

CITY OF HURON
CITY COUNCIL
and
HOUSING AUTHORITY
and
PUBLIC FINANCING AUTHORITY

Regular Meeting Agenda

American Disability Act requirements are available for disabled individuals.

Anyone requiring a translator at the meeting must call at least two (2) days in advance so staff may make arrangements. Si usted requiere un intérprete en la junta necesita llamar dos (2) días con anterioridad.

DATE: Wednesday, March 1, 2017
TIME: 6:00 p.m.
PLACE: Council Chambers
36311 Lassen Avenue
Huron, CA 93234

I. CALL TO ORDER/WELCOME:

- A. Roll Call: Mayor Leon, Mayor Pro-Tem Tamayo, Councilmember Plasencia
Councilmember Pimentel, Councilmember Solorio
- B. Flag Salute: Mayor Leon

II. REPORT FROM EXECUTIVE SESSION:

III. CONFIRMATION OF AGENDA:

(Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 36311 Lassen Avenue during normal business hours.)

IV. CONSENT CALENDAR:

THESE MATTERS ARE ROUTINE IN NATURE AND WILL BE ENACTED WITH ONE VOTE.

(There will be no separate discussion for these items unless requested, in which case, the item will be removed from the Consent Calendar for separate action. Prior to action on the Consent Calendar, the public will be given the opportunity to comment on any consent calendar item.)

- A. Approval of Minutes of Regular Meeting of 2-1-17
- B. Approval of Minutes of Regular Meeting of 2-15-17

IV. PRESENTATIONS:

- A. **Dr. Helen Foster**, Superintendent, Coalinga-Huron Unified School District

VI. ADMINISTRATION:

- A. *Subject: Acceptance of Bid Results for the Huron Police Station Project and Award the Project to BVI Construction
– **Jack Castro, City Manager/Neal Costanzo, City Attorney**

Attachment: None

Financial Impact: Undetermined

Recommendation: Council to Accept the Bids and Award the Project

- B. *Subject: Consideration and Necessary Action on Resolution Adopting Debt Policy.

Jack Castro, City Manager/Neal Costanzo, City Attorney

Attachment: None

Financial Impact: Undetermined

Recommendation: Council to Adopt Resolution

VII. PUBLIC PRESENTATIONS:

PERSONS WISHING TO ADDRESS THE COUNCIL ON ITEMS WITHIN ITS JURISDICTION, BUT NOT ON THIS AGENDA MAY DO SO NOW.

Note: This section of the agenda allows members of the public to address the City Council on any item not otherwise on the agenda. (Any member of the public may comment on any matter on the agenda at the time that item is called.) In accordance with State Open Meeting Laws, no action will be taken by the City Council this evening and Council cannot engage in a dialog on the items presented. Items presented may be referred to staff for follow up and a report. **Comments are limited to five (5) minutes.**

Members of the public, when recognized by the Mayor, should come forward to the lectern, identify themselves by name and address.

- VIII. CHIEF OF POLICE'S REPORT:
- IX. PUBLIC WORKS' DEPARTMENT REPORT:
- X. FINANCE DIRECTOR'S REPORT:
- XI. CITY ATTORNEY'S REPORT:
- XII. SENIOR CENTER SITE COORDINATOR:
- XIII. CITY COUNCIL COMMUNICATIONS/COMMENTS:
- XIV. ADJOURNMENT:

RESOLUTION NO. 2017-__

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HURON ESTABLISHING THE CITY OF HURON DEBT MANAGEMENT POLICY

WHEREAS, the City of Huron (City) has issued bonds or other financing obligations (collectively, local debt) subject to the filing or reports with the California Debt and Investment Advisory Commission (CDIAC) pursuant to Section 8855 of the California Government Code (Section 8855); and

WHEREAS, Senate Bill 1029 (SB 2029), effective January 1, 2017, amended Section 8855 to augment the information that must be provided by municipal issuers of local debt to CDIAC; and

