



Staff Report

INFORMATIONAL PRESENTATION BY SOUTH BAYSIDE SYSTEM AUTHORITY (SBSA) AND CITY OF BELMONT STAFF REGARDING: A) CAPITAL IMPROVEMENT PROGRAM (CIP) SUMMARY AND PROPOSED BOND DEBT SERVICE ESTIMATES FOR SBSA 10-YEAR CIP, B) DRAFT BOND SALE SCHEDULE, C) INFORMATION REGARDING DRAFT FINANCING AGREEMENT BETWEEN SBSA AND THE CITY OF BELMONT, AND D) DRAFT RESOLUTION AUTHORIZING MAILING OF 45-DAY PUBLIC NOTICE, TENTATIVELY DATED JULY 22, 2008, FOR SETTING A PROPOSITION 218 PUBLIC HEARING FOR NO EARLIER THAN 45 DAYS AFTER MAILING OF PUBLIC NOTICES ON PROPOSED RATES

Honorable Mayor and Council Members:

Summary

SBSA has an approximately three hundred and forty million dollar (2007 dollars) Capital Improvement Program (CIP) that will begin with design this summer and be completed over the next ten years. With 4% construction cost inflation the 10-year total is expected to exceed \$400 million. All four SBSA member agencies (City of Belmont, San Carlos, Redwood City and West Bay Sanitary District) have been discussing alternative funding methodologies with SBSA. The planned approach is for the City to place a new and separate charge on the tax bill to fund the SBSA CIP.

SBSA is planning to issue debt to fund all or a portion of the CIP. SBSA is planning a bond issue in the next few months for the first phase of projects. The existing SBSA JPA Agreement empowers SBSA to issue debt and bill member agencies for their share of debt service. However, due to the size of the CIP and the need to establish a sound legal structure for debt repayment, SBSA is requesting future approval by the City Council for a Financing Agreement between SBSA and the City obligating the City to raise rates as needed to repay the debt and to meet basic legal covenants. The City will need to conduct a Proposition 218 hearing before the Financing Agreement may be signed.

The City will also be evaluating if the City should directly issue debt for the City share of the cost, rather have having SBSA issue debt. Either alternative will require the proposition 218 hearing move forward to establish a maximum charge.

Background

Capital Improvement Program (CIP) Summary and Proposed Bond Debt Service Estimates for SBSA 10-year CIP

In February of this year, Dan Child, SBSA General Manager, gave an informational presentation to the City Council on the proposed 10-year CIP planned by SBSA. The CIP is planned because SBSA regional treatment plant, pump stations, and influent force main are reaching the end of

their useful lives and the facilities need to be rebuilt and/or rehabilitated. A significant portion of the overall City share (in current dollars) of the overall \$39 million dollar cost is for a \$15 million dollar improvement to the pump station serving only the City of Belmont. The City share of the force main improvement for the main line that feeds into the treatment plant is \$12 million dollars. The remaining \$12 million dollars of the City share of the cost is for improvement to the treatment plant.

City of Belmont Staff supports the implementation of the Capital Improvement Program, as approved by the SBSA Commission and have been working with SBSA staff and consultants to develop funding alternatives that will allow the project to move forward on schedule.

The 2007 dollar amount would be the cost if the CIP were constructed today. The future dollar amount includes an estimated 4% inflation per year over the life of the program. The total future CIP cost is over \$400 million dollars. Belmont’s share of the future dollar cost is \$45 million dollars. The project cost, shown in 2007 dollar amounts and in future dollar amounts, are as shown on the following two tables:

