

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

Section 1: Proposal Descriptors

<p>Proposal Title: G-69 Supplemental CIP Debt Funding</p> <p>Outcome: Debt Service</p> <p>Attachments: Yes</p> <p>Parent/Dependent Proposals:</p> <p>Previous Proposal # (s): 060.01NN</p>	<p>Proposal Number: 060.01NA</p> <p>Proposal Type: Existing Service</p> <p>Project Status: Recommended</p> <p>Primary Dept: Finance</p> <p>Primary Staff: Zemed Yitref, x6101</p> <p>Contact:</p>
---	---

Section 2: Executive Summary

This proposal provides annual debt service funding for the 2008 Limited Tax General Obligation (LTGO) Bonds issued for \$14.3 million for the purpose of financing City Council adopted Supplemental CIP projects. The bond proceeds will finance the initial phase of the Supplemental CIP which includes six high-priority capital projects.

Section 3: Requested Resources

CIP #: See Below								
CIP	Projected Spending							
Expenditure	Thru 2012	2013	2014	2015	2016	2017	2018	2019
G-69	5,871,000	1,036,274	1,033,124	1,034,524	1,035,324	1,034,534	1,037,434	1,033,464
Total Costs/yr	5,871,000	1,036,274	1,033,124	1,034,524	1,035,324	1,034,534	1,037,434	1,033,464
2013-2019 Total:	\$7,244,678							
CIP M&O:		0	0	0	0	0	0	0
Supporting Revenue								
G-69		1,036,274	1,033,124	1,034,524	1,035,324	1,034,534	1,037,434	1,033,464
Total Revenue / Yr		1,036,274	1,033,124	1,034,524	1,035,324	1,034,534	1,037,434	1,033,464

Section 4: Budget Proposal Description

This proposal provides funding for the City Council adopted Supplemental CIP projects (a group of six high-priority capital projects).

The City Council authorized the issuance of the 2008 Supplemental CIP LTGO bonds. The City has a contractual obligation to its bondholders for repayment of the principal borrowed with interest. The full faith and credit of the City is pledged for the levy of taxes and prompt payment of principal and interest.

Scalability Options - Consequence of funding at a lower level:

- Loss of tax-exempt status of City bonds.
- Litigation from bondholders for negligence on fiduciary obligations.

Section 5: Responsiveness to Request For Results

A. Factors/Purchasing strategies addressed by this proposal - for the PRIMARY outcome:

Purchasing Strategies for Debt Service/Responsive Government:

Stewards of the Public Trust: 1) manage public funds in a responsible manner, and 2) manage

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

risk, minimize liability, and provide for accountability.

The methods applied by the Debt Manager (“the Manager”) to accomplish this are mandated:

- Securities and Exchange Commission (SEC) Rule 15c2-12 requires ongoing financial disclosures for the City bonds. The City has an obligation to meet these continuing disclosure standards.
- State RCW 35.43 – 35.50, 35.54 requires proper administration of LID assessment revenue collections and penalty assessments.
- RCW 35.54 and Federal Tax Reform Act of 2006 requires annual monitoring of fund balances in Debt Service Funds and CIP projects to assure that the City does not earn investment interest on bond proceeds over and above the borrowing costs (arbitrage).

Strategic leadership: 1) Establish and help realize the Community Vision, and 2) Use the Community Vision to advance community expectations (current and future) vision.

- The foundation of the City’s strategic capital planning process is the Community Vision. In accordance with the Policy, we provide expertise in managing: 1) capital needs of the community while minimizing tax burden, and 2) short- and long-term financial strategy for funding a variety of capital projects while protecting future generations and maintaining future flexibility for Council.

B. Factors/Purchasing strategies addressed by this proposal - for the OTHER outcome(s):

- Ensure sound management of resources: The City’s debt program is administered in a prudent and cost-effective manner by limiting debt to short-term obligations and utilizing long-term debt on an exception basis. We provide low cost financing (e.g., line of credit) to fund CIP projects thereby benefiting Bellevue’s community with the goal of maintaining the City’s AAA/Aaa bond ratings.

C. Partnerships and Collaboration proposed:

- Leverage collaboration or partnerships with external organizations: The City partners with the State of Washington Treasurer’s Office to contract for fiscal agent services which has achieved cost savings by entering a multi-year State contract with a fiscal agent.

D. Activities in this proposal that support the work of other proposals, or save costs that would otherwise have to be expended:

Consequence of not funding the proposal at all:

1. Legal:

If debt service payments are missed:

- Loss of tax-exempt status of City bonds.
- Litigation from bondholders for negligence on fiduciary obligations.

2. Customer Impact:

- Potential loss of AAA rating – the City and stakeholders will suffer through higher financing costs.