WHEREAS, prior to SB 1029, Section 8855 required municipal issuers of , local debt to file a Report of Proposed Debt at least 30 days prior to the sale of any local debt issue; and

WHEREAS, SB 1029 amends the requirements of the Report of Proposed Debt Issuance to require that this report include a certification by the municipal issuer (the City) that it has adopted Local policies concerning the use of local debt and that the proposed local debt issuance is consistent with those policies; and

WHEREAS, SB 1029 further requires that the local debt policy subject to the aforementioned certification must include all five of the following elements: (1) the purpose for which the debt proceeds may be used; (2) the types of debt that may be issued; (3) the relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable; (4) policy goals related to the issuer's planning goals and objectives; (5) the internal control procedures that the issuer has implements, or with implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use; and

WHEREAS, the City will be an issuer of local debt in 2017 for which a Report of Proposed Debt Issuance, including the aforementioned certification, will need to be filled with CDIAC; and

WHEREAS, to facilitate issuance of local debt in 2017 and thereafter, and the ability of the City to make necessary local debt policies certification required in connection with subdivision (i) of Section 8855, as amended by SB 1029, the City Council of the City of Huron desires to adopt a Debt Management Policy; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Huron hereby resolves as follows:

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. The Debt Management Policy attached hereto as Exhibit "A", is hereby approved and adopted and shall be made applicable to all local debt issued by or on behalf of the City.

SECTION 3. The City Manager and all other City officials involved in managing local debt are hereby authorized and directed to comply with the policies set forth in Exhibit "A".

SECTION 4. The Resolution shall take effect immediately upon adoption.

Passed and adopted this 1st day of March, 2016, by the following vote:

AYES:
NOES:
ABSENT:

Rey Leon, Mayor of the City of Huron

ATTEST:

I, hereby certify that the foregoing resolution was regularly introduced, passed and adopted at a Regular Meeting of the City Council of the City of Huron this this _____ day of _____, 2017.

Juanita Veliz, City Clerk of the City of Huron

EXHIBIT A

DEBT MANAGEMENT POLICY

This Debt Management Policy (Debt Policy) of the City of Huron (the Issuer) was approved by the Issuer's City Council on _____, 2017. The City Council may amend the Debt Policy as it deems appropriate from time to time in the prudent management of the debt of the Issuer. The Debt Policy applies to the Issuer and all subordinate entities of the Issuer for which the City Council serves as the governing board.

This Debt Policy is intended to comply with Senate Bill 1029 (SB 102), effective January 1, 2017, and shall govern all debt undertaken by the Issuer.

The City Council shall fix charges for commodities or service furnished by any revenue producing utility as will pay all expenses of the Issuer, or such portion as the City Council determines justly apportionable to such utility, including:

1. Salaries, office expenses, and other disbursement.
2. The operating expense of each utility.
3. The interest of any indebtedness incurred for acquisition, construction, and completion of each utility.
4. Provisions for funds to pay principal of any debts as they become due.
5. Provisions for an appropriate fund for repairs, replacements, and betterments.

It is the intent of the City Council, that the Issuer pay all such charges and expenditures and the interest and principal of its debt from the revenues derived from the operation of public utilities as well as appropriate assessments authorized for specific debt.

Capital Financing

1. The Issuer will consider the use of debt financing only for one-time capital improvement projects when project revenues or specific resources will be sufficient to service the long-term debt.
2. Debt financing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures. The issuance of short-term instruments such as revenue, tax or bond anticipation notes is excluded from this limitation.
3. Capital improvements will be financed primarily through user fees, service charges, assessments, special taxes, or developer agreements when benefits can be specifically attributed to users of the facility.
4. The Issuer will use the following criteria to evaluate pay-as-you-go versus long-term financing in funding capital improvements:

Factors Favoring Pay-As-You-Go Financing

- a. Current revenues and adequate fund balances are available or project phasing can be accomplished.
- b. Existing debt levels adversely affect the Issuer's credit rating.
- c. Outside funding sources are not available for a specific project.

