

Village eyes \$1 million borrowing

Written by MARK JAEGER
Wednesday, 15 May 2013 16:04

Analysis says reducing length of bond issue would save \$65,000

Convinced that borrowing rates are about as good as they are going to get, the Saukville Village Board agreed Tuesday to start the process of borrowing \$1 million for capital projects planned for the next two years.

Senior financial advisor Michael Harrigan of Ehlers spelled out the village's borrowing options this week during a meeting of the Finance Committee.

"It makes sense for the village to take advantage of the exceedingly low interest-rate environment," Harrigan said.

This year's capital plan calls for work to be done on two blocks of Colonial Parkway. Next year's capital schedule includes reconstruction of Linden Street, along with a variety of sewer and water projects.

Combining two years worth of purchases in a single bond issue would also save the village money, Harrigan said.

After analyzing a series of spreadsheets, trustees asked Harrigan to start the process of getting competitive bids for the sale general-obligation bond to be paid off over 11 years.

According to the Ehlers analysis, the combined bond would have a total debt expense of \$1,121,050. If that same borrowing is spread over 15 years, the analysis said it would cost the village approximately \$65,000 more.

Assuming the village retains its favorable rating from Moodys Investors Service, interest costs over the life of the bond were expected to be about \$81,000.

If interest rates hold steady, Harrigan said the combined borrowing would create a peak increase in the village's tax rate of \$2.92 per \$1,000 of property value.

A portion of the money borrowed would be covered by revenue from the sewer and water utilities.

Other options considered included borrowing the money at a higher interest rate from the State Trust Fund, or issuing separate bonds through negotiated rather than competitive bids. Both of those approaches were projected to have a higher net cost to the village.

"My thought is we move forward. Rates are still good," Village President Barb Dickmann said.

With that green light, a borrowing resolution is expected to be presented to trustees next month.

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