

Resolution Number - 2031

A Resolution Establishing a Fiscal Policy for the City of Warrenton

The City Commission of the City of Warrenton hereby resolves the following:

FISCAL POLICY

Section A. Revenue Policy

1. Revenue Policy. The cumulative increase of revenue from the levy of property tax will not exceed the maximum allowed under Oregon law and the Oregon Constitution.
2. SDC & Capital Connection Fees. Capital connection fees and/or System Development Charges will be established that reflects the cost of water and sewer improvements to service additional increments of growth. Capital connection fees and/or System Development Charges (SDC) will reflect a proportionate share of actual cost to be determined through a SDC methodology as provided for in the Oregon Revised Statutes. It will be the policy of the City of Warrenton to recover the appropriate capacity costs associated with new development and to minimize the cost of growth on existing utility users as much as possible.
3. Maximization of User Fees. It will be the policy of the City of Warrenton to maximize the utilization of user charges in lieu of ad valorem taxes for services that can be individually identified and where the costs are directly related to the level of service:
 - a. It will be the policy of the City to ensure that utility fees, user fees and user rates for water, sewer and all other fee supported services will be sufficient to finance all operating, capital and debt service costs associated with the service for which they are charged.
4. Discretionary Revenues. The City will seek to maximize all discretionary revenues in the General Fund as much as possible. Discretionary revenues include, but are not limited to, taxes, shared revenue, franchise fees and lease receipts.
5. Revenue Projections. The City will project General Fund revenues and expenditures for two years and will update the projections annually. The first revenue projections will be completed with one year of the adoption of this Resolution.

Section B. Budget Policy

1. Revenue will be sufficient to support current operating expenditures. Any reduction in services and programs will occur in accordance to the City's Resource Reduction Strategy (City Resolution 2033).
2. Debt or bond financing will not be used to finance current operating expenditures.
3. The City will strive to develop, over a period of time, the information needed to include performance measures in the City's budgeting process.

4. The City will coordinate all current risk management activities in order to better protect against loss and a reduction in exposure to liability.
5. The City will establish an equipment/vehicle replacement reserve fund to replace capital outlay items with a life of more than two years and a value of \$5,000 or more.
6. The City will seek a reasonable basis for allocating personal service costs.

Section C. Capital Improvement Policy

1. The City will prepare and adopt capital improvement plans that will detail capital projects and needs associated with water and wastewater improvements. The plans will also include estimated capital cost for improvements and list potential funding sources.

Section D. Accounting Policy

1. The City will establish and maintain the accounting systems in accordance with governmental accounting principals accepted in the United States, the Generally Accepted Principles and Standards of the Government Finance Officers Association (GFOA), and the National Committee on Governmental Accounting.
2. An annual audit will be performed by an independent public accounting firm that will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement if required.
3. Full disclosure will be provided in the financial statements and bond representations.
4. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis by both City Department Heads and the Finance Director with any adjustments being made prior to the end of the year.

Section E. Debt Policy

1. Capital projects, financed through the issuance of bonds, shall be financed for a period not to exceed the expected useful life of the project.
2. The City will attempt to utilize the lease/purchase of capital equipment if determined to be costs effective.

Section F. General Fund Reserve Policy

1. The City will strive to attain a General Fund Contingency of 5% of the overall General Fund to be used for unanticipated emergencies within the next five years.

Section G. Selection of Finance Consultants

1. Solicitation. If deemed appropriate by the City Commission, the City Manager shall be responsible

for establishing a Request for Proposals (RFP) and selection process for securing professional services that are required to develop and implement the City's debt program. Goals of the solicitation and selection process shall include encouraging participating from qualified service providers at competitive prices. RFPs may included the following types of services: 1) Bond Counsel, 2) Underwriters, 3) Financial Advisors, and; 4) Paying Agents.

Section H. Comprehensive Capital Planning & Financing

1. Debt Financing. It shall be the responsibility of the City Manager, within the context of the City's Capital Plans, to recommend to the City Commission the most advantageous debt instruments for financing capital projects. The City Manager will also oversee and coordinate the timing, process of issuance, and marketing of the City's borrowing and capital funding activities required in support the Plan.
2. Maintenance, Replacement and Renewal. Consistent with its philosophy of keeping the community's infrastructure in good repair , and to maximize the community's infrastructure's useful life, the City should set aside sufficient current revenues to finance ongoing maintenance needs and to provide reserves for periodic replacement and renewal.
3. Debt Authorization. The City Commission will authorize no debt to be issued for the purpose of funding capital projects unless it has been included in the Capital Improvement Plan or until the Commission has modified the Plan. Such modification shall occur only after the Commission has received a report of the impact of the contemplated borrowing on the City and the community in general. The Commission will also consider the City Manager, or professional consultant's recommendations as to the financing arrangements.

