



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Sue Fahey, Finance Manager; Susan Eicher, Accounting and Treasury Supervisor
DATE: October 23, 2015
SUBJECT: Alternative Water Source Fund
OBJECTIVE: Information Only

Issue

At the September 1st meeting, Commissioners requested additional information about the history and management of the Alternative Water Source Fund.

Background

In 2013, the Board approved implementing a rate smoothing strategy for the Water Utility, in part to avoid significant rate increases in years of major construction on an alternative water source (AWS). The rates approved at the December 2013 Board meeting included a 3% increase for residential and commercial customers that would be used to pay costs associated with AWS. The revenue generated by the 3% rate increase was to be held until needed for AWS costs, and Finance created a Board designated fund for that purpose.

Transfers into the AWS Fund are made monthly based upon a calculation of 3% of the revenue generated by residential and commercial customers. An additional \$1 million was added to the AWS Fund under Board Resolution No. 1515 in June 2015. As of September 2015, the fund balance has grown to \$2.65 million. While a few AWS costs have been incurred, no AWS Fund withdrawals have been made. The following chart details AWS Fund transactions.

AWS Fund Transactions	
2014 Deposits	\$ 890,000
2015 Board Approved Transfer (Resolution 1515)	\$ 1,000,000
2015 Deposits through September	\$ 760,000
AWS Fund Total as of September	\$ 2,650,000

The balances of all reserves and designated funds, including AWS, are tracked and reported monthly on the *Schedule of Cash Reserves*. This schedule is included in the Board quarterly financial reports. In the accounting records, the reserve has a unique account string that separates it from other designated funds; however, administratively the AWS Fund does not have a separate bank account. Similar to other designated funds, the balance includes a combination of cash in the bank, cash invested in the

Local Government Investment Pool, and various short term investment securities. Transfers and monthly reporting, as well as investment of funds is performed and supervised in General Accounting, with oversight by the investment committee that includes the Finance Manager.

Requested Board Action

No action requested. Information only