

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
WEST BASIN MUNICIPAL WATER DISTRICT

MAY 26, 2009

A regular meeting of the Board of Directors of West Basin Municipal Water District was held on Tuesday, May 26, 2009 at 1:00 p.m. at 17140 S. Avalon Blvd., Suite 210, Carson, CA 90746.

Vice-President Gray called the meeting to order at 1:10 p.m. and presided thereover.

1. DETERMINATION OF QUORUM. The following Directors were present: Gray, Smith, and Dear. Director Kwan was excused and President Little arrived at 1:50 p.m. Also present was General Manager Nagel and District Counsel Steve O'Neill.

PLEDGE OF ALLEGIANCE. Cindy Smith led the pledge.

2. PUBLIC COMMENT AND PRESENTATIONS. (Members of the public are invited to present comments to the board on matters within the District's jurisdiction but not on the agenda. The public may present comments on agenda items when the matter is called.)

Palos Verdes Peninsula Tennis Team – Director Smith presented awards to Ramos Smith and Conner Gomez, which was accepted by his father, Richard Gomez. Director Smith made a Team Mom presentation to Cindy Smith.

A. Student Scholarship Awards – Awards were presented to the students by each Director.

President Little arrived at 1:50 p.m.

C. Solar Cup 2009 Participation Recognition – Students from Inglewood City Honors and Palos Verdes Peninsula High Schools (PVP) were in attendance and received certificates of recognition. Director Smith and Mr. Herman Untermeyer presented certificates to the PVP students. Principal Thelma Brown and Mr. Vincent Washington assisted Director Gray with the presentation of certificates to the Inglewood City Honors students. Student Bradford Tidwell presented a certificate of appreciation to Darryl Ramos-Young for all his efforts. Principal Brown thanked Director Gray and Darryl Ramos-Young for their help. Student Jeff Daniel, Team Leader for PVP, spoke about his experience and the valuable lessons he learned. He also thanked his father who helped out. Student Bradford Tidwell spoke about his experience and thanked the Board and Darryl for all their efforts.

President Little arrived at 1:50 p.m.

Vice-President Gray requested the meeting be recessed at 2:05 p.m.

President Little reconvened the meeting at 2:25 p.m.

B. Presentation by Rice Financial – Ms. Cristal Baron presented this item and Vice-President Gray requested the two Rice representatives to stay until after the Closed Session.

3. ITEMS TOO LATE TO BE AGENDIZED (Determine the need to discuss and/or take action on item(s) introduced that came to the attention of the District subsequent to the posting of the agenda.)

David Pickering - Brenntag, John Lynch - Brenntag, Frank Furguiele – Basic Chemical Services, and Kurt Bitting – Rhodia were in attendance to speak on Action Item #14 – Supply of Chemicals Request for Bids.

4. METROPOLITAN WATER DISTRICT ACTIVITIES UPDATE

Fernando Paludi gave a brief update on allocation and water supply. He stated that DWR decided to up the allocation from 30% to 40%. He also stated that we may get through the summer without drawing from storage, and that the conservation message needs to go out to the people and that discussions will occur in the March/April 2010 timeframe to see if the allocation will continue. He stated that consumers have taken advantage of conservation incentives in record numbers and that there is a \$15 million dollar backlog on water saving rebates. He also stated that MWD may restructure their conservation program and reassess which devices they will offer for the incentive.

Vice-President Gray stated she attended the ACWA Conference in Sacramento and she spoke to Kathy Cole about Delta issues. She also stated she attended a MWD briefing with staff and Curren Price.

5. UNITED WATER SERVICES UPDATE – General Manager Nagel stated that there would not be an update.

6. AB1234 REPORTING COMPLIANCE. Members of the legislative body shall provide brief reports (written or oral) on meetings attended at the expense of the local agency at the next regular meeting of the legislative body. Director Gray stated she attended the ACWA Conference and went to a workshop on the economic impact and job losses stemming from water shortages. She also stated she attended the Contract Cities Conference. Director Dear stated that he attended the Contract Cities Conference in Indian Wells and that one of the concerns from the Cities was that funds may be taken away from them. He also stated he attended the ACWA Conference in Sacramento and attended the Commissioners Forum where they spoke about infrastructure, climate change, and invasive species. Director Dear and Director Gray shared pictures of the demonstration they participated in. Director Dear stated that some legislators indicated that water was second on the priority list, the financial crisis being the number one issue. Director Dear also stated he attended a breakfast at the Sacramento Bee where the water crisis, finances, and transportation were discussed. Director Smith stated that he attended both the ACWA Conference and the Contract Cities Conference. He also stated that the pressing issue was finances and that the message was loud and clear about Special Districts. Director Little stated he also attended both the ACWA and Contract Cities Conferences.