SBSA 10-Year CIP Summary (2007 \$, Millions)											
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
Treatment Plant Improvements											
Belmont	\$3.6	\$1.9	\$2.6	\$0.7	\$0.4	\$0.0	\$1.2	\$0.3	\$0.2	\$1.1	\$12.0
Redwood City	22.1	11.5	15.8	4.0	2.4	0.3	7.3	1.6	1.1	6.9	72.9
San Carlos	5.7	3.0	4.1	1.0	0.6	0.1	1.9	0.4	0.3	1.8	18.7
West Bay SD	<u>9.7</u>	<u>5.1</u>	<u>7.0</u>	<u>1.8</u>	<u>1.0</u>	<u>0.1</u>	<u>3.2</u>	<u>0.7</u>	<u>0.5</u>	<u>3.0</u>	32.2
Subtotal	41.1	21.4	29.5	7.4	4.4	0.5	13.6	3.0	2.1	12.8	135.8
Pump & Booster Station Improvements											
Belmont	14.9	-	-	-	-	-	-	-	-	-	14.9
Redwood City	24.2	-	-	-	-	-	-	-	-	-	24.2
San Carlos	10.0	-	-	-	-	-	-	-	-	-	10.0
West Bay SD	<u>14.3</u>	-	-	-	-	-	-	-	-	-	14.3
Subtotal	63.4										63.4
Conveyance System Improvements					Force Main Replacement						
Belmont	1.3	-	-	-	-	3.7	3.7	3.7	-	-	12.3
Redwood City	8.0	-	-	-	-	22.4	22.4	22.4	-	-	75.2
San Carlos	2.1	-	-	-	-	5.8	5.8	5.8	-	-	19.3
West Bay SD	<u>3.5</u>	-	-	-	-	<u>9.9</u>	<u>9.9</u>	<u>9.9</u>	-	-	33.2
Subtotal	14.9					41.7	41.7	41.7			140.0
Total Capital Improvements											
Belmont	19.8	1.9	2.6	0.7	0.4	3.7	4.9	3.9	0.2	1.1	39.1
Redwood City	54.2	11.5	15.8	4.0	2.4	22.7	29.7	24.0	1.1	6.9	172.3
San Carlos	17.8	3.0	4.1	1.0	0.6	5.8	7.6	6.2	0.3	1.8	48.1
West Bay SD	<u>27.6</u>	<u>5.1</u>	<u>7.0</u>	<u>1.8</u>	<u>1.0</u>	<u>10.0</u>	<u>13.1</u>	<u>10.6</u>	<u>0.5</u>	<u>3.0</u>	79.7
Total	119.4	21.4	29.5	7.4	4.4	42.2	55.2	44.7	2.1	12.8	339.2

SBSA 10-Year CIP Summary (Future \$, Millions)											
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
Cost Escalator	1.040	1.082	1.125	1.170	1.217	1.265	1.316	1.369	1.423	1.480	
Treatment Plant Improvements											
Belmont	\$3.8	\$2.0	\$2.9	\$0.8	\$0.5	\$0.1	\$1.6	\$0.4	\$0.3	\$1.7	\$13.9
Redwood City	22.9	12.4	17.8	4.6	2.9	0.3	9.6	2.2	1.6	10.2	84.7
San Carlos	5.9	3.2	4.6	1.2	0.7	0.1	2.5	0.6	0.4	2.6	21.8
West Bay SD	<u>10.1</u>	<u>5.5</u>	<u>7.9</u>	<u>2.0</u>	<u>1.3</u>	<u>0.1</u>	<u>4.2</u>	<u>1.0</u>	<u>0.7</u>	<u>4.5</u>	37.4
Subtotal	42.7	23.2	33.2	8.6	5.4	0.6	17.8	4.1	3.0	19.0	157.7
Pump & Booster Station Improvements											
Belmont	15.5	-	-	-	-	-	-	-	-	-	15.5
Redwood City	25.1	-	-	-	-	-	-	-	-	-	25.1
San Carlos	10.4	-	-	-	-	-	-	-	-	-	10.4
West Bay SD	<u>14.9</u>	-	-	-	-	-	-	-	-	-	14.9
Subtotal	66.0										66.0
Conveyance System Improvements						Force Main Replacement					
Belmont	1.4	-	-	-	-	4.6	4.8	5.0	-	-	15.9
Redwood City	8.3	-	-	-	-	28.3	29.5	30.6	-	-	96.7
San Carlos	2.1	-	-	-	-	7.3	7.6	7.9	-	-	24.9
West Bay SD	<u>3.7</u>	-	-	-	-	<u>12.5</u>	<u>13.0</u>	<u>13.5</u>	-	-	42.7
Subtotal	15.5					52.7	54.9	57.0			180.2
Total Capital Improvements											
Belmont	20.6	2.0	2.9	0.8	0.5	4.7	6.4	5.4	0.3	1.7	45.2
Redwood City	56.4	12.4	17.8	4.6	2.9	28.7	39.0	32.9	1.6	10.2	206.6
San Carlos	18.5	3.2	4.6	1.2	0.7	7.4	10.0	8.4	0.4	2.6	57.1
West Bay SD	<u>28.7</u>	<u>5.5</u>	<u>7.9</u>	<u>2.0</u>	<u>1.3</u>	<u>12.6</u>	<u>17.2</u>	<u>14.5</u>	<u>0.7</u>	<u>4.5</u>	95.0
Total	124.2	23.2	33.2	8.6	5.4	53.4	72.7	61.2	3.0	19.0	403.8

Assumes 4% annual construction cost inflation.

