



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

AGENDA NO. 29

October 18, 2010 – Water Resources
 Little (Chair), Gray
October 25, 2010 – Board Meeting
 Prepared by: Christiana Daisy
 Submitted by: Wyatt Won
 Approved by: Rich Nagel

ACTION CALENDAR

WEST BASIN / UNITED WATER SERVICES FISCAL YEAR 2009 – 10 SIDE AGREEMENT
BUDGET TO ACTUALS

SUMMARY:

West Basin Municipal Water District (West Basin) currently contracts with United Water Services (UWS) to operate and maintain the recycled water treatment facilities. These water treatment facilities include the Edward C. Little Water Recycling Facility in El Segundo and the satellite facilities in Carson, Torrance and El Segundo. In addition to this core agreement, West Basin and UWS also entered into a side agreement for Fiscal Year (FY) 2009–10, which stated that UWS did not intend to exceed West Basin’s FY 2009–10 Budget for labor, chemicals, and power to operate West Basin’s facilities. West Basin budgeted \$15,737,200 for labor, power, and chemicals with the following breakdown:

- United Water Service labor: \$4,805,500
- Power: \$5,163,000
- Chemicals: \$5,768,700

According to the side agreement, if actual costs for labor, chemicals, and power exceeded \$15,737,200 for last fiscal year, United Water Services shall pay West Basin’s costs in excess of the budgeted amount up to \$185,000 within 60 days. If actual costs are less than the budgeted amount, West Basin and UWS shall share the savings equally in an amount not to exceed \$370,000 (\$185,000 to each party). Furthermore, if recycled water sales deviate from the budgeted amount, the power and chemical will be adjusted.

Both West Basin and UWS staff had been tracking the budget to actual costs over the last fiscal year. Below are the fiscal year actual costs.

	Budget	Adjusted Budget for Sales	Actual	Budget vs. Actual
Total (Labor, Power, Chemicals)	\$15,737,200	\$15,426,178	\$16,270,145	<\$843,966>

As shown on the table, actual costs of labor, power and chemicals exceeded West Basin’s budgeted amount for FY 2009-10 by \$843,966. Per the side agreement, UWS will pay West Basin \$185,000. In addition, because of the magnitude of the overage, UWS has also agreed to:

- Reimburse West Basin an additional \$185,000 by January 31, 2011; and
- Relieve West Basin of its obligation to reimburse UWS for the ozone pilot testing as agreed to in the MOU approved by the Board in February 2010 (up to \$200,000).

STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 4: Sound Financial and Resources Management – West Basin is committed to efficient business operations, financial planning and asset management.

FISCAL IMPACTS:

Funds over budget came from the operating designated funds.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on the October 18, 2010 and recommended for approval at the October 25, 2010 Board meeting.

RECOMMENDED MOTION:

That the Board authorizes the General Manager to sign a letter agreement with UWS documenting the Fiscal Year 2009-10 costs to be paid to West Basin:

- An additional \$185,000 by January 31, 2011; and
- Relieve West Basin of its obligation to reimburse UWS for the ozone pilot testing as agreed to in the MOU approved by the Board in February 2010 (up to \$200,000).

LIST OF EXHIBITS:

None.