



STRATEGIC BUSINESS PLAN

**Adopted
January 28, 2008**

EXECUTIVE SUMMARY

West Basin Municipal Water District is facing significant challenges in providing essential water services to the rapidly growing community. A variety of issues must be planned for and accommodated in order to maintain the effective delivery of these services, including rapid population growth, increasing environmental regulations, aging infrastructure, and rate pressures.

To further this end, West Basin embarked on the development of this Strategic Business Plan to reassess West Basin's mission, goals, and objectives to leverage the knowledge and commitment of the employees. The Strategic Business Plan was developed through a series of interviews with the Board of Directors, Management, key staff and interviews with key stakeholders. The plan was fine-tuned in an employee workshop and presented to the Board for final approval.

The Strategic Business Plan provides continuous direction for each year's planning, budgeting, implementation, evaluation and reporting. The Strategic Business Plan sets the overall policy direction and strategic priorities established by the Board. West Basin management develops the strategies, programs and activities necessary to effectively implement the Board's direction. The plan further assists in determining whether staff and financial resources need to be realigned to achieve strategic objectives.

The Strategic Business Plan provides a framework for aligning the priorities and actions of West Basin towards specific and measurable goals in pursuit of accomplishing the organization's mission of protecting water resources, further demonstrating a commitment to public accountability.

Mission Statement

The West Basin Mission Statement identifies the fundamental purpose of the organization:

"To provide a safe and reliable supply of high quality water to the communities we serve."

Goals

Strategic Goals were generated in eight areas.

-  **1 Reliability** – Maintain a level of local water reliability that supports the regional economy, our community and customer agency needs.
-  **2 Workforce** – Develop and maintain a highly-qualified, motivated and productive workforce to accomplish West Basin’s goals.
-  **3 Water Quality** – Provide high quality water that meets the needs of our customers.
-  **4 Environment** – Utilize environmentally sustainable and sound business practices in our projects, policies and actions.
-  **5 Customer/Community Services** – Provide for the needs of our customer agencies and the communities we serve in a way that reflects their needs.
-  **6 Communications** – Engage in effective two-way communication of West Basin’s programs & policies with the customer agencies and communities we serve.
-  **7 Infrastructure** – Manage infrastructure to ensure reliability, manage risk, and maximize the useful life of facilities.
-  **8 Finance** – Manage finances to optimize the public’s investment return & minimize risk.

The West Basin *Objectives and Strategies* were developed within each of these goal areas. All West Basin activities will be directed toward the accomplishment of one or more of these goals.

TABLE OF CONTENTS

Message from the Board President..... 1

Message from the General Manager..... 3

Introduction..... 5

Strategic Planning Process..... 9

Mission Statement..... 9

Organization Strategic Goals, Objectives and Strategies..... 10

Message from the Board President

As West Basin celebrates 60 years of meeting the water needs of individuals, families and businesses within our service area, we're facing new challenges and opportunities that compel us to continue being innovative in bringing safe and reliable sources of water to our communities.

When West Basin was formed in 1947 by a vote of the people, it was charged with finding a solution to a declining groundwater table and an over-reliance on water from the West Coast Groundwater Basin. West Basin joined the Metropolitan Water District of Southern California (MWD) in 1948 to help conserve that declining water table by importing water and wholesaling it to the cities and water companies in our service area.

However, steady population growth and a loss of imported supplies made drought conditions in Southern California less the exception and more the norm. Fortunately, West Basin set out in the early 1990's to diversify our water reliability through conservation and locally-produced sources of water. We plan to build on those successes by expanding our recycled water plant and taking ocean-water desalination to the next level. By 2015, more than half the water supplied by West Basin will originate locally and over one-third of our needs will be met through conservation, water recycling, and ocean-water desalination.

As Board President, I am proud of the talent we have been able to attract and retain at West Basin. Our staff performs at a high level implementing the policies that the West Basin Board has adopted to achieve our mission statement. Developing and maintaining a highly qualified, motivated and productive workforce is one of the highest priorities. Because of this talent, West Basin has received a number of prestigious awards from national and international water, energy, and engineering organizations such as WaterReuse Association, SCE, Flex Your Power, California Water Environment Association, Global Water Intelligence, Construction Engineers & Land Surveyors of California, Design-Build Institute of America, and CA-NV Section of American Water Works Association recognizing our recycled water projects, excellence in energy efficiency, joint ventures, and public education and community outreach.

