



CITY COUNCIL AGENDA MEMORANDUM

To: Mayor and City Council
 From: George Di Ciero, City and County Manager
 Prepared by: Pat Soderberg, Finance Director

Meeting Date	Agenda Category	Agenda Item #
February 8, 2011	Manager's Report	12 (b)

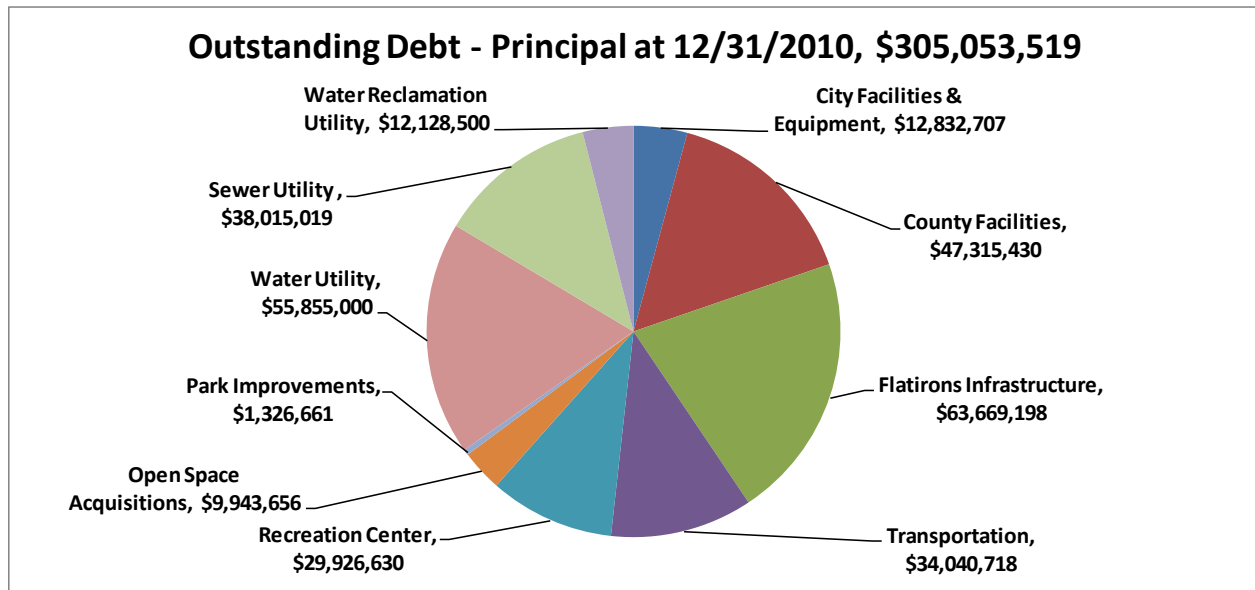
Agenda Title:	Debt Analysis
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Summary

The information below, regarding Broomfield's debt, is provided as a follow-up to Council's discussions at the Focus Study Session on February 1, 2011. The total amount of City and County of Broomfield's outstanding debt at December 31, 2010 is \$303,053,519. The allocation of balances between funds is as follows:

Outstanding Principal at December 31, 2010		
Description	Amount	Percentage
County Funds	\$ 47,315,430	15.51%
City Funds	\$ 151,739,570	49.74%
Enterprise Funds	\$ 105,998,519	34.75%
Total	\$ 305,053,519	100.00%

As needs for capital improvements and infrastructure were identified various debt instruments were utilized to provide funding for the projects. The following chart outlines how the current outstanding debt was utilized, by project area.



