

A RESOLUTION ON FISCAL POLICY

WHEREAS, a stable fiscal policy is essential to the steady delivery of City services,

BE IT THEREFORE RESOLVED, that the following is adopted as the long-term fiscal policy of the City of Urbana:

DEFINITIONS:

Contingency Reserve. A specific sum (\$388,000) from General Fund cash carryover.

Dollars. All dollar figures in this Resolution are given in terms of purchasing power in prices used to figure the City of Urbana's FY 1990-91 budget, and should be adjusted according to the U.S. Consumer Price Index or City Comptroller's extrapolations thereof for conversion to budget dollars in other fiscal years.

Excess Cash Carryover. General Fund cash carryover less the Contingency Reserve.

Fiscal Years. FY 1990-1991 is hereinafter called FY91, and similarly for other budget years.

General Reserves. An amount equal to the budgeted year-end balances in the Long-Term Stability Fund, General Bond Issue Fund, Community Development Sinking Fund, U.D.A.G. Reserve Fund, and Solid Waste Operation Fund. This amount shall be no less than \$2,100,000 in FY92, \$2,500,000 in FY93, and \$2,800,000 thereafter, less any revenues presenting owing from the Intergovernmental Solid Waste Disposal Association, but not paid to the City starting FY93.

Supplementary Building Fund. A reserve fund accumulating from one-half of Excess Cash Carryover.

DISCLAIMER: Nothing in this Resolution is legally binding on the City of Urbana. However, City staff shall promptly inform the City Council when recommendations or actions are inconsistent with this policy statement.

Section 1. Overall Fiscal Policy.

1. It is the policy of the City of Urbana to maintain a steady and predictable level of services.
2. It is the policy of the City of Urbana to avoid sudden unplanned changes in taxation.
3. It is the policy of the City of Urbana to avoid increasing its demands on the people's purchasing power during recessions.
4. It is the policy of the City of Urbana to maintain fiscal reserves adequate to implement the above policies.

Section 4. Motor Vehicle Parking System (MVPS).

1. **Revenues:** Parking and ticketing rate schedules shall be adjusted periodically to keep pace with inflation.
2. **Expenditures:** MVPS expenditures shall be limited to (a) allow transfers to maintain general funds reserves consistent with this fiscal policy, and (b) annual expenditures of up to \$120,000 per year on capital improvements and public safety, without completely depleting the MVPS balance over the succeeding ten years. Priority shall be given to using Tax Increment Financing (TIF) revenues over MVPS revenues for parking expenditures in the TIF-1 and TIF-2 districts whenever possible. When excess TIF funds are not available, net costs shall be used to evaluate new TIF-eligible projects. This means that projected overall local tax revenue increases shall be deducted from TIF-eligible project costs when deciding whether to put General Reserves at risk by issuing general obligation bonds for TIF-eligible projects.

Section 5. General Revenues.

1. **Fees and Fines:** A schedule for at least maintaining FY91 purchasing power of fee and fine revenues shall be drawn up and enacted as necessary.
2. **Property Taxes:** A steady source of purchasing power from property taxes on the existing tax base shall be levied according to the taxation rate required to maintain the purchasing power of the General Reserves through all of the succeeding ten fiscal years.

Section 6. Revenue Excesses.

Revenue excesses projected in any annual budget ordinance shall be distributed as follows:

1. **Supplementary Building Fund:** Half of excess revenue carryovers and other unbudgeted excess revenues shall be budgeted to a Supplementary Building Fund (presently called the "One-Time Income Tax Fund").
2. **Long-Term Stability Fund:** Half of excess revenue carryovers and other unbudgeted excess revenues shall be budgeted to the Long-Term Stability Fund.

Section 7. Revenue Shortfalls.

1. **Supplementary Building Fund:** Revenue shortfalls resulting from following this fiscal policy shall be drawn from the Supplementary Building Fund where possible.
2. **Revenue Increases:** In the absence of recession, a council shall spread compensating revenues over its remaining budgets when revenue shortfalls have depleted the Supplementary Building Fund.
3. **Recession:** During national recession (two or more quarters without economic growth), revenue shortfalls shall be met by:
 - (a) Drawing on the Supplementary Building Fund,

- (b) General Funds Reserves, and
- (c) Reducing postponable expenses.

4. **Budget Amendments:** Budget amendments depleting the Basic or Supplementary Building Funds or General Reserves, or causing projected negative balances in any of the succeeding ten years in any fund other than the Motor Fuel Tax Fund, shall be accompanied by, in order of priority:

- (a) A compensatory budget amendment reducing other expenditure authority, or
- (b) A budget amendment increasing revenue, or
- (c) Interfund borrowing to be repaid in the succeeding fiscal year. Two successive years of such interfund borrowing shall precipitate a compensating revenue increase at the earliest practical moment, an estimate of which shall be presented by the Comptroller at the time of the relevant budget amendment.

Section 8. Building Projects.

- 1. **Project Initiation:** At any time when one-half of the required funding for a major civic building project has been accumulated in the Building Fund, the remainder may be bonded and the project initiated.
- 2. **Prioritization:** A priority list of major civic building projects shall be approved and reviewed by the City Council at least quadrennially.

1991. PASSED by the City Council this 18th day of February,

Ruth S. Brookens
Ruth S. Brookens, City Clerk

1991. APPROVED by the Mayor this 21st day of February,

Not signed by Mayor
Jeffrey T. Markland, Mayor

John