

**SPECIAL MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA
4040 PARAMOUNT BOULEVARD, LAKEWOOD, CALIFORNIA 90712
12:00 P.M., TUESDAY, OCTOBER 20, 2009**

AGENDA

EACH ITEM ON THE AGENDA, NO MATTER HOW DESCRIBED, SHALL BE DEEMED TO INCLUDE ANY APPROPRIATE MOTION, WHETHER TO ADOPT A MINUTE MOTION, RESOLUTION, PAYMENT OF ANY BILL, APPROVAL OF ANY MATTER OR ACTION, OR ANY OTHER ACTION. ITEMS LISTED AS "FOR INFORMATION" MAY ALSO BE THE SUBJECT OF AN "ACTION" TAKEN BY THE BOARD OR A COMMITTEE AT THE SAME MEETING.

- 1. DETERMINATION OF A QUORUM**
- 2. PUBLIC COMMENT**
- 3. MINUTES OF THE MEETINGS OF SEPTEMBER 10, 2009 AND SEPTEMBER 28, 2009**
Staff Recommendation: Approve as submitted.
- 4. DEMANDS – SEPTEMBER 2009**
Staff Recommendation: Receive and file the Demands for September 30, 2009.
- 5. FINANCIAL STATEMENTS – SEPTEMBER 30, 2009**
Staff Recommendation: Approve the Financial Statements for submittal to the Board of Directors.
- 6. RESERVES, CASH AND INVESTMENT REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2009**
Staff Recommendation: Approve the Investment Report for submittal to the Board of Directors.
- 7. SAFE DRINKING WATER PROGRAM**
Staff Recommendation: For discussion.
- 8. DEPARTMENT REPORT**
- 9. DIRECTORS EXPENSES**
Staff Recommendation: Approve Directors Expenses for submittal to the Board of Directors.
- 10. DIRECTORS REPORTS, INQUIRIES, AND DIRECTIONS TO STAFF**
- 11. ADJOURNMENT**

Posted by Abigail C. Andom, Deputy Secretary, October 15, 2009.

In compliance with the Americans with Disabilities Act (ADA), if special assistance is needed to participate in the Board meeting, please contact Deputy Secretary Abigail Andom at (562) 921-5521 for assistance to enable the District to make reasonable accommodations.

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the District office located at 4040 Paramount Boulevard, Lakewood, California 90712.

Agendas and minutes are available at the District's website, www.wrd.org.

UNAPPROVED
MINUTES

UNAPPROVED
MINUTES

**MINUTES OF SEPTEMBER 10, 2009
SPECIAL MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA**

A special meeting of the Finance Committee of the Board of Directors of the Water Replenishment District of Southern California was held on September 10, 2009, at 12:05 p.m. at the District office, 4040 Paramount Boulevard, Lakewood, California. Director Sergio Calderon called the meeting to order and presided thereover. Deputy Secretary Abigail C. Andom recorded the minutes.

1. DETERMINATION OF A QUORUM

Directors: Sergio Calderon, Albert Robles

2. PUBLIC COMMENT

None.

3. CONSIDERATION OF RESOLUTION NO. 09- 860 –

A JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES; THE BOARD OF DIRECTORS OF THE GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT; THE BOARD OF DIRECTORS OF THE COUNTY SANITATION DISTRICT NO. 8 OF LOS ANGELES COUNTY (COUNTY SANITATION DISTRICT NO. 8); THE CITY COUNCIL OF THE CITY OF CARSON; AND THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA APPROVING AND ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES RESULTING FROM ANNEXATION OF L 066-2009 TO COUNTY LIGHTING MAINTENANCE DISTRICT 1697

The Committee recommended the Board adopt Resolution No. 09-860.

4. EXPENSES OVER 90 DAYS

The Committee reviewed expense reimbursements submitted over 90 days of the date the expense was incurred. The Committee recommended they be approved by the Board of Directors.

5. DIRECTORS EXPENSES

Director's expenses were reviewed and the Committee recommended the item be submitted to the Board for approval.

6. DIRECTORS REPORTS, INQUIRIES, AND REVIEW OF DIRECTIONS TO STAFF

Chief Financial Officer Scott Ota stated that WRD's independent financial auditor, Vasquez and Company, will be conducting its annual financial audit of the District on September 14. Mr. Ota also informed the Committee that Cabrera Capital Markets, LLC had expressed their desire

to be included in the District's list of vendors for future underwriter services.

7. ADJOURNMENT

With no further business for the Committee, the meeting was adjourned at 12:25 p.m.

