



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

**AGENDA NO. 19**

**JULY 15, 2009 – Finance**  
Smith (Chair), Dear  
**JULY 27, 2009 – Board Meeting**  
Prepared by: Margaret Moggia  
Submitted by: Margaret Moggia  
Approved by: Rich Nagel

## ACTION CALENDAR

### FINANCIAL ADVISORY SERVICES

#### SUMMARY:

Over the past two years, Public Resources Advisory Group (PRAG) has continued to provide counsel to West Basin Municipal Water District (West Basin) in order to remain financially healthy. PRAG's has focused on monitoring swap exposure, reviewing customer agreements to expand the recycled water system, developing a dynamic financial model, and providing general financial advisory services including the evaluation of the impact of the financial market disruption. PRAG was selected through a competitive bidding process and was recommended based on the firm's overall knowledge of the debt market, similar client experience and dedicated staff. The Board approved a three-year agreement in October 2007.

PRAG has provided services that are near the approved contract amount and requires an amendment to continue their services through October 2010. In particular, staff anticipates PRAG's continued guidance in monitoring the financial market and the swap relationships. Staff also will require PRAG's assistance to develop certain elements of the Long-Range Financial Plan (LRFP), a key strategic objective within its Strategic Business Plan. The LRFP will incorporate the financial model they developed and their input in the development of debt and swap policies. In addition, the LRFP will document the key financial assumptions to effectively manage the organization's resources and provide the revenue requirements necessary to maintain current operations and achieve West Basin's Water Reliability 2020 goals. As we plan for the issuing debt in Spring 2010, the LRFP will also be an important resource document for rating agencies and other interested parties regarding West Basin's ability to afford an aggressive capital financing plan to expand the water recycling system and Ocean-Water Desalination facility to meet Water Reliability 2020 goals.

Staff has been extremely pleased with PRAG's ability to address unforeseen changes in the market and offer solutions to mitigate the impact to West Basin including the volatility in the variable rate market and the associated bank bonds and the swap collateral posting. For Fiscal Year 2009-10, West Basin has \$80,000 budgeted for financial advisory services and therefore recommends an \$80,000 amendment to PRAG's agreement.

#### 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:

Funds are included in the Fiscal Year 2009-10 Financial Support Services Budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on July 15, 2009 and agendized to the July 27, 2009 Board meeting without a Committee recommendation.

RECOMMENDED MOTION:

That the Board approves and authorizes the General Manager to amend agreement #W1903 with Public Resources Advisory Group for \$80,000 for a total not-to-exceed contract amount of \$260,000.

LIST OF EXHIBITS:

None.