

ORDINANCE NO. 16-2025

AN ORDINANCE OF THE CITY OF DELTONA, FLORIDA, AMENDING ARTICLE IV, "FINANCIAL POLICIES," OF CHAPTER 2, "ADMINISTRATION" OF THE GENERAL ORDINANCES TO BE TERMED ARTICLE IV, "FINANCE;" ESTABLISHING DIVISION 2, "BUDGET," AND DIVISION 3, "PURCHASING" OF ARTICLE IV, "FINANCE," OF CHAPTER 2, "ADMINISTRATION" OF THE GENERAL ORDINANCES; REPEALING AND RELOCATING THE PROVISIONS OF ARTICLE X, "BIDDING PREFERENCE FOR LOCAL VENDORS," OF CHAPTER 2, "ADMINISTRATION" OF THE GENERAL ORDINANCES TO NEWLY CREATED DIVISION 3, "PURCHASING" OF ARTICLE IV, "FINANCE," OF CHAPTER 2, "ADMINISTRATION" OF THE GENERAL ORDINANCES; PROVIDING FOR CONFLICTS, CODIFICATION, SEVERABILITY, AND AN EFFECTIVE DATE.

WHEREAS, the City of Deltona, Florida, adopted Article IV, "Financial Policies," and Chapter 2, "Administration" as part of its General Ordinances; and

WHEREAS, City Staff has reviewed the Financial Policies of the City in order to align them with best practices; and

WHEREAS, City Staff determined a need for additional clarity in the annual budgeting process; and

WHEREAS, City Staff has reviewed the Purchasing Policies of the City in order to align them with best practices; and

WHEREAS, City Staff determined a need for additional clarity in the establishment and adoption of said policies; and

WHEREAS, the City Commission finds and determines that these modifications are in the best interest of the public health, safety, and welfare of the residents of the City of Deltona.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DELTONA, FLORIDA, as follows:

Section 1. Recitals Adopted. The foregoing "Whereas" clauses are hereby ratified and confirmed as being true and correct and are hereby made a specific part of this ordinance upon adoption hereof.

Section 2. Amendment to the Code of Ordinances. The City Commission hereby approves and adopts Article IV, "Finance," and Chapter 2, "Administration" to establish Division 2, "Budget" and Division 3, "Purchasing" as set forth in "Exhibit A" attached hereto. The City Commission hereby approves and adopts the repeal of Article X, "Bidding Preference for Local Vendors," of Chapter 2, "Administration" as set forth in "Exhibit B" attached hereto.

Section 3. Conflicts. Any and all Ordinances, Resolutions, and Administrative Policies or parts of Ordinances, Resolutions, and Administrative Policies in conflict herewith are hereby repealed.

Section 4. Severability. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect any other provision or application of this ordinance which can be given effect without the invalid provision or application.

Section 5. Codification. The provisions of this Ordinance shall be codified as and be made part of the Code of Ordinances of the City of Deltona. The sections of this Ordinance may be renumbered to accomplish such intention.

Section 6. Effective Date. This Ordinance shall take effect immediately upon its final adoption by the City Commission.

**PASSED AND ADOPTED BY THE CITY COMMISSION OF THE CITY OF
DELTONA, FLORIDA THIS _____ DAY OF _____, 2025.**

First Reading: _____

Advertised: _____

Second Reading: _____

BY: _____

Santiago Avila, Jr., MAYOR

ATTEST:

Joyce Raftery, CMC, MMC, CITY CLERK

Approved as to form and legality
for use and reliance of the City of
Deltona, Florida

TG Law, PLLC, CITY ATTORNEY

Name	Yes	No
Avila-Vazquez		
Colwell		
Heriot		
Howington		
Lulli		
Santiago		
Avila		

ARTICLE IV. FINANCIAL POLICIES-FINANCE

DIVISION 1. DEBT POLICY

Sec. 2-170. Short title.

This division shall be known as and referred to as the "Deltona Debt Policy".

Sec. 2-170.1 Introduction.

One of the most important responsibilities of a City is to ensure that the needs of its citizens are met. The issuance of debt has historically provided governments with a major source of funding for capital needs. Because of the high cost of acquiring or replacing capital assets, governments are often not in a position to be able to accumulate enough cash from current receipts to pay for necessary improvements. Debt permits governments to acquire assets as needed rather than wait until a sufficient amount of cash has been accumulated to begin capital projects or improvements.

Debt issuance is subject to close public scrutiny, because it involves raising large amounts of money, which obligate future generations of taxpayers. The decision to issue debt has far-reaching consequences by committing the city's revenues for future periods, and hence, limiting the city's flexibility in responding to changing service priorities, revenue inflows, or cost structures. The debt issuance process is complex; therefore, it is important that city officials recognize the need to understand and formalize a process in order to make informed and objective judgments with respect to the many decisions that are necessary to successfully complete a debt transaction.

The foundation of any well-managed debt program is a comprehensive debt policy. A debt policy sets forth the parameters for issuing and managing debt and provides guidance to decision-makers, helping to ensure that debt is issued prudently and is affordable. A debt policy recognizes a long-term binding commitment to full and timely repayment of all debt as an intrinsic requirement for entry into the capital markets. Adherence to a debt policy helps to ensure that the city maintains a sound debt position and that its credit quality is protected. A debt policy is beneficial because it enhances the quality of decisions, rationalizes the decision-making process, identifies objectives to be implemented, and demonstrates a commitment to long-term financial planning objectives. A consistently applied debt policy provides evidence to the rating agencies of a community's commitment to sound financial management and controlled borrowing practices. As such, it is regarded positively in evaluating a city's creditworthiness.

