2011-2012 Budget Proposal

Section 1: Proposal Descriptors

Proposal Title: Supplemental CIP Debt Funding – G-69		**Proposal Number:** 060.01NN
Outcome: Debt Service		**Proposal Type:** Existing Service
Staff Contact: Zemed Yitref, x6106		**One-Time/On-Going:** On-Going
Fund: 3680	**Attachments:** No	**Enter CIP Plan #: G-69**
List Parent/Dependent Proposal(s):		

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: Required Resource

CIP Expenditure	Projected Spending Thru 2010	2011	2012	2013	2014	2015	2016	2017
Project Cost	$3,759,000	$1,078,000	$1,078,000	$1,078,000	$1,078,000	$1,078,000	$1,078,000	$1,078,000
2011-2017 Total					$7,546,000			

Supporting Revenue							
General taxes	$1,078,000	$1,078,000	$1,078,000	$1,078,000	$1,078,000	$1,078,000	$1,078,000

LTE/FTE		
FTE	0.0	0.0
LTE	0.0	0.0

Section 4: Cost Savings/Innovation/Partnerships/Collaboration

N/A

Section 5: Budget Proposal Description

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

Section 6: Mandates and Contractual Agreements

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.

Section 7: Proposal Justification/Evidence (may insert charts, graphs, tables, etc.)

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

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

Citywide Purchasing Strategies:

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.

Purchasing Strategies for 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 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): N/A

C. Short- and long-term benefits of this proposal:

The City of Bellevue's current Aaa credit rating has allowed inexpensive financing costs. Examples are below:

Comparable Investor Yields			
City of Bellevue Bond issues	**City of Bellevue Rate**	**Estimated AA City Rate**	**Estimated A City Rate**
2008 LTGO (Supplemental CIP) Bonds	3.91%	4.20%	4.60%
2008 LTGO Bond Anticipation Notes (Line of Credit)	1.88%	2.08%	2.48%
2009 LTGO Bond Anticipation Notes (Line of Credit)	1.65%	1.90%	2.30%

D. Performance metrics/benchmarks and targets for this proposal:

- City's Bond Rating (Moody's) = Aaa. The City has maintained this rating since 1998. Target = Aaa.
- City's Net Outstanding Limited Tax General Obligation (LTGO) Debt Per Capita. 2009 = $1,550. Target = $1,500.
- City's Annual Debt Service as % of Total General Fund Revenues. 2009 = 8.37%. Target = 8.50%.

E. Describe why the level of service being proposed is the appropriate level:

This project funds a fixed annual principal and interest payments on the 2008 LTGO Bonds until they are retired in 2027.

Section 8: Provide a Description of Supporting Revenue

General CIP

Section 9: Consequences of Not Funding the Proposal

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
3. **Investment/Costs already incurred**: N/A
4. **Other**: N/A

B. Consequence of funding at a lower level:

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

2011-2012 Proposal

Section 1: Proposal Descriptors

Proposal Title: Council Contingency		**Proposal Number:** 060.24NN
Outcome: Debt Service		**Proposal Type:** New Service
Staff Contact: Jason Bentosino, x7105		**One-Time/On-Going:** On-Going
Fund: 3680	**Attachments:** No	**Enter CIP Plan #: G-86**
List Parent/Dependent Proposal(s):		

Section 2: Executive Summary

This proposal represents a reserve of funding for allocation to capital projects that the City Council may identify. Contingency funds are set aside amounts for project needs that are not fully identified at the time the CIP is developed, or for unforeseen or unplanned needs that arise during the planning, design, permitting, and construction stages of capital projects.

Section 3: Required Resource

CIP Expenditure	Projected Spending Thru 2010	2011	2012	2013	2014	2015	2016	2017
Project Cost	$0	$3,570,000	$3,570,000	$3,570,000	$3,570,000	$3,570,000	$3,570,000	$3,580,000
2011-2017 Total					$25,000,000			

Supporting Revenue							
General taxes	$3,570,000	$3,570,000	$3,570,000	$3,570,000	$3,570,000	$3,570,000	$3,580,000

LTE/FTE		
FTE	0.0	0.0
LTE	0.0	0.0
Total Count	0.0	0.0

Section 4: Cost Savings/Innovation/Partnerships/Collaboration

These funds could be used to support approximately $45 million in 20 year debt. These funds could be used for unforeseen capital projects that present opportunities for the City that might spur economic development, or supplement/match funds from other governmental entities such as the Federal or State government.