Demonstrating a commitment to the environment is a top priority for the West Basin Board. We are making every effort to implement practices at our facilities that best protect our natural resources. Solar panels at the Edward C. Little Water Recycling Facility provide for 10% of the facility's overall peak power usage. For our upcoming ocean-water desalination demonstration facility, we will investigate and use the best methods to protect marine life. Our staff-driven "green team" identifies conservation measures that will improve our operations to minimize the impact on the environment. All of these practices are part of our policy to use environmentally-sustainable and sound business practices in our decision making for our projects and programs.

Though the West Basin Board has set ambitious goals, they will be accomplished in a prudent and responsible manner. We have strengthened our credit rating consistently over the past few years, most recently earning a very strong Aa3 rating from Moody's and AA- from Standard and Poor's. The Board approved investment policy encourages investments in fully insured small, community banks, which earn a competitive rate of return, that re-invest those dollars into the local community.

Looking ahead, the West Basin Board and staff will work together with other water agencies to provide imported water in a cost-effective manner to our customer agencies. As we expand our education and conservation outreach programs we will create additional awareness and provide even more water-savings devices and practices where people live and work. We will maintain our position as a leader in recycled water and demonstrate the value of ocean-water desalination, using sound business practices minimizing the impact on the environment. We will continue to build strong partnerships with our cities, water agencies, environmental groups, and funding agencies. All of this fulfills our mission to provide a safe and reliable supply of high quality water to the communities we serve and I am proud to introduce the Board adopted 2008 Strategic Business Plan.

Donald L. Dear

Message from the General Manager

Thanks to the leadership of the West Basin Board of Directors, we have clear direction in this Strategic Business Plan with eight tangible goals for moving forward. Staff has worked together with the Board to build on these goals and create specific Objectives and Strategies to implement this vision.

Working as a team, we will expand our production in water recycling and ocean-water desalination. Over \$400 million has been invested in our award-winning, state-of-the-art water recycling facility, the Edward C. Little Water Recycling Facility in El Segundo, the largest of its kind in the nation. We have spent the past 15 years processing treated wastewater into five different types of designer water to be used in irrigation, groundwater recharge, and industrial facilities, and intend to significantly grow our customer base of recycled water users. The water recycling facility is entering its fifth expansion phase in little over a decade to increase its production to 40 million gallons a day. Every gallon produced and used further decreases our dependence on imported water and increases reliability in our local water supply.

Our pilot ocean-water desalination project has been testing the feasibility and quality of desalinated drinking water for the past five years. In early 2008, design and permitting began on a new temporary ocean-water desalination demonstration project that will research and test full-size components and ocean intake methods in the most cost-effective and environmentally-friendly manner possible. The demonstration project may one day lead to a full-scale plant capable of producing 20 million gallons a day of potable water, enough to meet the needs of 40,000 households a year, furthering our capacity to produce water locally, independent of issues and events outside of our region.

Water conservation and education are necessary programs that allow us to reduce the demand for water and engender long-term behavioral change that is consistent with our dry Southern California climate. Helping individuals and businesses to install the most efficient water devices, such as low-flush toilets and low-flow showerheads or providing smart irrigation controllers for outdoor landscaping, helps consumers understand where they can conserve in their homes and businesses. With a ambitious conservation program that is producing measurable results, we will expand our efforts to encourage drought tolerant landscaping throughout our service area.

West Basin's education program provides tours of our recycled water plant for school-aged children, hosts a "Water is Life" art contest, and sponsors high school teams in MWD's Solar Cup competition to educate young people about their daily water use and challenges them to build a functioning boat with alternative, environmentally-friendly technology. We have ambitious plans to expand different parts of our education program to additional grade levels to

reach children of every age, adding even more schools to the field trip program and educating additional residents and businesses within our service area.

Diversification is the key to our success and our future endeavors will expand our ability to meet the water needs of our customers. Focused on those we serve, today and into the future, we will be expanding the types and quantities of water we provide. Our team is focused on providing the highest quality service using the best technology available, in the most environmentally-sustainable manner possible. Embracing the challenges we face today, our team is dedicated to leading the way in demonstrating creative new solutions that make water reliability a reality.

Rich Nagel

Introduction

West Basin Municipal Water District (West Basin) is a special district that purchases imported water from the Metropolitan Water District of Southern California (MWD). West Basin wholesales imported water to cities, investor-owned utilities and private companies in southwest Los Angeles County. (Imported water is transported through the expansive Colorado River Aqueduct system and from Northern California). To protect against seawater intrusion, West Basin provides barrier water for injection into the South Bay's groundwater basin. West Basin also supplies the region with recycled water for municipal, commercial and industrial use.