Chairperson

ATTEST:

Director

UNAPPROVED
MINUTES

UNAPPROVED
MINUTES

**MINUTES OF SEPTEMBER 28, 2009
SPECIAL MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA**

A special meeting of the Finance Committee of the Board of Directors of the Water Replenishment District of Southern California was held on September 28, 2009, at 12:40 p.m. at the District office, 4040 Paramount Boulevard, Lakewood, California. Director Sergio Calderon called the meeting to order and presided thereover. Deputy Secretary Abigail C. Andom recorded the minutes.

- 1. DETERMINATION OF A QUORUM**
Directors: Sergio Calderon, Albert Robles
Staff: Scott Ota, Jenna Shaunessy
Guest: Martin Martinez, SpeechPhone

- 2. PUBLIC COMMENT**
None.

The agenda items were taken out of order.

- 4. VIDEO CONFERENCING SYSTEM COSTS**
Martin Mendez of SpeechPhone provided a demonstration on his company's video conferencing system. Mr. Mendez discussed the technology involved and associated costs.

The Committee thanked Mr. Mendez for his presentation and invited him to make a similar presentation to the External Affairs Committee when it meets in October as well as submit a proposal.

- 3. MINUTES OF THE MEETINGS OF JUNE 22, 2009 AND AUGUST 24, 2009**
The minutes were approved as submitted.

- 5. DEMANDS – AUGUST 2009**
The Committee reviewed the list of Demands for August 31, 2009. The Demands were approved for submittal to the Board of Directors to receive and file.

- 6. FINANCIAL STATEMENTS – AUGUST 31, 2009**
The Committee reviewed the Financial Statements for August 31, 2009 and recommended they be submitted to the Board for approval.

7. RESERVES, CASH AND INVESTMENT REPORT FOR THE PERIOD ENDING AUGUST 31, 2009

The Committee reviewed the Investment Report for July 31, 2009 and recommended they be submitted to the Board for approval.

8. SAFE DRINKING WATER PROGRAM

Chief Financial Officer Scott Ota stated that the Groundwater Quality Committee met on August 26, 2009 and reviewed three new requests regarding participation in the Safe Drinking Water Program (SDWP). Mr. Ota stated that the requests came from Bellflower Home Garden Mutual Water Company Well #2, Park Water Company Well #9D, and Maywood Mutual #1 Well #4. He explained that the projects will be funded with a 10-year interest-free loan.

Discussion followed and the Committee requested that the item be continued to the next meeting with a discussion of policy development for the SDWP.

**9. CONSIDERATION OF RESOLUTION NO. 09- 862 –
A JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES; THE BOARD OF DIRECTORS OF THE GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT; THE BOARD OF DIRECTORS OF THE COUNTY SANITATION DISTRICT NO. 8 OF LOS ANGELES COUNTY (COUNTY SANITATION DISTRICT NO. 8); THE CITY COUNCIL OF THE CITY OF CARSON; AND THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA APPROVING AND ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES RESULTING FROM ANNEXATION OF L 003-2009 TO COUNTY LIGHTING MAINTENANCE DISTRICT 1697**

The Committee recommended the Board adopt Resolution No. 09-862.

**10. CONSIDERATION OF RESOLUTION NO. 09- 863 –
A JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES; THE BOARD OF DIRECTORS OF THE GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT; THE BOARD OF DIRECTORS OF THE COUNTY SANITATION DISTRICT NO. 18 OF LOS ANGELES COUNTY (COUNTY SANITATION DISTRICT NO. 18); AND THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA APPROVING AND ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES RESULTING FROM ANNEXATION OF PETITION NO. 14-309 TO COUNTY LIGHTING MAINTENANCE DISTRICT 1687**

The Committee recommended the Board adopt Resolution No. 09-863.

11. **CONSIDERATION OF RESOLUTION NO. 09- 864–**
A JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES ACTING IN BEHALF OF LOS ANGELES COUNTY GENERAL, LOS ANGELES COUNTY LIBRARY, LOS ANGELES COUNTY FIRE-FFW, LOS ANGELES COUNTY FLOOD CONTROL, THE BOARD OF DIRECTORS OF COUNTY SANITATION DISTRICT NO. 18 OF LOS ANGELES COUNTY, AND THE GOVERNING BODIES OF GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT, CITY OF LA HABRA HEIGHTS, LA HABRA HEIGHTS COUNTY WATER DISTRICT, AND THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA APPROVING AND ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES RESULTING FROM ANNEXATION TO COUNTY SANITATION DISTRICT NO.18 – ANNEXATION NO. 53
The Committee recommended the Board adopt Resolution No. 09-864.

12. **DEPARTMENT REPORT**
None.

13. **DIRECTORS EXPENSES**
Director's expenses were reviewed and the Committee recommended the item be submitted to the Board for approval.

