



## Legislation Text

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**File #:** 18-0770, **Version:** 1

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Chief Administrative Office recommending the Board adopt policy B-17 - Debt Management Policy to establish written guidelines governing the issuance of debt or other financial obligations pursuant to the requirements of SB 1029, codified as part of Government Code Section 8855.

**FUNDING:** N/A

### **DEPARTMENT RECOMMENDATION**

The Chief Administrative Office is recommending that the Board adopt a new Debt Management Policy (B-17) pursuant to the requirements of SB 1029, codified as part of Government Code Section 8855.

### **DISCUSSION / BACKGROUND**

Effective January 1, 2017, SB 1029, codified as part of Government Code Section 8855, went into effect. The purpose of the bill was to require the California Debt and Investment Advisory Commission (CDIAC) to track and report on all state and local outstanding debt until fully repaid or redeemed. Included in Government Code section 8855 is a requirement for reporting of debt issuance for local governments that is consistent with the local debt policy. Currently the County of El Dorado does not have an adopted Debt Management Policy.

The Chief Administrative Office is recommending the Board adopt the attached policy B-17 - Debt Management Policy. The Debt Management Policy has been developed to meet the following objectives:

- A. Identify the purposes for which debt proceeds may be used.
- B. Identify the types of debt that may be issued.
- C. Describe the relationship of the debt to the Capital Improvement Program and the County Budget.
- D. Ensure the issuance of debt is consistent with the strategic plan goals and objectives as determined by the Board of Supervisors.
- E. Implement and maintain a system of internal controls to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

Under the proposed policy, all debt issuance must be approved by the Board of Supervisors. Debt service obligations related to outstanding debt shall be appropriated on an annual basis in the County's adopted Budget.

The policy goals related to debt management include the following:

1. Protect taxpayers, ratepayers and constituents by utilizing conservative financing methods so as to obtain the highest possible credit rating and the lowest possible borrowing costs.
2. Maintain access to cost-effective borrowing through prudent fiscal management policies and practices.
3. Ensure that debt service commitments are made through effective planning and cash management.

4. Ensure the County's debt is consistent with the County's planning goals and objectives and Capital Improvement Program and Budget.

The attached policy has been reviewed and approved by County Counsel. Copies of the policy were also provided to the Treasurer-Tax Collector and the Auditor-Controller. The Treasurer-Tax Collector had some comments related to very specific terms around debt issuance. These questions would be addressed if a request to issue debt was brought forward to the Board. The intent of this policy is not to provide specific direction on all types of debt issuance. This policy is meant to be very broad and brings the County into compliance with Government Code Section 8855. This policy does not change current county practices.

#### **ALTERNATIVES**

The Board could choose to not make changes to the attached policy. The County is required to have a Debt Management Policy per Government Code Section 8855.

#### **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

County Counsel, Auditor-Controller, Treasurer-Tax Collector

#### **CAO RECOMMENDATION / COMMENTS**

It is recommended that the Board approve this item.

#### **FINANCIAL IMPACT**

There is no financial impact related to the adoption of Policy B-17 - Debt Management Policy. The policy does not authorize any specific debt issuance. Under the proposed policy, all debt issuance requests must be brought to the Board for approval.

#### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

Add Policy B-17 - Debt Management Policy to the Board of Supervisors policies.

#### **STRATEGIC PLAN COMPONENT**

Good Governance

#### **CONTACT**

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