Section 5: Budget Proposal Description

This proposal represents a reserve of CIP funding for allocation to capital needs that the City Council may identify.

Section 6: Mandates and Contractual Agreements

N/A

Section 7: Proposal Justification/Evidence (may insert charts, graphs, tables, etc.)

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

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

C. Short- and long-term benefits of this proposal:
There is increasing demand on limited CIP resources and this proposal builds in the flexibility for the City Council to allocate funding to capital needs that may be currently unidentified.

D. Performance metrics/benchmarks and targets for this proposal:
N/A

E. Describe why the level of service being proposed is the appropriate level:
There is an increasing demand on limited CIP resources and this proposal builds in the flexibility for the City Council to allocate funding to capital needs that may be identified.

Section 8: Provide a Description of Supporting Revenue

General CIP taxes support this proposal.

Section 9: Consequences of Not Funding the Proposal

A. Consequence of not funding the proposal at all:
Not funding the proposal would limit the Council's flexibility to make decisions relating to unforeseen capital opportunities. The Council will be able to act quickly and seize the opportunity rather than be faced with budget reallocations or reprogramming of funds. This flexibility becomes particularly important during times of economic volatility when opportunities become available at lower costs.

B. Consequence of funding at a lower level:
A lower level of funding could minimize the City Council's flexibility to allocate funding to other capital needs that may be identified.

2011-2012 Budget Proposal

Section 1: Proposal Descriptors

Proposal Title: Metro Site Acquisition 2003 Refunding – Debt Service		**Proposal Number:** 060.02NN
Outcome: Debt Service		**Proposal Type:** Existing Service
Staff Contact: Zemed Yitref, x6101		**One-Time/On-Going:** On-Going
Fund: 3680	**Attachments:** No	**Enter CIP Plan #: CD-5**
List Parent/Dependent Proposal(s):		

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: Required Resource

CIP Expenditure	Projected Spending Thru 2010	2011	2012	2013	2014	2015	2016	2017
Project Cost	$8,607,000	$506,000	$503,000	$507,000	$506,000	$0	$0	$0
2011-2017 Total		$2,022,000						

Supporting Revenue							
General taxes	$506,000	$503,000	$507,000	$506,000	$0	$0	$0

LTE/FTE		
FTE	0.0	0.0
LTE	0.0	0.0
Total Count	0.0	0.0

Section 4: Cost Savings/Innovation/Partnerships/Collaboration

N/A

Section 5: 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.

Section 6: Mandates and Contractual Agreements

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.

Section 7: Proposal Justification/Evidence (may insert charts, graphs, tables, etc.)

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 which to locate high-priority cultural or municipal facilities.

Citywide Purchasing Strategies:

- ***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.

Purchasing Strategies for 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 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): N/A

C. Short- and long-term benefits of this proposal:

The City of Bellevue's current Aaa credit rating has allowed inexpensive financing costs. Examples are below:

Comparable Investor Yields			
City of Bellevue Bond issues	**City of Bellevue Rate**	**Estimated AA City Rate**	**Estimated A City Rate**
2008 LTGO (Supplemental CIP) Bonds	3.91%	4.20%	4.60%
2008 LTGO Bond Anticipation Notes (Line of Credit)	1.88%	2.08%	2.48%
2009 LTGO Bond Anticipation Notes (Line of Credit)	1.65%	1.90%	2.30%

D. Performance metrics/benchmarks and targets for this proposal:

- City's Bond Rating (Moody's) = Aaa. The City has maintained this rating since 1998. Target = Aaa.
- City's Net Outstanding Limited Tax General Obligation (LTGO) Debt Per Capita. 2009 = $1,550. Target = $1,500.
- City's Annual Debt Service as % of Total General Fund Revenues. 2009 = 8.37%. Target = 8.50%.

E. Describe why the level of service being proposed is the appropriate level:

This project funds a fixed annual principal and interest payments on the 1994 LTGO Bonds until they are retired in 2014.