The annual funding requirements, shown in 2007 dollars and shown in future dollars, are described in the following two tables. The tables assume 40% of each project's costs will be funded in the first year (to account for soft costs including engineering design) with the 60% of project costs funded in the subsequent year (when construction contracts are awarded).

SBSA CIP Funding Requirements by Member Agency (2007 \$, Millions)											
(Projects funded 40% in first year & 60% in subsequent year)											
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
Belmont	\$7.9	\$12.6	\$2.2	\$1.8	\$0.5	\$3.9	\$4.2	\$4.5	\$0.2	\$1.2	\$39.1
Redwood City	21.7	37.1	13.2	11.1	3.3	23.9	25.5	27.4	1.4	7.6	172.3
San Carlos	7.1	11.8	3.4	2.9	0.9	6.1	6.5	7.0	0.4	1.9	48.1
West Bay SD	<u>11.0</u>	<u>18.6</u>	<u>5.8</u>	<u>4.9</u>	<u>1.5</u>	<u>10.6</u>	<u>11.2</u>	<u>12.1</u>	<u>0.6</u>	<u>3.3</u>	79.7
Total	47.8	80.2	24.7	20.7	6.2	44.5	47.4	51.0	2.7	14.1	339.2

SBSA CIP Funding Requirements by Member Agency (Future \$, Millions)											
<i>(Projects funded 40% in first year & 60% in subsequent year)</i>											
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
Cost Escalator	1.040	1.082	1.125	1.170	1.217	1.265	1.316	1.369	1.423	1.480	
Belmont	\$8.2	\$13.2	\$2.4	\$2.1	\$0.6	\$4.9	\$5.5	\$6.1	\$0.3	\$1.8	\$45.2
Redwood City	22.6	38.8	14.6	12.5	3.9	30.2	33.5	37.3	2.0	11.2	206.6
San Carlos	7.4	12.4	3.8	3.2	1.0	7.8	8.6	9.6	0.5	2.9	57.1
West Bay SD	<u>11.5</u>	<u>19.4</u>	<u>6.4</u>	<u>5.5</u>	<u>1.7</u>	<u>13.3</u>	<u>14.8</u>	<u>16.5</u>	<u>0.9</u>	<u>4.9</u>	<u>95.0</u>
Total	49.7	83.8	27.2	23.4	7.3	56.2	62.4	69.4	3.7	20.8	403.8

With 4% annual construction cost inflation.

SBSA anticipates funding its 10-year CIP projects with a combination of bonds and State Revolving Fund (SRF) Loans. Projected debt service estimates for the SBSA CIP are shown in the following table. Belmont’s share of debt service is projected to phase-in to \$2 million per year over the next 5-years and to over \$3 million annually over the entire 10-year period.

Member Agency Debt Service Estimates for SBSA CIP (\$ Millions)											
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	
CIP Costs (Escalated)	\$49.7	\$83.8	\$27.2	\$23.4	\$7.3	\$56.2	\$62.4	\$69.4	\$3.7	\$20.8	
Debt Service Projections											
Belmont	\$0.3	\$1.1	\$1.7	\$1.9	\$2.0	\$2.2	\$2.6	\$3.0	\$3.2	\$3.3	
Redwood City	0.8	3.1	5.2	6.2	6.8	8.1	10.5	13.1	14.6	15.1	
San Carlos	0.3	1.0	1.6	1.9	2.0	2.4	3.0	3.7	4.0	4.2	
West Bay SD	<u>0.4</u>	<u>1.6</u>	<u>2.6</u>	<u>3.0</u>	<u>3.3</u>	<u>3.8</u>	<u>4.9</u>	<u>6.1</u>	<u>6.7</u>	<u>6.9</u>	
Total	1.9	6.9	11.0	12.9	14.1	16.5	20.9	25.8	28.6	29.5	

Assumes one semi-annual debt service payment in year debt issued, level annual debt service thereafter.

The following table summarizes the total funding requirements for SBSA over the next decade including total costs for both annual operations and debt service for the 10-year CIP. Belmont’s share of SBSA costs are projected to more-than-triple over the next decade.