14. **DIRECTORS REPORTS, INQUIRIES, AND REVIEW OF DIRECTIONS TO STAFF**
Director Calderon thanked staff for their hard work.

15. **ADJOURNMENT**
With no further business for the Committee, the meeting was adjourned at 2:00 p.m.

Chairperson

ATTEST:

Director



MEMORANDUM

ITEM NO. 4

*Prepared by: Binhyen Bui
Reviewed by: Scott M. Ota
Approved by: Robb Whitaker*

DATE: OCTOBER 20, 2009
TO: FINANCE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: DEMANDS – SEPTEMBER 2009

SUMMARY

At the request of the Finance Committee, staff presents the prior months demands for review. Due to the change in the Committee's meeting date, staff will provide September demands at the Committee Meeting.

STAFF RECOMMENDATION

Receive and file the Demands for September 30, 2009.



MEMORANDUM

ITEM NO. 5

Prepared by: Scott M. Ota

Reviewed by: Scott M. Ota

Approved by: Robb Whitaker

DATE: OCTOBER 20, 2009

TO: FINANCE COMMITTEE

FROM: ROBB WHITAKER, GENERAL MANAGER

SUBJECT: FINANCIAL STATEMENTS – SEPTEMBER 30, 2009

The attached financial statements include the Statement of Net Assets (Balance Sheet) as of September 30, 2009 and the Statement of Revenues, Expenditures and Changes in Net Assets (Income Statement) for the month ending September 30, 2009.

Due to the change in the Committee's meeting date, staff will provide explanation of selected account balances on October 20, 2009 at the Committee Meeting.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

Approve the Financial Statements for submittal to the Board of Directors.

Water Replenishment District of Southern California
Statement of Net Assets
September 30, 2009

Assets	Total	Prior Month Total	Variance
Current Assets			
Cash and Cash Equivalents	\$ 32,167,614	\$ 30,338,243	1,829,371
Restricted Cash	20,549,454	20,549,454	-
Accounts Receivable	5,992,711	5,966,317	26,394
Interest Receivable	31,984	232,206	(200,222)
Prepaid Expenses	1,197,909	28,704	1,169,205
Total Current Assets	\$ 59,939,672	\$ 57,114,924	2,824,748
Noncurrent Assets			
Notes Receivable, Noncurrent	\$ 1,704,079	\$ 1,532,005	172,074
Plant & Equipment	62,069,876	60,886,082	1,183,794
Land	2,644,753	2,644,753	-
Construction-In-Progress	6,780,175	7,648,034	(867,859)
Deferred Charges	1,304,200	1,281,757	22,443
Accumulated Depreciation	(13,982,879)	(13,790,589)	(192,290)
Total Noncurrent Assets	\$ 60,520,204	\$ 60,202,042	295,719
Total Assets	\$ 120,459,877	\$ 117,316,966	3,142,910
Liabilities			
Current Liabilities			
Accounts Payable	\$ 4,081,080	\$ 3,827,900	253,180
Interest Payable - Bond	271,743	135,871	135,871
Accrued Payroll	-	373	(373)
Accrued Employee Benefits	(10,971)	(8,650)	(2,321)
Accrued Postemployment	948,976	948,976	-
Deferred Compensation	-	-	-
Cal Trans 0690	6,146,578	6,146,578	-
Long term Debt - Bond Payable	32,650,000	32,650,000	-
Other Liabilities	5,400	5,400	-
Total Current Liabilities	\$ 44,092,805	\$ 43,706,448	386,357
Noncurrent Liabilities			
Compensated Absences	\$ 322,022	\$ 322,022	\$ -
Total Noncurrent Liabilities	\$ 322,022	\$ 322,022	\$ -
Total Liabilities	\$ 44,414,828	\$ 44,028,471	386,357
Net Assets			
Invested in Capital Assets	\$ 57,511,925	\$ 57,388,280	123,645
Unrestricted	18,533,124	15,900,215	2,632,908
Total Net Assets	\$ 76,045,049	\$ 73,288,496	2,756,553
Total Liabilities & Net Assets	\$ 120,459,877	\$ 117,316,966	3,142,910

Water Replenishment District of Southern California
Statement of Revenues, Expenditures and Changes in Net Assets
For the Month of September 2009