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

Section 1: Proposal Descriptors

Proposal Title: CD-5 Metro Site Acquisition 2003
Refunding – Debt Service

Proposal Number: 060.02NA

Proposal Type: Existing Service

Outcome: Debt Service

Project Status: Recommended

Attachments: Yes

Primary Dept: Finance

Parent/Dependent Proposals:

Primary Staff: Zemed Yitref, x6101

Previous Proposal # (s): 060.01NN

Contact:

Section 2: Executive Summary

This proposal provides annual debt service funding for the 1994 Limited Tax General Obligation (LTGO) Bonds issued for \$6.5 million for the purpose of financing the acquisition of certain real property located in the Downtown area called the “Metro site”. These bonds were refinanced in 2003 by the issuance of the Series 2003B LTGO refunding bonds and will retire on 7/1/2014.

Section 3: Requested Resources

CIP #: See Below									
CIP	Projected Spending								
Expenditure	Thru 2012	2013	2014	2015	2016	2017	2018	2019	
CD-5	9,616,000	505,000	506,000	0	0	0	0	0	0
Total Costs/yr	9,616,000	505,000	506,000	0	0	0	0	0	0
2013-2019 Total:		\$1,011,000							
CIP M&O:		0	0	0	0	0	0	0	0
Supporting Revenue									
CD-5		505,000	506,000	0	0	0	0	0	0
Total Revenue / Yr		505,000	506,000	0	0	0	0	0	0

Section 4: Budget Proposal Description

This proposal provides funding for the purchase of the undeveloped parcel “Metro site” for future municipal purposes, including a performance arts facility, and/or other uses supportive of the Meydenbauer Center. Project funding will pay debt service costs for the west half of the site. The City Council authorized the issuance of the 1994 LTGO Bonds (Ord. 4659) and the refinancing of the bonds (Ord. 5474). The City has a contractual obligation to its bondholders for repayment of the principal borrowed with interest. The full faith and credit of the City is pledged for the levy of taxes and prompt payment of principal and interest.

Scalability Options - Consequence of funding at a lower level:

- Loss of tax-exempt status of City bonds.
- Litigation from bondholders for negligence on fiduciary obligations.

Section 5: Responsiveness to Request For Results

A. Factors/Purchasing strategies addressed by this proposal - for the PRIMARY outcome:

The Metro site is one of the largest undeveloped parcels left in the Central Business District located in the “special opportunity area” where cultural, conference, civic, hotel, and governmental facilities, or compatible private development are appropriate. The site purchase provided land on

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

which to locate high-priority cultural or municipal facilities.

Purchasing Strategies for Debt Service/Responsive Government:

Stewards of the Public Trust: 1) manage public funds in a responsible manner; and 2) manage risk, minimize liability, and provide for accountability.

The methods applied by the Debt Manager to accomplish this are mandated:

- Securities and Exchange Commission (SEC) Rule 15c2-12 requires ongoing financial disclosures for the City bonds. The City has an obligation to meet these continuing disclosure standards.
- State RCW 35.43 – 35.50, 35.54 requires proper administration of LID assessment revenue collections and penalty assessments.
- RCW 35.54 and Federal Tax Reform Act of 2006 requires annual monitoring of fund balances in Debt Service Funds and CIP projects to assure that the City does not earn investment interest on bond proceeds over and above the borrowing costs (arbitrage).
- Various U.S. Department of Treasury regulations for post debt issuance compliance related to monitoring all outstanding tax-exempt debt.

Strategic leadership: 1) Establish and help realize the Community Vision; and 2) Use the Community Vision to advance community expectations (current and future) vision.

The foundation of the City's strategic capital planning process is the Community Vision. In accordance with the Policy, we provide expertise in managing: 1) capital needs of the community while minimizing tax burden; and 2) short- and long-term financial strategy for funding a variety of capital projects while protecting future generations and maintaining future flexibility for Council.

B. Factors/Purchasing strategies addressed by this proposal - for the OTHER outcome(s):

Ensure sound management of resources: The City's debt program is administered in a prudent and cost-effective manner by limiting debt to short-term obligations and utilizing long-term debt on an exception basis. We provide low cost financing (e.g., line of credit) to fund CIP projects thereby benefiting Bellevue's community with the goal of maintaining the City's AAA/Aaa bond ratings.

C. Partnerships and Collaboration proposed:

Leverage collaboration or partnerships with external organizations: The City partners with the State of Washington Treasurer's Office to contract for fiscal agent services. This partnership has achieved cost savings by entering a multi-year State contract with a fiscal agent.

D. Activities in this proposal that support the work of other proposals, or save costs that would otherwise have to be expended:

N/A

Consequence of not funding the proposal at all:

1. Legal:

If debt service payments are missed:

- Loss of tax-exempt status of City bonds.
- Litigation from bondholders for negligence on fiduciary obligations.

2. Customer Impact:

- Potential loss of AAA rating – the City and stakeholders will suffer through higher financing costs.