CONSENT CALENDAR

7. APPROVAL OF MINUTES – APRIL 9, 2009 (SPECIAL), APRIL 15, 2009 (SPECIAL), APRIL 17, 2009 (SPECIAL), AND APRIL 26, 2009 (REGULAR)

8. FINANCIAL REPORT

A. Demands Demand Numbers 1018, 1021, and 1022, and 50541 through 50842 (Excluding Demand Nos. 50554, 50559, 50689, 50704, and 50802) for a total in the amount of \$8,845,379.38 including wire transfers to

MWD, Union Bank of California, and Citibank New York.

B. Cash & Investment

C. Water Sales Statements

D. Recycled Water Revenue & Expense Summary

9. RECYCLED WATER CUSTOMER DEVELOPMENT PROJECT UPDATE

ACTION: Upon a motion duly made by Director Dear and seconded by Director Smith, the Board approved Consent Calendar Items 7-9.

PUBLIC MEETING

10. PROPOSED WATER STANDBY CHARGE FOR FISCAL YEAR 2009-10 PUBLIC HEARING AND ADOPTION OF RESOLUTION NO. 5-09-903

THIS IS A PUBLIC HEARING TO RECEIVE COMMENTS ON THE PROPOSED WEST BASIN RECYCLED WATER PARCEL CHARGE. TODAY, THE BOARD WILL RECEIVE COMMENTS AND CONSIDER APPROVAL OF THESE CHARGES.

A NOTICE OF THIS HEARING AND THE BOARD'S INTENT TO APPROVE THE WEST BASIN RECYCLED WATER PARCEL CHARGE WAS PUBLISHED IN A DAILY NEWSPAPER OF GENERAL CIRCULATION IN THE GEOGRAPHICAL AREA OF THE PROPOSED PROJECT, AS PRESCRIBED BY LAW.

THE ORDER OF PRESENTATION OF TESTIMONY AT THIS HEARING WILL BE: DISTRICT STAFF, PUBLIC AGENCIES, AND OTHER INTERESTED AGENCIES AND GROUPS. ANYONE SO DESIRING WILL BE HEARD. IF YOU HAVE NOT FILLED OUT ONE OF THE SPEAKER CARDS LOCATED ON THE TABLE IN THE LOBBY, PLEASE RAISE YOUR HAND AND ONE WILL BE PROVIDED FOR YOU.

IT WILL BE APPRECIATED IF ALL PERSONS APPEARING BEFORE THE BOARD TODAY LEAVE WRITTEN COPIES OF THEIR TESTIMONY IF PREPARED. THE BOARD WILL CONSIDER ALL TESTIMONY; HOWEVER, IN THE INTEREST OF TIME, IT IS REQUESTED THAT ALL REPETITIVE AND REDUNDANT STATEMENTS BE AVOIDED.

MOTION TO OPEN THE PUBLIC HEARING: Upon a motion duly made by Director Smith and seconded by Director Dear, the Board approved opening the public hearing for comments.

PRESENTATIONS:

1. DISTRICT STAFF – Staff gave a brief overview of the Standby Charge Program.
2. PUBLIC AGENCIES – No comments.
3. OTHER AGENCIES AND GROUPS – No comments.
4. INDIVIDUALS – No comments.

MOTION TO CLOSE THE PUBLIC HEARING: Upon a motion duly made by Director Smith and seconded by Director Dear, the public hearing was closed for comments.

RECOMMENDATION: That the Board approves, adopts, and authorizes the President to sign Resolution No. 4-08-868, "A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WEST BASIN MUNICIPAL WATER DISTRICT IMPOSING STANDBY CHARGES FOR THE FISCAL YEAR COMMENCING JULY 1, 2009 AND REPEALING RESOLUTION NO. 4-08-868," as shown on Exhibit "A".

