

Fiber Optics Development Fund**Fund 007****PURPOSE OF THE FUND:**

The Fiber Optics Development Fund accounts for the repayment of the loan from the Sewage Treatment Plant Connection Fee Fund that was the source of funds for the Fiber Optics Development Fund. This fund was established to pay the installation costs of empty fiber optic conduits that were to be leased to private fiber optic utility providers as a revenue generating measure. Moneys were expended from the fund for the installation of the fiber optic conduit. However, the project has encountered a number of obstacles that preclude further development or leasing of the fiber optics system.

Funds are deposited from the General Fund to the Fiber Optics Development Fund for the purpose of repaying the Sewage Treatment Plant Connection Fee Fund. Per the terms of the loan agreement specified in Resolution No. 66629, the loan must be repaid within 15 years, with interest equal to the rate of return earned by the City's pooled investment rate. The loan will be due and payable immediately if funds are needed by the Sewage Treatment Plant Connection Fee Fund. It is anticipated that this loan will be paid on or before April 30, 2011.

AUTHORITY FOR THE FUND:

On April 30, 1996, the City Council authorized staff to design and install 40 miles of fiber optics conduit in conjunction with the South Bay Water Recycling Project at a cost of \$5.152 million. A separate fund, the Fiber Optics Development Fund, was established (Ordinance No. 25075) to track the costs and revenues of this program. The project was funded through a loan from the Sewage Treatment Plant Connection Fee Fund. Revenue and expenditure estimates are budgeted via City Council funding sources resolution and appropriation ordinance, respectively.

SOURCE OF FUNDS:

- Transfers from other funds
- Interest Earnings

FUND RESTRICTIONS:

The City Council may at any time transfer moneys from the Fiber Optics Development Fund to any other appropriate fund.

LEAD RESPONSIBILITY:

Environmental Services Department provides fiscal oversight of the loan repayment transactions between this fund and the Sewage Treatment Plant Connection Fee Fund. Public Works and General Services Departments provide oversight of the fiber optics network conduit system.

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FINANCIAL INFORMATION AND LOCATION:

Comprehensive Annual Financial Report (CAFR) Designation:

Governmental Fund-Capital Projects

Budget Location:

Adopted Operating Budget

Funding Sources Resolution and Appropriation Ordinance Location:

Section 2.50