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

Section 1: Proposal Descriptors

Proposal Title: G-82 City Hall Debt Service

Proposal Number: 060.03NA

Outcome: Debt Service

Proposal Type: Existing Service

Project Status: Recommended

Attachments: Yes

Primary Dept: Finance

Parent/Dependent Proposals:

Primary Staff: Zemed Yitref, x6101

Previous Proposal # (s): 060.03NN

Contact:

Section 2: Executive Summary

This proposal provides annual debt service funding for the initial 2004 and 2006 Limited Tax General Obligation (LTGO) Bonds issued for \$108.8 million, the 2012 LTGO Refunding Bonds issued for \$55.9 million, and the 2012B LTGO Refunding Bonds issued for \$43.2 million (both issues refunding the 2004 New City Building Bonds) for the purpose of financing the acquisition and development of the current City Hall building located at 450 110th Avenue Northeast.

Section 3: Requested Resources

CIP #: See Below

CIP	Projected Spending							
Expenditure	Thru 2012	2013	2014	2015	2016	2017	2018	2019
G-82	13,926,000	6,305,920	6,610,720	6,599,680	6,598,080	6,594,005	6,582,215	6,589,788
Total Costs/yr	13,926,000	6,305,920	6,610,720	6,599,680	6,598,080	6,594,005	6,582,215	6,589,788
2013-2019 Total:		\$45,880,408						
CIP M&O:		0	0	0	0	0	0	0
Supporting Revenue								
G-82		6,305,920	6,610,720	6,599,680	6,598,080	6,594,005	6,582,215	6,589,788
Total Revenue / Yr		6,305,920	6,610,720	6,599,680	6,598,080	6,594,005	6,582,215	6,589,788

Section 4: Budget Proposal Description

This proposal provides annual debt service funding for the initial 2004 and 2006 LTGO Bonds issued for \$108.8 million, the 2012 LTGO Refunding Bonds issued for \$55.9 million, and the 2012B LTGO Refunding Bonds issued for 43.2 million (both issues refunding the 2004 New City Building Bonds) for the purpose of financing the acquisition and development of the current City Hall building located at 450 110th Avenue Northeast.

The City Council authorized the issuance of the 2004 and 2006 LTGO bonds, and the 2012 and 2012B Refunding bonds for the acquisition and development of the City Hall building. The City has a contractual obligation to its bondholders for repayment of the principal borrowed with interest. The full faith and credit of the City is pledged for the levy of taxes and prompt payment of principal and interest.

Scalability Options - Consequence of funding at a lower level:

Loss of tax-exempt status of City bonds.

- Litigation from bondholders for negligence on fiduciary obligations.

Section 5: Responsiveness to Request For Results

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

A. Factors/Purchasing strategies addressed by this proposal - for the PRIMARY outcome:

Purchasing Strategies for Debt Service/Responsive Government:

Stewards of the Public Trust: 1) manage public funds in a responsible manner, and 2) manage risk, minimize liability, and provide for accountability.

The methods applied by the Debt Manager (“the Manager”) to accomplish this are mandated:

- Securities and Exchange Commission (SEC) Rule 15c2-12 requires ongoing financial disclosures for the City bonds. The City has an obligation to meet these continuing disclosure standards.
- State RCW 35.43 – 35.50, 35.54 requires proper administration of LID assessment revenue collections and penalty assessments.
- RCW 35.54 and Federal Tax Reform Act of 2006 requires annual monitoring of fund balances in Debt Service Funds and Capital Investment Program (CIP) projects to assure that the City does not earn investment interest on bond proceeds over and above the borrowing costs (arbitrage).
- Various U.S. Department of Treasury regulations for post debt issuance compliance related to monitoring all outstanding tax-exempt debt.

Strategic leadership: 1) Establish and help realize the Community Vision, and 2) Use the Community Vision to advance community expectations (current and future) vision.

- The foundation of the City’s strategic capital planning process is the Community Vision. In accordance with the Policy, we provide expertise in managing: 1) capital needs of the community while minimizing tax burden, and 2) short- and long-term financial strategy for funding a variety of capital projects while protecting future generations and maintaining future flexibility for Council.

B. Factors/Purchasing strategies addressed by this proposal - for the OTHER outcome(s):

- Ensure sound management of resources: The City’s debt program is administered in a prudent and cost-effective manner by limiting debt to short-term obligations and utilizing long-term debt on an exception basis. We provide low cost financing (e.g., line of credit) to fund CIP projects thereby benefiting Bellevue’s community with the goal of maintaining the City’s AAA/Aaa bond ratings.

C. Partnerships and Collaboration proposed:

- Leverage collaboration or partnerships with external organizations: The City partners with the State of Washington Treasurer’s Office to contract for fiscal agent services which has achieved cost savings by entering a multi-year State contract with a fiscal agent.

D. Activities in this proposal that support the work of other proposals, or save costs that would otherwise have to be expended:

Consequence of not funding the proposal at all:

1. Legal:

If debt service payments are missed:

- Loss of tax-exempt status of City bonds.
- Litigation from bondholders for negligence on fiduciary obligations.

2. Customer Impact:

- Potential loss of AAA/Aaa ratings – the City and stakeholders will suffer through higher financing costs.

