

Moab City Council Agenda Item
Meeting Date: August 27, 2019

Title: Proposed Resolution #44-2019 – Establishing a Debt Policy for the City of Moab

Date Submitted: August 19, 2019

Staff Presenter: Rachel Stenta, Finance Director

Attachment(s): Proposed Resolution 44-2019

Options: Approve, deny, or modify.

Recommended Motion: I move to adopt “Proposed Resolution 44-2019 establishing a debt policy for the City of Moab”

Background/Summary:

Previously, the City has carried minimal debt and has paid for most capital projects on a “pay as you go” basis. As demonstrated in this previous year’s budget process, that approach is not sustainable.

The past two years, the City has applied for and taken on debt for several sewer and water projects as well as an affordable housing project. We are at the beginning of a new Capital Planning process, and as part of that roadmap, we need to formalize and adopt a strategy for taking on new debt. As stated in our draft policy:

The purpose of this policy is to guide City officials as they consider the proper use of debt to fund capital projects. The primary objective is to establish conditions for the use of debt and to create policies that minimize the City’s debt service and issuance costs, retain the highest credit rating and maintain full and complete financial disclosure and reporting. The debt policy is intended to guide the prudent use of resources to provide the needed services to the citizens of the City of Moab and to maintain sound financial management practices. These policies, therefore, are flexible in design to allow for exceptions under changing and extraordinary circumstances. The City’s debt policy is the guideline for City staff to use in issuing debt.

Essentially, the policy guides the discussion on why, when and how we will take on new debt and for what type of projects.

I modeled this policy from a Government Finance Officer Association (GFOA) template and then asked our financial consultant at Zions Public Finance to review it as well as our independent auditors. The policy has gone through legal review and will be reviewed on an annual basis by the Finance Director and the City Manager. Any substantive modifications made to the policy must be approved by the City Council.

Please let me know if you have any questions. I would be happy to discuss.