

# BOARD OF ALDERMEN

ITEM NO. C(2)

## AGENDA ITEM ABSTRACT

MEETING DATE: April 4, 2006

**TITLE: A Request to Adopt a Revised Debt Policy**

<b>DEPARTMENT:</b> Management Services	<b>PUBLIC HEARING:</b> YES ____ NO <u>x</u>
<b>ATTACHMENTS:</b> Attachment A: Resolution Attachment B: Proposed Debt Policy	<b>FOR INFORMATION CONTACT:</b> L. Bingham Roenigk, Assistant Town Manager, 918-7315

PURPOSE:

The Board of Aldermen is requested to approve the proposed debt policy that will provide ratios and a process for staff to use when recommending to the Board whether a requested capital project should be financed. The Board provided input on two separate occasions, once at the Planning Retreat and once at the Board worksession on March 14, 2006.

INFORMATION:

The impetus for recommending some changes to the debt policy was prompted by recommendations made by the Government Finance Officers' Association (GFOA) in reviewing the Town's budget document. It has been recommended that the staff move beyond monitoring debt levels through various ratios and identify how and when Carrboro will issue debt. It was suggested that key ratios be selected and used to make recommendations to the Board as to when debt should or should not be issued for capital projects.

It is also believed that all projects should be considered through the capital improvement plan (CIP) process. However, it is recognized that opportunities occur that make the timing of such impossible. The proposed debt policy will add a step that will require projects considered outside of the CIP process to be reviewed in context of the entire CIP plan and the impact on the debt levels would be assessed and a recommendation be made by staff to the Board on whether the town should move forward or make some changes to the existing CIP plan to stay within key ratios.

FISCAL IMPACT:

N/A

STAFF RECOMMENDATION:

Approve the proposed debt policy as written.