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

Section 1: Proposal Descriptors

Proposal Title: G-53 CIP Cash Flow Debt Service

Proposal Number: 060.05NA

Outcome: Debt Service

Proposal Type: Existing Service

Attachments: Yes

Project Status: Recommended

Parent/Dependent Proposals: N/A

Primary Dept: Finance

Previous Proposal # (s): 060.05NN

Primary Staff: Jason Bentosino, x7105

Contact:

Section 2: Executive Summary

This proposal provides the funding for principal and interest costs due to short-term cash flow borrowing for the General Capital Investment Program (CIP) Fund. Issuing short-term debt allows the City to implement scheduled CIP projects sooner rather than later in the seven-year CIP period.

Section 3: Requested Resources

CIP #: See Below									
CIP Expenditure	Projected Spending Thru 2012	2013	2014	2015	2016	2017	2018	2019	2019
G-53	44,673,000	15,300,000	0	0	0	0	0	0	0
Total Costs/yr	44,673,000	15,300,000	0	0	0	0	0	0	0
2013-2019 Total:	\$15,300,000								
CIP M&O:		0	0	0	0	0	0	0	0
Supporting Revenue									
G-53		0	0	0	0	0	0	0	0
Total Revenue / Yr		0	0	0	0	0	0	0	0

Section 4: Budget Proposal Description

This proposal provides the funding for principal and interest costs due to short-term cash flow borrowing for the General CIP Fund. Issuing short-term debt allows the City to implement scheduled CIP projects sooner rather than later in the seven-year period which enables the City to respond to the highest priority projects and to better meet community and stakeholder expectations. Issuing short-term debt may also be financially prudent when economic conditions are favorable (e.g., low cost of construction, low cost of borrowing, etc.). In any case, a repayment plan should be in place to ensure the short-term debt is retired in the appropriate timeframe. The short-term debt can be in the form of a Line of Credit (LOC) with a financial institution or may be through borrowing from other City funds.

This proposal represents meeting a contractual obligation to pay off the principal borrowed with interest, therefore no scalability options exist. The full faith and credit of the City is pledged for the levy of taxes and prompt payment of principal and interest.

Consequences of funding at a lower level:

- Potentially less projects implemented earlier in the seven-year CIP period.
- May not be able to meet community and stakeholder expectations
- May not be able to take advantage of favorable economic conditions (e.g., low cost of construction, low cost of borrowing, etc.)

10/5/2012

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

The City currently has a line of credit (LOC) of \$30 million (2009 LOC in the table below) which was issued November 2009 and is scheduled for payoff in November 2013. Current amount drawn on the 2009 LOC is \$15 million, which includes an original draw of \$12 million from the 2008 LOC. This proposal will ultimately be updated with amounts for section 3 and to include language that captures the status and projection of cash flow needs as it develops through the CIP process.

Section 5: Responsiveness to Request For Results

A. Factors/Purchasing strategies addressed by this proposal - for the PRIMARY outcome:

Purchasing Strategies for Debt Service/Responsive Government:

Stewards of the Public Trust: 1) manage public funds in a responsible manner; and 2) manage risk, minimize liability, and provide for accountability. The methods applied by the Debt Manager (“the Manager”) to accomplish this are mandated:

- Securities and Exchange Commission (SEC) Rule 15c2-12 requires ongoing financial disclosures for the City bonds. The City has an obligation to meet these continuing disclosure standards.
- State RCW 35.43 – 35.50, 35.54 requires proper administration of Local Improvement District assessment revenue collections and penalty assessments.
- RCW 35.54 and Federal Tax Reform Act of 2006 requires annual monitoring of fund balances in Debt Service Funds and CIP projects to assure that the City does not earn investment interest on bond proceeds over and above the borrowing costs (arbitrage).

Strategic leadership: 1) Establish and help realize the Community Vision, and 2) Use the Community Vision to advance community expectations (current and future) vision.

• The foundation of the City’s strategic capital planning process is the Community Vision. In accordance with the Policy, we provide expertise in managing: 1) capital needs of the community while minimizing tax burden; and 2) short- and long-term financial strategy for funding a variety of capital projects while protecting future generations and maintaining future flexibility for Council.

B. Factors/Purchasing strategies addressed by this proposal - for the OTHER outcome(s):

Ensure sound management of resources: The City’s debt program is administered in a prudent and cost-effective manner by limiting debt to short-term obligations and utilizing long-term debt on an exception basis. We provide low cost financing (e.g., line of credit) to fund CIP projects thereby benefiting Bellevue’s community with the goal of maintaining the City’s AAA bond rating.

C. Partnerships and Collaboration proposed:

The City’s AAA bond rating and established relationship with the banking industry provides cost savings in locking into favorable rates for short-term borrowing.

D. Activities in this proposal that support the work of other proposals, or save costs that would otherwise have to be expended:

Consequence of not funding the proposal at all:

1. Legal:

If debt service payments are missed:

- Loss of tax-exempt status of City bonds.
- Litigation from bondholders for negligence on fiduciary obligations.

