MEMO

To: Mayor and City Council

From: Mark Gaugh, City Manager

Date: October 3, 2016

Re: Manager's Report

Bond Rating – With the recent debt issuance for wastewater improvements, we underwent a new bond rating as required. Our S&P (Standard and Poors) long-term rating remains as strong this year, as it was two years ago at the last issue. The S&P rating of A+ /Stable for both Certificates of Participation Issues remains in place. Our overall Issuer Credit Rating (ICR) is AA- and is based on six factors in the report:

- Adequate economy
- Adequate financial management
- Strong budgetary performance
- Very strong budgetary flexibility
- Very strong liquidity
- Adequate debt and contingent liability position
- Adequate institutional framework score

Strong reserves and liquidity with manageable debt will benefit the taxpayers by maintaining a high bond rating. Smaller capital projects can be funded with cash in most cases. This helps keeps our utility rates at a reasonable amount or lower in the long-term. Low cash reserves will result in more interest expense and ultimately higher utility rates in the long term.

Street Projects- The Lathrop, 5th, 6th, and Mead area project is basically complete. City crews are doing some of the remaining sidewalks in the area. There is little, if any, work left on this project.

The sidewalk overpass project is expected to be complete around the third week of this month (October).

Animal Shelter – We met with the architect on the animal shelter design. A proposal will be submitted very soon. There are some limitations with building it at the current location, but we may be able to make it work. We also have a site near the north water tower that would work, but would need a Conditional Use Permit. There may be opposition of adjacent landowners. The site is a good one, in other respects, however. It is still an option if needed.