Section 8: Provide a Description of Supporting Revenue

CIP Revenue

Section 9: Consequences of Not Funding the Proposal

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
3. **Investment/Costs already incurred**: N/A
4. Other: N/A

B. Consequence of funding at a lower level:

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

2011-2012 Proposal

Section 1: Proposal Descriptors

Proposal Title: City Hall Debt Service		**Proposal Number:** 060.03NN
Outcome: Debt Service		**Proposal Type:** Existing Service
Staff Contact: Zemed Yitref, x6101		**One-Time/On-Going:** On-Going
Fund: 3680	**Attachments:** No	**Enter CIP Plan #: GENFIN-02**
List Parent/Dependent Proposal(s):		

Section 2: Executive Summary

This proposal provides annual debt service funding for the 2004 and 2006 Limited Tax General Obligation (LTGO) Bonds issued for $108.8 million for the purpose of financing the acquisition and development of the current City Hall building located at 450 110th Avenue Northeast.

Section 3: Required Resource

CIP Expenditure	Projected Spending Thru 2010	2011	2012	2013	2014	2015	2016	2017
Project Cost	$0	$6,970,000	$6,956,000	$6,954,000	$6,939,000	$6,930,000	$6,923,000	$6,921,000
2011-2017 Total					$48,593,000			

Supporting Revenue							
General taxes	$6,970,000	$6,956,000	$6,954,000	$6,939,000	$6,930,000	$6,923,000	$6,921,000

LTE/FTE		
FTE	0.0	0.0
LTE	0.0	0.0
Total Count	0.0	0.0

Section 4: Cost Savings/Innovation/Partnerships/Collaboration

N/A

Section 5: Budget Proposal Description

This proposal provides annual debt service funding for the 2004 and 2006 Limited Tax General Obligation (LTGO) Bonds issued for $108.8 million for the purpose of financing the acquisition and development of the current City Hall building located at 450 110th Avenue Northeast.

Section 6: Mandates and Contractual Agreements

The City Council authorized the issuance of the 2004 and 2006 LTGO bonds for 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.

Section 7: Proposal Justification/Evidence (may insert charts, graphs, tables, etc.)

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

Citywide Purchasing Strategies:

- ***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.

Purchasing Strategies for 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 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): N/A

C. Short- and long-term benefits of this proposal:

The City of Bellevue's current Aaa credit rating has allowed inexpensive financing costs. Examples are below:

Comparable Investor Yields			
City of Bellevue Bond issues	**City of Bellevue Rate**	**Estimated AA City Rate**	**Estimated A City Rate**
2008 LTGO (Supplemental CIP) Bonds	3.91%	4.20%	4.60%
2008 LTGO Bond Anticipation Notes (Line of Credit)	1.88%	2.08%	2.48%
2009 LTGO Bond Anticipation Notes (Line of Credit)	1.65%	1.90%	2.30%

D. Performance metrics/benchmarks and targets for this proposal:

- City's Bond Rating (Moody's) = Aaa. The City has maintained this rating since 1998. Target = Aaa.
- City's Net Outstanding Limited Tax General Obligation (LTGO) Debt Per Capita. 2009 = $1,550. Target = $1,500.
- City's Annual Debt Service as % of Total General Fund Revenues. 2009 = 8.37%. Target = 8.50%.

E. Describe why the level of service being proposed is the appropriate level:

This project funds annual principal and interest payments on the 2004 and 2006 LTGO Bonds until they are fully retired in 2043.

Section 8: Provide a Description of Supporting Revenue

General CIP.

Section 9: Consequences of Not Funding the Proposal

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
3. Investment/Costs already incurred:

   N/A
4. Other:

B. Consequence of funding at a lower level:

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

2011-2012 Budget Proposal

Section 1: Proposal Descriptors

Proposal Title: CIP Cash Flow Interest		**Proposal Number:** 060.05NN
Outcome: Debt Service		**Proposal Type:** Existing Service
Staff Contact: Jason Bentosino, x7105		**One-Time/On-Going:** On-Going
Fund: 3680	**Attachments:** No	**Enter CIP Plan #: G-53**
List Parent/Dependent Proposal(s):		

Section 2: Executive Summary

This proposal provides the funding for 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 CIP period.

