



# BROOMFIELD CITY COUNCIL

To: Mayor and City Council  
 From: Jennifer Hoffman, City and County Manager  
 Prepared by: Brenda Richey, Chief Financial Officer

Meeting Date	June 1, 2021
Agenda Category	Study Session
Agenda Item #	1

## Debt Policy / Overview of Existing Debt / Windy Gap Financing Options

### Summary

[View Correspondence](#)

- Management of municipal debt is one of the key responsibilities of local government and the City and County of Broomfield (Broomfield) has always maintained a high standard of practice related to its fiduciary obligations.
- On October 27, 2020, Council discussed and requested Broomfield staff to engage in a contractual agreement for Municipal Advisory Services to analyze the current debt load, estimate future debt load, make recommendations for inclusion in a formal debt policy, and review the adequacy of Broomfield's reserves.
- Broomfield retained the services of the Royal Bank of Canada (RBC) Capital Markets to assist staff in the analysis and substantiate the methodologies and practices established in relation to debt policies and financing.
- Debt is an effective way to finance capital improvements or to even out short-term revenue flows. For certain capital projects with a long useful life, debt financing is an equitable financing strategy that allows current and future beneficiaries of a capital investment to share in the cost of that improvement.
- The proposed [Debt Policy](#) draft provides a general framework for the use, management, and reporting of Broomfield's debt financing.
  - The objective is to obtain financing only when absolutely necessary, establish conditions to obtain financing at the lowest cost, maintain Broomfield's high credit ratings, and effectively manage post-issuance compliance. In addition, the policy seeks to ensure the full and timely repayment of any debt.
  - The policy is essential to ensure Broomfield's sound financial position, protect the credit quality of our obligations, and enhance our reputation for managing debt in a conservative and prudent manner.
- This study session is an opportunity for staff with the assistance of RBC and bond counsel to provide the City Council with an overview of the following:
  - Debt Policy
  - Opportunities for refinancing and refunding the existing Sales Tax, Sewer, and Water bonds.
  - Windy Gap Firing Project (WGFP) financing recommendation

### Financial Considerations

- Program debt service payments for bonds through the Capital Improvement Program Plan's annual budget process. The amount would be dependent upon the amount of bonds issued, costs of issuance, and the interest rate that could be obtained at the sale of the bonds.

### Prior Council or Other Entity Actions

- [April 20, 2021](#), City Council Study Session regarding Debt Policy, which included the Windy Gap Firing Project (WGFP).
- [October 27, 2020](#), City Council approved staff to solicit financial services related to analyzing Broomfield's debt and provide a recommendation on a financing mechanism for the WGFP.
- [October 13, 2020](#), City Council approved the Allotment Contract with the Northern Water Conservancy District for the WGFP.
- [January 7, 2020](#), City Council approved to provide additional funding for participation in the WGFP.

### Boards & Commissions Prior Actions & Recommendations

- N/A

### Council Priorities / Comprehensive Plan / Long Range Financial Plan

<input type="checkbox"/> Affordable Housing	<input type="checkbox"/> Mental Health Strategic	<input type="checkbox"/> Comp Plan Goal - Other
<input type="checkbox"/> Diversity, Equity, Access, and Inclusion	Plan	<input checked="" type="checkbox"/> Long Range Financial Plan
<input type="checkbox"/> Economic Vitality	<input type="checkbox"/> Oil and Gas	
<input type="checkbox"/> Creative Economy	<input type="checkbox"/> Sustainability	
	<input type="checkbox"/> Transportation	
	<input checked="" type="checkbox"/> Water	

<b>Proposed Actions/Recommendations</b>
<ul style="list-style-type: none"><li>As desired by the City Council.</li></ul>
<b>Alternatives</b>
<ul style="list-style-type: none"><li>Do not issue bonds or issue bonds for a lesser amount. Restrict capital project spending to what is available through cash funding and/or a lesser amount of bond funding.</li></ul>