

Port aldermen agree to borrow \$6 million

Written by Kristyn Halbig Ziehm
Wednesday, 31 March 2010 18:17

Money intended to pay for city's share of Hwy. 33 project, other road work

Port Washington aldermen on Tuesday agreed to borrow a total of \$6 million to finance road projects to be undertaken in the coming years.

The Common Council agreed to borrow \$4 million this year to pay for its share of the Highway 33 reconstruction, the reconstruction of Division, Chestnut and South Wisconsin streets and work on Sunset Road and Portview Drive.

The city will borrow another \$2 million in 2013 to pay for improvements to Holden, Milwaukee and Van Buren streets, aldermen agreed.

Aldermen rejected a proposal to borrow the same amount over three years, saying the city should take advantage of the historically low interest rates in effect now.

"Now's the time to lock in those long-term rates," said Carol Wirth, the city's financial consultant and president of Wisconsin Public Finance Professionals.

Currently, long-term interest rates are about 3.7%, she said, a rate that in the past was typical for short-term loans.

The city's interest rates could be even less, she said, because Moody's is in the process of reviewing the bond ratings it has issued. The firm has said municipalities are likely to receive higher ratings because the risk of default is lower for government entities than private entities, she said.

"Hopefully that boils down to better news," she said. "These are kind of exciting times."

Ald. Tom Hudson, chairman of the Finance and License Committee, said the city decided against borrowing the full \$6 million at once because of fears the Highway 33 project could be delayed by the state.

"If something takes priority, like the Zoo Interchange, we could be sitting with all this (borrowed) money and couldn't spend it," he said, noting the bonds that would be issued must be spent for the specific use the city lists.

Port aldermen agree to borrow \$6 million

Written by Kristyn Halbig Ziehm
Wednesday, 31 March 2010 18:17

The financing plan would allow the city to keep a stable debt service levy for the next 14 years, Hudson added.

Even after the \$6 million borrowing, he said, the city will not be close to its borrowing limit.

“We’re in great shape that way,” he said, noting the city will be at 51% of its debt capacity.

The borrowings, however, do not include funds for the initial development of the coal dock or work on a senior center — projects that are expected to cost more than \$1 million — or for a proposed downtown tax incremental financing district.

The city is unsure how much will be needed for these projects, officials said, noting some of the costs could be paid by grants.

Because the coal dock and senior center may be improvements to leased land, these notes will not be tax-exempt and must be borrowed separately, City Administrator Mark Grams said.

Those issued for the roadwork will be tax exempt, he said.