

RESOLUTION NO. 1857-15 WWD

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WINDSOR WATER DISTRICT ESTABLISHING RATE STABILIZATION FUNDS FOR THE WATER AND WATER RECLAMATION UTILITIES CONSISTENT WITH DEBT COVENANTS FOR USE IN MEETING DEBT SERVICE COVERAGE OBLIGATIONS AND AUTHORIZING THE ADMINISTRATIVE SERVICES DIRECTOR TO TRANSFER FUNDS IN TO AND OUT OF THE RATE STABILIZATION FUNDS IN FY 2014-15 AND SUBSEQUENT YEARS

RECITALS

WHEREAS, the Windsor Water District (“District”), provides water and recycled water (hereinafter referred to as “Water”) service; and provides water reclamation (also referred to as “Wastewater”) service throughout the District, including to certain customers outside the boundaries of the District; and

WHEREAS, the Reed Group prepared a report dated June 1, 2015 entitled “Town of Windsor and Windsor Water District Water and Water Reclamation Financial Plans and Rate Update Study” (“Report”) containing analyses and recommendations for a multi-year cash flow model; and

WHEREAS, the Report illustrates the fund and reserve structure used for financial planning and analysis purposes, as well as the major revenue inflows and expenditure outflows; and

WHEREAS, the Report concludes that a rate stabilization fund does not currently exist in the Water utility and the Water Reclamation utility but is authorized in bond documents that are obligations of one or both utilities and to help meet debt service coverage requirements; and

WHEREAS, the Report further concludes that a rate stabilization fund can serve as emergency reserves for the financial deficits that can be created by water shortage conditions; and

WHEREAS, the Report recommends establishing rate stabilization funds with target balances equal to \$1.25 million in the Water utility and \$750,000 in the Water Reclamation utility.

NOW, THEREFORE, the Board of Directors of the Windsor Water District does resolve as follows:

1. Establishment of Rate Stabilization Funds.

The Board accepts the findings in the Report and determines that they support the establishment of rate stabilization funds for the Water utility and the Water Reclamation utility.

2. Target Balances for Rate Stabilization Funds.

The Board approves the target balances equal to \$1.25 million in the Water utility and \$750,000 in the Water Reclamation utility. Transfer of available funds from unappropriated cash reserves into the Rate Stabilization Funds in fiscal year 2014-2015, while meeting debt service coverage obligations as determined by the Administrative Services Director, is hereby authorized to begin funding of the Rate Stabilization Funds.

3. General Manager Authorization.

The Board directs the General Manager to take such actions as are necessary or appropriate to implement the establishment of rate stabilization funds in the Water utility and Water Reclamation utility in the target amounts specified in this Resolution. Subsequent transfers to or withdrawals from the Rate Stabilization Funds are authorized, as are deemed necessary by the Administrative Services Director to meet debt service coverage obligations and provide rate stability.

4. Subsequent Analysis and Revision of the Rate Stabilization Funds.

The rate stabilization funds set herein are approved and implemented by the Board of Directors of the Windsor Water District in reliance on the Report identified above. The District may continue to conduct further study and analysis to determine whether the rate stabilization funds should be revised. When additional information is available, the Board of Directors of the Windsor Water District may review the rate stabilization funds to determine that the target amounts are appropriate and reasonable.

5. Effective Date.

This Resolution shall become effective immediately upon adoption.

PASSED, APPROVED AND ADOPTED this 15th day of July 2015, by the following vote:

**AYES: BOARD MEMBERS FOPPOLI, FUDGE, SALMON,
VICE PRESIDENT MILLAN AND PRESIDENT OKREPKIE**
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE



BRUCE OKREPKIE, PRESIDENT

ATTEST:



MARIA DE LA O, SECRETARY