

**LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT**

**MEMORANDUM**

**DATE:** August 25, 2015

**TO:** BOARD OF DIRECTORS  
Lake Arrowhead Community Services District

**FROM:**   
CATHERINE CERRI, Finance Manager

  
LEO HAVENER, General Manager

**SUBJECT:** REIMBURSEMENT OF BLUE JAY ADMINISTRATION  
BUILDING WATER RIGHTS COSTS FROM THE  
SUPPLEMENTAL WATER SUPPLY FEE FUND

**A. RECOMMENDATION**

Approve the transfer of \$568,000 from the Supplemental Water Supply Fee Fund to the Water Capital Fund and the Wastewater Capital Fund to reimburse for the value of the water rights at the Blue Jay Administration Building in accordance with the District's Cash Reserve Policy.

**B. REASON FOR RECOMMENDATION**

Section 1.1 of the District's Cash Reserve Policy states: "If a specific expenditure qualifies under the defined use of a restricted fund, restricted funds should always be utilized before pooled cash funds are considered." The location of the Blue Jay Administration Building was previously identified as a groundwater well site. The cost of acquiring groundwater rights is an authorized expenditure under the Supplemental Water Supply Fee.

**C. BACKGROUND INFORMATION**

In December 2013, the District purchased the Blue Jay Administration Building for a total purchase price of \$3,650,000. The proceeds for the purchase were split between the Water Capital Fund and the Wastewater Capital Fund in the amounts of \$1,241,000 and \$2,409,000 respectively. Subsequently, the District contracted

for a valuation report to determine the value of the groundwater rights at the property. These rights were valued at \$568,000.

**D. FISCAL INFORMATION**

\$568,000 will be transferred out of the Supplemental Water Supply Fee Fund (191). \$193,120 will be transferred into the Water Capital Fund (120) and \$374,880 will be transferred into the Wastewater Capital Fund (220).

**E. ATTACHMENTS**

None