



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

AGENDA NO. 9

JUNE 11, 2009 – Water Resources

Little (Chair), Gray

JUNE 22, 2009 – Board Meeting

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Approved by: Rich Nagel

CONSENT CALENDAR

RECYCLED WATER CUSTOMER DEVELOPMENT PROJECT UPDATE

SUMMARY:

This Board memorandum provides the monthly update on the progress of West Basin Municipal Water District's (West Basin) pursuit of recycled water customers.

The Metropolitan Water District (MWD) will not guarantee there will be money available for the recycled water retrofit public sector incentive after June of this year. In order to receive incentive funds, the following public sector sites are anticipated to connect to the recycled water system before the end of June 2009:

- California State University Dominguez Hills – Cooling Tower Expansion (24 AFY);
- Imperial Avenue Sites – Imperial Avenue dog park, Memory Lane green area, and the median on Imperial Avenue and Main Street (43 AFY); and
- Marriott Golf Course (50 AFY).

Feasibility Analysis – Gardena

A feasibility analysis is performed by staff to determine if a project meets the requirements for payback such that the capital investment is returned over a 25-year period. Other circumstances beyond this financial analysis may also influence the desirability of a project's construction, but this feasibility is most often the benchmark used.

The feasibility analysis includes the following components, all of which are projected out over the 25-years:

- Acre-feet for each type of water sold;
- Rate for each type of water sold;
- Cost for Operations and Maintenance;
- Capital cost West Basin will incur to construct the project;
- Grants or other contributions to capital from others;
- Anticipated interest rate for capital construction;
- Total return (debt coverage) required to maintain West Basin's credit standing; and
- MWD Local Resource Project contribution during the period.

Using all these elements, a year-by-year spreadsheet is compiled with total revenue and total costs providing a net change to West Basin funds each year. The Total Revenues divided by the Total Costs yield the Revenue/Expense Ratio expressed as a number with 1.0 as break even (where revenue

equals cost). This can be generated for each year or over the 25-year period. Ratios below 1.0 do not provide a positive return. Ratios above 1.0 are positive contributors.

Once developed, this model can be applied to multiple projects and different combinations of proposed sites within a potential project. This analysis has been applied to various options in Gardena using Army Corps contributions of 75% for the capital with the following results:

- Fukai Recreation Park / Nursery / Perry Middle School / City Hall / Arthur Lee Johnson Park / Nursing Home / Rowley Park – 0.51
- Rowley Park – 0.53
- Arthur Lee Johnson Park / Nursing Home – 0.68
- Arthur Lee Johnson Park – 0.75
- Fukai Recreation Park / Nursery / Perry Middle School / City Hall – 0.46

The staff conclusion for these projects is that they are not currently feasible, but could become more attractive with additional capital contributions.

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.

COMMITMENT STATEMENT:

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

FISCAL IMPACTS:

Funds for this project are included in the Fiscal Year 2008-09 Operations Program Budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on June 11, 2009 and agendaized to the June 22, 2009 Board meeting Consent Calendar.

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

None.