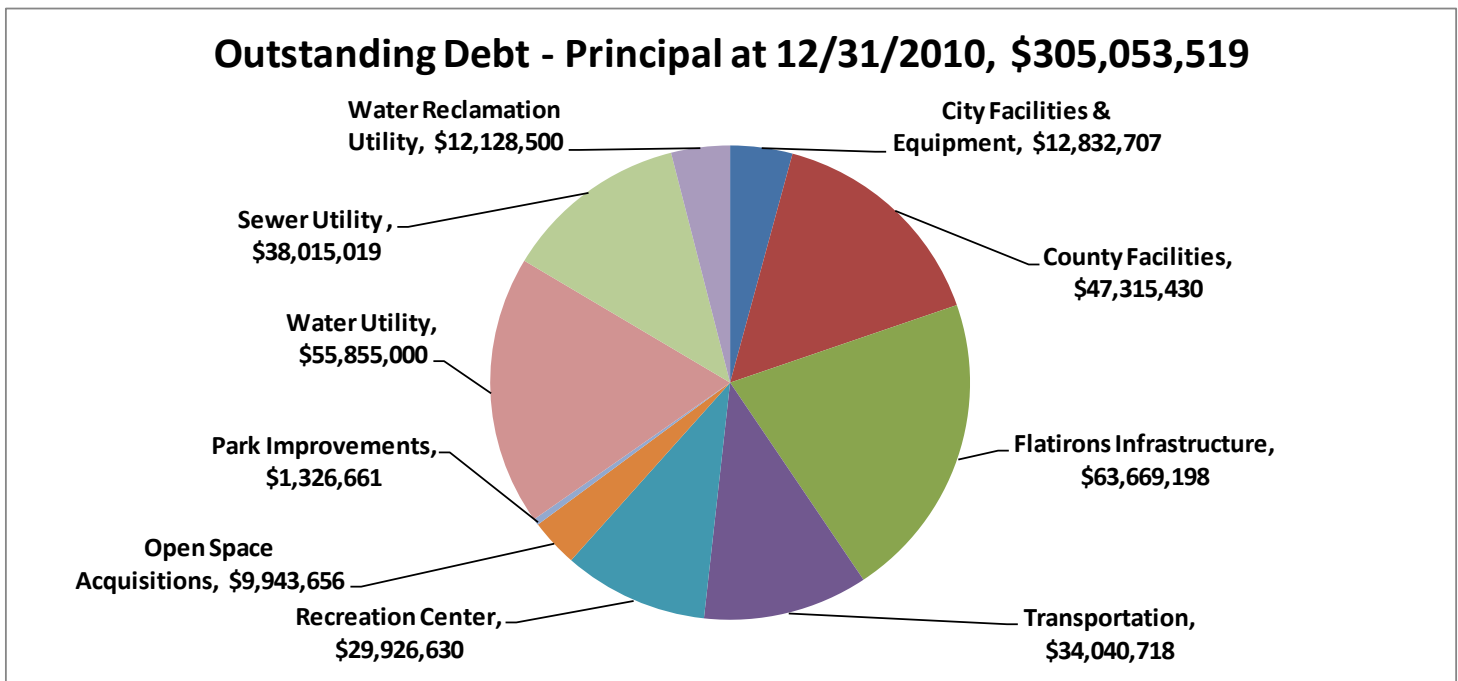
Long range financial planning for Broomfield includes the management of debt service payments. Revenue coverage for debt payments is monitored annually as part of the budgeting process. All outstanding obligations are being met. In addition, for the Utility/Enterprise funds, in the 2011 budget debt service reserves were increased to provide three years of debt service payments in the event of future revenue shortfalls.

Debt service payments throughout maturity of all remaining obligations were purposely structured so that even debt payments are made through the life of the debt. In this way, each year the debt payments can be managed through existing revenue sources.

