

**RESOLUTION NO. 2018-83**

**RESOLUTION AUTHORIZING THE ASSIGNMENT OF FUND BALANCE  
IN THE WATER FUND FOR THE PURPOSE OF FUTURE PURCHASES  
OF LAND IN THE CITY'S WATERSHED**

**WHEREAS**, the City Council adopted Resolution No. 2017-37 which established watershed land acquisition policy guidelines to evaluate potential land acquisitions in the City's watershed; and

**WHEREAS**, the watershed land acquisitions could be made by land trades, cash purchases, or a combination of trade and cash; and

**WHEREAS**, the City Council desires to have some funds set aside in the Water Fund for potential land purchases; and

**WHEREAS**, net revenue from timber harvests in a few years have been above projections resulting in higher than anticipated Water Fund Balance; and

**WHEREAS**, the City is proposing to assign \$300,000 of the Water Fund's Fund Balance as available for watershed land acquisitions in the event a potential land acquisition becomes available; and

**WHEREAS**, the Council needs to take action to assign the funds for that purpose.

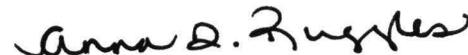
**NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:**

**Section 1.** In the Water Fund, \$300,000 of Fund Balance in the Water Fund is assigned for potential watershed land acquisitions.

**Section 2.** In years where net timber harvest revenue after all watershed related expenses and debt service obligations from the 2013 Refinancing exceeds \$325,000, the excess harvest earnings above \$325,000 will be added to the assigned Fund Balance for land acquisitions.

**Section 3.** This resolution is effective immediately upon its enactment by the City Council.

**PRESENTED AND PASSED** this 22<sup>nd</sup> day of October, 2018.



Anna D. Ruggles, City Recorder

**APPROVED** by the Mayor this 22<sup>nd</sup> day of October, 2018.



Peter B. Truax, Mayor



*A place where families and businesses thrive.*

<i>CITY RECORDER USE ONLY:</i>	
AGENDA ITEM #:	<u>6</u>
MEETING DATE:	<u>10.22.18</u>
FINAL ACTION:	<u>RESO 2018-03</u>

**CITY COUNCIL STAFF REPORT**

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**TO:** *City Council*

**FROM:** *Jesse VanderZanden, City Manager*

**MEETING DATE:** *October 22, 2018*

**PROJECT TEAM:** *Rob Foster, Public Works Director  
Paul Downey, Administrative Services Director*

**SUBJECT TITLE:** *Assigning Water Fund Balance Policy for Land Acquisitions*

**ACTION REQUESTED:**  Ordinance  Order  Resolution  Motion  Informational

*X all that apply*

**ISSUE STATEMENT:** City Council Objective 1.1 is Watershed Land Acquisition: “Conduct a work session to review viability of reserving a portion of timber sales to acquire a lands within the Watershed.” A work session was held on September 24, 2018, to review if timber harvest funds were available to be reserved for potential land acquisitions in the Watershed. As a result of that work session, staff has prepared a resolution reserving such funding for Council consideration.

**BACKGROUND:** Staff presented the timber harvest financial results for the past five years and the Fund Balance in the Water Fund to show that there are funds available to set aside for land acquisitions in the Water Fund. Staff proposed: 1) setting aside \$300,000 of current Fund Balance for land acquisitions; and 2) in years where net timber harvest revenue after all watershed related expenses and debt service obligations from the 2013 Refinancing exceeds \$325,000, the excess harvest earnings above \$325,000 will be added to the assigned Fund Balance for land acquisitions. The excess over \$325,000 was used because the City’s Water Rate Study assumes a certain level of net timber harvest revenue will be used to fund other Water Fund capital projects. That amount will be reviewed as part of the new rate study to be prepared after the current Water Master Plan is completed.

**FISCAL IMPACT:** The fiscal impact will be minimal as future funds will not be aside unless future net timber harvest revenue exceeds the amount all watershed expenses and the set aside for other capital projects of \$325,000.

**STAFF RECOMMENDATION:** Staff recommends the City Council approve the attached resolution.

**ATTACHMENT(s):** Resolution