In the mid-1940s, the agencies charged with preserving underground water supplies and finding supplemental water recommended establishment of West Basin. This recommendation was approved by the voters, and in 1947, West Basin was formed. The following year, West Basin became a member agency of the MWD, an agency that provides the region with imported water. The five West Basin Directors appoint two representatives to the 37-member MWD Board of Directors. West Basin also provides the South Bay with recycled water for irrigation, commercial sites, barrier water and industrial processes. Today, West Basin is the sixth largest water district in the state of California, serving a population of about 915,000. West Basin's organization is depicted in Figure 1.

West Basin's service area uses 220,000 acre-feet of water annually. An acre-foot of water is approximately 326,000 gallons, enough to meet the water needs of two average families in and around their homes for one year.

Functions of West Basin

West Basin serves several functions on behalf of its service area. These functions can be generally consolidated into two major areas: 1) Coordination of delivery of imported sources of water supply and representation of the region in larger water policy forums, and 2) Development of local water supply reliability.

1) Coordination of Imported Water Delivery and Regional Representation at *Metropolitan Water District of Southern California*

West Basin wholesales water delivered from MWD to its customer agencies. It represents the interests of its customer agencies and residents in its service area at regional, state-wide and federal levels to ensure that the water needs of the communities it serves are addressed. As a member agency of MWD, the primary water wholesaler for Southern California that contracts for water from the State Water Project and operates the Colorado River Aqueduct, West Basin's two MWD Directors regularly participate in MWD's board meetings to ensure the perspectives and needs of West Basin's customers are reflected in their policies.

2) Development of Local Water Supply Reliability

West Basin actively develops local water supply reliability through several key programs.

Recycled Water: West Basin's transformation from a wholesale provider to a leader in water conservation and water recycling can be traced back to California's severe drought period between the late '80s and early '90s. During this difficult period, West Basin learned valuable lessons about resource management and pursued water recycling and conservation as practical solutions to sustaining a reliable supply of water. The Drought-Proof 2000 campaign was launched to develop local water resources and diversify the "portfolio" of water sources to reduce the region's dependence on imported water. Through its aggressive conservation and water recycling programs, West Basin has heightened public awareness regarding water issues.

In 1992, West Basin received state and federal funding to pursue its water recycling program, which consisted of constructing a water treatment facility in the City of El Segundo. Three years later, West Basin completed the construction of a world-class, state of the art water recycling facility, recently renamed the Edward C. Little Water Recycling Facility (ELWRF) after one of its visionary directors, with its own Visitor's Center, exhibits, tours and classroom.

Today, the ELWRF is the largest recycled water plant of its type in the United States and was recognized by the National Water Research Institute in 2002 as one of six National Centers for Water Treatment Technologies in the country. West Basin's water recycling program aims to:

1. Reduce the region's dependence on imported water by 50%.
2. Provide an alternative drought-proof local water source to meet present and future demands.
3. Reduce the volume of secondary treated wastewater discharged to the Santa Monica Bay by 25%.
4. Provide water to the seawater barrier to prevent seawater intrusion into the groundwater supply.

Desalination: With the demand on the water supply continuing to increase, West Basin is proactively researching new water supplies through the construction of a demonstration-scale ocean-water desalination facility. This test facility will explore the feasibility of large-scale ocean-water desalination as an economically viable source of future water supply.

The benefit of desalination is that it is virtually immune to dry weather periods and potential disputes over water rights associated with supplies that are imported from other areas.