It is important that the debt policy be reviewed and updated on a regular basis to insure the use of the city's resources to meet its commitment to provide needed services to its citizens and to maintain sound financial management practices.

Sec. 2-170.2 Purpose.

The City of Deltona Debt Policy ("debt policy") is intended to establish a framework for debt issuance and to provide general direction in the planning, implementation and maintenance of the city's debt program. The debt policy is designed to:

- (1) Promote attainment of financial, planning and management objectives;
- (2) Take a comprehensive approach to affordability;

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- (3) Reflect the community attitudes and government philosophy; and
 - (4) Set limits but preserve flexibility.

The debt policy will provide guidance to city officials on how to integrate the issuance of debt with other long-term planning, financial and management objectives; evaluate the impact of each issue on the city's overall financial position; and provide guidance as not to exceed acceptable levels of indebtedness.

While the debt policy establishes a framework for debt issuance, it is written to be sufficiently flexible to permit the city to take advantage of market opportunities and to respond to changing conditions without jeopardizing essential public services.

Sec. 2-1730.3 Purpose for which debt can be issued.

The city will consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets (including land) with a useful life of at least five years. The city normally will rely on internally generated funds and/or grants and contributions from other governments to finance its capital needs. Debt will be issued for a capital project only in the case of emergency or when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries. Debt shall not, in general, be used for projects solely because insufficient funds are budgeted at the time of acquisition or construction.

Sec. 2-1740.4 Moral obligation pledges.

Recognizing that a city's potential can be measured by the service delivery of its infrastructure. It is the responsibility of the city's officials to:

- (1) Recognize the city's limited inventory of pledgable revenues and the need to manage the use/commitment of these revenues as the consumption of a scarce resource;
- (2) Maintain the current systems, structures and facilities and their service delivery potential and to add building blocks (additions, modifications and expansion) as needed;
- (3) Ensure that decision making with regard to city debt will focus on the need to measure interperiod equity between fiscal years and generations of taxpayers, users and other beneficiaries. Take actions to ensure the fair distribution of costs between periods while equally striving to maintain future flexibility to address unanticipated capital requirements;
- (4) Employ the use of debt to complement, and not in lieu of significant recurring commitments of annual appropriations for capital purposes;
- (5) Act as fiduciaries, for their time as responsible officials, to ensure that each transfers to their successors a city in at least as good of shape (financial, physical, service delivery potential, etc.) as they received from their predecessors; and
- (6) Maintain the city's sound financial position, reasonable reserves and positive debt posture and thereby enhance the city's flexibility and related ability to meet the challenges of its future generations.

Sec. 2-1750.5 Categorization of debt.

- (a) *Self-supporting debt.* To be considered self-supporting, a propriety or governmental debt program will:
 - (1) Be payable exclusively from non-general fund revenues; and
 - (2) In the case of governmental debt, be secured by a revenue source which has been in effect for at least three years, and would have provided coverage of at least 110 percent of the average annual debt service on such obligations; or if the revenue source has not been in existence for at least three years, be secured by a revenue source that would have provided coverage of at least 125 percent of the average annual debt service on such obligation for at least the last full fiscal year preceding the

issuance of such obligations and is projected to provide at least 125 percent debt service coverage for each of the next two years;

- (3) In the case of proprietary fund debt or special assessment debt, be secured by a revenue source which would provide a coverage in each fiscal year of at least 110 percent of the annual debt service in such fiscal year.
- (4) It is anticipated through financial forecasts that no interfund contributions from the general fund, without commission approval or consent, to the specific proprietary or governmental fund will be required to make up an operating short fall.

For purposes of calculating the coverage requirements, historical and projected receipts of a particular revenue source will be adjusted retroactively to the initial date of the calculation period to reflect changes in rates or levies enacted.

- (b) *Non self-supporting.* Includes all debt of the city that does not meet the definition of self-supporting debt.

Sec. 2-1760.6 Debt limitations.

- (a) *Self-supporting debt.* For the city to issue self-supporting governmental debt, revenues, as defined under the resolution authorizing the revenue bonds in question, shall be a minimum of 110 percent of the average annual debt service and 110 percent of the debt service for the year in which requirements are scheduled to be the greatest, but should be maintained at 125 percent of the maximum annual debt service for financial planning purposes. For proprietary debt, revenues shall be a minimum of 110 percent of the annual debt service in such fiscal year. Annual adjustments to the city's rate structures will be made as necessary to maintain the required coverage factors.
- (b) *Non self-supporting debt.* The city shall conduct an objective analysis as to the community's ability to assume and support additional debt service payments before the issuance of non-self supported debt. The city shall use an analytical approach for its determination. This process shall compare generally accepted standards of affordability to the current values for the city. These standards shall include debt per capita, debt as a percent of taxable value, debt service payments as a percent of current revenues and current expenditures, and the level of overlapping net debt of all local taxing jurisdictions. The process shall also examine the direct costs and benefits of the proposed expenditures. The decision on whether or not to assume new debt shall be based on the identified costs and benefits, the current conditions of the municipal bond market, and the city's ability to "afford" new debt as determined by the aforementioned standards. The city shall strive to achieve and/or maintain these standards at a low to moderate classification.
- (c) *Debt burden measures.* For the purposes of measuring the general government debt capacity, the city includes all non self-supporting debt under the definition of general government debt. These are the programs whose expenditures for debt service are in direct competition with other general fund expenditures. Additionally, the city considers all tax-supported debt to include all non self-supporting debt, as well as the self-supporting governmental debt. This distinction recognizes that self-supporting proprietary programs should be measured by comparing the user rates of comparable governmental providers, and that such programs do not directly or indirectly place a burden on taxpayers in the form of increased taxes. As long as each system's user rates meet the needs of both operations and debt service, the debt program is not considered part of either the general government or tax-supported debt of the city.
- (d) *City commission commitments.*
 - (1) Act with regard to self-supporting proprietary operations, when necessary, to increase rates to ensure that each operation maintains rate coverage (revenue to debt service ratios) as required by the higher of either city policy or related debt covenants.
 - (2) Limit with regard to self-supporting governmental revenues, the level of annual debt service as a percentage of available annual revenues to ensure a reasonable ability to address recurring operations and maintenance and/or capital requirement on a pay-as-you-go basis.

