

AN ORDINANCE DEDICATING POTENTIAL EXCESS REVENUE GENERATED FROM OPERATION OF A CITY OWNED AND OPERATED WATER SYSTEM.

WHEREAS, the City of Prineville has negotiated with Pacific Power and Light (PP&L) for purchase of the water system presently owned by PP&L and serving the City of Prineville, and

WHEREAS, there will be an election on November 6, 1984, on whether or not the City should enter into bonded debt to purchase the above named water system, and

WHEREAS, under City operation of said water system, there exists the potential of excess revenues over and above the expenses required for adequate funding of costs for operations, overhead for administration and support, and normal reserve account funding.

IN CONSIDERATION of these factors, the City of Prineville does ordain as follows:

1. Should excess revenues, as explained above, be generated by City ownership of a municipal water system, said excess revenues shall be dedicated for uses related to preservation or expansion of the water system and placed in a separate reserve fund.
2. Preservation, as stated in (1) above shall include, but not be limited to, improvements on the water system that are beyond the scope of day-to-day maintenance. Examples of such improvements would be new wells, major replacement of existing lines or looping of the present water system for fire flow protection.
3. Expansion, as stated in (1) above, would mean expansion of the water system into areas not presently served by the existing system.
4. Until expenditure, funds generated by these potential excess revenues shall be invested in such manner as deemed appropriate by the governing body of the City and allowable under Oregon law. This section allows interfund loans or use as resource for a Local Improvement District (LID) as long as appropriate interest rates on these uses and guarantees of repayment are insured.
5. The following exclusions to the dedicated use of potential excess revenues shall be allowed.
  - a. Public Health Emergency. Should a public health emergency be declared, funds from the reserve created by excess revenues may be utilized to quell this emergency, provided there is a declaration of said emergency by the governing body at a scheduled public hearing and further provided there is full verification of the emergency by an appropriate public health agency at the state level or higher, or

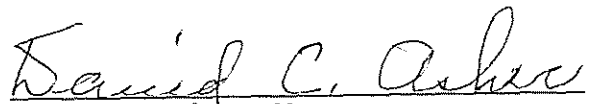
b. Other. Other use of these funds, except as stated in 1-4 above, shall be prohibited unless approved by a majority vote of the people of the City of Prineville voting at a regularly scheduled election date.


6. Nothing in this ordinance, as stated in 1-5 above, shall preclude the governing body of the City, upon evaluation based on sound financial and historical data, from using a portion of these potential excess revenues to adjust rates for water usage downward. In no case, however, shall rates be adjusted to such a level that would jeopardize sound operation and reserve funding of the water system.

7. This ordinance shall take into full account the fact that separate or differing restrictions or requirements may be placed upon the City by the lending institution(s) or agency(ies) involved in entering into the bonded indebtedness. Should there be a conflict between this ordinance and those restrictions or requirements, said restrictions or requirements shall take precedent over this ordinance.

Passed by the City Council this 13<sup>th</sup> day of November, 1984.

Approved by the Mayor this 13<sup>th</sup> day of November, 1984.

  
David C. Asher, Mayor

  
Henry Hartley, City Administrator  
Recorder