SBSA Total Revenue Requirements by Member Agency (\$ Millions)											
<i>(Includes Funding for SBSA Operations & Debt Service for 10-Year CIP)</i>											
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	
Belmont	\$2.0	\$3.0	\$3.7	\$4.1	\$4.3	\$4.6	\$5.2	\$5.7	\$6.1	\$6.3	
Redwood City	8.9	11.4	13.9	15.6	17.0	18.7	21.6	24.8	27.1	28.1	
San Carlos	2.6	3.5	4.3	4.8	5.1	5.6	6.4	7.2	7.8	8.1	
West Bay SD	<u>5.1</u>	<u>6.4</u>	<u>7.7</u>	<u>8.5</u>	<u>9.2</u>	<u>10.1</u>	<u>11.4</u>	<u>12.9</u>	<u>14.0</u>	<u>14.6</u>	
Total	18.7	24.3	29.7	33.0	35.6	39.0	44.5	50.6	55.0	57.2	

Draft Bond Sale Schedule:

The draft Bond Sale schedule proposed by SBSA is attached as Exhibit A. The SBSA target date for release of bonds is in the fall of this year.

Discussion

There are two options, Plan A and Plan B, for collection of charges that the City of Belmont has been discussing with SBSA. The City of Belmont's original preference was to implement Plan A, although Plan A has certain practical obstacles to overcome before it may be implemented. Plan A was discussed at staff level and brought to the SBSA Commission by the City Representative on several occasions for discussion. Plan A did not receive sufficient support from the other member agencies to move forward at this time. The recommendation at this time is to move forward with Plan B. The Plans are described as follows:

Plan A:

- a) Amend or supplement the JPA to confer SBSA power to set a retail rate for Capital only. This would authorize SBSA to create the income stream to repay the bonds; and
- b) SBSA would take the lead with implementation of direct billing by SBSA or placing a separate and new item on the property tax bill, including conducting the Proposition 218 hearings.

Plan B:

- a) The City of Belmont would do a "one time" Proposition 218 hearing covering the 35 year life of a series of SBSA bond issues; and
- b) The City of Belmont would place a new and separate charge on the tax bill each year during the life of the bonds for the SBSA CIP to improve the Sewage Treatment Plant and appurtenant facilities; and
- c) Belmont would directly place a separate charge on the property tax bill for the City Sewer Service and for the operation and maintenance portion of SBSA's costs.

The City of Belmont preference is for Plan A, as this is a more transparent plan and aligns the revenue raising authority with the CIP construction. There would be additional steps required to implement Plan A that would require additional time to implement. It would require amendment of the Joint Power Agreement and other administrative changes. For example, some agencies currently directly bill for sewer charges rather than placing on the property tax rolls; steps needed to allow placement of charges on the property tax rolls for these agencies would need to be completed. Amendment to the Joint Power Agreement would require the unanimous approval of the four agencies which participate in the SBSA. The SBSA Commission is open to investigating Plan A for future years, but moving forward with Plan A for the first phase of the program may not be practical for 2009.

Plan B, requires the City of Belmont approve a Financing Agreement to repay its share of the debt over 35 years. The City of Belmont would approve a Financing Agreement, and language would be inserted into the bond documents to support modification of the approach to Plan A at

a future date should that be desired. The City would conduct a Proposition 218 hearing for the 35 year life of the series of bonds and place the separate SBSA charge on the tax bill each year for the life of the bonds. Staff now recommends Plan B revenue approach until Plan A can be implemented in a future year.

Information Regarding Draft Financing Agreement between SBSA and the City of Belmont:

The current Joint Power Agreement gives SBSA the authority to issue debt and to require the member agencies to reimburse those costs to SBSA. The Joint Power Agreement is silent on bond debt service reimbursement from member agencies. SBSA has indicated that a better approach than relying on the Joint Power Agreement, and one that would enhance SBSA's ability to sell the bonds to potential investors would rely on an approved Financing Agreement to guarantee member agencies payments. The Financing Agreement must be approved by the SBSA Commission and each member agency's governing body.

The Financing Agreement is currently being drafted by attorneys and financing consultants for the two entities. The City Council will be asked to approve this agreement after the Proposition 218 hearing in September. The agreement is a one-time contractual agreement between SBSA and each member agency obligating each of the agencies in the SBSA joint powers authority to raise rates as needed to repay debt and to meet some basic legal covenants to bond holders common to sewer revenue bonds. The agreement would provide a legal framework for securing debt repayment from SBSA member agencies and make the debt more readily saleable by SBSA at competitive interest rates.

