

RESOLUTION NUMBER 25-2019

Adoption of a Resolution Establishing Designated Water Reserve System Reserve

WHEREAS, the Water Rate Study Report of October 2015 allocated a portion of the then proposed water rate increase to replacement of the water system facilities and equipment, and

WHEREAS, Board policy provides for the creation of designated reserves to be used for capital improvements and contingencies associated with District services, and

WHEREAS the District wishes to create a designated capital facility replacement reserve to be used for specified purposes as described herein below:

NOW, THEREFORE, BE IT RESOLVED that GROVELAND COMMUNITY SERVICES DISTRICT hereby Establishes Designated Water Reserve System Reserve.

GROVELAND COMMUNITY SERVICES DISTRICT
Policy and Procedure Manual

1. Capital Facility Replacement Reserve (Water Service and Administration)

1.1. Purpose: Funds from monthly fees and connection/capacity fees are both set aside (reserved) for future and budgeted for immediate expenditure on the replacement of existing capital facilities and equipment (capital assets).

1.2. Target Balance: The target balance continually fluctuates with the addition and replacement of new facilities and equipment. As new facilities and equipment are built, acquired or purchased, the target balance will increase in order to provide for the ultimate replacement of these facilities at the end of their life-cycle. As such, the current target reserve balance is the amount that should be funded at the end of each fiscal year according to a replacement reserve study and Capital Improvement Plans (CIP), which are reviewed annually.

1.3. Methodology/Rational: The District records depreciation using the straight-line method over the estimated useful lives of facilities and equipment. A portion of the monthly fees are collected to fund this reserve to replace District facilities and equipment as they reach the end of their useful life and also to handle unanticipated repairs during the life-cycle.

1.4. Use of Funds: The funds will be budget to accumulate in reserve or be budgeted for use to replace and upgrade water system facilities and equipment, and purchase capital equipment and vehicles as necessary to continue reliable and efficient District water services.

1.5. Funding: Annual contributions from user fees are currently based upon annual projected requirements in conjunction with the overall budget, replacement reserve study and CIP. Interest earnings will be accrued on and added to fund balance, using the District's earnings rate on investments. In addition, the Board of Directors may approve the designation of available fund balance as Capital Replacement Reserves provided, however, that sufficient Operating Fund balances are preserved. Annual budgets may contain both deposits into capital reserves and expenditures out of capital reserves.

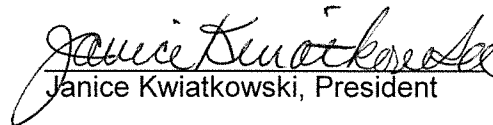
This Resolution shall take effect upon its adoption.

THE FOREGOING RESOLUTION was introduced at a special meeting of the Board of Directors held on the 14th day of May, 2019, and was passed by the following vote:

AYES: Directors Armstrong, Kwiatkowski, and Edwards

NOES: None

ABSENT: Directors Swan, and Mora


Janice Kwiatkowski, President

ATTEST: 
Jennifer L. Flores, Board Secretary

CERTIFICATE OF SECRETARY

I, Jennifer Flores, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on May 14, 2019.

DATED: May 14, 2019.