BACKGROUND

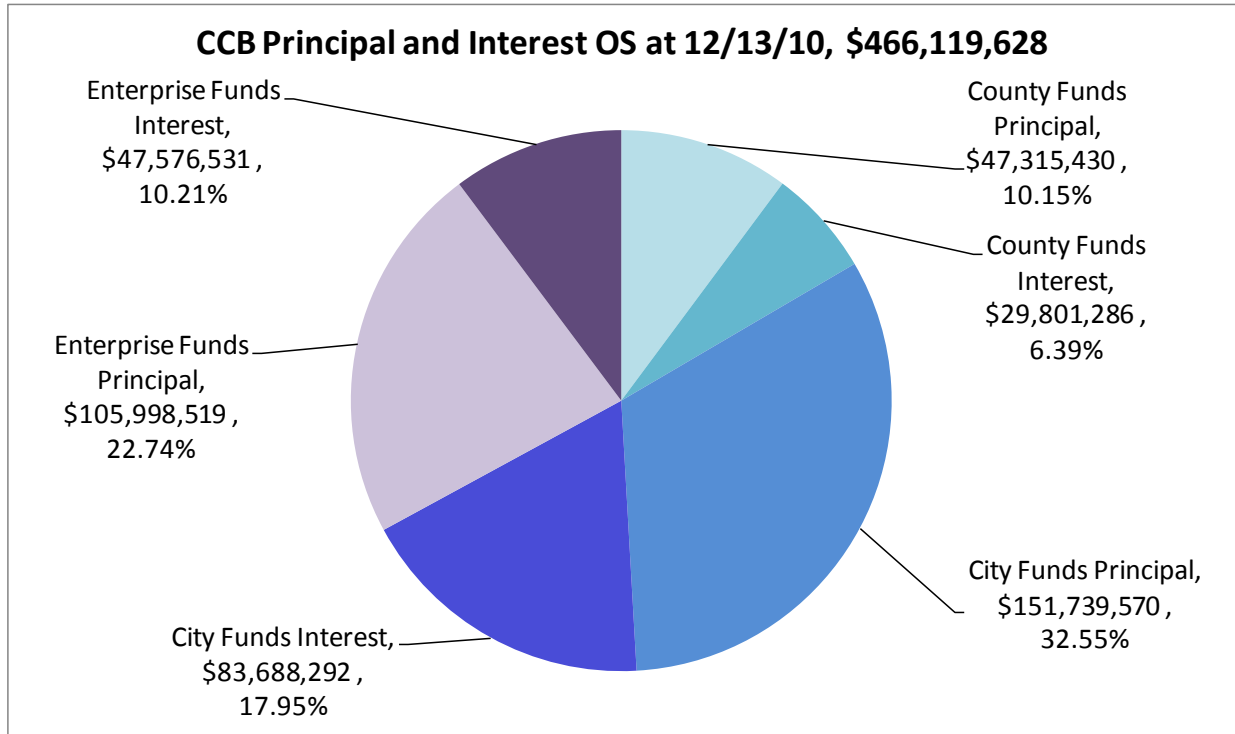
Broomfield manages its financial operations, including debt service, through Long Range Financial Plans. As capital needs and infrastructure requirements are identified to provide services and amenities to Broomfield citizens, the option of funding these needs through debt is evaluated. At the present time, for various purposes, Broomfield has outstanding debt obligations of \$305,053,519. The chart presented as Attachment 1 outlines the current debt and the projects that were made possible through use of those proceeds.

Remaining principal amounts due, by project type, is depicted on the following chart:



As of December 31, 2010, the payments of principal and interest for the outstanding debt represents County projects, City projects and Utility/Enterprise projects. Remaining principal and interest payments through maturity on the debt is reflected in the following table and chart.

Outstanding Principal and Interest at December 31, 2010		
Description	Amount	Percentage
County Funds Principal	\$ 47,315,430	10.15%
County Funds Interest	\$ 29,801,286	6.39%
Subtotal County Funds	\$ 77,116,716	16.54%
City Funds Principal	\$ 151,739,570	32.55%
City Funds Interest	\$ 83,688,292	17.95%
Subtotal City Funds	\$ 235,427,862	50.50%
Enterprise Funds Principal	\$ 105,998,519	22.75%
Enterprise Funds Interest	\$ 47,576,531	10.21%
Subtotal Enterprise Funds	\$ 153,575,050	32.96%
Total	\$ 466,119,628	167.04%



As incorporated into Long Range Financial Plans, annual debt payments are scheduled to be distributed fairly evenly over the remaining life of the debt, with annual pay-downs averaging \$14.5 million per year. This allows for sufficient coverage for the debt payments from annual revenues.

