

ADMINISTRATIVE REPORT

DATE: June 1, 1989
TO: Stanley H. Hall, City Manger
FROM: Russell Bouligny, Acting Finance Director
SUBJECT: DEBT LIQUIDATION PLAN



Based on our analyses and past discussions, the only viable solution to effecting a true Debt Liquidation Plan for the City is passage of a supplemental tax ballot initiative. This fact reigns true because operational expenses cannot be reduced to a level sufficient enough to yield amounts to pay past obligations.

Measure A (General Excise Tax) is estimated to generate a minimum of \$900,000 per year of general fund revenue. The City's unfunded Liabilities and estimated budget shortfall for this fiscal year total \$1,900,000.

The proposed plan is to liquidate the \$1,900,000 over a five (5) year period at \$380,000 or 20% per year. The difference between the estimated excise tax revenue (\$900,000), and the amount to be applied annually to the unfunded liabilities (\$380,000), will be appropriated for general operations through the annual budget process.

The following schedule is proposed in effecting the debt liquidation plan. The plan was prepared on the basis that the five major items listed within the payment schedule will be stabilized at the amounts presented in column two (2). The amounts presented for worker's compensation, 401-K Retirement Plan and Interfund payables were projected through December, 1989 when the first apportionment from passage of the General Excise Tax would be received.

RB/js

CITY OF EAST PALO ALTO

PROPOSED PAYMENT SCHEDULE FOR DEBT LIQUIDATION

	<u>AMOUNT DUE</u>	PAYMENTS									
		<u>1989 DECEMBER</u>	<u>1990 APRIL</u>	<u>1990 DECEMBER</u>	<u>1991 APRIL</u>	<u>1991 DECEMBER</u>	<u>1992 APRIL</u>	<u>1992 DECEMBER</u>	<u>1993 APRIL</u>	<u>1993 DECEMBER</u>	<u>1994 APRIL</u>
Worker's Compensation	\$ 401,098*	\$ 98,596	\$ 45,700	\$ 98,596	\$ 45,700	\$ 98,596	\$ 13,910	\$ --	\$ --	\$ --	\$ --
401-K Retirement Plan	588,522*	60,299	32,000	60,299	60,000	60,299	63,790	120,895	99,017	31,923	--
B.F.I.	306,820	76,705	--	76,705	--	76,705	--	76,705	--	--	--
Interfund Payables	538,077*	--	50,000	--	22,000	--	50,000	38,000	30,000	203,677	144,400
Micellaneous Outstanding Bills	<u>65,483</u>	--	<u>16,700</u>	--	<u>16,700</u>	--	<u>16,700</u>	--	<u>15,383</u>	--	--
TOTALS	<u>\$1,900,000</u>	<u>\$ 235,600</u>	<u>\$ 144,400</u>	<u>\$ 235,600</u>	<u>\$ 144,400</u>	<u>\$ 235,600</u>	<u>\$ 144,400</u>	<u>\$ 235,600</u>	<u>\$ 144,400</u>	<u>\$ 235,600</u>	<u>\$ 144,400</u>

* Projected through December, 1989.