

City looking at refinancing WRS debt

By Kyle Rogers
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Considerable interest savings could be realized

City of Rhinelander officials have several goals set out as they begin weekly meetings next month to prepare the 2014 budget. Some go without saying, such as avoiding a tax increase. Others are an attempt to address a specific issue, such as the nearly \$900,000 of debt owed to the general fund by the golf course. To keep that deficit from growing, officials are focused on keeping golf course operations at the break-even point.

There is yet another growing debt in the \$1 million range that the city hopes to begin addressing in the upcoming budget cycle as well — its outstanding Wisconsin Retirement

System (WRS) liability.

Alderman Alex Young said it's something he has brought up in the past and the city's auditors regularly highlight it as an issue in annual reports. But to date, no action has been taken.

The problem? The city's WRS debt sits at approximately \$1.2 million with annual interest rates between 7 and 8 percent. The interest charged in 2012 was \$81,000 and since the city's annual payments on the debt have not even covered the interest, the debt is only



Young

growing.

"It's like making the minimum payment on a credit card," Young said.

Young said he wants to first see the debt refinanced at a lower interest rate. It's something other local governments and school districts have done in recent years.

"It's quite a bit higher than the other borrowing we do," Young said.

Whether it's through the sale of municipal bonds or a state trust fund loan, the city has typically locked into interest rates in the 2 to 3 percent range. Compare that to the WRS debt where the city is being charged 7.8 percent interest this year.

"We could save taxpayers

quite a bit on the interest," Young said. "One thing that makes it a little out of sight, out of mind is our payments on (the debt) come on the same bill as our regular, current WRS contributions. So nobody really sees the interest we pay. I've brought it up the last five or six years. It's been listed as something we should look at in our audit report."

This year could finally be the time. City Administrator Blaine Oborn has said he will work with the city's financial advisor Sean Lentz to bring a WRS debt refinancing proposal for officials' consideration during 2014 budget discussions.

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