Section 3: Required Resource

CIP Expenditure	Projected Spending Thru 2010	2011	2012	2013	2014	2015	2016	2017
Project Cost	$0	$300,000	$1,000,000	$1,300,000	$1,500,000	$1,500,000	$1,100,000	$699,000
2011-2017 Total					$7,399,000			

Supporting Revenue							
General taxes	$300,000	$1,000,000	$1,300,000	$1,500,000	$1,500,000	$1,100,000	$699,000

LTE/FTE		
FTE	0.0	0.0
LTE	0.0	0.0

Section 4: Cost Savings/Innovation/Partnerships/Collaboration

N/A

Section 5: Budget Proposal Description

This proposal provides the funding for 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 CIP period. The short-term debt can be in the form of a Line of Credit with a financial institution or may be through borrowing from other City funds. Since short-term cash flow borrowing occurs within the seven-year period, the principal payback becomes a double-budgeting issue and will be incorporated as part of the final budget submittal.

Section 6: Mandates and Contractual Agreements

The City has a contractual obligation to pay off 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.

Section 7: Proposal Justification/Evidence (may insert charts, graphs, tables, etc.)

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

Citywide Purchasing Strategies:

- ***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.

Purchasing Strategies for 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 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): N/A

C. Short- and long-term benefits of this proposal:

The City of Bellevue's current Aaa credit rating has allowed inexpensive financing costs. Examples are below:

Comparable Investor Yields			
City of Bellevue Bond issues	**City of Bellevue Rate**	**Estimated AA City Rate**	**Estimated A City Rate**
2008 LTGO (Supplemental CIP) Bonds	3.91%	4.20%	4.60%
2008 LTGO Bond Anticipation Notes (Line of Credit)	1.88%	2.08%	2.48%
2009 LTGO Bond Anticipation Notes (Line of Credit)	1.65%	1.90%	2.30%

Performance metrics/benchmarks and targets for this proposal:

- City's Bond Rating (Moody's) = Aaa. The City has maintained this rating since 1998. Target = Aaa.
- City's Net Outstanding Limited Tax General Obligation (LTGO) Debt Per Capita. 2009 = $1,550. Target = $1,500.
- City's Annual Debt Service as % of Total General Fund Revenues. 2009 = 8.37%. Target = 8.50%.

E. Describe why the level of service being proposed is the appropriate level:
This project funds annual principal and interest payments on the 2004 and 2006 LTGO Bonds until they are fully retired in 2043.

Section 8: Provide a Description of Supporting Revenue

General CIP.

Section 9: Consequences of Not Funding the Proposal

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
3. **Investment/Costs already incurred**: N/A
4. **Other**:

B. Consequence of funding at a lower level:

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

2011-2012 Proposal

Section 1: Proposal Descriptors

Proposal Title: M&II LTGO Bond Debt Service		**Proposal Number:** 060.23NN
Outcome: Debt Service		**Proposal Type:** New Service
Staff Contact: Jason Bentosino, x7105		**One-Time/On-Going:** On-Going
Fund: 3680	**Attachments:** No	**Enter CIP Plan #: G-83**
List Parent/Dependent Proposal(s): NE 4th Street Extension – 116th to 120th Avenues NE (130.50NN); 120th Avenue NE Improvements (Segment 1) – NE 4th to NE 8th Street (130.51NN); NE 15th Street Multi-Modal Corridor (Segment 1)/116th Avenue at NE 12th Street to 124th Avenue NE (130.52NN); 120th Avenue NE (Segment 2)/NE 8th Street to NE 12th Street (130.53NN); 124th Avenue NE/Proposed 15th/16th Street Extension to Northup Way (130.54NN); NE 6th Street Extension (130.61NN);120th Avenue NE (Segment 3)/NE 8th Street to Northup Way (130.91NN)		

Section 2: Executive Summary

This proposal is for annual principal and interest payments made by the City for a $12 million Limited Tax General Obligation (LTGO) Bond planned to be issued for the Mobility & Infrastructure Initiative (M&II) to fund high priority projects in the short term funding strategy for the M&II.

Section 3: Required Resource

CIP Expenditure	Projected Spending Thru 2010	2011	2012	2013	2014	2015	2016	2017
Project Cost	$0	$867,384	$867,384	$867,384	$867,384	$867,384	$867,384	$867,384
2011-2017 Total					$6,071,688			

Supporting Revenue							
General taxes	$867,384	$867,384	$867,384	$867,384	$867,384	$867,384	$867,384

LTE/FTE		
FTE	0.0	0.0
LTE	0.0	0.0
Total Count	0.0	0.0

Section 4: Cost Savings/Innovation/Partnerships/Collaboration

N/A

Section 5: Budget Proposal Description

This proposal is for annual principal and interest payments made by the City for a future $12 million Limited Tax General Obligation (LTGO) Bond planned to be issued for the Mobility & Infrastructure Initiative (M&II) to fund high priority projects in the short term funding strategy for the M&II.

