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# Bond Oversight Committee

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February 12, 2007

# Agenda



- Introductions
- Election Results
- Committee's charge
- Bond Election Process
- CIP Process
- COA Financial Capacity
- Looking Forward: Meeting #2
- Organization and "Housekeeping"

# Election Results



■ P1 (Transportation)	\$103m	72.18%
■ P2 (Watershed)	\$145m	68.60%
■ P3 (Parks)	\$84.7m	72.68%
■ P4 (Cultural)	\$31.5m	57.35%
■ P5 (Housing)	\$55m	62.68%
■ P6 (Central Library)	\$90m	60.10%
■ P7 (Public Safety)	\$58.1m	71.00%

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**Total****\$567.4m**

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# Summary of Charge



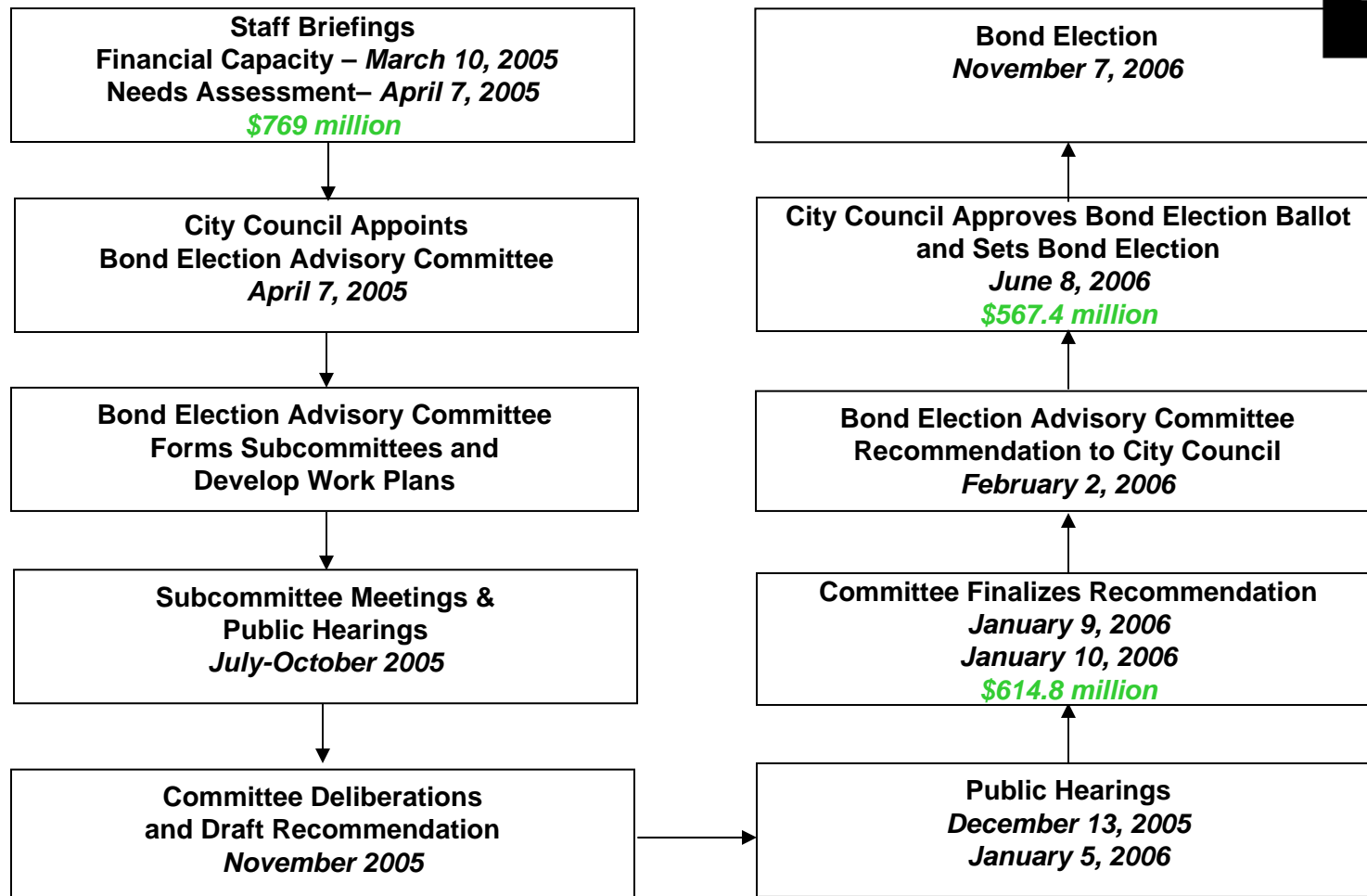
- Ensure accountability, efficiency, and equity
- Meet minimum of once every 6 months
- Review the implementation of projects and programs approved in 2006 bond election (timeliness and constancy)
- If necessary, consider changes in local economy, City financial condition
- Annually provide a written report to Council