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- (3) Establish with regard to all non self-supporting debt, debt limits to ensure current and future flexibility.

Sec. 2-1770.7 Types of debt permitted and the criteria for issuance.

- (a) *Short term debt.* Current revenues and/or working capital reserves are expected to cover the expenses associated with the day-to-day operations of the city. However, short-term obligations may be issued to finance projects or portions of projects for which the city ultimately intends to issue long-term debt. It can be used to provide interim financing which will be refunded with the proceeds of long-term obligations. Interim financing may be appropriate when long-term interest rates are expected to decline in the future. In addition, some forms of short-term obligations can be obtained quicker than long term obligations and thus can be used in emergencies until long-term financing can be obtained.

The city will conduct an analysis of the cost differential of issuing short-term debt to provide for immediate needs versus long-term debt to cover both immediate and future needs taking into account the carrying costs of long term financing which does not have an immediate use.

- (b) *Long term debt.* The city will consider the issuance of long-term debt under the following conditions:
 - (1) One time capital projects or capital improvement projects, when the project is included in the city's capital improvement program and appropriated in the budget.
 - (2) An unusual equipment purchase for which it is determined to be economically beneficial for the city to purchase through financing.
 - (3) When a project is not included in the city's capital improvement plan, but it is an emerging critical need whose timing was not anticipated or it is a project mandated immediately by state or federal requirements. An analysis of the project's impact on the city's capital improvement plan and future budget forecasts will be presented at the time of approval.
 - (4) To finance the acquisition or implementation of a self-supporting proprietary or governmental program/activity.
- (c) *General obligation bonds.* When determined to be the most appropriate method of debt issuance, the city will seek approval through voter referendum to issue general obligation bonds. General obligation bonds are either backed by the full faith and credit of the city, with a pledge to levy the necessary ad valorem tax rate to meet the debt service requirements; or of a limited nature were the voters approve a specified millage rate to pledge.
- (d) *Revenue debt.* As part of the city's financing activities, specific general fund revenue sources may be identified to pledge for repayment of revenue debt. Before such general fund commitments are made, specific policy goals and objectives that determine the nature and type of projects qualifying for such support and specific limitations to be placed on the maximum amount of general fund resources pledged to such projects shall be developed. The finance director shall be responsible for coordinating the development of such policies and goals, which shall not take effect until approved by the city commission.

Recognizing the limited capacity of the city's general fund to support both ongoing operating programs and secure debt obligations, use of the general fund to secure such obligations must be approved after careful review of financial forecasts. Key factors that will be considered in determining whether or not the general fund should be used to secure a particular debt obligation will include the following:

- (1) Demonstration of underlying self-support, thus limiting potential general fund financial exposure.
- (2) Use of general fund support as a transition to a fully stand alone credit structure, where interim use of general fund credit support reduces borrowing costs and provides a credit history for new or hard to establish credits.
- (3) General fund support is determined by the city commission to be in the city's overall best interest.

The city will finance the capital needs of its revenue producing proprietary activities through the issuance of revenue-secured debt obligations. Prior to approval of such debt, the city commission will evaluate financial plans and projections showing the feasibility of the planned financing, required rates and charges needed to support the planned financing, and the impact of the planned financing on ratepayers, property owners, city revenues, and other affected parties. The amount of the debt obligations issued by a city will be limited by the feasibility of the overall financing plan on the proprietary activity.

- (e) *Variable rate debt.* The city may choose to issue securities that pay a rate of interest that varies according to pre-determined formula or results from a periodic remarketing of the securities, consistent with state law and covenants of pre-existing bonds, and depending on market conditions.
- (f) *Leasing.* When found to be advantageous, the city may lease equipment and facilities rather than purchase them outright. Leasing may be appropriate for assets that will be needed for only a short period of time, or which are subject to rapid technological obsolescence. Leasing may also be determined to be appropriate for procuring assets that are too expensive to fund with current receipts in any one year, but with useful lives to short to finance with long-term debt. The decision to lease will be supported by an analysis of lease vs. purchase.
- (g) *Conduit debt.* Conduit debt are securities issued by a government agency to finance a project of a third party, such as a non-profit organization or other private entity. The city may sponsor conduit debt for those activities (e.g., economic development, housing) that have a general public purpose and are consistent with the city's overall service and policy objectives. Unless a compelling public policy rationale exists, such conduit debt will not in any way pledge the city's faith and credit.
- (h) *Taxable debt.* The cost of taxable debt is higher than tax exempt debt. The issuance of taxable debt is mandated in certain circumstances, and may allow valuable flexibility in subsequent contracts with users or managers of the improvement constructed with the debt proceeds. Therefore, the city may issue taxable obligations when determined to be the best method for the intended purpose.
- (i) *Bond anticipation notes.* Use of short-term borrowing, such as bond anticipation notes and tax-exempt commercial paper, will be undertaken only if the transaction costs plus interest of the debt are less than the cost of internal financing, or available cash is insufficient to meet working capital requirements.
- (j) *Interfund borrowing.* Interfund borrowing will be considered to finance high priority needs on a case-by-case basis, only when planned expenditures in the fund making the loan would not be affected. Interfund borrowing may be used when it would reduce costs of interest, debt issuance, and/or administration.
- (k) *Other borrowing facilities.* The city may maintain or procure a special facility that will allow for borrowing on short notice, either in the form of short-term or long-term notes, for small amounts not economical to finance through a regular bond issuance. The facility can be used as an interim financing mechanism when cost effective.