Section 6: Mandates and Contractual Agreements

The City Council approved the short term funding strategy for the M&II, which includes as part of the funding strategy the issuance of $12 million in 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.

Section 7: Proposal Justification/Evidence (may insert charts, graphs, tables, etc.)

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

Citywide Purchasing Strategies:

- ***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.

Purchasing Strategies for 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 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): N/A

C. Short- and long-term benefits of this proposal:

The City of Bellevue's current Aaa credit rating has allowed inexpensive financing costs. Examples are below:

Comparable Investor Yields

City of Bellevue Bond issues	City of Bellevue Rate	Estimated AA City Rate	Estimated A City Rate
2008 LTGO (Supplemental CIP) Bonds	3.91%	4.20%	4.60%
2008 LTGO Bond Anticipation Notes (Line of Credit)	1.88%	2.08%	2.48%
2009 LTGO Bond Anticipation Notes (Line of Credit)	1.65%	1.90%	2.30%

Performance metrics/benchmarks and targets for this proposal:

- City's Bond Rating (Moody's) = Aaa. The City has maintained this rating since 1998. Target = Aaa.
- City's Net Outstanding Limited Tax General Obligation (LTGO) Debt Per Capita. 2009 = $1,550. Target = $1,500.
- City's Annual Debt Service as % of Total General Fund Revenues. 2009 = 8.37%. Target = 8.50%.

E. Describe why the level of service being proposed is the appropriate level:

This project funds annual principal and interest payments on the 2004 and 2006 LTGO Bonds until they are fully retired in 2043.

Section 8: Provide a Description of Supporting Revenue

The City Council approved a 3% property tax increase for the 2009 levy. The amount generated by this increase would be used to fund the annual debt payments.

Section 9: Consequences of Not Funding the Proposal

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
3. Investment/Costs already incurred:

   N/A
4. Other:

B. Consequence of funding at a lower level:

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

2011-2012 Proposal

Section 1: Proposal Descriptors

Proposal Title: LID Assessments: Park Properties		**Proposal Number:** 100.79NN
Outcome: Debt Service		**Proposal Type:** Existing Service
Staff Contact: Sue Dietz x2934		**One-Time/On-Going:** One-Time
Fund: CIP	**Attachments:** Yes	**Enter CIP Plan #:** P-AD-49
List Parent/Dependent Proposal(s): N/A		

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: Required Resources

CIP Expenditure	Projected Spending Thru 2010	2011	2012	2013	2014	2015	2016	2017
Costs	$1.497	$0.035	$0.033	$0.032	$0.030	$0.000	$0.000	$0.000
2011-2017 Total		$0.130						
CIP M&O								
Supporting Revenue								
		$0.035	$0.033	$0.032	$0.030	$0.000	$0.000	$0.000
LTE/FTE								
FTE		0.0	0.0	0.0	0.0	0.0	0.0	0.0
LTE		0.0	0.0	0.0	0.0	0.0	0.0	0.0
		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Section 4: Cost Savings/Innovation/Partnerships/Collaboration N/A

Section 5: 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 6: Mandates and Contractual Agreements

An LID assessment carries with it a legal obligation to make the required payments.

Section 7: Proposal Justification/Evidence (may insert charts, graphs, tables, etc.)

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

Built Environment

Accommodate future growth and development in terms of demographics, amount location, design, environmental factors, and infrastructure

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: Traffic Flow

Increase road capacity in appropriate locations: 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. Short- and long-term benefits of this proposal

These dollars help finance their related Transportation CIP projects.

D. Performance metrics/benchmarks and targets for this proposal

Making payments on time and in the correct amount

E. Describe why the level of service being proposed is the appropriate level

The payment amounts are set in the LID contract. The current repayment schedule for LID #280 is an attachment to this proposal.

Section 8: Provide a Description of Supporting Revenue N/A

Section 9: Consequences of Not Funding the Proposal

A. Consequence of not funding the proposal at all

1. Legal: The City would be in default on its contract to make the LID payments.
2. Customer Impact: N/A
3. Investment/Costs already incurred: Four years remain on the payment contract.
4. Other: N/A

B. Consequence of funding at a lower level

The annual payment amounts are set by contract and cannot be lowered.