Section I. Limitations on City Indebtedness

1. It will be the policy of the City of Warrenton to apply all *City Charter* debt restriction consistent with all applicable definitions and restrictions established in law (see exhibit A).

Section J. Structure and Term of City Indebtedness

1. Debt Authorization. Nothing in this Fiscal Policy will be construed to limit the City from considering, and utilizing, any and all debt instruments available to municipal governments in Oregon.
2. Debt Repayment. Generally, borrowing by the City should be of a duration that does not exceed the economic life of the improvement that it finances and where feasible should be shorter than the projected economic life. Moreover, to the extent possible, the City should design the repayment of debt so as to recapture rapidly its credit capacity for future use. The City may choose to structure debt repayment so as to wrap around existing obligations or to achieve other financial planning goals. Such alternative structures shall be subject to the recommendations of the City Manager, the Finance Director and the approval of the City Commission.

Section K. Method of Sale - Bonds

1. Competitive Sale. The City, as a matter of policy, shall seek to issue its debt obligations in a

competitive sale unless it is determined by the City Manager that such a sale method will not produce the best results for the City. In such instances where the City, in a competitive bidding for its debt securities (whether general obligation or non-general obligation debt) deems the bids received as unsatisfactory or does not receive bids, it may, at the election of the City Commission, enter into negotiation for sale of the securities.

2. Negotiated Sale. When determined appropriate by the City Manager and approved by the City Commission, the City may elect to sell its debt obligations through a negotiated sale. Such determination may be made on an issue by issue basis, for a series of issues, or for part or all of a specific financing program.
3. Private Placement. When determined appropriate by the City Manager and approved by the City Commission, the City may elect to sell its debt obligations through a private placement or limited public offering. Selection of a placement agent shall be made pursuant to selection procedures developed by the City Manager and consistent with all applicable laws.

Section L. Short-Term Debt & Interim Financing

1. Commercial Lines of Credit. Where their use is judged by the City Manager to be prudent and advantageous to the City, the City has the power to enter into agreements with commercial banks or other financial entities for purposes of acquiring lines of credit. Before entering into any such agreements. The City Commission shall approve any agreements with financial institutions for the acquisition of credit. Lines and letters of credit entered into by the City shall be in support of projects contained in an approved Capital Plan. The City shall not secure lines or letters of credit for the purposes of paying for operations.


Section M. Improvement District and Assessment Contract Financing

1. Interest Rates on Improvement Assessment Loans. The contract interest rate on loans made from the proceeds of improvement Assessment Bonds shall be equal to the effective interest rate paid on the bonds sold to finance such loans plus an additional percentage markup to cover self-insurance and loan servicing costs. The contract interest rate shall be determined on the day of the sale of Improvement Assessment Bonds for those assessment contracts financed with proceeds of the sale.
2. Interim Assessment Contract Interest Rates. The interim assessment contract interest rate is the interest rate set on contracts that precede the sale of Improvement Assessment Bonds. This rate shall be set at a level deemed reasonable and prudent by the City Manager and the Finance Director to insure that funds collected through assessment contract payments are sufficient to meet that portion of future debt service requirements on Improvement Assessment Bonds attributable to such contracts.
3. Commitment to Self-Supporting Local Improvement Districts. Consistent with the concept of the Local Improvement District, all of the City's Local Improvement District's (LID) indebtedness shall be self-supporting. Prior to the issuance of any LID supported debt, the Finance Director will review projected cash flows which incorporate scheduled assessment contract payments, prepayments, delinquencies, and non-payments with the City Manager to ensure that the proposed Bonds shall meet the City's self-support requirement.

Section N. Refunding of City Indebtedness

1. Debt Service Savings - Advance Refunding. The City may issue advance refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible, prudent, and net present value savings, expressed as a percentage of the par amount of the refunding bonds, equal or exceed 3 percent as provided by law. Exceptions to this requirement shall be made only upon the approval of the City Commission.
2. Debt Service Savings - Current Refunding. The City may issue current refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible and prudent.
3. Restructuring of Debt. The City may choose to refund outstanding indebtedness when deemed in the best interest of the Community.

This resolution is effective December 1, 2003.



Mayor Jeff Hazen

Attest:



City Manager

Passed and Approved 11/20/02.

Linda Englebert
City Recorder