

RESOLUTION NO. 420

A RESOLUTION OF THE CITY OF STAYTON, MARION COUNTY, OREGON, AUTHORIZING THE ISSUANCE OF WATER SYSTEM IMPROVEMENT REVENUE BONDS FOR A TOTAL OF NOT TO EXCEED \$2,000,000, AND PROVIDING FOR PUBLICATION OF NOTICE.

WHEREAS, The City Council of the City of Stayton, Marion County, Oregon, hereinafter referred to as CITY, finds that:

1. It is financially feasible and in its best interests to construct a 5.0 million gallon water reservoir, install transmission lines, and make additional improvements to the CITY's water system (hereinafter referred to as PROJECT).
2. The CITY is authorized to finance the PROJECT by issuing revenue bonds pursuant to Oregon's Uniform Revenue Bond Act (ORS 288.805 to 288.945).
3. The cost of the PROJECT, including bond issuance costs and debt service reserves, is estimated to be not more than \$2,000,000.
4. The CITY has caused to be prepared a plan showing that the CITY's estimated net PROJECT revenues are sufficient to pay the estimated debt to be incurred by the CITY under the revenue bond issue authorized by this Resolution. The plan is attached to this Resolution as Exhibit A.

NOW, THEREFORE, the City Council of the City of Stayton, Oregon resolves:

SECTION 1: REVENUE BONDS AUTHORIZED

There are hereby authorized to be issued no more than \$2,000,000 in principal amount of the CITY's Water System Improvement Revenue Bonds, Series 1989. Prior to selling the bonds, the City Council shall establish by resolution:

1. Whether the bonds shall be sold at public competitive bid sale or private negotiated sale;

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2. The maximum discount to be allowed upon sale of the bonds;
3. The schedule for bond principal repayment;
4. The terms under which additional bonds may be issued;
5. The terms by which bonds may be redeemed prior to maturity;
6. The amount of any reserves to be established for the bonds and the manner in which the reserves shall be funded;
7. The covenants which the CITY will make with bondowners regarding operation of the PROJECT;
8. Whether all or only a portion of the PROJECT revenues shall be pledged to payment of the bonds;
9. Whether the PROJECT revenues shall be held by a trustee, and if they are so held, the trustee's duties; and
10. Any other terms, conditions, or covenants regarding the bonds, the PROJECT, or the PROJECT revenues which are necessary or desirable to effect the sale of the bonds.

SECTION 2: NOTICE: PROCEDURE

1. No bonds may be sold, and no purchase agreement for the bonds may be executed, until at least sixty (60) days after publication of the Notice of Revenue Bond Authorization, which is attached to this Resolution as Exhibit B. The Notice shall specify the last date on which petitions may be submitted, and shall be published in at least one newspaper of general circulation in the CITY in the same manner as are other public notices of the CITY.
2. If petitions for an election, containing signatures of not less than five percent (5%) of the CITY's electors, are received within the time indicated in the Notice, the question of issuing the bonds shall be placed on the ballot at the next legally available election date. If such petitions are received, no bonds may be sold until this Resolution and the question of issuing the bonds is

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approved by a majority of electors of the CITY who vote on that question.


3. The bonds shall be issued and sold in accordance with the Act.

SECTION 3: BONDS PAYABLE SOLELY FROM REVENUES

The bonds shall not be general obligations of the CITY, nor a charge upon its tax revenues, but shall be payable solely from the PROJECT revenues which the CITY pledges to payment of the bonds pursuant to ORS 288.825(1) and the Resolution to be adopted by the CITY pursuant to Section 1. of this Resolution.

ADOPTED BY THE COUNCIL OF THE CITY OF STAYTON, OREGON THIS 19th day of June, 1989.

Signed by the Mayor this 20 day of June, 1989.


WAYNE L. LIERMAN, MAYOR 6-20-89
Date

ATTEST


DAVID W. KINNEY, CITY ADMINISTRATOR 6-26-89
Date

APPROVED AS TO FORM


SHARMAN R. MEINERS, ACTING CITY ATTORNEY 6-23-89
Date

dwk:b



MOORE BREITHAUP & ASSOCIATES
Public Finance/Management/Policy Consultants

147 Commercial St. N.E.
Salem, Oregon 97301
503/364-9326

February 16, 1989

Mr. David Kinney
City Administrator
City of Stayton
362 N. Third Ave.
Stayton, OR 97383

Re: Projected Need to Increase Water Rates

Dear David:

As you requested, we have examined the order of magnitude of water usage charge increases that would be required to meet the City's projected water system expenditures. We have done this for two scenarios: with a \$1.5 million bond issue and a \$1.2 million dollar bond issue.

For a \$1.5 million dollar issue, the rate per 1,000 gallons of water would need to be increased approximately 8¢ or some combination of base plus consumption charge equalling about 15% in increased revenue.

For a \$1.2 million dollar issue, the rate per 1,000 gallons of water would need to be increased approximately 4¢ or some combination of base plus consumption charge equalling about 7.5% in increased revenue.

The per gallon charge is based on sales of 750,000,000 gallons (consistent with last three years). Thus each 1¢ increase produces approximately \$7,500. We kept our original conservative projections as shown in Exhibit A of the proposed Revenue Bond Resolution except as noted below:

1. Personal Services were increased to \$110,000 in 1989/90 increasing 5% thereafter.
2. Materials and Services increased to \$135,000 in 1989/90 increasing 5% thereafter.
3. Capital Outlay - \$100,000 in 1988/89; \$135,063 plus \$65,000 in 1989/90; and the 65,000 is expended annually while compounding at 5%.