Sec. 2-1780.8 Structural feature that may be considered.

Debt will be structured to achieve the lowest possible net cost to the city given market conditions, the urgency of the capital project, and the nature and type of security provided. Moreover, to the extent possible, the city will design the repayment of its overall debt so as to recapture rapidly its credit capacity for future use. In general, there shall be no debt structures that include increasing debt service levels in subsequent years, with the exception of the first and second year. There shall be no "balloon" bond repayment schedules that consist of low annual payments and one large payment of the balance due at the end of the term. There shall always be at least interest paid in the first fiscal year after the bond issue.

- (1) *Backloading.* The city will seek to structure debt with level principal and interest costs-over the life of the debt. Backloading of costs will only be considered in rare circumstances as follows:
 - a. When natural disasters or extraordinary/unanticipated external factors make the short-term cost of the debt prohibitive;

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- b. When the benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present;
 - c. When such structuring is beneficial to the city's overall amortization schedule; or
 - d. When such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.
- (2) *Call provisions.* The city seeks to minimize the protection from optional redemption given to bondholders, consistent with its desire to obtain the lowest possible interest rate on its debt. The city seeks early call options at low or no premiums to allow for refinancing of debt at greater interest savings, provided there is no interest rate penalty for early call. The city shall obtain advice from its financial advisor in the evaluation of optional call provisions for each issue to assure that the city does not pay unacceptably higher interest rates to obtain more advantageous call provisions.
 - (3) *Maturity of debt.* Debt will be structured for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users. Generally, debt maturity should be of a duration that does not exceed the economic life of the asset or improvement that it finances and where feasible should be shorter than the projected economic life, as extended by periodic renewal and component replacement.
 - (4) *Credit enhancements.* Credit enhancements are mechanisms that guarantee principal and interest payments. They include bond insurance, a line of credit or letter of credit. A credit enhancement, while costly, can result in a lower interest rate on debt and a higher rating from the rating agencies, thus lowering overall costs. During debt issuance planning, the city's financial advisor will advise whether or not a credit enhancement is cost effective under the circumstances and what type of credit enhancement if any, should be purchased. Credit enhancements may be used, but only when net debt service on the bonds is reduced by more than the costs of the enhancement.
 - (5) *Subordinate lien obligations.* Creation of subordinate lien financing structure, if appropriate, shall be based on the overall financing needs of the city, expected credit ratings, relative cost, and impact to the city.
 - (6) *Derivatives.* Although not anticipated, the city may choose to employ the use of derivative products that are authorized under applicable laws and are deemed financially prudent. Derivatives are contracts and financing agreements involving interest rate swaps, floating/fixed rate auction or reset securities, or other forms of debt bearing synthetically determined interest rates. The use of derivatives can minimize risk, reduce cost and provide flexibility, however they may also add risk, restrict flexibility and add cost.

Before entering into such contracts or agreements, a review committee consisting of at a minimum the city manager, finance director and the city's financial advisor shall be formed to review the risks and benefits of such financing techniques and expected impacts on the city's long-term financial operations and credit ratings. The committee's findings will be presented in a written report to the city commission for consideration.

Sec. 2-1790.9 Credit objectives.

The city seeks to hold the highest possible credit ratings that can be achieved without compromising delivery of basic city services and achievement of city policy objectives. The city recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. Nevertheless, the city is committed to ensuring that actions within its control are financially prudent.

Full disclosure of operations and open lines of communication shall be made to the rating agencies. City staff, with assistance of the city's financial advisor, will prepare the necessary information for presentation to the rating agencies. Credit rating will be sought from Moody's, Standard & Poor's and/or Fitch, as recommended by the city's financial advisor.

Sec. 2-1870.10 Methods of sale.

The city will select a method of sale that is the most appropriate in light of financial, market, transaction-specific and issuer-related conditions. When a sale is not competitively bid, the city will publicly present the reasons and will participate with the financial advisor in the selection of the underwriter or direct purchaser.

- (1) *Competitive sale.* The city, as a matter of policy, shall seek to issue its debt obligations in a competitive sale unless it is determined that this method would not produce the best results for the city. The city with assistance by its financial advisor will set the terms of the sale as to encourage as many bidders as possible. In such instances where the city, in a competitive bidding for its debt securities, deems the bids received as unsatisfactory or does not receive bids, it may, at the election of the city commission, enter into negotiation for sale of the securities.
- (2) *Negotiated sale.* When certain conditions favorable for a competitive sale do not exist and/or when a negotiated sale will provide significant benefits to the city that would not be achieved through a competitive sale, the city may elect to sell its debt obligations through a negotiated sale. Such determination may be made on an issue by issue basis, for a series of issues, or for part or all of a specific financing program.
- (3) *Private placement.* When determined to be beneficial and appropriate, the city may elect to sell its debt obligations through a private placement or limited public offering.