SBSA has advised that the proposed Financing Agreements are structured to be as simple, straightforward and flexible as possible and can be tailored to meet the individual preferences of each member agency. This would include structuring the Legal Covenants to be as flexible and lenient as reasonably possible to allow member agencies with a flexible legal structure for their own future debt. SBSA prefers to establish a general Financing Agreement that will apply to all future SBSA debt, whether bonds or State Revolving Fund (SRF) Loans, to avoid the need for separate agreements for each debt issue. The agreements will require the member agencies to raise sewer service rates and fees to cover costs.

The City and SBSA are now reviewing the draft agreement, and SBSA has requested that the Financing Agreement be approved as soon as possible so the debt financing approval for SBSA to issue debt (including City of Belmont's share of the cost) may move forward.

The City's own Bond Team, including City Treasurer Violet, Finance Director Fil, and City Bond Counsel and Financial Advisors, will be working to review the draft SBSA proposed Financing Agreement and the City options with regard to issuing its own debt. At this time staff makes no recommendation on proceeding with the Financing Agreement or whether City needs would be best met by SBSA issuing debt or by the City directly issuing its own debt.

Before the City may sign the Financing Agreement facilitating SBSA issuance of debt or before the City may issue our own debt, the City will need to complete the Proposition 218 hearings on the proposed rates.

Regardless of which agency issues debt to fund the SBSA CIP the proposition 218 hearing process needs to move forward to establish a maximum charge. This maximum charge will be based on the rate analysis that is being prepared at this time.

Draft Resolution Authorizing Mailing of 45-day Public Notice, Tentatively Dated July 22, 2008, for Setting a Proposition 218 Public Hearing for September 23, 2008 on Proposed Rates:

A *draft resolution* is enclosed for reference. The proposed Notice is to be reviewed by the Belmont City Council Infrastructure Committee and, if requested by the Council, the resolution and Notice will be presented for consideration at the July 22, 2008 City Council meeting.

Upon authorization of the City Council, the Public Notice will be mailed to the property owners 45 days prior to the public hearing. In addition, and as a matter of policy, the City will publish the time and place of the Public Hearing to all property owners and rate payers within the City by publishing the approved Resolution, once in the local newspapers for two consecutive weeks not less than 10 days before the date of the Public Hearing, and by posting a copy of this Resolution on the official bulletin board customarily used by the City Council for the posting of notices.

Fees for sewer service are property related fees subject to Proposition 218, but partially exempt from its requirements. These fees need not be submitted to an election of voters or property owners, but they are subject to a majority protest proceeding. In summary, that process is as follows: (i) an agency calculates a budget sufficient to cover the cost of service and determines how to spread that budget as rates across different kinds of customers (e.g., single-family, multi-family, non-residential), (ii) the agency provides 45 days mailed notice of a public hearing on the proposed new rates to every property owner or customer of record who will pay the new rates, (iii) the agency conducts the hearing and accepts written protests from property owners and customers of record, and (iv) the agency tallies the protests; if more than half of the affected property owners and customers of record protest the new rates in writing before the end of the hearing, the agency cannot impose the new rates; otherwise it may impose the rates at any level which does not exceed the rates stated in the notice. Majority protests under these rules are not common except when a very small number of ratepayers are involved. Accordingly, the primary consequences of this process are the delay and cost associated with the noticed hearing and the opportunity for public input on the decision.

Typically the City conducts proposition rate hearings in the spring. Because the Financing Agreement obliges the City to raise rates for the SBSA CIP, it is necessary that the Proposition 218 hearing be conducted now such that the City may approve the Financing Agreement and

SBSA can sell the bonds. This action will allow the Bond sale and this important Capital Improvement Program to move forward expeditiously as desired by SBSA.

Both Plans would require that Proposition 218 hearings be conducted, by either SBSA, or by the City of Belmont on behalf of the SBSA.

Financial Assessment

The new sewer rate to fund the SBSA CIP, if approved, will first appear on the individual sewer customer's property tax bill beginning in 2009 and will continue for approximately 35 years until the SBSA Capital bonds are retired.

