Debt at a substantially lower interest rate and to pay the costs of issuance and sale of these bonds.

Interest rates are historically low (2.05% - 2.138%) making it an excellent time to repay existing bonds. The overall savings to the Drinking Water and Wastewater Utilities is projected to be \$816,704 over 10 years.

This debt issue would take place after February 2020 when the 2010 bonds become eligible for refunding. The following is the breakdown of the items incorporated into this 2020 proposed debt

issue:

2007 Water and Sewer Revenue Bonds	\$4,267,509
2010 Water and Sewer Revenue Bonds	<u>\$4,272,257</u>

Total Revenue Bond	\$8,539,766
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**Neighborhood/Community Interests (if known):**

Lowering the debt service expense to the utilities may help stabilize customer rates.

**Options:**

1. Approve the ordinance on first reading and forward to second reading. This allows staff to continue with the process to refund the debt for long-term savings.
2. Direct staff to modify the ordinance and schedule for Council consideration at a future meeting.
3. Do not approve the ordinance. This would not allow for the reduction in debt service costs from refunding current debt.

**Financial Impact:**

Refunding the Water/Sewer Revenue Bonds, 2007 results in a projected savings to the Water Bond Redemption Fund (417) in the amount of \$346,257. Refunding the 2010 Water/Sewer Revenue Bonds results in a projected savings of \$470,447 to the Water Bond Redemption Fund (417).

**Attachments:**

Ordinance