Enclosed are two printouts which show the calculations upon which these findings are based.

Sincerely,

James Breithaupt

Encl: Projected Rev./Exp. \$1.5 million Bonds
Projected Rev./Exp. \$1.2 million Bonds

EXHIBIT A(2)

Water Utility Fund
 Projected Revenues & Expenditures
 Service Requirements & Bond Coverage Ratio
 1989-1994

\$1,500,000 Bond Issue

Beg. Retained Earnings (Budgetary Basis) Adjustment	<u>1988/89</u> 55,765 (265)	<u>1989/90</u> 130,063	<u>1990/91</u> 85,750	<u>1991/92</u> 86,750	<u>1992/93</u> 82,975	<u>1993/94</u> 77,194
Proposed New Revenue						
Rate Increase-Amount		57,000	58,500	60,000	61,500	63,000
Rate Increase-Percent		15.00%	15.00%	15.00%	15.00%	15.00%
REVENUES						
Water Usage	378,000	380,000	390,000	400,000	410,000	420,000
Other	<u>7,500</u>	<u>20,000</u>	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>33,000</u>
Sub Total	<u>385,500</u>	<u>400,000</u>	<u>418,000</u>	<u>428,000</u>	<u>438,000</u>	<u>453,000</u>
Total Resources	441,000	530,063	503,750	514,750	520,975	530,194
EXPENDITURES						
Pers. Services	84,787	110,000	115,500	121,275	127,339	133,706
Mat.& Services	126,150	135,000	141,750	148,838	156,279	164,093
Capital Outlay	<u>100,000</u>	<u>200,063</u>	<u>68,250</u>	<u>71,663</u>	<u>71,663</u>	<u>71,663</u>
Total O&M Expend.	310,937	445,063	325,500	341,775	355,281	369,462
Bal. Available for Debt Service	130,063	142,000	236,750	232,975	227,194	223,733
Service	0	56,250	150,000	150,000	150,000	150,000
Coverage Ratio	-	2.52	1.58	1.55	1.51	1.49

EXHIBIT A (3)

Water Utility Fund

\$1,200,000 Bond Issue

Projected Revenues & Expenditures

Debt Service Requirements & Bond Coverage Ratio
 for 1989-1994

	<u>1988/89</u>	<u>1989/90</u>	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>	<u>1993/94</u>
Beg. Retained Earnings (Budgetary Basis)	55,765	130,063	68,500	70,250	66,475	59,944
Adjustment	(265)					
Proposed New Revenue						
Rate Increase-Amount		28,500	29,250	30,000	30,750	31,500
Rate Increase-Percent		7.50%	7.50%	7.50%	7.50%	7.50%
REVENUES						
Water Usage	378,000	380,000	390,000	400,000	410,000	420,000
Other	<u>7,500</u>	<u>20,000</u>	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>33,000</u>
Sub Total	<u>385,500</u>	<u>400,000</u>	<u>418,000</u>	<u>428,000</u>	<u>438,000</u>	<u>453,000</u>
Total Resources	441,000	530,063	486,500	498,250	504,475	512,944
EXPENDITURES						
Pers. Services	84,787	110,000	115,500	121,275	127,339	133,706
Mat. & Services	126,150	135,000	141,750	148,838	156,279	164,093
Capital Outlay	<u>100,000</u>	<u>200,063</u>	<u>68,250</u>	<u>71,663</u>	<u>71,663</u>	<u>71,663</u>
Total O&M Expend.	310,937	445,063	325,500	341,775	355,281	369,462
Bal. Available for Debt Service	130,063	113,500	190,250	186,475	179,944	174,983
Debt Service	0	45,000	120,000	120,000	120,000	120,000
Coverage Ratio	-	2.52	1.59	1.55	1.50	1.46

NOTICE OF REVENUE BOND AUTHORIZATION

NOTICE IS HEREBY GIVEN that the City Council of the City of Stayton, Marion County, Oregon (CITY), adopted Resolution No. 420 on 19 June 1989, authorizing the issuance of Water System Improvement Revenue Bonds. The bonds will be issued to finance the construction of a 5.0 million gallon water reservoir, the installation of transmission lines, and additional improvements to the CITY's water system (PROJECT).

The City Council may establish by subsequent resolution all terms, conditions, and covenants regarding the bonds, the PROJECT revenues which are necessary or desirable to effect the sale of the bonds.

The CITY estimates that the bonds will be issued in a principal amount of not more than \$2,000,000; bond principal and interest are expected to be paid from PROJECT revenues. The bonds will not be general obligations of the CITY, nor a charge upon its tax revenues, but will be payable solely from the PROJECT revenues which the CITY pledges to the payment of the bonds.

If written petitions, signed by not less than five percent (5%) of the CITY's electors, are filed at the Office of the City Administrator on or before 28 August 1989, the questions of issuing the revenue bonds shall be placed on the ballot at the next legally available election date.

The Office of the City Administrator is located at 362 N. Third Avenue, Stayton, Oregon 97383.

The Resolution authorizing the bonds is available for inspection at the office of the City Administrator.

The bonds will be issued and sold under the Uniform Revenue Bond Act (ORS 288.805 to 288.945); this Notice is published pursuant to ORS 288.815(6).

BY ORDER OF THE CITY COUNCIL OF THE CITY OF STAYTON, OREGON.

b(6-15-89)