The sewer rate is being imposed for the benefit of SBSA as the City of Belmont has an 8.8% ownership interest in the SBSA treatment plant. In order to develop the rates necessary to support the bond debt, the City is completing a rate analysis that will be reviewed by the City Council Infrastructure Committee and presented to the City Council at the July 22, 2008 meeting.

The City Council may also wish to refer this matter to the Finance Commission. Should that action be taken, the Council may need to defer taking subsequent action until the Commission has had an opportunity to meet. A special meeting of the Finance Commission would need to be called.

The City of Belmont must conduct the Proposition 218 hearing before the Financing Agreement can be approved by the City Council. New rates would be adopted by ordinance requiring a public hearing and notice, with the new rates adopted a minimum of one month after the Proposition 218 hearing is conducted.

General Plan/Vision Statement

There is no impact from this report. Maintenance of existing public works infrastructure is consistent with the City's goals and policies.

Fiscal Impact

There is no fiscal impact from this report. The rates to be imposed to support SBSA debt will be sufficient to cover that cost; thus, while there will be a meaningful impact on the City's sewer customers, this transaction will be revenue neutral to the City and its sewer fund.

Public Contact

The Council agenda was posted.

Recommendation

Staff recommends that Council:

1. Accept this informational report.
2. Affirm that Plan A shall not be actively pursued at this time; and
3. Direct staff to begin taking the steps needed to conduct the Proposition 218 Public Hearing to establish a charge for the SBSA CIP, for this important and time sensitive issue, and comment on the following steps:
 - a. The City Bond Team will review the detailed rate analysis with the City Council Infrastructure Committee and, if recommended by the City Council, by the Finance Commission and bring back to the Council after review of the analysis is complete; and
 - b. The rate analysis would be used to establish the maximum rate reflected in the 45-day mailed notice of the Proposition 218 Public Hearing. If the resolution authorizing the mailing of the Notice is approved on July 22nd as requested by SBSA, the public hearing date could then be set for no earlier than 45 days after mailing of the Public Notice.
4. Direct the City Bond Team (concurrent with Step 3a) to review the SBSA proposed Financing Agreement with the City Council Infrastructure Committee and, if recommended by the City Council, with the Finance Commission.
 - a. Additional information on whether the City should approve the Financing Agreement (to have SBSA issue bonds or if the City should issue bonds directly) would come back to the Council after review of the Financing Agreement is completed.
5. Direct staff to prepare an action plan describing additional steps that need to be taken before the Proposition 218 hearing, based on input from the Council and recommendation from the City Council Infrastructure committee and, if recommended by the City Council, by the Finance Commission.

Alternatives

1. Take no action.
2. Refer back to staff for further information.
3. Refer to the Finance Commission and City Bond Team for recommendation on whether the City should issue its own debt.

Attachments

- A. Exhibit A - Draft Bond Sale Schedule
- B. Exhibit B - Draft Resolution
- C. Exhibit C –City of Belmont’s Projected SBSA Debt Service Payments

Respectfully submitted,

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Exhibit A

SBSA Bond Sale Schedule

MAY

- Receive conceptual go-ahead from SBSA Commission
- Begin collecting data from SBSA & member agencies
- Coordinate financing team

JUNE

- Draft Financing Agreements
- Work with member agencies to refine Financing Agreements
- Work with member agencies to structure their share of SBSA debt repayment
- Meet with member agencies as requested
- Begin drafting Preliminary Official Statement (POS)

JULY/AUGUST

- Meet with member agencies as requested
- SBSA Commission approves Financing Agreements
- Member agencies approve Financing Agreements (if at all possible)
- SBSA Commission adopts Financing Resolution authorizing issuance of debt
- Final draft Preliminary Official Statement (POS), Notice of Sale (NOS), & bond legal docs
- Select Trustee

SEPTEMBER (Potentially stretching into October)

- Member agencies approve Financing Agreements (if needed)
- Meet with rating agencies
- Pre-qualify for bond insurance
- Receive bond ratings
- Final bond sizing
- Finalize POS, NOS, and bond legal documents
- Distribute POS & NOS to prospective underwriters & investors
- Coordinate investment of bond proceeds
- Hold competitive bond sale & select winning bid (lowest TIC)
- Bond closing: sign final documents & receive bond proceeds

Exhibit B

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT
STATING ITS INTENTION TO SET THE CITY'S TREATMENT PLANT
REHABILITATION CHARGES EFFECTIVE TAX YEAR 2009-10**

