



WEST BASIN MUNICIPAL WATER DISTRICT
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746

AGENDA NO. _____

JANUARY 14, 2009 – Finance Committee
Gray (Chair), Smith
JANUARY 26, 2009 – Board Meeting
Prepared by: Mary-Ann Rexroad
Submitted by: Margaret Moggia
Approved by: Rich Nagel

ACTION CALENDAR

STANDBY CHARGE PROGRAM RESOLUTION OF INTENT, DRAFT ENGINEER'S REPORT, AND NEGATIVE DECLARATION

SUMMARY:

In the early 1990's, West Basin initiated efforts in drought-proofing their service area by constructing a water recycling facility and distribution pipelines to provide recycled water to various industrial and irrigation customers. In recognition of the regional drought-proofing benefits of the recycled water program, West Basin implemented a recycled water parcel charge.

The Standby Charge has been in place since Fiscal Year (FY) 1991-92 and was originally \$10 per parcel. In FY 1992-93, the charge was modified to a variable charge to reflect the benefits associated with different types of water users. Since FY 1992-93, the standby charge has been maintained at the same rates of \$16 per dwelling unit for a multi-unit residential property, \$24 per parcel for parcels less than 1-acre and a rate of \$24 per acre or portion thereof, for parcels greater than 1-acre for single family and duplex properties. For other than residential parcels, a rate of \$120 per parcel for parcels less than 1-acre and a rate of \$120 per acre or portion thereof, for parcels greater than 1-acre.

The Standby Charges are collected on the County of Los Angeles tax roll and generate approximately \$9.6 - \$9.7 million each year. In addition to the revenue generated each fiscal year by the Standby Charge, there are numerous other benefits that the Standby Charge provides, such as:

- Revenue stability,
- Maintains West Basin's financial ratings,
- Minimizes rate increases, and
- Provides equity in rates for classes of service.

Annually, West Basin must initiate the procedure to continue the Standby Charge as required in the Water Code Section 54984, and adopt a Resolution of Intent (Exhibit "A"). In addition to the resolution, attached for your reference is the draft Engineer's Report (Exhibit "B") describing West Basin's Capital Improvement Program that the Standby Charge revenues help to finance. The Engineer's Report also describes the recycled water program and its benefits to all residents within West Basin's service area. Also, required is an environmental checklist and Negative Declaration that addresses environmental consequences of implementing the Standby Charge under the California Environmental Quality Act.

Notice of the intent to adopt a negative declaration was published in local newspapers for public comment and no comments have been received to date. The comment period ends on January 26, 2009. In addition, the intent to adopt a negative declaration was submitted to the Los Angeles County Clerk's office for posting.

STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 8, Finance – Manage finances to optimize the public's investment return and minimize risk.

COMMITMENT STATEMENT:

Sound Financial and Resources Management – West Basin is committed to efficient business operations, financial planning, and asset management.

FISCAL IMPACTS:

The Standby Charge Program generates annual revenues of approximately \$9.6 million that is used to help meet West Basin's debt service obligations.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on January 14, 2009, and was recommended for approval at the January 26, 2009 Board meeting.

RECOMMENDED MOTION:

That the Board approves, adopts, and authorizes the President to sign Resolution No. 1-09-884, "A RESOLUTION OF THE BOARD OF DIRECTORS OF WEST BASIN MUNICIPAL WATER DISTRICT INITIATING PROCEEDINGS FOR THE ESTABLISHMENT OF THE WATER AVAILABILITY OR STANDBY CHARGE FOR THE FISCAL YEAR COMMENCING JULY 1, 2009."

EXHIBITS:

EXHIBIT "A" - Resolution of Intent No. 1-09-884
EXHIBIT "B" – Draft Engineer's Report
EXHIBIT "C" – Negative Declaration