City and County of Broomfield - Scheduled Principal Paydown on Debt					
Year	County	City	Enterprise	Total	YE OS Balance
Balance at 12/31/10	47,315,430	151,739,570	105,998,519		305,053,519
2011	1,128,110	6,636,890	5,543,232	13,308,232	291,745,287
2012	1,368,389	7,031,611	5,795,058	14,195,058	277,550,229
2013	1,411,663	7,363,337	6,072,209	14,847,209	262,703,020
2014	1,440,292	7,829,708	6,369,700	15,639,700	247,063,320
2015	1,502,747	8,227,253	6,677,549	16,407,549	230,655,771
2016	1,594,320	7,060,680	7,010,771	15,665,771	214,990,000
2017	1,709,052	7,460,948	7,175,000	16,345,000	198,645,000
2018	1,778,025	7,801,975	7,540,000	17,120,000	181,525,000
2019	1,873,793	8,211,207	7,940,000	18,025,000	163,500,000
2020	1,959,225	8,615,775	8,350,000	18,925,000	144,575,000
2021	2,105,705	5,339,295	8,790,000	16,235,000	128,340,000
2022	2,208,700	5,621,300	7,795,000	15,625,000	112,715,000
2023	2,317,503	5,927,497	1,870,000	10,115,000	102,600,000
2024	2,430,336	6,219,664	1,970,000	10,620,000	91,980,000
2025	2,549,524	6,525,476	2,075,000	11,150,000	80,830,000
2026	2,679,483	6,850,517	2,185,000	11,715,000	69,115,000
2027	2,818,746	7,186,254	2,305,000	12,310,000	56,805,000
2028	2,954,452	7,545,548	2,430,000	12,930,000	43,875,000
2029	11,485,365	7,949,635	2,560,000	21,995,000	21,880,000
2030		7,970,000	2,700,000	10,670,000	11,210,000
2031		8,365,000	2,845,000	11,210,000	-

The following chart reflects the allocation of the various outstanding debt issues by type and project. It also gives an indication of coverage that is provided for the total debt payments in 2011 from projected revenue sources and/or reserves.

City and County of Broomfield General Long Term Debt				
	Ending Balance 12/31/2010	2011 Annual Payment	2011 Revenues	Coverage
PRINCIPAL				
Governmental Activities				
Bonds and COPs				
Revenue Bonds				
City Facilities, Street Improvements, Cemetery Construction (2002)	29,846,082	1,523,840		
Public Infrastructure - Flatirons Crossing (2002)	63,669,198	5,974,885		
Broomfield Share - 120th Interchange Project (2009)	12,850,000	802,567		
Open Space - The Field (2002)	3,983,776	219,107		
Park Improvements (2002)	995,944	54,777		
Certificates of Participation				
County Facilities (1999/2010)	47,315,430	3,540,917		
City Facilities (2000/2010)	4,177,343	346,118		
Recreation Center & Athletic Fields (2000/2010)	29,926,630	3,929,503		
Open Space Acquisitions (2000/2010)	5,959,880	1,280,901		
Park Improvements (2000/2010)	330,717	71,216		
Governmental Activities Principal	\$ 199,055,000	\$ 17,743,831	\$ 107,446,925	6.055
			\$ 140,795,043	7.935
			(with reserves)	
Enterprise/Utility Funds				
Bonds				
Revenue Bonds				
Water System - land, plant, transmission lines, water rights (2000 & 2002)	\$ 55,855,000	\$ 6,282,352		
Sewer System - plant, transmission lines (1998 & 2001)	37,046,500	2,847,820		
Water Reclamation System - plant, transmission lines (2001)	12,128,500	187,182		
Total Bonds	\$ 105,030,000	\$ 9,317,354		
Other Obligations				
Notes Payable-Sewer Fund-Acquisition of BioSolids Farm (1996)	\$ 968,519	\$ 1,469,925		
Total Other Obligations	\$ 968,519	\$ 1,469,925		
Enterprise/Utility Funds Principal	\$ 105,998,519	\$ 10,787,279	\$ 34,669,405	3.214
			\$ 72,581,011	6.728
			(with reserves)	
Total Principal Outstanding	\$ 305,053,519	\$ 28,531,110		

