

BILL NO. \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION DIRECTING THE CITY MANAGER TO IMPLEMENT A RESILIENCY AND CASH BALANCE POLICY IN THE CITY'S UTILITY FUNDS USING RISK-BASED METHODOLOGY TO ENSURE THE CITY UTILITIES HAVE FUNDS AVAILABLE TO PROVIDE FOR LONG-TERM FINANCIAL STABILITY AND SYSTEM RELIABILITY; AND AMEND RESOLUTION 6201.

WHEREAS, the City operates the Water Pollution Control Department and wishes to continue to maintain the financial strength and reliability of the Water Pollution Control utility; and,

WHEREAS, on March 18, 2021 the Public Utilities Advisory Board endorsed and recommended to the City Council approval of the policy (PUAB recommendation from March 18, 2021 was for a level reserve target of \$10.0 million; and,

WHEREAS, the City Council has provided direction to the City Manager to ensure the Water Pollution Control utility has the flexibility to address fluctuations in cash flow, volatility in operating expenses, depreciation accruals, amortization of bonds, and to fund future capital needs; and,

WHEREAS, the City developed methods to calculate the level of cash that would be prudent to keep on hand by examining the utility revenue risk, expense risks, working capital and future capital needs; and,

WHEREAS, the methodology can be applied at the end of the City's annual fiscal year in order to guide the City Manager in development of the next fiscal year's budget; and,

WHEREAS, by Resolution No. 6201, approved by the Independence City Council on April 14, 2017, the City Council amended the Financial Policies' for the City of Independence that included that the City endeavor to maintain a minimum Unrestricted Fund Balance in Enterprise Funds equal to 63 days of annual operating expenditures plus the annual debt service payment, if applicable: and,

WHEREAS the risk-based methodology for determining Enterprise Fund cash balances is a more accurate and prudent method for determination.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI, AS FOLLOWS:

SECTION 1. That the section of the Financial Policy for Enterprise Funds established by Resolution No. 6201 is amended to remove the Fund Balance section for Enterprise Funds.

SECTION 2. That the City Manager is authorized and directed to implement a resiliency and cash balance policy utilizing risk-based methodology to ensure utility accounts are legally and readily available to meet requirements.

PASSED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2021, BY THE CITY COUNCIL OF THE CITY OF INDEPENDENCE, MISSOURI.

\_\_\_\_\_  
Presiding Officer of the City Council  
of the City of Independence, Missouri

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED - FORM AND LEGALITY:

\_\_\_\_\_  
City Counselor

REVIEWED BY:

\_\_\_\_\_  
City Manager