Sec. 2-18170.11 Selection of professionals.

The city will employ outside specialists to assist in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors. When selecting a financing team the city will focus on professionals that have the necessary expertise to represent its interests and to successfully market its bonds. The city will retain professionals under procedures outlined in the city's procurement policies and procedures. The city will hire professionals with an understanding of the city's needs, experience with similar types of securities, knowledge of beneficial approaches to debt financing, an understanding of innovative debt financing methods which can reduce costs or provide greater flexibility, and an ability to complete the transaction in a timely manner without undue burden to the city.

- (1) *Financial advisor.* The city will seek the advice of a financial advisor as needed. The financial advisor will advise on the structuring of obligations to be issued, inform the city of various options, advise the city as to how choices will impact the marketability of the city obligations and will provide other services as defined. To ensure independence, the financial advisor will not bid on nor underwrite any city debt issues.
- (2) *Bond counsel.* The city will retain external bond counsel for all debt issues. All debt issued by the city will include a written opinion by bond counsel affirming that the city is authorized to issue the debt, stating that the city has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status.
- (3) *Underwriters.* Underwriters will be required to demonstrate sufficient capitalization and experience related to debt issuance.

Sec. 2-18270.12 Refunding of debt.

Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. Refunding will be considered if and when a net economic benefit is produced or the refunding is required in order to modernize debt covenants essential to operations and management.

Advance refunding for economic savings will be undertaken when a targeted net present value savings of at least five percent can be achieved or when a lower percentage is found to be in the best monetary interest of the

city. Current refundings, which produce net present value savings, of less than five percent will be considered on a case-by-case basis. Refunding with negative savings will not be considered unless there is a compelling public policy objective.

The city may choose to refund outstanding indebtedness when debt covenants or other financial structures impinge on prudent and sound financial management. Savings requirements for current or advance refunding undertaken to restructure debt may be waived by the city commission upon a finding that such a restructuring is in the city's overall best financial interests.

Sec. 2-~~183~~70.13 Debt defeasance.

The city may defease its debt by irrevocably placing cash or other assets in a trust to be used solely for satisfying scheduled payments of both the interest and principal of the defeased debt. In this situation, the trust is restricted to owning only monetary assets that are essentially risk free as to the amount, timing and collection of interest and principal. Additionally, the city may choose to defease its outstanding indebtedness through purchases of its securities on the open market when market conditions make such an option financially feasible. The city will develop procedures for executing and bidding open market purchases and the savings objectives to be achieved by undertaking such actions.

Sec. 2-~~184~~70.14 Disclosure practices.

The city is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The city is committed to meeting all disclosure requirements on a timely and comprehensive basis and will contract for the provision of such disclosure information when necessary.

Official statements, comprehensive annual financial reports, and continuous disclosure statements will meet at a minimum, the standards articulated by the Municipal Standards Rulemaking Board (MSRB), the Government Accounting Standards Board (GASB), the National Federation of Municipal Analysts, the Securities and Exchange Commission (SEC), and Generally Accepted Accounting Principles (GAAP). The city's finance director shall be responsible for ongoing disclosure to established national information repositories and for maintaining compliance with disclosure standards promulgated by state and national regulatory bodies.

Sec. 2-~~185~~70.15 Compliance with federal tax law provisions.

Federal arbitrage regulations were put into place for two primary reasons: (1) to ensure that the proceeds of tax-exempt financing are not solely being used to make investment in higher-yielding taxable securities, and (2) to ensure that the bond proceeds are spent in an expeditious manner. In compliance with the spirit of this legislation, the city will not issue obligations except for identifiable projects with a prospect of timely initiation. The city's finance director is responsible for ensuring that a system of record keeping and reporting is maintained to meet the arbitrage rebate requirements of the federal tax code.

The city's finance director will monitor compliance with debt covenants and adherence to federal regulations. Any instances of noncompliance will be reported by the city manager to the city commission.

Sec. 2-~~186~~70.16 Integration of capital planning and debt financing activities.

- (a) *Capital planning and financing system.* The city shall develop and maintain a capital planning and financing system for use in preparing a five-year capital improvement plan for consideration and adoption by the city commission as part of the city's annual budget process. Individual departments shall prepare multi-year capital plans for coordination and integration into the preparation of the citywide capital improvement plan. The plan shall contain a comprehensive description of the sources of funds and the timing of capital projects for future operating and capital budgets, effect of the projects on future debt requirements, debt

outstanding, and debt service. The plan should demonstrate the impact on future debt burdens and current and future revenue requirements. The plan shall analyze the conformance of planned debt financing with policy targets regarding (1) the magnitude and composition of the city's indebtedness, and (2) the economic and fiscal resources of the city to bear such indebtedness over the next five years.

- (b) *Funding of the capital improvement program.* Whenever possible, the city will first attempt to fund capital projects with grants or developer contributions. When such funds are insufficient, the city will use dedicated revenues such as impact fees or other restricted use revenues. If these are not available, the city will use general revenues, surplus and bond financing. The city is guided by three principles in selecting a funding source for capital improvements: equity, effectiveness and efficiency
- Equity.** When appropriate, the beneficiaries of a project or service will pay for it. For example, if a project is a general function of government that benefits the entire community, the project could be funded from general tax revenues directly or through debt service. If the project benefits specific users the source of funding will be derived through user fees/charges or targeted assessments.
 - Effectiveness.** In selection of financing sources for projects, the city will select one or more that effectively fund the total cost of the project.
 - Efficiency.** If grants or current revenues are not available to fund a project, the city will select a financing technique that provides for the lowest total cost consistent with acceptable risk factors and principles of equity and effectiveness.
- (c) *Maintenance, replacement and renewal.* Consistent with the city's philosophy of keeping its capital facilities and infrastructure systems in good repair and to maximize the useful life of its capital assets, the city intends to set aside current revenues to finance ongoing maintenance needs and to provide periodic replacement and renewal.