Bond covenants related to issuance of the bonds noted above have the following coverage requirements:

- 2002 and 2009 Sales and Use Tax Revenue Bonds - annual revenues must be sufficient to cover 150% of the annual debt service payment.
- 2000 and 2002 Water Revenue Bonds - annual revenues must be sufficient to cover 110% of the annual debt service payment.
- 1998 and 2001 Sewer and Water Reclamation Revenue Bonds - annual revenues must be sufficient to cover 110% of the annual debt service payment.
- The 2010 Certificates of Participation do not have a stated coverage requirement in the issuing documents. They do carry a cash reserve, held with a trustee, of one year's annual debt payments as security. In addition, they are secured by the underlying assets pledged to certificate holders in the event of non-payment of the debt.

As noted in the chart above, the actual coverage for all debts is several times greater than the minimal requirements.

TOTAL OUTSTANDING BONDS, NOTES, AGREEMENTS , AND CERTIFICATES OF PARTICIPATION									
CITY & COUNTY OF BROOM FIELD	Year Issued	Initial Principal Amount	Insured	Bond Rating	Projected Principal Remaining as 12/31/2010	Projected Interest Remaining as 12/31/2010	Projected Total P & I Remaining as 12/31/2010	Year Retired	Use of Funds
GENERAL GOVERNMENT TYPE FUNDS									
City General Fund									
Certificates of Participation	2010	\$ 4,177,343	No	Moody's "Aa3"	\$ 4,177,343	\$ 2,337,441	\$ 6,514,784	2029	Completion of City Center Facilities: Parking lots at library & police/court buildings; remodeling of One DesCombes
County General Fund									
Certificates of Participation	2010	\$ 47,315,430	No	Moody's "Aa3"	\$ 47,315,430	\$ 29,801,286	\$ 77,116,716	2029	Construct city and county facilities (Library, Detention Center, Police/Courts, HHS); fund county start-up costs
Capital Improvements Fund									
Sales & Use Tax Revenue Bonds - Series A & B	2002	30,155,142	Yes	Moody's "Aaa", Fitch "AAA"	29,846,082	18,533,320	48,379,402	2031	(1) Refunded 1992 bonds (which refunded the 1989 bonds (which provided additional funds for the municipal center projects - city hall, Bay, service center, senior center) AND funded streets improvements - including improvements to Miramonte, Midway and Lamar; (2) cemetery construction, (3) additional street improvements (Sheridan Blvd, First Street, Main Street, South 124th/Aspen Street, Highland Park Drive Underpass)
Sales & Use Tax Revenue Bonds - Series A & C	2002	82,815,138	Yes	Moody's "Aaa", Fitch "AAA"	63,669,198	43,945,961	107,615,159	2031	Public infrastructure at Flatirons Crossing
Sales & Use Tax Revenue Bonds	2009	13,000,000	No	NA - Private Placement	12,850,000	7,854,384	20,704,384	2031	Broomfield Share - 120th Interchange Connection Project
Certificates of Participation	2010	29,926,630	No	Moody's "Aa3"	29,926,630	7,970,111	37,896,741	2020	Construction of Paul Derda Recreation Center and Athletic Fields (BIP, Broomfield County Commons)