2. Customer Impact:

- Potential loss of AAA rating – the City and stakeholders will suffer through higher financing costs.

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

Section 1: Proposal Descriptors

<p>Proposal Title: G-83 M&II LTGO Bond Debt Service</p> <p>Outcome: Debt Service</p> <p>Attachments: Yes</p> <p>Parent/Dependent Proposals:</p> <p>Previous Proposal # (s): 060.23NN</p>	<p>Proposal Number: 060.23NA</p> <p>Proposal Type: Existing Service</p> <p>Project Status: Recommended</p> <p>Primary Dept: Finance</p> <p>Primary Staff: Jason Bentosino, x7105</p> <p>Contact:</p>
---	--

Section 2: Executive Summary

This proposal provides annual debt service funding for the 2010 Limited Tax General Obligation (LTGO) Bonds issued for \$12.5 million for the purpose of financing City Council adopted Mobility & Infrastructure Initiative (M&II) projects. The annual debt service payments are supported by general tax revenue as a result of a 3% property tax rate increase levied by the City Council.

Section 3: Requested Resources

CIP #: See Below								
CIP	Projected Spending							
Expenditure	Thru 2012	2013	2014	2015	2016	2017	2018	2019
G-83	1,753,000	862,550	863,450	864,150	864,650	864,950	865,150	864,550
Total Costs/yr	1,753,000	862,550	863,450	864,150	864,650	864,950	865,150	864,550
2013-2019 Total:		\$6,049,450						
CIP M&O:		0	0	0	0	0	0	0
Supporting Revenue								
G-83		862,550	863,450	864,150	864,650	864,950	865,150	864,550
Total Revenue / Yr		862,550	863,450	864,150	864,650	864,950	865,150	864,550

Section 4: Budget Proposal Description

This proposal provides funding for the City Council adopted M&II, a group of high-priority capital projects to address growth and development in the Downtown, Bel-Red, and other areas of the City.

The City Council authorized the issuance of the 2010 M&II LTGO bonds. The City has a contractual obligation to its bondholders for repayment of the principal borrowed with interest. The full faith and credit of the City is pledged for the levy of taxes and prompt payment of principal and interest.

Consequence of funding at a lower level:

- Loss of tax-exempt status of City bonds.
- Litigation from bondholders for negligence on fiduciary obligations.

Section 5: Responsiveness to Request For Results

A. Factors/Purchasing strategies addressed by this proposal - for the PRIMARY outcome:

This proposal provides funding for the City Council adopted M&II projects.

Purchasing Strategies for Debt Service/Responsive Government:

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

Stewards of the Public Trust: 1) manage public funds in a responsible manner, and 2) manage risk, minimize liability, and provide for accountability.

The methods applied by the Debt Manager (“the Manager”) to accomplish this are mandated:

- Securities and Exchange Commission (SEC) Rule 15c2-12 requires ongoing financial disclosures for the City bonds. The City has an obligation to meet these continuing disclosure standards.
- State RCW 35.43 – 35.50, 35.54 requires proper administration of LID assessment revenue collections and penalty assessments.
- RCW 35.54 and Federal Tax Reform Act of 2006 requires annual monitoring of fund balances in Debt Service Funds and CIP projects to assure that the City does not earn investment interest on bond proceeds over and above the borrowing costs (arbitrage).

Strategic leadership: 1) Establish and help realize the Community Vision, and 2) Use the Community Vision to advance community expectations (current and future) vision.

- The foundation of the City’s strategic capital planning process is the Community Vision. In accordance with the Policy, we provide expertise in managing: 1) capital needs of the community while minimizing tax burden, and 2) short- and long-term financial strategy for funding a variety of capital projects while protecting future generations and maintaining future flexibility for Council.

B. Factors/Purchasing strategies addressed by this proposal - for the OTHER outcome(s):

- Ensure sound management of resources: The City’s debt program is administered in a prudent and cost-effective manner by limiting debt to short-term obligations and utilizing long-term debt on an exception basis. We provide low cost financing (e.g., line of credit) to fund CIP projects thereby benefiting Bellevue’s community with the goal of maintaining the City’s AAA bond rating.

C. Partnerships and Collaboration proposed:

- Leverage collaboration or partnerships with external organizations: The City partners with the State of Washington Treasurer’s Office to contract for fiscal agent services which has achieved cost savings by entering a multi-year State contract with a fiscal agent.

D. Activities in this proposal that support the work of other proposals, or save costs that would otherwise have to be expended:

Consequence of not funding the proposal at all:

1. Legal:

If debt service payments are missed:

- Loss of tax-exempt status of City bonds.
- Litigation from bondholders for negligence on fiduciary obligations.

2. Customer Impact:

- Potential loss of AAA rating – the City and stakeholders will suffer through higher financing costs.

