



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

AGENDA NO. 16

JUNE 10, 2009 – Finance

Smith (Chair), Dear

JUNE 22, 2009 – Board Meeting

Prepared by: Margaret Moggia

Submitted by: Margaret Moggia

Approved by: Rich Nagel

ACTION CALENDAR

STAFF AUTHORIZATION FOR DEBT REPAYMENT

SUMMARY:

In May 2009, the California voters did not support several initiatives aimed at balancing the State of California's \$24 billion deficit. With these failed initiatives, the State legislature is looking at alternative ways to address the budget shortfall through budget cuts and fee/tax increases. One additional consideration is borrowing from cities, school districts and special districts through Proposition 1A (Property Tax). While other public agencies may be impacted by these borrowings, West Basin Municipal Water District (West Basin) does not have property tax funding that could be diverted. The Legislature may also be considering other options that could have an impact on special districts because of their nature of having higher reserves and the ability to raise rates.

To protect West Basin's resources, staff is looking at options where we can act quickly to safeguard our designated funds. One option available is to pay down its variable rate debt (approximately \$38 million). While West Basin has the ability to pay down this debt weekly, staff does not have authority to act in this manner. Attached for the Board's consideration is a policy (Exhibit "A") to allow staff the capability to buy down its variable rate debt under certain conditions.

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:

Policy adoption provides West Basin possible protection from a State raid on special districts. The amounts paid from designated funds will result in loss interest earnings offset on savings from interest paid on debt service.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on June 10, 2009 and agendized to the June 22, 2009 Board meeting without a Committee recommendation.

RECOMMENDED MOTION:

That the Board considers adopting a policy allowing staff to buy its variable rate debt under certain conditions.

LIST OF EXHIBITS:

Exhibit "A" - Draft Policy

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