Factors Favoring Long Term Financing

- a. Revenues available for debt service are deemed sufficient and reliable so that long-term financings can be marketed with investment grade credit ratings

- b. Other sources such as low interest loans and or grant funding is available for specific projects.
- c. Market conditions present favorable interest rates and demand for Issuer financings.
- d. A project is mandated by state or federal requirements, and resources are insufficient or unavailable.
- e. The project is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable.
- f. The life of the project or asset to be financed is 10 years or longer.

Debt Management

- 1. The Issuer will avoid the general fund to secure long-term financings except when marketability can be significantly enhanced.
- 2. An internal feasibility analysis will be prepared for each long-term financing which analyzes the impact on current and future budgets for debt service and operations.
- 3. The Issuer will generally conduct financings on a competitive basis; however, negotiated financings may be used due to market volatility or the use of an unusual or complex financing or security structure.
- 4. Staff of the Issuer will monitor all forms of debt annually coincident with the Issuer's Financial Plan preparation and review process and report concerns and remedies, if needed, to the Board of Directors.
- 5. The Issuer will diligently monitor its compliance with bond covenants and loan conditions to ensure its adherence to federal arbitrage regulations.
- 6. The Issuer shall maintain rates and charges and assessments sufficient to generate revenues in the amounts necessary to cover operation and maintenance costs and shall ensure the net revenues are equal to at least 1.10 times the annual debt service in each fiscal year.

Accounting Policy

- 1. The Issuer will establish and maintain accounting systems according to Generally Accepted Accounting Principles (GAAP), 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 detailing areas that need improvement. Target debt ratios will be annually calculated and included in the review of financial trends. Total indebtedness including direct and overlapping debt will be analyzed in determining financial condition.
- 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 with thorough analysis and adjustment (if required) at mid-year.
- 5. All revenue collections will be consolidated under finance and be audited at least annually.

Independent Disclosure Counsel

The following criteria will be used on a case-by-case basis in determining whether the Issuer should retain the services of a bond and/or disclosure counsel in conjunction with specific project financing:

- 1. The Issuer will generally not retain the services of an independent disclosure counsel when all of the following circumstances are present:

- a. The revenue source for repayment is under the management or control of the Issuer such as general obligation bonds, revenue bonds, lease-revenue bonds or certificates of participation.
2. The Issuer will consider retaining the services of a bond or disclosure counsel when one or more of the following circumstances are present:
 - a. The financing will be negotiated, and the funding agency or underwriter has not separately engaged an underwriter's counsel for disclosure purposes.
 - b. The revenue source for repayment is not under the management or control of the Issuer, such as land-based assessment districts, tax allocation bonds or conduit financings.
 - c. The bonds will not be rated or insured.
 - d. The funding agency, bond counsel or underwriter requires the Issuer to retain an independent disclosure counsel based on the circumstances of the financing.

Land-Based Financings

1. *Public Purpose.* There will be clearly articulated public purpose in forming an assessment or special tax district in financing public infrastructure improvements. This may include a finding by the City Council as to why this form of financing is preferred over other funding options such as impact fees, reimbursement agreements or direct developer responsibility for the improvements.
2. *Eligible Improvements.* Except as otherwise determined by the City Council when proceedings for district formation are commenced, preference in financing public improvements through a special tax district shall be given for those public improvements that help achieve clearly identified community facility and as set forth in key policy documents such as the General Plan, Specific Plan, Facility or Infrastructure Master Plans, or Capital Improvement Plan. Such improvements include study, design, construction and/or acquisition of:
 - a. Public safety facilities.
 - b. Water supply, distribution and treatment systems.
 - c. Waste collection and treatment systems.
 - d. Fire protection equipment and systems.
 - e. Parks, trails, community centers and other recreational facilities.
 - f. Other governmental facilities and improvements such as offices, information technology systems and telecommunication systems.