ACTION: Upon a motion duly made by Director Dear and seconded by Director Smith, the Board adopted Resolution No. 5-09-903.

ACTION CALENDAR

President Little requested to move Action Item 14 up on the agenda.

14. SUPPLY OF CHEMICALS REQUEST FOR BIDS

Representatives from Brenntag and Basic Chemical gave oral presentations on their company's performances.

RECOMMENDATION: That the Board authorizes the General Manager to enter into agreements with the following firms for supply of the stated chemicals for use at the Edward C. Little Water Recycling Facility and satellite facilities:

1. Kemira to supply and deliver ferric chloride for \$1,544,400 plus 10% for contingencies for a total not-to-exceed amount of \$1,698,840.
2. Chemical Lime to supply and deliver hydrated lime for \$417,100 plus 10% for contingencies for a total not-to-exceed amount of \$458,810.
3. Brenntag Pacific to supply and deliver hydrogen peroxide for \$78,850 plus 10% for contingencies for a total not-to-exceed amount of \$86,735.
4. Basic Chemical to supply and deliver sodium bisulfite for \$150,289 plus 10% for contingencies for a total not-to-exceed amount of \$165,320.
5. JCI Jones Chemical to supply and deliver sodium hydroxide for \$399,247 plus 10% for contingencies for a total not-to-exceed amount of \$437,170.
6. JCI Jones Chemical to supply and deliver sodium hypochlorite for \$1,025,650 plus 10% for contingencies for a total not-to-exceed amount of \$1,128,215.
7. Brenntag Pacific to supply and deliver sulfuric acid for \$461,187 plus 10% for contingencies for a total not-to-exceed amount of \$507,310.

ACTION: Upon a motion duly made by Director Dear and seconded by Director Gray, the Board approved Items 1 through 6.

ACTION: Upon a motion duly made by Director Dear and seconded by Director Gray, the Board approved Item 7.

President Little recessed to closed session at 3:25 p.m.

President Little reconvened the meeting at 4:55 p.m.

General Counsel reported that the Board had met in Closed Session on two (2) items pursuant to Government Code Section 54956.9 potential litigation and that no formal action was taken.

11. INVESTMENT RECOMMENDATIONS

RECOMMENDATION: That the Board approves the following actions:

1. Approve a benchmark of Merrill Lynch 1-year US Treasury Index; and
2. Approve the recommended language in the Investment Policy, as shown in Exhibit "C".

ACTION: Upon a motion duly made by Director Smith and seconded by Director Dear, the Board approved staff recommendation.

12. WEST BASIN MUNICIPAL WATER DISTRICT CAPITALIZATION POLICY

RECOMMENDATION: That the Board approves the West Basin Capitalization Policy.

ACTION: Upon a motion duly made by Director Gray and seconded by Director Dear, the Board approved staff recommendation.

President Little requested a motion to approve Action Items 15, 16, 17, 18, 19A, 19B, 19C, 20, and 21.

ACTION: Upon a motion duly made by Director Dear and seconded by Director Gray, the Board approved Action Items 15, 16, 17, 18, 19A, 19B, 19C, 20, and 21.

Director Dear was excused at 5:00 p.m.

13. PROCUREMENT POLICY REVISION FOR THE LOCAL BUSINESS ENTERPRISE PROGRAM

RECOMMENDATION: That the Board approves amending West Basin's Procurement Policy with the revisions described herein and as further defined in Exhibit "A" (attached).

ACTION: Upon a motion duly made by Director Smith and seconded by Director Gray, the Board approved staff recommendation.

14. SUPPLY OF CHEMICALS REQUEST FOR BIDS

This item was heard earlier in the agenda.

15. OUTSIDE LABORATORY SERVICES

RECOMMENDATION: That the Board authorizes the General Manger to enter into two-year agreements, with a one-year renewal option at the Board's discretion, with the following laboratories for testing and other services:

- TestAmerica Labs for \$282,760 plus 10% for contingencies, for a total not-to-exceed amount of \$311,036, for chemistry testing services for the Edward C. Little Water Recycling Facility and ancillary treatment facilities; and