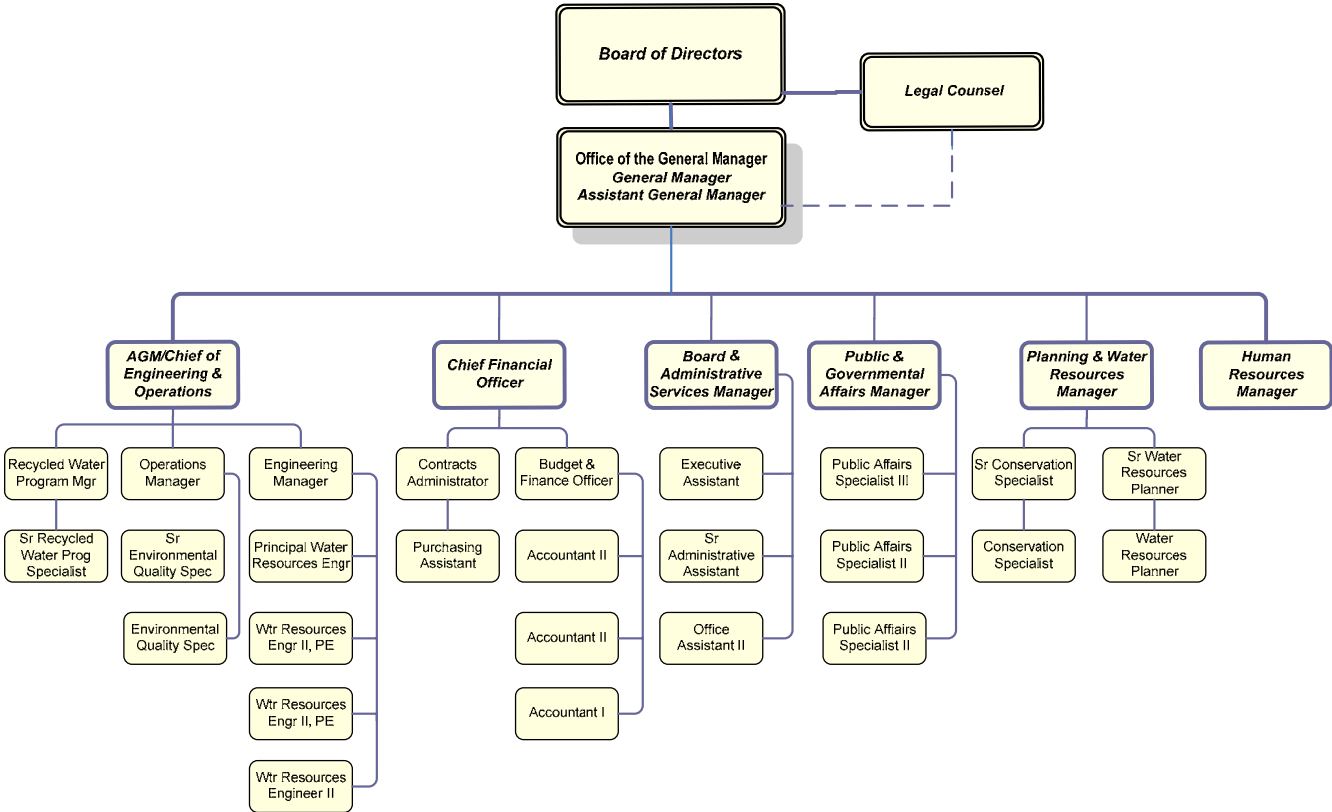
In 2003, West Basin collaborated with four other large water agencies to bring nationwide attention to desalination efforts with the formation of the United States Desalination Coalition, now called the New Water Supply Coalition.

Comprised of West Basin, Los Angeles Department of Water and Power, Municipal Water District of Orange County, Metropolitan Water District of Southern California and San Diego County Water Authority, the Coalition works cooperatively to encourage federal support and funding for ocean water and brackish water desalination projects across the nation.

Conservation: Water conservation is an important part of West Basin's overall strategy to reduce our dependence of imported water to our service area. Most recently West Basin has adopted a Conservation Master Plan. This effort, part of West Basin's Integrated Resources Plan, combines the distribution of water-saving showerheads and toilets, smart controllers and conservation workshops water recycling, water education, cooperative groundwater management and desalination efforts to increase water reliability with the region.

Figure 1: Table of Organization for West Basin

WEST BASIN MUNICIPAL WATER DISTRICT
November 2007



Strategic Planning Process

Definitions of terms used in this Strategic Business Plan are provided in Table 2 below.

Table 2: Definition of Key Strategic Planning Terms

Term	Definition
Goals	Benchmarks that need to be reached in order to achieve West Basin’s vision
Mission Statement	The fundamental purpose of West Basin
Objectives	Short-term actions aimed at achieving the goal
Strategies	Actions that define how to best accomplish the goals.
Strategic Business Plan	A structured plan that identifies specific actions necessary to fulfill West Basin’s Mission
SWOT Analysis	Analysis conducted in focus groups to identify Strengths, Weaknesses, Opportunities, and Threats (SWOT) facing West Basin

This Strategic Business Plan was developed by the West Basin Board of Directors and Management staff. The Board developed Goals and Objectives and Management staff developed strategies to achieve those goals and objectives. The final draft of the Business Plan was presented to the Board of Directors at a public meeting in January 2008 and adopted unanimously. West Basin will annually review, evaluate, and update the Strategic Business Plan to ensure that the goals and objectives are appropriate for achieving West Basin’s mission and the vision of the organization.

