

POLICY TITLE: WATER RATE STABILIZATION FUND — MANAGEMENT AND USE

POLICY STATEMENT:

On January 12, 1993, City Council approved the creation of the “Water Rate Stabilization Surcharge”. This surcharge consists of a \$0.10 charge per each CCF (100 cubic feet) of non-lifeline water sold in the service area. The Rate Stabilization Reserve was designed to shield the Water Fund from the financial effects of extraordinary circumstances.

The general rules guiding the management and use of the water rate stabilization fund shall be as prescribed below:

- The accounting and record keeping of the Rate Stabilization Surcharge fund shall be in accordance with those procedures set forth for “restricted revenues” until such time as \$2.3 million has accumulated in the Rate Stabilization Reserve Fund.
- Use of the Water Rate Stabilization Fund shall be authorized by the City Council after consideration of a recommendation from the Water Commission and a written request from the City Manager based upon one, or a combination of, the following conditions:
  - ♦ Increased Capital Improvement Program (CIP) or capital outlay expenditures due to an extraordinary non-recurring need or circumstance.
  - ♦ A fluctuation in water consumption revenues creating an unanticipated shortfall.
  - ♦ Catastrophic losses as the result of a natural disaster.
- Once the Rate Stabilization Fund has reached \$2.3 million, the accounting and record keeping of the Rate Stabilization Surcharge fund shall be in accordance with those procedures set forth for unrestricted revenues and will be collected in the Water Fund.

Should it be necessary to deplete the Water Rate Stabilization Reserve Fund for any of the allowable reasons, the accounting and record keeping procedures will revert to those set forth for restricted revenues, and collected in the Water Rate Stabilization Reserve Fund until the fund has once again reached \$2.3 million.

AUTHORIZATION: Resolution No. NS-24,013 and  
Council Policy Manual Update of November 17, 1998