Sec. 2-~~187~~70.17 Investment of debt proceeds.

Debt proceeds will be invested primarily to assure the safety and liquidity of such investments, and secondarily, to maximize investment yield. The primary goal of liquidity is to ensure that proceeds will be available to fulfill the purposes of the issue on a timely basis. Debt covenants will specifically address investment guidelines for debt proceeds.

Sec. 2-171 – 2-174. Reserved

DIVISION 2. BUDGET

Sec. 2-175. Annual estimates.

- (a) The city manager in the required annual report covering the operation of the city, which shall be made and submitted to the city commission covering the fiscal year, shall set forth a report of expenditures and revenues for the city for the preceding year, for the current year and in addition thereto, shall set forth an estimate of expenditures and revenues of the city for the ensuing year. This estimate shall be compiled from detailed information and in its arrangement and classification of expenditures shall be as nearly uniform as possible for the main functional divisions and departments of the city and shall give in parallel columns the following information:
- (1) Detailed estimate of expenses of conducting each department and division of the city government, including all public utilities and enterprises conducted by the city.

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- (2) Such other information as may be required by the city commission.
- (b) The estimates so given and constituting the recommendation of the city manager as to the amounts necessary to be appropriated for the ensuing fiscal year shall be supported with information giving the reasons in such detail as may be necessary to afford the city commission a comprehensive understanding of the needs and requirements of the various divisions and departments of the city government for the ensuing period.
- (c) Sufficient copies of the annual report and estimates by the city manager shall be prepared so there may be copies on file with the office of the city clerk for inspection by the public.

Sec. 2-175.1 Adoption of annual budget.

With respect to annual estimates of expenditures and revenues, the city commission shall adopt and amend the annual budget by resolution.

Sec. 2-175.2 Amendments to adopted budget.

- (a) *Supplemental appropriations.* If during the fiscal year the city manager certifies that there are available for appropriations revenues in excess of those estimated in the budget, the city commission may make supplemental appropriations for the year up to the amount of such excess.
- (b) *Emergency appropriations.* To meet a public emergency affecting life, health, property or the public peace, the city commission may make emergency appropriations. To the extent that there are no available unappropriated revenues to meet such appropriations, the city commission may authorize the issuance of emergency notes, which may be renewed from time to time, but the emergency notes and renewals of any fiscal year shall be paid not later than the last day of the fiscal year succeeding that in which the emergency appropriation was made.
- (c) *Reduction of appropriations.* If at any time during the fiscal year it appears probable to the city manager that the revenues available will be insufficient to meet the amount appropriated, the city manager shall report to the city commission without delay, indicating the estimated amount of the deficit, any remedial action taken, and recommendations as to any other steps to be taken. The city commission shall then take such further action as it deems necessary to prevent or minimize any deficit and for that purpose it may reduce one or more appropriations.
- (d) *Transfer of appropriations.* At any time during the fiscal year the city manager or designee may transfer part or all of any unencumbered appropriation balance among programs either within or between departments within the same fund, so long as it does not cause a change in functions, programs or capital projects. The city commission may transfer part or all of any unencumbered appropriation balance from one fund to another.
- (e) *Limitations; effective date.* No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance. The supplemental appropriations, emergency appropriations, and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption of the resolution.
- (f) *Reserve for encumbrances.* The city manager is hereby authorized to establish a reserve for encumbrances as necessary at the end of each fiscal year. The reserve shall be funded in an

amount equivalent to the total monetary value of any and all outstanding purchase orders upon which delivery has not been made at the close of the fiscal year. The city manager is further authorized to make any necessary arrangements to ensure that such reserve funds are used to pay any prior year purchase orders upon which delivery is accepted during the current fiscal year.

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Sec. 2-175.3 Lapse of appropriations.

Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered, and in accordance with the provisions of section 2-443. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned.

Sec. 2-176 – 2-179. Reserved

DIVISION 3. PURCHASING

Sec. 2-180. Purchasing regulations established.

Purchasing regulations shall be established by resolution of the city commission and shall be binding on the city commission and all agencies, boards, committees, departments, and employees responsible to the city commission.

Sec. 2-181. Bidding preference for local vendors established.

A bidding preference for local vendors is hereby established.

Sec. 2-181.1 Definitions.

The following words, terms and phrases, when used in this article shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Construction services means all labor, services, and materials provided in connection with the construction, alteration, repair, demolition, reconstruction, or any other improvements to a city facility or real property.

General services means support services performed by an independent contractor requiring specialized knowledge, experience, or expertise that includes, but is not limited to, pest control, janitorial, laundry, catering, security, lawn maintenance, and maintenance of equipment.

Goods means, but is not limited to, supplies, equipment, materials, and printed matter.