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

Section 1: Proposal Descriptors

Proposal Title: G-90 New Short Term Debt Service

Proposal Number: 060.97NA

Outcome: Debt Service

Proposal Type: New Service

Project Status: Recommended

Attachments: No

Primary Dept: Finance

Parent/Dependent Proposals: N/A

Primary Staff: Nicholas Lee

Previous Proposal # (s): N/A

Contact:

Section 2: Executive Summary

This proposal provides the funding for principal and interest costs due to short-term cash flow borrowing for the 2013-2019 General Capital Investment Program (CIP) Fund. Issuing short-term debt allows the City to implement scheduled CIP projects sooner rather than later during the seven-year CIP period.

Section 3: Requested Resources

CIP #: See Below								
CIP Expenditure	Projected Spending Thru 2012	2013	2014	2015	2016	2017	2018	2019
G-90	0	2,100,000	0	796,000	15,669,000	19,075,000	15,707,000	0
Total Costs/yr	0	2,100,000	0	796,000	15,669,000	19,075,000	15,707,000	0
2013-2019 Total:	\$53,347,000							
CIP M&O:		0	0	0	0	0	0	0
Supporting Revenue								
G-90		0	0	0	0	0	0	0
Total Revenue / Yr		0	0	0	0	0	0	0

Section 4: Budget Proposal Description

This proposal provides the funding for principal and interest costs due to short-term cash flow borrowing for the General CIP Fund. Issuing short-term debt allows the City to implement scheduled CIP projects sooner rather than later in the seven-year period which enables the City to respond to the highest priority projects and to better meet community and stakeholder expectations. Issuing short-term debt may also be financially prudent when economic conditions are favorable (e.g., low cost of construction, low cost of borrowing, etc.). In any case, a repayment plan should be in place to ensure the short-term debt is retired in the appropriate timeframe. The short-term debt can be in the form of a Line of Credit (LOC) with a financial institution or may be through borrowing from other City funds.

Section 5: Responsiveness to Request For Results

A. Factors/Purchasing strategies addressed by this proposal - for the PRIMARY outcome:

Purchasing Strategies for Debt Service/Responsive Government:

Stewards of the Public Trust: 1) manage public funds in a responsible manner; and 2) manage risk, minimize liability, and provide for accountability. The methods applied by the Debt Manager ("the Manager") to accomplish this are mandated:

- Securities and Exchange Commission (SEC) Rule 15c2-12 requires ongoing financial disclosures for

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

the City bonds. The City has an obligation to meet these continuing disclosure standards.

- State RCW 35.43 – 35.50, 35.54 requires proper administration of Local Improvement District assessment revenue collections and penalty assessments.
- RCW 35.54 and Federal Tax Reform Act of 2006 requires annual monitoring of fund balances in Debt Service Funds and CIP projects to assure that the City does not earn investment interest on bond proceeds over and above the borrowing costs (arbitrage).

Strategic leadership: 1) Establish and help realize the Community Vision, and 2) Use the Community Vision to advance community expectations (current and future) vision.

- The foundation of the City's strategic capital planning process is the Community Vision. In accordance with the Policy, we provide expertise in managing: 1) capital needs of the community while minimizing tax burden; and 2) short- and long-term financial strategy for funding a variety of capital projects while protecting future generations and maintaining future flexibility for Council.

B. Factors/Purchasing strategies addressed by this proposal - for the OTHER outcome(s):

Ensure sound management of resources: The City's debt program is administered in a prudent and cost-effective manner by limiting debt to short-term obligations and utilizing long-term debt on an exception basis. We provide low cost financing (e.g., line of credit) to fund CIP projects thereby benefiting Bellevue's community with the goal of maintaining the City's AAA bond rating.

C. Partnerships and Collaboration proposed:

The City's AAA bond rating and established relationship with the banking industry provides cost savings in locking into favorable rates for short-term borrowing.

D. Activities in this proposal that support the work of other proposals, or save costs that would otherwise have to be expended:

Consequence of not funding the proposal at all:

1. Legal:

If debt service payments are missed:

- Loss of tax-exempt status of City bonds.
- Litigation from bondholders for negligence on fiduciary obligations.

2. Customer Impact:

- Potential loss of AAA rating – the City and stakeholders will suffer through higher financing costs.

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

Section 1: Proposal Descriptors

Proposal Title: G-89 New Long Term Debt Service

Proposal Number: 060.99NA

Outcome: Debt Service

Proposal Type: New Service

Project Status: Recommended

Attachments: No

Primary Dept: Finance

Parent/Dependent Proposals: N/A

Primary Staff: Nicholas Lee

Previous Proposal # (s): N/A

Contact:

Section 2: Executive Summary

This proposal provides annual debt service funding for the Limited Tax General Obligation (LTGO) Bonds issued for \$41.4 million for the purpose of financing City Council adopted CIP projects. The bond proceeds will finance high-priority capital projects being implemented in the 2013-2019 CIP.

