

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

RESOLUTION NO. 2018-02

AMENDING THE GENERAL RESERVE POLICY

WHEREAS, it is a prudent financial measure to maintain surplus funds in a reserve in order to provide funds for urgent but unanticipated expenses and for one-time, non-recurring expenses to moderate variations in annual assessments; and

WHEREAS, the Bay Area Water Supply & Conservation Agency (Agency) originally adopted a General Reserve Policy in 2004, Resolution 2004- 07; and

WHEREAS, the Agency revised the General Reserve Policy in 2011, Resolution 2011-01, and now determines that the Policy should again be revised; and

WHEREAS, the CEO/General Manager and Board Policy Committee have so recommended.

BE IT RESOLVED by the Board of Directors of the Bay Area Water Supply & Conservation Agency as follows:

1. Revenue received by the Agency during a fiscal year that is not expended or obligated by June 30 of that year shall be transferred to the General Reserve, subject to the limitation on that reserve in Section 2.
2. For budgetary purposes, the guideline for the maximum balance in the General Reserve is thirty five percent (35%) of the budget year's operating expense.
3. For budgetary purposes, the guideline for the minimum balance in the General Reserve is twenty percent (20%) of the budget year's operating expense. Once that level is achieved, it is the policy of the Board to maintain the General Reserve at the minimum 20% level.
4. The Agency anticipates potential long-term planning needs with costs that have the potential to greatly increase BAWSCA's overall annual Operating Budget. As such, within the General Reserve, the Agency desires to establish the Long-Term Planning Fund and, notwithstanding the guideline for the maximum balance in Section 2, upon approval of a resolution establishing anticipated long-term projects, the Agency will transfer revenue received by the Agency during a fiscal year, that is not expended or obligated by June 30 of that year and that is in excess of the maximum balance guideline of thirty five percent (35%) of the budget year's operating expense, to the Long-Term Planning Fund. The maximum balance in the Long-Term Planning Fund will not exceed the amount approved by the Board in a resolution establishing anticipated long-term projects.

5. Notwithstanding Section 4 above, in its discretion, the Board may transfer additional funds from the General Reserve into the Long-Term Planning Fund. The Board may also transfer funds from the Long-Term Planning Fund into the General Reserve for any reason including, but not limited to, in order to achieve the General Reserve's minimum or maximum balance guideline.
6. Each year the proposed budget submitted to the Board by the CEO/General Manager shall estimate the amount of the reserve at the end of the fiscal year covered by the budget. If the ending General Reserve balance is estimated to fall outside the guidelines established by this resolution, the budget shall include a prudent and practical schedule for restoring the reserve balance to within those guidelines.

In the event the General Reserve balance is in excess of the guidelines established by this resolution, the development of such practical and prudent schedule may include Board consideration of the following:

- a) using the excess reserve balance to fund the new budget,
- b) retaining the excess funds reserve balance in the General Reserve, or
- c) refunding the member agencies a proportionate share of the excess reserve balance.

The Board will consider the options set forth above as part of the mid-year budget review, as appropriate.

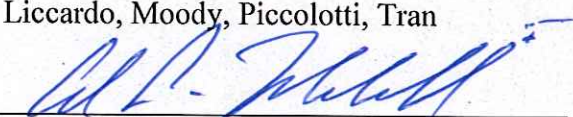
7. Funds in the General Reserve may be used only for purposes approved by the Board of Directors.
8. Funds in the General Reserve are to be deposited in accordance with the Board's approved Investment Policy, but need not be deposited in a separate account.

PASSED AND ADOPTED, this 17th day of July 2018 by the following vote:

AYES: Anderson, Chambers, Keith, Kolstad, Kuta, Larsson, Manalo, Mendall, Mickelsen
O'Connell, O'Mahony, Pierce, Quigg, Richardson, Schmid, Vella, Weed, Zigterman


NOES:

ABSENT: Benton, Breault, Bronitsky, Kasperzak, Liccardo, Moody, Piccolotti, Tran



Chair, Board of Directors

ATTEST:



Secretary