



Insurance Fund Financing Strategy Update

January 27, 2007



Background

- In Spring 2003, the City had accumulated claims for both worker's compensation and general liability amounting to \$22.9 million.
- Council approved an Insurance Fund Financing Strategy recommended by staff in 2003.
- By February 2006, liabilities decreased to \$4.5 million.

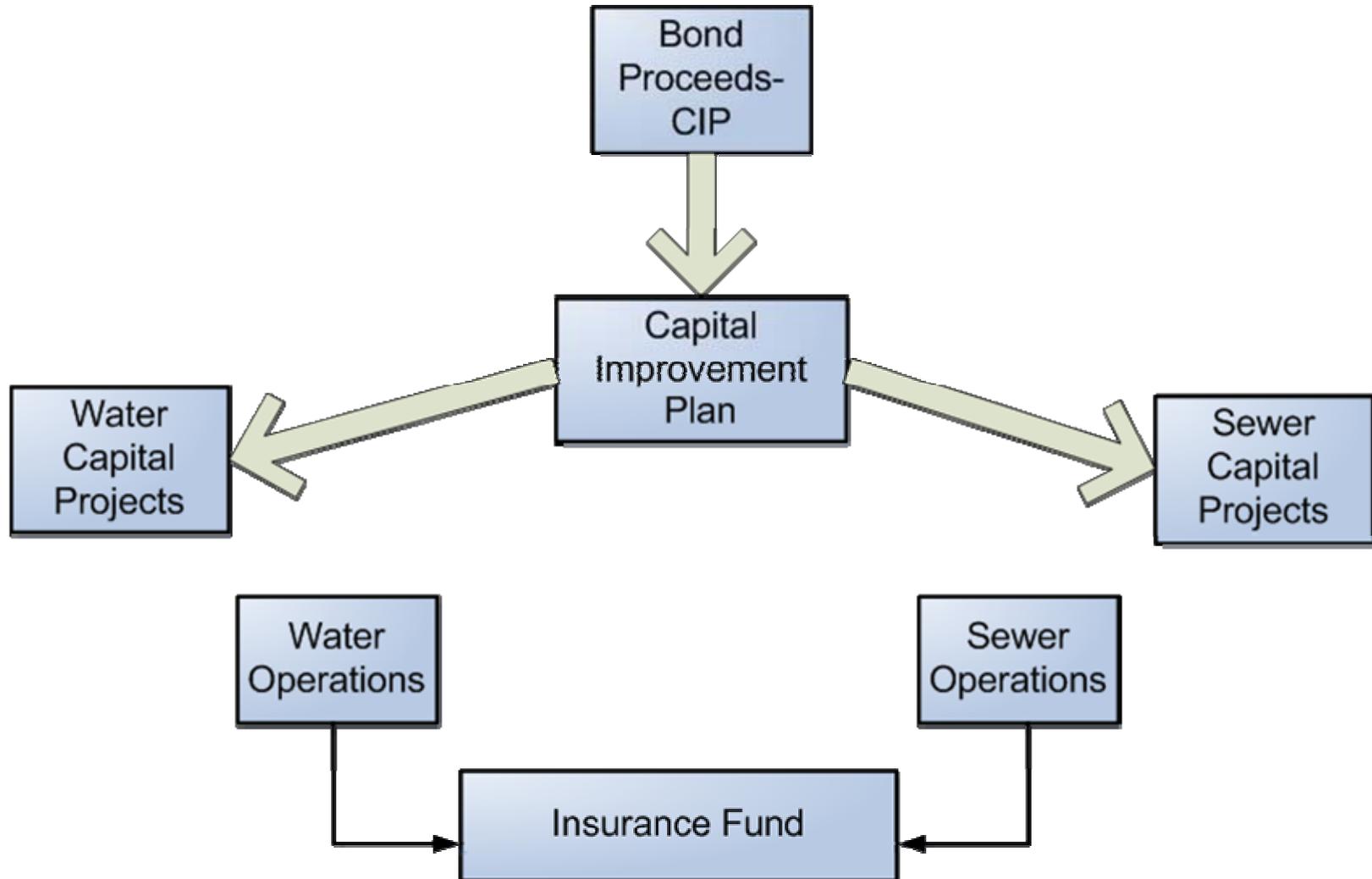


Basis of the Financing Strategy

- Issue bonds at low interest rates
- Maintain a 4% debt service tax levy increase each year
- Plan extends through FY 2009/10
- Issuance of bonds for capital improvements in funds where sufficient amounts of cash existed that was being used for capital projects thereby freeing up cash to be transferred to the Insurance Fund



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Summary/Next Steps

- Staff recommends continuing the Insurance Fund Strategy through FY 2009/10 to reach the \$2.0 million unreserved fund balance goal.
- Revised Insurance Fund Summary Page is included in your packets that incorporates this strategy
- A bond ordinance will be submitted to Council in February.