

**CITY OF WAUKESHA****Administration**

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Committee: Finance	Date: 1/9/2018
Common Council Item Number: ID#17-1851	Date: N/A
Submitted By: Rich Abbott, Finance Director	City Administrator Approval: Kevin Lahner, City Administrator KML
Finance Department Review: Rich Abbott, Finance Director RA	City Attorney's Office Review: Brian Running, City Attorney BER
Subject: Matter of Report: State of Wisconsin consent to issue bonds on junior and subordinate basis and agreement to require only 110% coverage with respect to debt service on the bonds	

Details:
The Water Utility and City worked with the State of Wisconsin to have two future Clean Water Fund Loan debt issues, the phosphorus and return flow pipe projects, to have a coverage requirement less than the existing debt. What coverage essentially means is that we need to have net operating profits to show that we can make the debt payments. This consent would allow the return flow and part of the sewer rates to not have as high of a necessary profit, thus keeping rates lower. This is very advantageous to rate payers and we were very pleased with the State's willingness to work with us on this issue.

Options & Alternatives:
N/A

Financial Remarks:
The revenues within the Sewer Utility will be calculated at 110% for these two major projects instead of 125%. It will mean that the Sewer will have less gross profit, but this is in the best interest of the rate payers.

Executive Recommendation:
N/A

