



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

**AGENDA NO. 16**

**MARCH 12, 2009 – Water Resources**

Smith (Chair), Little

**MARCH 23, 2009 – Board Meeting**

Prepared by: Leighanne Reeser

Submitted by: Fernando Paludi

Approved by: Rich Nagel

## ACTION CALENDAR

### STATE WATER RESOURCES CONTROL BOARD LOAN APPLICATIONS HARBOR/SOUTH BAY – NORTH PROJECT

#### SUMMARY:

West Basin Municipal Water District (West Basin) is applying to the State Water Resources Control Board (SWRCB) for a loan and a grant for the Harbor/South Bay - North Project that includes the construction of five laterals. We recently submitted applications for the Edward C. Little Water Recycling Facility Phase V Expansion Project, the Anza Recycled Water Lateral Project and the Palos Verdes Lateral Project. The SWRCB has received \$425 million in additional funding through the Federal Economic Stimulus Package for grants and loans. Funding will be awarded on a first-come, first-served basis, so the sooner an agency can submit an application, the higher the chances are at receiving grant and/or loan funds.

The application process requires submittal of resolutions by the Board authorizing West Basin to submit a Financial Assistance Application to receive funding reimbursements from the SWRCB. In the event that a loan/grant is awarded, West Basin will need to ensure a dedicated source of funding for repayment of any loan received from the SWRCB. Submittal of certified resolutions is a requirement of the program.

The total cost of this project is approximately \$53 million. West Basin is requesting the total funding from the SWRCB in the form of a grant and/or loan.

#### STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 1, Reliability – Maintain a level of local water reliability that supports the regional economy, our community and customer agency needs.

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

#### COMMITMENT STATEMENT:

Water Reliability – West Basin is committed to innovative planning and investments to provide water supply reliability and drought protection.

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

FISCAL IMPACTS:

If awarded loan funding, West Basin would be obligated to repay the \$53 million in principle over 20 years at an interest rate of 1.0%. The funds needed to repay the loan come from water sales revenues.

Whereas in the past, staff has not pursued SWRCB loans because of onerous requirements, the current program offers both attractive repayment terms and application and reporting requirements equal to other state grant programs. The loans have a lower interest rate than West Basin's average cost of capital and a repayment term of 20 years. Given that the uncertainty in the municipal markets is likely to continue for some time, securing a State Board loan through the Economic Stimulus Package funding would provide West Basin with more financing flexibility.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on March 12, 2009 and recommended for approval at the March 23, 2009 Board meeting.

RECOMMENDED MOTION:

That the Board approves, adopts and authorizes the President to sign:

1. Resolution No. 3-09-896 "A RESOLUTION OF THE BOARD OF DIRECTORS OF WEST BASIN MUNICIPAL WATER DISTRICT AUTHORIZING A FINANCIAL ASSISTANCE APPLICATION FOR A LOAN/GRANT FROM THE STATE WATER RESOURCES CONTROL BOARD."
2. Resolution No. 3-09-897 "A RESOLUTION OF THE BOARD OF DIRECTORS OF WEST BASIN MUNICIPAL WATER DISTRICT AUTHORIZING WEST BASIN TO RECEIVE FUNDING REIMBURSEMENTS FROM THE STATE WATER RESOURCES CONTROL BOARD."
3. Resolution No. 3-09-898 "A RESOLUTION OF THE BOARD OF DIRECTORS OF WEST BASIN MUNICIPAL WATER DISTRICT DEDICATING SOURCE OF REVENUE TO PAYMENT OF CLEAN WATER STATE REVOLVING FUND AND/OR WATER RECYCLING FUNDING PROGRAM FINANCING."

LIST OF EXHIBITS:

Exhibit "A" – Resolution No. 3-09-896 – Authorizes Application  
Exhibit "B" – Resolution No. 3-09-897 – Authorizes Reimbursement  
Exhibit "C" – Resolution No. 3-09-898 – Dedicates Revenue Source