

# Water Construction Fund

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**Managing Bureau:** Portland Water Bureau

**Statement of Purpose:** The Water Construction Fund manages the capital revenues and expenditures related to the water system. By City Charter stipulation, this fund is the recipient of proceeds from bond sales and system development charges. Water sales revenues are transferred to this fund to finance a portion of capital expenditures for routine system repairs and replacements. Other sources of revenue include capital revenues for main extensions and service installations as well as sale of assets. The Water Construction Fund reimburses the Water Operating Fund for capital expenditures including direct capital costs, capitalized overhead, capitalized interest, and the cost of issuing bonds.

**Sources of Revenue:** Water Bonds sale proceeds are the primary source of revenue for the fund. Other revenue sources include: system development charges, water sales revenue for routine system repairs and replacements, capital revenues that are transferred from the Water Operating Fund, and interest revenue.

**Contingency Requirements:** Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Water Construction Fund.

**Reserve Requirements:** There are no reserve requirements for this fund, however, the bureau targets a construction cash reserve of \$5.0 million or one-half of annual debt-financed capital expenditures, whichever is less.

**Disposition of Funds:** In the event the fund is closed, all remaining resources shall revert to the Water Bond Sinking Fund.