

**RESOLUTION NO. 12900-16**

A RESOLUTION OF THE COUNCIL OF THE CITY OF NEWPORT NEWS, VIRGINIA, ESTABLISHING A WATERWORKS DEPARTMENT FUND FINANCIAL POLICY.

WHEREAS, the Waterworks Department Fund operates as self-sufficient enterprise fund, distinct from the City's General Fund, that maintains a separate bond rating and uses the revenues generated from the water rates fixed by City Council to pay for the cost of maintenance, extension, operation and administration of the waterworks system, the cost of insurance against loss by injury to persons or property, and any other costs or expense growing out of or appertaining to the waterworks system, including interest on bonds, and to pay all bonds issued on account of the waterworks system and to provide a fair and proper return; and

WHEREAS, the City Manager has recommended that the City Council formally adopt certain financial policies related to the Waterworks Department Fund; and

WHEREAS, after due consideration, the Council concurs with the City Manager's recommendation.

NOW, THEREFORE, BE IT RESOLVED:

1. That a Waterworks Department Fund Financial Policy is adopted as follows:

**WATERWORKS DEPARTMENT FUND FINANCIAL POLICY**

SECTION ONE. The Waterworks Department Fund will be self-supporting.

SECTION TWO. The Waterworks Department Fund will maintain revenues available annually to pay debt service, net of transfers, of at least 1.20 times annual debt service.

SECTION THREE. In order to cover emergencies and revenue shortfalls within the Waterworks Department Fund at the end of each fiscal year, the Waterworks Department Fund will maintain a Revenue Fund with unrestricted cash and short-term investments equal to a minimum of ninety (90) days of operating expenses and transfers.

SECTION FOUR. The Waterworks Department Fund will maintain a Renewal and Replacement Fund, in accordance with its bond requirements, with a targeted balance equal to a minimum of 25% of the Waterworks Department average 5-year Capital Improvements Plan.

SECTION FIVE. The Waterworks Department Fund will maintain a Rate Stabilization Fund, in accordance with its bond requirements, with a targeted balance equal to thirty (30) days of operating expenses and transfers.

SECTION SIX. If the Waterworks Department Fund uses balances in the Revenue Fund,

Renewal and Replacement Fund, or the Rate Stabilization Fund such that the respective fund(s) fall below the targeted balance, the City will develop a plan to replenish such funds to the targeted balance over a period not to exceed three (3) years.

SECTION SEVEN. The Waterworks Department Fund will fund at least 25% of its 5-year Capital Improvements Plan in cash.

2. That this resolution shall be in effect on and after the date of its adoption, March 8, 2016.

PASSED BY THE COUNCIL OF THE CITY OF NEWPORT NEWS ON MARCH 8, 2016

Mabel Washington Jenkins, MMC  
City Clerk

McKinley L. Price, DDS  
Mayor

A true copy, teste:

City Clerk