2011-2012 Proposal

Section 1: Proposal Descriptors

Proposal Title: R-83 Public Works Trust Fund Loan – Interest		**Proposal Number:** 130.79DN
Outcome: Debt Service		**Proposal Type:** Existing Service
Staff Contact: Candice Chin		**One-Time/On-Going:** On-Going
Fund: CIP	**Attachments:** No	**Enter CIP Plan #: PW-R-83**
List Parent/Dependent Proposal(s): 130.79PN R-83 Public Works Trust Fund Loan - Principal		

Section 2: Executive Summary

This proposal is in companion to 130.79NN and represents 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 Department that allows high-priority projects to be completed earlier in the plan than would be possible if General CIP Revenues were used.

Section 3: Required Resources

CIP Expenditure	Projected Spending Thru 2010	2011	2012	2013	2014	2015	2016	2017
Project Cost	$97,613	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000
2011-2017 Total		$21,000						

Supporting Revenue							
General taxes	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000

LTE/FTE		
FTE	0.0	0.0
LTE	0.0	0.0
Total Count	0.0	0.0

Section 4: Cost Savings/Innovation/Partnerships/Collaboration

Not applicable.

Section 5: 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 – 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 6: Mandates and Contractual Agreements

This proposal represents a loan repayment that the City is obligated to pay.

Section 7: Proposal Justification/Evidence (may insert charts, graphs, tables, etc.)

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

Not applicable.

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

Not applicable.

C. Short- and long-term benefits of this proposal:

Not applicable.

D. Performance metrics/benchmarks and targets for this proposal:

Not applicable.

E. Describe why the level of service being proposed is the appropriate level:

Not applicable.

Section 8: Provide a Description of Supporting Revenue

Not applicable.

Section 9: Consequences of Not Funding the Proposal

A. Consequence of not funding the proposal at all

1. Legal: Not funding the proposal and therefore not making the annual interest payments is not an option, as it would put the City in default of a loan.

2. Customer Impact: Not applicable.

3. Investment/Costs already incurred: The City has been making the interest payments for any Public Works Trust Fund loans.

4. Other: None.

B. Consequence of funding at a lower level:

Funding this proposal at a lower level is not an option given the information provided in Section 9A above.

2011-2012 Proposal

Section 1: Proposal Descriptors

Proposal Title: R-82 Public Works Trust Fund Loan – Principal		**Proposal Number:** 130.79PN
Outcome: Debt Service		**Proposal Type:** Existing Service
Staff Contact: Candice Chin		**One-Time/On-Going:** On-Going
Fund: CIP	**Attachments:** No	**Enter CIP Plan #: PW-R-82**
List Parent/Dependent Proposal(s): 130.79DN Public Works Trust Fund Loan - Interest		

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: Required Resources

CIP Expenditure	Projected Spending Thru 2010	2011	2012	2013	2014	2015	2016	2017
Project Cost	$1,115,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000
2011-2017 Total		$280,000						

Supporting Revenue							
General taxes	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000

LTE/FTE		
FTE	0.0	0.0
LTE	0.0	0.0
Total Count	0.0	0.0

Section 4: Cost Savings/Innovation/Partnerships/Collaboration

Not applicable.

Section 5: 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 6: Mandates and Contractual Agreements

This proposal represents a loan repayment that the City is obligated to pay.

Section 7: Proposal Justification/Evidence (may insert charts, graphs, tables, etc.)

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

Not applicable.

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

Not applicable.

C. Short- and long-term benefits of this proposal:

Not applicable.

D. Performance metrics/benchmarks and targets for this proposal:

Not applicable.

E. Describe why the level of service being proposed is the appropriate level:

Not applicable.

Section 8: Provide a Description of Supporting Revenue

Not applicable.

Section 9: Consequences of Not Funding the Proposal

A. Consequence of not funding the proposal at all

1. Legal: Not funding the proposal and therefore not making the annual principal payments is not an option, as it would put the City in default of a loan.

2. Customer Impact: Not applicable.

3. Investment/Costs already incurred: The City has been making the principal payments for any Public Works Trust Fund loans.

4. Other: None.

B. Consequence of funding at a lower level:

Funding this proposal at a lower level is not an option given the information provided in Section 9A above.