Mission Statement

West Basin’s Mission Statement is:

"To provide a safe and reliable supply of high quality water to the communities we serve."

Organization Strategic Goals, Objectives, and Strategies

Goals

Strategic Goals were generated in eight areas.

-  **Reliability** – Maintain a level of local water reliability that supports the regional economy, our community and customer agency needs.
-  **Workforce** – Develop and maintain a highly-qualified, motivated and productive workforce to accomplish West Basin’s goals.
-  **Water Quality** – Provide high quality water that meets the needs of our customers.
-  **Environment** – Utilize environmentally sustainable and sound business practices in our projects, policies and actions.
-  **Customer/Community Services** – Provide for the needs of our customer agencies and the communities we serve in a way that reflects their needs.
-  **Communications** – Engage in effective two-way communication of West Basin’s programs & policies with the customer agencies and communities we serve.
-  **Infrastructure** – Manage infrastructure to ensure reliability, manage risk, and maximize the useful life of facilities.
-  **Finance** – Manage finances to optimize the public’s investment return & minimize risk.

The West Basin *Objectives and Strategies* were developed within each of these eight overarching goal areas. All West Basin activities will be directed toward the accomplishment of one or more of these goals.

The following sections of the Strategic Business Plan describe the primary goal for each area and present the associated objectives and strategies. West Basin will periodically evaluate the status of these activities and modify, add, or delete goals, objectives and strategies as appropriate.



Goal: Reliability – Maintain a level of local water reliability that supports the regional economy, our community and customer agency needs.

Objective 1

Prepare a water supply strategy that presents different levels of imported water independence and associated costs/water rate implications.

Strategies

1. Develop a Local Resources Strategic Plan that considers several supply scenarios for West Basin. Consider cost of various levels of reliability and impacts to the economy.
2. Develop a Water Shortage Allocation Plan for West Basin customer agencies.
3. Maintain water supply and demand projections; update and present annually to the board.
4. Update Urban Water Management Plan every 5 years.

Objective 2

Increase diversification of West Basin's supply portfolio.

Strategies

1. Implement local water use efficiency initiative that presents a package of ordinances, programs and support for each customer agency.
2. Incorporate ocean-water desalination facility into West Basin's water supply portfolio.
3. Participate in opportunities for regional development of groundwater storage.

4. Investigate feasibility of a regional brackish groundwater desalting partnership for the West Coast Basin.
 5. Expand West Basin's recycling system through partnerships with local agencies both inside and outside of the WB service area.
 6. Evaluate potential for direct potable reuse.
 7. Implement West Basin's Conservation Master Plan.
 8. Pursue fair and practical regulations.
-



Goal: Workforce – Develop and maintain a highly-qualified, motivated and productive workforce to accomplish West Basin's goals.

Objective 1

Recruit and hire qualified candidates to fill all West Basin positions.

Strategies

1. Utilize effective outreach efforts to attract the most qualified candidates.
2. Explore diverse recruitment and hiring.
3. Develop annual workforce diversity report.

Objective 2

Manage and reward performance.

Strategies

1. Conduct comprehensive classification studies every three to five years.
2. Conduct annual compensation surveys to ensure salaries/benefits are competitive within the labor market.
3. Utilize incentive pay plan to promote outstanding performance.
4. Review the process for employee development and performance work plans.
5. Conduct annual employee performance evaluations.

Objective 3

Develop a formal plan for workforce retention, training and succession planning.

Strategies

1. Review training and development needs and develop training plan.
2. Conduct training consistent with the plan.
3. Develop West Basin's staffing succession plan.
4. Assess effectiveness of current employment policies and practices to retain and motivate staff.
5. Assess and document key staff functions and responsibilities to facilitate succession.

Objective 4

Conduct Board evaluation of the General Manager.

Strategy

1. Ensure Board develops annual goals and objectives for the General Manager.
2. Provide Board members with evaluation forms in May and schedule a meeting for the annual General Manager's performance review.



Goal: Water Quality – Provide high quality water that meets the needs of our customers.

Objective 1

Maximize customer satisfaction.

Strategy

1. Assess and address customer water quality concerns.

Objective 2

Meet permit and contractual water quality requirements.

Strategies

1. Ensure our monitoring processes are current and properly executed.
 2. Influence pending or proposed regulatory requirements.
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Goal: Environment – Utilize environmentally sustainable and sound business practices in our projects, policies and actions.