# Feb. 1 Council Meeting



- BOC charged with making a recommendation on the proposed \$85 million bond appropriation for the current fiscal year
- Must report back within 30 days
- Target: March 1, 2007 Council Meeting

# Bond Election Process



# Bond Election Process



- Council approved a 7-year, \$567.4 million bond package
- Signified:
  - 7 propositions
  - Less than 3 cents on the tax rate
  - \$5 million for O&M
  - 65% of bonds are for core infrastructure needs

# CIP Process



- CIP outlines the City's projected major capital improvements over the next 5 years
- CIP takes into account financial capacity AND capacity to execute projects
- Proposed CIP is reviewed by the Planning Commission, which in turn makes its recommendation to City Council
- BOC reviews 2006 bond-related CIP plan



# CIP Process



- City Council holds public hearings on the operating and capital budgets and adopts the budget in September
- First year of CIP is called the Capital Budget
- Funds are appropriated to coincide with project timetable and progress

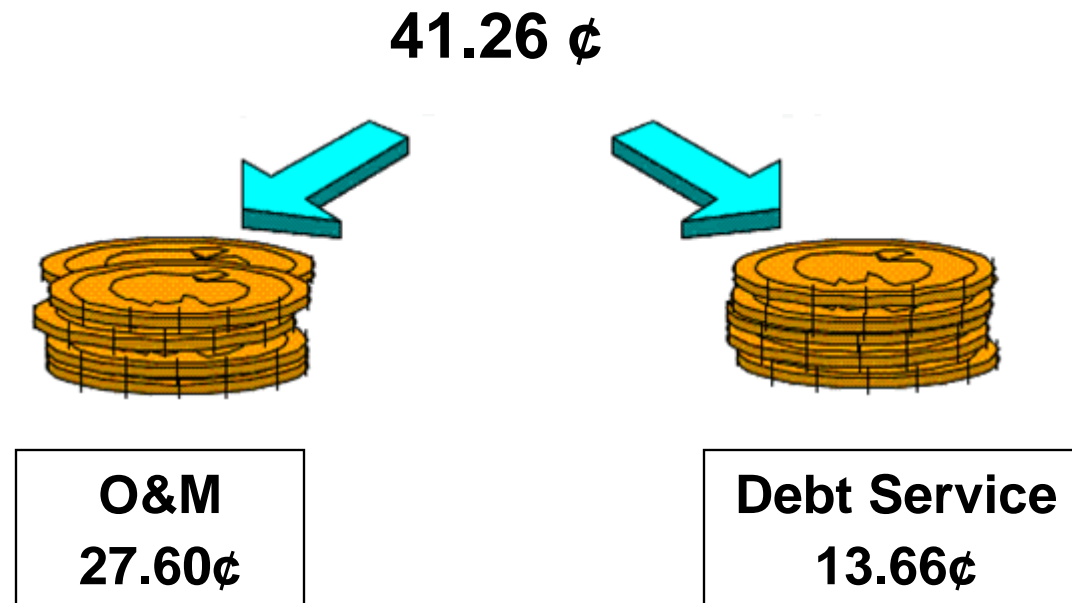
# Financial Capacity



- General Obligation Debt – backed by “full faith and credit” of the City’s capacity to tax
  - Public Improvement Bonds
  - Certificates of Obligation
  - Contractual Obligations
  
- City sells bonds each August



# 2007 Tax Rate



- Tax rate will change for FY 2008, including a 1¢ increase for debt service



# Financial Capacity

- June 8<sup>th</sup>, 2006 Council Action
  - Adoption of 7 year bond program, instead of the typical 6 year program, allowed the City to have a bond election above \$530 million, but still with only a 2 cent tax impact
- Debt to Assessed Valuation: 1.25%
- Debt per Capita: \$1,184



# Financial Capacity

- Debt for 2006 Bond Election
  - Debt will be issued over the next 7 years
  - Financial policy to use “reimbursement resolutions”  
i.e. debt for \$85 million budget amendment will be sold in August 2007



# Financial Capacity

- August 2007 Bond Sale (FY 2008 Debt Service)
  - approx \$100 Million in Capacity
    - \$15 million associated with 2000 Bonds
    - leaving approx \$85 million for 2006 Bonds

# Meeting #2



- Presentations from Department Directors:
  - Bond program
  - 2006-07 budget amendment
  
- Confirm Meeting date of February 23rd

# BOC Organization



- Elect “chair and any other officers necessary”
- Procedures
- Regular meeting times (for after Feb.)





# Questions / Comments