



City of Grand Junction, Colorado 81501

250 North Fifth St., 303 243-2633

February 19, 1987

Mr. Steve Clark
Boettcher & Company
828 Seventeenth Street
Denver, Colorado 80201-0054

Dear Steve:

I recently received a copy of Marc Harvey's memo of January 29th regarding your proposal to advance refund the existing sewer bonds. That memo referenced the positive impact of the proposed rate increases. Public Works and Finance have prepared a financial summary (attached). That summary shows that the rate increases will enable the City to meet all bond and operational reserves required under the bond covenants through 1989.

Public Works feels that the debt should not be extended beyond the year 2005. Finance agrees that extending the debt is unwise. Finance has also notified me that under the new tax code advance refunding on bonds may only be done one time. The Finance Director has indicated concern that advance refunding may not produce substantial savings at this time and, since there is only one opportunity under the new tax code, careful evaluation and consideration are needed.

Since the need to advance refund the sewer bonds is not urgent, I believe that we can take the time to make a well informed decision.

Sincerely,

Mark K. Achen
City Manager

MKA: jc
Attachment

cc: Gordon Tiffany, County Administrator
Dr. Cianko, County Health Department
Jack Morgan, County Finance Director
Jim Shanks, City Public Works & Utilities Director
Allen Sartin, Finance Director
Greg Trainor, City Utilities Manager

Stank #2
City-Co
Jensen
file

Financial Summary
 Projected Impact of Utility Rate Increases
 On Sewer Covenants & Bond Reserves

	1987	1988	1989
Gross Revenue	\$3,044,402	\$3,003,406	\$2,994,729
Debt Service	861,562	879,344	874,588
Bond Reserve	44,232	42,863	46,106
Net	817,330	836,481	828,482
Operational			
Maintenance & Expenses	1,875,253	1,943,123	2,017,923
Total Requirement	\$2,692,583	\$2,779,604	\$2,846,405
Income/expense ratio	1.430	1.268	1.179