Total Capital Improvements Fund		\$ 155,896,910			\$ 136,291,910	\$ 78,303,776	\$ 214,595,686		
Open Space & Parks Fund									
Sales & Use Tax Revenue Bonds - Open Space	2002	\$ 3,983,776	Yes	Moody's "Aaa", Fitch "AAA"	\$ 3,983,776	\$ 1,803,443	\$ 5,787,219	2019	Refund 1995 bonds (which funded "The Field" open space acquisition)
Sales & Use Tax Revenue Bonds - Parks	2002	995,944	Yes	Moody's "Aaa", Fitch "AAA"	995,944	450,863	1,446,807	2019	Refunded 1995 bonds (which paid for various park improvements - Country Estates, Columbine Meadows, Ridgeview Heights, Community Park)
Certificates of Participation (COPs)	2010	5,959,880	No	Moody's "Aa3"	5,959,880	755,168	6,715,048	2015	Open Space acquisitions (Willow Park North, Miller, Moormeier, Arnold, Wottge, Mitchem)
Certificates of Participation (COPs)	2010	330,717	No	Moody's "Aa3"	330,717	37,601	368,318	2015	Park Improvements (Legacy Park)
Total Open Space & Parks Fund		\$ 11,270,317			\$ 11,270,317	\$ 3,047,075	\$ 14,317,392		
Total General Government Fund Types		\$ 218,660,000			\$ 199,055,000	\$ 113,489,578	\$ 312,544,578		
UTILITY/ENTERPRISE FUNDS									
Water Fund									
Water Revenue Bonds	2000	31,000,000	Yes	Moody's "Aaa", Fitch "AAA"	\$ 22,395,000	\$ 7,258,700	\$ 29,653,700	2020	Funded acquisition of water rights, expanded water treatment plant and paid for system improvements (pump stations)
Water Revenue Bonds	2002	43,000,000	Yes	Moody's "Aaa", Fitch "AAA"	33,460,000	12,361,852	52,468,388	2022	Funded acquisition of water rights and provided funds to purchase land for local reservoir
Total Water Fund		\$ 74,000,000			\$ 55,855,000	\$ 19,620,552	\$ 75,475,552		
Sewer Fund									
Colorado WRPDA Loan	1996	\$ 2,514,119	No		\$ 968,519	\$ 154,576	\$ 1,123,095	2016	Funded acquisition of biosolids farm
Sewer Revenue Bonds	1998	4,095,000	Yes	Moody's "Aaa", S&P "AAA"	1,830,000	360,653	2,190,653	2017	Funded extension of sewer lines for connections to wastewater treatment plant
Sewer Revenue Bonds	2001	36,380,000	Yes	Moody's "Aaa", Fitch "AAA"	35,216,500	23,510,200	58,726,700	2031	Funded EPA mandated upgrades to wastewater plant, expansion of plant to 8 MGD and extension of lines and interceptors
Total Sewer Fund		\$ 42,989,119			\$ 38,015,019	\$ 24,025,429	\$ 62,040,448		
Water Reclamation Fund									
Revenue Bonds	2001	\$ 18,550,000	Yes	Moody's "Aaa", Fitch "AAA"	\$ 12,128,500	\$ 3,930,550	\$ 16,059,050	2021	Funded construction of reclamation system (including treatment plant, pipeline, distribution system, storage)
Total Water Reclamation Fund		\$ 18,550,000			\$ 12,128,500	\$ 3,930,550	\$ 16,059,050		
Total Utility/Enterprise Funds		\$ 135,539,119			\$ 105,998,519	\$ 47,576,531	\$ 153,575,050		
TOTAL CITY & COUNTY		\$ 354,199,119			\$ 305,053,519	\$ 161,066,109	\$ 466,119,628		