Local business means the vendor has a valid business tax receipt issued by the City of Deltona at least one year prior to bid or proposal opening and a physical business address located within the limits of the City of Deltona, in an area zoned for the conduct of such business, from which the vendor operates or performs on a day-to-day basis business that is a substantial component of the goods or services being offered to the City of Deltona. Firms that provide goods or services that are exempt from the City of Deltona business tax receipt requirements shall be required to submit documentation, to the city's satisfaction, demonstrating the physical business presence of the firm within the limits of the City of Deltona for at least one year prior to bid or proposal submission. Post office boxes are not verifiable and shall not be used for the purpose of establishing said physical address. In order

to be eligible for local preference, the vendor must provide a copy of the business tax receipt for the covered period prior to recommendation for award.

Locally-headquartered business means a local business as defined in this section that has a principal place of business in the City of Deltona.

Local county business means a vendor has a valid business tax receipt issued either by Volusia County, or by any city in Volusia County at least one year prior to bid or proposal opening and a physical business address located within the limits of the County of Volusia, from which the vendor operates or performs on a day-to-day basis business that is a substantial component of the goods or services being offered to the City of Deltona. Firms that provide goods or services that are exempt from the business tax receipt requirements of the area in which it is located, or are located in an area that does not require business tax receipts, shall be required to submit documentation, to the city's satisfaction, demonstrating the physical business presence of the firm within the limits of the County of Volusia for at least one year prior to bid or proposal submission. Post office boxes are not verifiable and shall not be used for the purpose of establishing said physical address. In order to be eligible for local preference, the vendor must provide a copy of the business tax receipt, or other required documentation, for the covered period prior to recommendation for award.

Local state business means a vendor has a valid business tax receipt issued either by any county in the State of Florida, or by any city in the State of Florida at least one (1) year prior to bid or proposal opening and a physical business address located within the limits of the State of Florida, from which the vendor operates or performs on a day-to-day basis business that is a substantial component of the goods or services being offered to the City of Deltona. Firms that provide goods or services that are exempt from the business tax receipt requirements of the area in which it is located, or are located in an area that does not require business tax receipts, shall be required to submit documentation, to the city's satisfaction, demonstrating the physical business presence of the firm within the limits of the State of Florida for at least one year prior to bid or proposal submission. Post office boxes are not verifiable and shall not be used for the purpose of establishing said physical address. In order to be eligible for local preference, the vendor must provide a copy of the business tax receipt, or other required documentation, for the covered period prior to recommendation for award.

Principal place of business means the nerve center or center of overall direction, control, and coordination of the activities of the bidder. If the bidder has only one business location, such business location shall be considered its principal place of business.

Sec. 2-181.2 Local preference; procedure.

Except where otherwise provided by federal or state law or other funding source restrictions, purchases of goods, general services, or construction services by the City of Deltona shall give preference to local businesses in the following manner:

- (1) Under a competitive bid solicitation, the following shall apply:
 - a. If the low responsive and responsible bidder is not a local business or a locally-headquartered business, then any and all responsive and responsible local businesses submitting a price within ten percent of the low bid, and the low bidder, and any and all responsive and responsible locally-headquartered businesses submitting a price within 15 percent of the low bid, shall have an opportunity to submit, within five working days after the bid opening, a best and final bid equal to or lower than the low bid.
 - b. If the low bidder is a local business but not a locally-headquartered business, then any and all responsive and responsible locally-headquartered businesses submitting a price within five percent of the low bid, and the low bidder, shall have an opportunity to submit, within five working days after the bid opening, a best and final bid equal to or lower than the low bid.
 - c. If no local business or locally-headquartered business submits a bid, then any and all responsive and responsible local county businesses submitting a price within ten percent of the low bid, and the low bidder, and any and all responsive and responsible local state businesses submitting a

price within five percent of the low bid, and the low bidder, shall have an opportunity to submit, within five working days after the bid opening, a best and final bid equal to or lower than the low bid.

- d. Award, if any, shall be made to the responsive and responsible bidder offering the lowest best and final bid.
- (2) Ties in the best and final bid shall be resolved in the following order: locally-headquartered business, local business, local county business, local state business, other business. If there is a tie based on the preceding criteria, the firm with the most relevant experience shall be chosen.

Sec. 2-181.3 Waiver.

The application of local preference to a particular purchase, contract, or category of contracts for which the Deltona City Commission is the awarding authority may be waived upon written recommendation of the city manager and approval of the Deltona City Commission. The application of local preference to a particular purchase, contract, or category of contracts with a value below \$25,000.00 may be waived with written justification and upon written recommendation of the using department and approval of the city manager, with notice to the city commission.

Sec. 2-181.4 Other preferences.

The preferences established herein in no way prohibit the right of the City of Deltona to compare quality of materials proposed for purchase and compare qualifications, reputation in the community, prior performance, and responsibility of all persons, firms, or corporations submitting bids or proposals. Further, the preferences established herein in no way prohibit the right of the City of Deltona from giving any other preference permitted by law instead of the preference authorized herein.

Sec. 2-181.5 Exemption of certain contracts.

Co-operative purchases shall be exempt unless all participants in the co-operative purchase agree to apply this local preference ordinance. In addition, particular categories of contracts may be exempted from application of local preference, upon determination by the Deltona City Commission that such exemption is in the best interests of the city.

Sec. 2-181 - 187. - Reserved

EXHIBIT B

ARTICLE X. RESERVED BIDDING PREFERENCE FOR LOCAL VENDORS

Sec. 2-390 – 2-394. Reserved.

Sec. 2-390. Definitions.

The following words, terms and phrases, when used in this article shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Construction services means all labor, services, and materials provided in connection with the construction, alteration, repair, demolition, reconstruction, or any other improvements to a city facility or real property.