Objective 1

Establish a process to ensure social and environmental factors are considered in decision-making.

Strategies

1. Develop an energy management plan for West Basin projects, programs, and facilities.
2. Evaluate feasibility of designing new and retrofit facilities to green building standards.
3. Examine benefits of life cycle analysis or other decision tools for major projects.

Objective 2

Continue to gain environmental community support for West Basin programs.

Strategies

1. Enhance West Basin's positive working relationships with the environmental community.
2. Communicate West Basin's environmental achievements.
3. Look for opportunities to partner with the environmental community on projects.



Customer/Community Services – Provide for the needs of our customer agencies and the communities we serve in a way that reflects their needs.

Objective 1

Actively engage local businesses in the procurement of services.

Strategy

1. Evaluate current procurement practices for improved outreach to local businesses.

Objective 2

Maintain customer high regard and respect.

Strategies

1. Seek and consider customer agency feedback on West Basin board and staff through a formal periodic survey.
 2. Ensure that West Basin services are provided to the customer agencies and the communities we serve.
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Communications – Engage in effective two-way communication of West Basin’s programs & policies with the customer agencies and communities we serve.

Objective 1

Support the Board in maintaining a strategic business plan.

Strategy

1. Conduct an annual board planning session.

Objective 2

Promote outreach and education programs.

Strategies

1. Identify and increase participation in community events throughout the service area.
2. Develop a comprehensive Educational Plan.

Objective 3

Enhance and promote the image of West Basin.

Strategies

1. Understand political/environmental roles and relationships.
2. Be proactive in our government affairs activities.
3. Maintain and increase communication of West Basin policies and initiatives to achieve our mission.
4. Enhance West Basin's brand and implement the Communications Plan.
5. Ensure compliance with state policies and West Basin's Code of Conduct.



Infrastructure – Manage infrastructure to ensure reliability, manage risk, and maximize the useful life of facilities.

Objective 1

Develop new water infrastructure to ensure regional water supply reliability.

Strategies

1. Update West Basin's Recycled Water Capital Improvement Plan.
2. Assess long-term water quality requirements of recycled water treatment and delivery systems.
3. Continue to provide effective project management practices to ensure successful infrastructure implementation.
4. Identify, develop and/or acquire new infrastructure required to meet reliability goals.

Objective 2

Develop an Ocean-Water Desalination Program.

Strategies

1. Construct and operate a demonstration-scale ocean-water desalination facility.
2. Construct and operate full-scale ocean-water desalination treatment and conveyance facilities.

Objective 3

Provide effective overall capital facility asset management.

Strategies

1. Develop monitoring, mapping, and maintenance tracking of West Basin's water supply systems.
2. Provide ongoing training and supervision of personnel for effective management of West Basin's assets.
3. Maximize useful life of existing and future West Basin capital assets.
4. Develop a long-term Capital Facilities Repair, Replacement, and Rehabilitation Plan.

Objective 4

Maintain facilities to manage and minimize risk of failure and liability exposure.

Strategies

1. Develop facility condition and risk assessment to identify potential system deficiencies and necessary corrective actions.
2. Identify and track threats to West Basin's water supply portfolio and objectives.

Objective 5

Pursue collaborations for facility development.

Strategy

1. Partner with other agencies as appropriate.



Finance – Manage finances to optimize the public's investment return & minimize risk.

Objective 1

Maintain or improve current bond ratings.

Strategies

1. Periodically meet with interested parties/partners.

2. Ensure that Board and management actions contribute to maintaining a healthy financial condition.
3. Evaluate a credit rating increase.

Objective 2

Complete and maintain a Long Range Financial Plan.

Strategies

1. Ensure financial information is current and plan is updated.
2. Develop a financial model to project revenue needs.
3. Develop a capital funding policy.
4. Explore non-traditional financing sources.

Objective 3

Operate cost-efficiently and effectively.

Strategies

1. Competitively bid services and products, as appropriate.
2. Periodically review and report financial results.
3. Prepare an annual budget based on the Board's goals and objectives.
4. Ensure the West Basin adheres to its investment policy.
5. Ensure that West Basin has appropriate financial and non-financial policies to reduce exposure to litigation.
6. Pursue grant funding for facilities/programs.
7. Evaluate energy conservation incentive programs to see if participation is cost-effective.
8. Evaluate reasonable alternative processes, procedures, and equipment that could reduce costs.

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