WHEREAS, the City of Belmont levies charges for sewer services pursuant to Section 21.93 of the Belmont Municipal Code and pursuant to Section 5470 *et seq.* of the California Health and Safety Code; and,

WHEREAS, the City Council desires to conduct proceedings to set the rate for a treatment plant rehabilitation charges, to be effective beginning in the 2009-10 tax year.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Belmont that:

- Section 1. The foregoing recitals are all true and correct.
- Section 2. The City Council proposes the imposition of the rates generally described in Exhibit "A" to this Resolution, which is incorporated herein by reference.
- Section 3. On _____, at 7:30 PM or as soon thereafter as may be practicable in the City Council Chambers located at One Twin Pines Lane, Belmont, CA, the City Council will hold a public hearing pursuant to Article XIID of the California Constitution with respect to the proposed rates. At this hearing, all interested persons will be permitted to present oral and written testimony with respect to the proposed rates.
- Section 4. The City Council further directs staff to give notice of the hearing in the manner required by law.
- Section 5. The City will accept and tabulate protests against the proposed rate revision pursuant to the procedures set forth in Exhibit "B" to this Resolution, which is incorporated herein by reference.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on July 22, 2008 by the following vote:

AYES, COUNCILMEMBERS: _____

NOES, COUNCILMEMBERS: _____

ABSTAIN, COUNCILMEMBERS: _____

ABSENT, COUNCILMEMBERS: _____

CLERK of the City of Belmont

APPROVED:

MAYOR of the City of Belmont

DRAFT

EXHIBIT C

**City of Belmont
Projected SBSA Debt Service Payments**

Estimated annual debt service per each \$10 million of project funding:

\$750,000

Yr Ending Year	June 30	Belmont's Projected Payment Obligation to SBSA for CIP Projects Funded in Fiscal Year										Total Payment	Plus 15% Contingency
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18		
0	2009	-	-	-	-	-	-	-	-	-	-	0	0
1	2010	640,000	494,000	-	-	-	-	-	-	-	-	1,134,000	1,304,000
2	2011	640,000	988,000	90,000	-	-	-	-	-	-	-	1,718,000	1,976,000
3	2012	640,000	988,000	179,000	77,000	-	-	-	-	-	-	1,884,000	2,167,000
4	2013	640,000	988,000	179,000	154,000	24,000	-	-	-	-	-	1,985,000	2,283,000
5	2014	640,000	988,000	179,000	154,000	48,000	185,000	-	-	-	-	2,194,000	2,523,000
6	2015	640,000	988,000	179,000	154,000	48,000	371,000	206,000	-	-	-	2,586,000	2,974,000
7	2016	640,000	988,000	179,000	154,000	48,000	371,000	412,000	229,000	-	-	3,021,000	3,474,000
8	2017	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	12,000	-	3,262,000	3,751,000
9	2018	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
10	2019	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
11	2020	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
12	2021	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
13	2022	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
14	2023	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
15	2024	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
16	2025	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
17	2026	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
18	2027	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
19	2028	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
20	2029	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
21	2030	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
22	2031	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
23	2032	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
24	2033	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
25	2034	640,000	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	3,411,000	3,923,000
26	2035	**	988,000	179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	2,771,000	3,187,000
27	2036	- **		179,000	154,000	48,000	371,000	412,000	458,000	24,000	137,000	1,783,000	2,050,000
28	2037	- -	**		154,000	48,000	371,000	412,000	458,000	24,000	137,000	1,604,000	1,845,000
29	2038	- -	-	-	**	48,000	371,000	412,000	458,000	24,000	137,000	1,450,000	1,668,000
30	2039	- -	-	-	- **		371,000	412,000	458,000	24,000	137,000	1,402,000	1,612,000
31	2040	- -	-	-	-	-	**	412,000	458,000	24,000	137,000	1,031,000	1,186,000
32	2041	- -	-	-	-	-	-	**	458,000	24,000	137,000	619,000	712,000
33	2042	- -	-	-	-	-	-	-	**	24,000	137,000	161,000	185,000
34	2043	- -	-	-	-	-	-	-	-	**	137,000	137,000	158,000
35	2044	- -	-	-	-	-	-	-	-	-	**	0	0

** Assumes the final year debt service for each borrowing will be funded by redemption of each issue's debt service reserve fund.

Note: Estimates shown for financial planning purposes; actual project costs and debt service payments may vary.