Section 3: Requested Resources

CIP #: See Below									
CIP Expenditure	Projected Spending Thru 2012	2013	2014	2015	2016	2017	2018	2019	
G-89	0	0	3,094,000	3,094,000	3,094,000	3,094,000	3,094,000	3,094,000	3,094,000
Total Costs/yr	0	0	3,094,000	3,094,000	3,094,000	3,094,000	3,094,000	3,094,000	3,094,000
2013-2019 Total:	\$18,564,000								
CIP M&O:		0	0	0	0	0	0	0	0
Supporting Revenue									
G-89		0	0	0	0	0	0	0	0
Total Revenue / Yr		0	0	0	0	0	0	0	0

Section 4: Budget Proposal Description

This proposal provides funding for the City Council adopted CIP projects by authorizing the issuance of the 2013 LTGO bonds. The City has a contractual obligation to its bondholders for repayment of the principal borrowed with interest. The full faith and credit of the City is pledged for the levy of taxes and prompt payment of principal and interest.

Scalability Options - Consequence of funding at a lower level:

- Loss of tax-exempt status of City bonds.
- Litigation from bondholders for negligence on fiduciary obligations.

Purchasing Strategies for Debt Service/Responsive Government:

Stewards of the Public Trust: 1) manage public funds in a responsible manner, and 2) manage risk, minimize liability, and provide for accountability.

The methods applied by the Debt Manager ("the Manager") to accomplish this are mandated:

- Securities and Exchange Commission (SEC) Rule 15c2-12 requires ongoing financial disclosures for the City bonds. The City has an obligation to meet these continuing disclosure standards.
- State RCW 35.43 – 35.50, 35.54 requires proper administration of LID assessment revenue

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

collections and penalty assessments.

- RCW 35.54 and Federal Tax Reform Act of 2006 requires annual monitoring of fund balances in Debt Service Funds and CIP projects to assure that the City does not earn investment interest on bond proceeds over and above the borrowing costs (arbitrage).

Section 5: Responsiveness to Request For Results

A. Factors/Purchasing strategies addressed by this proposal - for the PRIMARY outcome:

Strategic leadership: 1) Establish and help realize the Community Vision, and 2) Use the Community Vision to advance community expectations (current and future) vision.

- The foundation of the City's strategic capital planning process is the Community Vision. In accordance with the Policy, we provide expertise in managing: 1) capital needs of the community while minimizing tax burden, and 2) short- and long-term financial strategy for funding a variety of capital projects while protecting future generations and maintaining future flexibility for Council.

B. Factors/Purchasing strategies addressed by this proposal - for the OTHER outcome(s):

- Ensure sound management of resources: The City's debt program is administered in a prudent and cost-effective manner by limiting debt to short-term obligations and utilizing long-term debt on an exception basis. We provide low cost financing (e.g., line of credit) to fund CIP projects thereby benefiting Bellevue's community with the goal of maintaining the City's AAA/Aaa bond ratings.

C. Partnerships and Collaboration proposed:

- Leverage collaboration or partnerships with external organizations: The City partners with the State of Washington Treasurer's Office to contract for fiscal agent services which has achieved cost savings by entering a multi-year State contract with a fiscal agent.

D. Activities in this proposal that support the work of other proposals, or save costs that would otherwise have to be expended:

Consequence of not funding the proposal at all:

1. Legal:

If debt service payments are missed:

- Loss of tax-exempt status of City bonds.
- Litigation from bondholders for negligence on fiduciary obligations.

2. Customer Impact:

- Potential loss of AAA rating – the City and stakeholders will suffer through higher financing costs.

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

Section 1: Proposal Descriptors

Proposal Title: P-AD-49 LID Assessments: Park Properties

Proposal Number: 100.79NA

Proposal Type: Existing Service

Outcome: Debt Service

Project Status: Recommended

Attachments: No

Primary Dept: Parks & Community Services

Parent/Dependent Proposals:

Primary Staff: Sue Dietz

Previous Proposal # (s): 100.79NN

Contact:

Section 2: Executive Summary

This proposal provides for future payments of Local Improvement District (LID) assessments against City-owned park properties. The assessment amounts that are anticipated to occur during the CIP plan timeframe are included in this proposal.

Section 3: Requested Resources

CIP #: See Below									
CIP Expenditure	Projected Spending Thru 2012	2013	2014	2015	2016	2017	2018	2019	
P-AD-49	1,565,000	32,000	30,000	0	0	0	0	0	0
Total Costs/yr	1,565,000	32,000	30,000	0	0	0	0	0	0
2013-2019 Total:	\$62,000								
CIP M&O:		0	0	0	0	0	0	0	0
Supporting Revenue									
P-AD-49		0	0	0	0	0	0	0	0
Total Revenue / Yr		0	0	0	0	0	0	0	0

Section 4: Budget Proposal Description

The City owns park property within the boundaries of several LIDs that were created to finance Transportation CIP projects. Currently, Parks' only LID commitment is #280, a 20-year contract that will be completed in 2014. This LID was created to help fund improvements to NE 10th between Bellevue Way and 112th Avenue NE. The City is responsible for payment of LID assessment billings at the time that construction of the related projects is completed. This CIP project was established to facilitate the LID payment and record-keeping process.

