

COUNCIL POLICY NO. C – 19

TITLE: TRANSPORTATION SERVICES FUND FINANCIAL POLICY

POLICY: See attached.

REFERENCE: City Council Finance Committee Report dated 2/20/2024 No. 4(b)

TRANSPORTATION SERVICES FUND FINANCIAL POLICY

I. Introduction

City of Salem Transportation Fund is used to maintain road surfaces, sidewalks, pedestrian and bicycle safety improvements, bridges, signs, traffic signals, markings, street trees, and landscaping in the rights-of-way. The primary revenue source is a formula-based allocation of State Highway Fund revenue from motor vehicle fuel taxes and vehicle registrations.

II. Purpose

This policy establishes practices which will guide forecasting and budgeting to support sound financial management of the Transportation Fund and establishes an operating reserve.

III. Scope

This policy applies to the Transportation Fund including state highway revenue and other fees and charges.

IV. Related Financial Policies

Budget and Revenue Policies, Council Policy C-8

V. Policy Statement

- a. **Compliance with other policies.** In accordance with Council Policy C-8, the City will strive to provide the stable financial environment necessary to sustain transportation services over time.
- b. **Forecasting.** A financial forecast will be used to assess the long-term ability of transportation revenue to sustain services and achieve City Council goals for investment in infrastructure and services.
- c. **Diversification of Revenue.** The City will seek to diversify and find new revenue sources to support transportation services.
- d. **Operating Reserve.** An operating reserve equal to 45 calendar days of anticipated State Highway Fund revenue shall be maintained as an unappropriated ending fund balance to sustain services during periods of lower than anticipated revenue.
- e. **Capital Reserve.** A Capital Reserve may be utilized to accumulate funding for future capital investments.

VI. Use of Contingency/Reserves

Contingency funds of \$500,000 shall be budgeted annually to be used for urgent and unanticipated needs or unforeseen opportunities. Unused contingency funds shall remain in fund balance for rebudgeting in future years.