

CITY OF HOMER
HOMER, ALASKA

RESOLUTION 91-25

A RESOLUTION OF THE HOMER CITY COUNCIL ESTABLISHING A CAPITAL RESERVE FUND FOR THE WATER FUND.

WHEREAS, the City Council of the City of Homer has adopted Ordinance 91-10(S) establishing a water rate schedule; and,

WHEREAS, the rate schedule includes a component for capital replacement; and,

WHEREAS, the City Council of the City of Homer desires to restrict that portion of the revenues collected comprising of the capital component, and;

WHEREAS, the capital replacement monies are to be restricted and distributed only for those projects comprising of major capital outlay expenditures for the water system; and,

WHEREAS, the city Council of the City of Homer desires that distributions must be approved by Council;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Homer, Alaska that:

1. A portion of the Revenues from the Water Fund shall be set aside in a restricted section of the Fund balance; and,

2. The amount shall be equal to \$150,000 per year computed as follows:

Plant Costs	\$12,000,000
divided by useful life	<u>20</u>
Basis	600,000
Times the Replacement level	<u>25%</u>
Total Annual amount	150,000

3. This amount shall show as a budgeted amount in the annual budget and be transferred to the restricted fund balance on a monthly basis.

4. The use of this restricted fund balance shall be for major capital outlay items. These shall consist of unbudgeted and unexpected capital costs.

5. Management of the reserve account shall be outlined as follows:

- a. The accounts would be used for engineering and purchasing of pieces of equipment whose costs

exceed \$10,000.

- b. The accounts would be used to provide for engineering and construction of major enhancements or upgrades to the water treatment facilities. Major is defined as greater than \$10,000.
- c. The accounts would be used for engineering and construction of necessary upgrades to existing water collection facilities such as pump stations, damaged collection mains, manholes, etc. the minimum appropriation is \$10,000.
- d. The accounts would be used for engineering studies that identify the most cost effective manner in which to upgrade portion of the infrastructure.

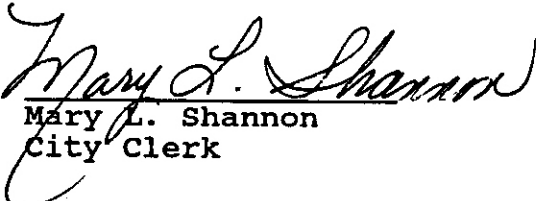
6. The expenditure of the funds in the accounts would be based upon Council approval and upon a priority list submitted annually by Public Works.

PASSED AND APPROVED by the Homer City Council this 13th day of May, 1991.

CITY OF HOMER


Harry E. Gregoire, Mayor

ATTEST:


Mary L. Shannon
City Clerk