Section 5: Responsiveness to Request For Results

A. Factors/Purchasing strategies addressed by this proposal - for the PRIMARY outcome:

Built Environment

The LID payments help to finance transportation improvements to accommodate growth.

B. Factors/Purchasing strategies addressed by this proposal - for the OTHER outcome(s):

Improved Mobility

The improvements to NE 10th that are partially funded by this LID help to improve traffic flow in and out of the downtown area.

C. Partnerships and Collaboration proposed:

**City of Bellevue - Budget One
2013-2019 CIP Plan Proposal**

D. Activities in this proposal that support the work of other proposals, or save costs that would otherwise have to be expended:

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

Section 1: Proposal Descriptors

Proposal Title: PW-R-82 Public Works Trust Fund
Loan - Principal

Proposal Number: 130.79PA

Proposal Type: Existing Service

Outcome: Debt Service

Project Status: Recommended

Attachments: No

Primary Dept: Transportation

Parent/Dependent Proposals:

Primary Staff: Eric Miller

Previous Proposal # (s):

Contact:

Section 2: Executive Summary

This proposal is for annual principal payments made by the City for any Public Trust Fund loans. The Public Works Trust Fund loan is a low-interest loan granted through the State of Washington Department of Community Development that allows high-priority projects to be completed earlier in the plan than would be available if General CIP Revenues were used.

Section 3: Requested Resources

CIP #: See Below								
CIP	Projected Spending							
Expenditure	Thru 2012	2013	2014	2015	2016	2017	2018	2019
PW-R-82	1,192,000	40,000	223,000	225,000	226,000	228,000	229,000	230,000
Total Costs/yr	1,192,000	40,000	223,000	225,000	226,000	228,000	229,000	230,000
2013-2019 Total:		\$1,401,000						
CIP M&O:		0	0	0	0	0	0	0
Supporting Revenue								
PW-R-82		0	0	0	0	0	0	0
Total Revenue / Yr		0	0	0	0	0	0	0

Section 4: Budget Proposal Description

This project is non-capital in nature. The costs represent annual principal payments made by the City for any Public Works Trust Fund loans. Currently there is one active loan, a \$750,000 loan received for the construction of PW-W/B-69 – NE 24th Street – Northup Way to 130th Avenue NE, the loan repayment period is 20 years, ending in 2026, and the interest rate is one half percent.

Section 5: Responsiveness to Request For Results

A. Factors/Purchasing strategies addressed by this proposal - for the PRIMARY outcome:

NA

B. Factors/Purchasing strategies addressed by this proposal - for the OTHER outcome(s):

NA

C. Partnerships and Collaboration proposed:

NA

D. Activities in this proposal that support the work of other proposals, or save costs that would otherwise have to be expended:

NA

City of Bellevue - Budget One 2013-2019 CIP Plan Proposal

Section 1: Proposal Descriptors

Proposal Title: PW-R-83 Public Works Trust Fund
Loan - Interest

Proposal Number: 130.80DA

Proposal Type: Existing Service

Outcome: Debt Service

Project Status: Recommended

Attachments: No

Primary Dept: Transportation

Parent/Dependent Proposals:

Primary Staff: Eric Miller

Previous Proposal # (s):

Contact:

Section 2: Executive Summary

This proposal is a companion or dependent to 130.79PN and covers the annual interest payments made by the City for any Public Trust Fund loans. The Public Works Trust Fund loan is a low-interest loan granted through the State of Washington Department of Community Development that allows high-priority projects to be completed earlier in the plan than would be available if General CIP Revenues were used.

Section 3: Requested Resources

CIP #: See Below

CIP	Projected Spending							
Expenditure	Thru 2012	2013	2014	2015	2016	2017	2018	2019
PW-R-83	104,000	3,000	25,000	22,000	21,000	20,000	18,000	17,000
Total Costs/yr	104,000	3,000	25,000	22,000	21,000	20,000	18,000	17,000
2013-2019 Total:		\$126,000						
CIP M&O:		0	0	0	0	0	0	0
Supporting Revenue								
PW-R-83		0	0	0	0	0	0	0
Total Revenue / Yr		0	0	0	0	0	0	0

Section 4: Budget Proposal Description

This project is non-capital in nature. The costs represent annual interest payments made by the City for any Public Works Trust Fund loans. Currently there is one active loan, a \$750,000 loan received for the construction of PW-W/B-69 – NE 24th Street – Northrup Way to 130th Avenue NE, the loan repayment period is 20 years, ending in 2026, and the interest rate is one half percent.

Section 5: Responsiveness to Request For Results

A. Factors/Purchasing strategies addressed by this proposal - for the PRIMARY outcome:

NA

B. Factors/Purchasing strategies addressed by this proposal - for the OTHER outcome(s):

NA

C. Partnerships and Collaboration proposed:

NA

D. Activities in this proposal that support the work of other proposals, or save costs that would otherwise have to be expended:

NA

10/5/2012

**City of Bellevue - Budget One
2013-2019 CIP Plan Proposal**