General services means support services performed by an independent contractor requiring specialized knowledge, experience, or expertise that includes, but is not limited to, pest control, janitorial, laundry, catering, security, lawn maintenance, and maintenance of equipment.

Goods means, but is not limited to, supplies, equipment, materials, and printed matter.

Local business means the vendor has a valid business tax receipt issued by the City of Deltona at least one year prior to bid or proposal opening and a physical business address located within the limits of the City of Deltona, in an area zoned for the conduct of such business, from which the vendor operates or performs on a day-to-day basis business that is a substantial component of the goods or services being offered to the City of Deltona. Firms that provide goods or services that are exempt from the City of Deltona business tax receipt requirements shall be required to submit documentation, to the city's satisfaction, demonstrating the physical business presence of the firm within the limits of the City of Deltona for at least one year prior to bid or proposal submission. Post office boxes are not verifiable and shall not be used for the purpose of establishing said physical address. In order to be eligible for local preference, the vendor must provide a copy of the business tax receipt for the covered period prior to recommendation for award.

Locally-headquartered business means a local business as defined in this section that has a principal place of business in the City of Deltona.

Local county business means a vendor has a valid business tax receipt issued either by Volusia County, or by any city in Volusia County at least one year prior to bid or proposal opening and a physical business address located within the limits of the County of Volusia, from which the vendor operates or performs on a day-to-day basis business that is a substantial component of the goods or services being offered to the City of Deltona. Firms that provide goods or services that are exempt from the business tax receipt requirements of the area in which it is located, or are located in an area that does not require business tax receipts, shall be required to submit documentation, to the city's satisfaction, demonstrating the physical business presence of the firm within the limits of the County of Volusia for at least one year prior to bid or proposal submission. Post office boxes are not verifiable and shall not be used for the purpose of establishing said physical address. In order to be eligible for local preference, the vendor must provide a copy of the business tax receipt, or other required documentation, for the covered period prior to recommendation for award.

Local state business means a vendor has a valid business tax receipt issued either by any county in the State of Florida, or by any city in the State of Florida at least one (1) year prior to bid or proposal opening and a physical business address located within the limits of the State of Florida, from which the vendor operates or performs on a day-to-day basis business that is a substantial component of the goods or services being offered to the City of Deltona. Firms that provide goods or services that are exempt from the business tax receipt requirements of the area in which it is located, or are located in an area that does not require business tax receipts, shall be required to submit documentation, to the city's satisfaction, demonstrating the physical business presence of the firm within the limits of the State of Florida for at least one year prior to bid or proposal submission. Post office boxes are not verifiable and shall not be used for the purpose of establishing said physical address. In order to be eligible for local

preference, the vendor must provide a copy of the business tax receipt, or other required documentation, for the covered period prior to recommendation for award.

Principal place of business means the nerve center or center of overall direction, control, and coordination of the activities of the bidder. If the bidder has only one business location, such business location shall be considered its principal place of business.

Sec. 2-391. Local preference; procedure.

Except where otherwise provided by federal or state law or other funding source restrictions, purchases of goods, general services, or construction services by the City of Deltona shall give preference to local businesses in the following manner:

(1) Under a competitive bid solicitation, the following shall apply:

- a. If the low responsive and responsible bidder is not a local business or a locally headquartered business, then any and all responsive and responsible local businesses submitting a price within ten percent of the low bid, and the low bidder, and any and all responsive and responsible locally headquartered businesses submitting a price within 15 percent of the low bid, shall have an opportunity to submit, within five working days after the bid opening, a best and final bid equal to or lower than the low bid.
- b. If the low bidder is a local business but not a locally headquartered business, then any and all responsive and responsible locally headquartered businesses submitting a price within five percent of the low bid, and the low bidder, shall have an opportunity to submit, within five working days after the bid opening, a best and final bid equal to or lower than the low bid.
- c. If no local business or locally headquartered business submits a bid, then any and all responsive and responsible local county businesses submitting a price within ten percent of the low bid, and the low bidder, and any and all responsive and responsible local state businesses submitting a price within five percent of the low bid, and the low bidder, shall have an opportunity to submit, within five working days after the bid opening, a best and final bid equal to or lower than the low bid.
- d. Award, if any, shall be made to the responsive and responsible bidder offering the lowest best and final bid.

(2) Ties in the best and final bid shall be resolved in the following order: locally headquartered business, local business, local county business, local state business, other business. If there is a tie based on the preceding criteria, the firm with the most relevant experience shall be chosen.

Sec. 2-392. Waiver.

The application of local preference to a particular purchase, contract, or category of contracts for which the Deltona City Commission is the awarding authority may be waived upon written recommendation of the city manager and approval of the Deltona City Commission. The application of local preference to a particular purchase, contract, or category of contracts with a value below \$25,000.00 may be waived with written justification and upon written recommendation of the using department and approval of the city manager, with notice to the city commission.

Sec. 2-393. Other preferences.

The preferences established herein in no way prohibit the right of the City of Deltona to compare quality of materials proposed for purchase and compare qualifications, reputation in the community, prior performance, and responsibility of all persons, firms, or corporations submitting bids or proposals. Further, the preferences

established herein in no way prohibit the right of the City of Deltona from giving any other preference permitted by law instead of the preference authorized herein.

~~Sec. 2-394. Exemption of certain contracts.~~

~~Co-operative purchases shall be exempt unless all participants in the co-operative purchase agree to apply this local preference ordinance. In addition, particular categories of contracts may be exempted from application of local preference, upon determination by the Deltona City Commission that such exemption is in the best interests of the city.~~