	Total	Prior Month Total	Variance
Revenues			
Operating Revenues			
Water Replenishment Assessments	3,907,273	4,019,306	(112,033)
Late Payment Penalties	-	-	-
MWD Subsidy	85,776	37,004	48,772
OCWD Recycled Water Product	54,981	16,001	38,979
Desalter Revenue	66,306	23,390	42,916
LJVWFT Lease	115,217	-	115,217
Title 22 Monitoring Program	-	-	-
Total Operating Revenues	4,229,552	4,095,701	133,851
Operating Expenses			
Cost of Water			
Spreading	84,085	-	84,085
Injected	106,405	2,272,165	(2,165,760)
In-Lieu	-	-	-
Connection Fees	66,440	75,730	(9,290)
Total Cost of Water	256,930	2,347,895	(2,090,965)
General & Administrative			
Salaries, Taxes & Benefits	372,999	371,915	1,084
Postemployment Benefits	-	-	-
Conference & Travel	13,728	5,719	8,008
Office Expenses	65,200	55,756	9,443
Utilities	25,546	30,457	(4,912)
Rents & Leases	5,539	6,803	(1,264)
Repairs & Maintenance	50,773	22,487	28,287
Material & Equipment	19,531	28,901	(9,370)
General Liability Insurance	11,263	11,263	(0)
Professional Fees	265,099	494,567	(229,468)
Other General & Administrative	-	-	-
Total General & Administrative	829,678	1,027,868	(198,190)
Depreciation	186,413	188,756	(2,343)
Total Operating Expenses	1,273,021	3,564,519	(2,291,498)
Operating Income (Loss)	2,956,531	531,182	2,425,349
Non-Operating Revenues (Expenses)			
Revenues			
Property Taxes	1,788	19,860	(18,071)
Investment Earnings	5,334	34,639	(29,306)
Miscellaneous	4,500	4,699	(199)
Total Non-Operating Revenues (Expenses)	11,622	59,198	(47,577)
Income (Loss) Before Contributions	2,968,153	590,380	2,377,773
Contributions			
Capital Contributions- Caltran Grant	-	-	-
Change in Net Assets	2,968,153	590,380	2,377,773



MEMORANDUM

ITEM NO. 6

Prepared by: Scott M. Ota

Reviewed by: Scott M. Ota

Approved by: Robb Whitaker

DATE: OCTOBER 20, 2009

TO: FINANCE COMMITTEE

FROM: ROBB WHITAKER, GENERAL MANAGER

**SUBJECT: RESERVES, CASH AND INVESTMENT REPORT FOR THE PERIOD ENDING
SEPTEMBER 30, 2009**

Each month, the Finance Department reports the District's reserve balances and cash & investment activities to the Finance Committee for subsequent approval by the Board of Directors.

Due to the change in the Committee's meeting date, staff will provide September Reserves, Cash and Investment Report at the Committee Meeting.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

Approve the Investment Report for submittal to the Board of Directors.



MEMORANDUM

ITEM NO. 7

Prepared by: Sheryll Moffat

Reviewed by: Scott M. Ota

Approved by: Robb Whitaker

DATE: SEPTEMBER 28, 2009

TO: FINANCE COMMITTEE

FROM: ROBB WHITAKER, GENERAL MANAGER

SUBJECT: SAFE DRINKING WATER PROGRAM

SUMMARY

At the August 26, 2009 Groundwater Quality Meeting, the District has received three new formal requests regarding participation in the Safe Drinking Water Program:

1. Bellflower Home Garden Mutual Water Company Well #2 (\$1.0M) – The District received a formal request regarding participation in the Safe Drinking Water Program from Bellflower Home Garden Mutual Water Company. The company's Well 2 is currently affected with manganese at levels exceeding the State standard. Bellflower Home Garden inquired about treatment for manganese for their well. The company will submit the well data and history of their well for consideration.
2. Park Water Company Well #9D (\$2.0M) – The District has also received a formal request regarding participation from Park Water Company. The company's Well 9D is currently affected with arsenic and manganese. The company will submit the well data and water quality history for review and consideration.

The Groundwater Quality Committee approved the Park Water Company Well #9D request and it will be going to the Board of Directors on October 16, 2009 for Board approval. The Bellflower Home Garden Mutual Water Company and the Maywood Mutual requests will be brought back to the Groundwater Quality Committee before going to the Board for final approval.

The Groundwater Quality Committee asked that the Finance Committee review the financial impact the projects will have on the District's reserve levels.

BACKGROUND

The District administers the Safe Drinking Water Program (SDWP) to assist basin pumpers in sustaining active production from contaminated wells. The program provides wellhead treatment facilities to remove contaminants and improve water quality. Wells are evaluated for assistance based on factors such as water quality data and production history. When assistance is deemed necessary, WRD and the groundwater producer jointly develop a treatment solution for the subject well. The well data, type of contaminants and affected duration of their wells is used to prioritize candidates.

There are currently fourteen (14) Safe Drinking Water Program project facilities in operation. The cities of Huntington Park, Commerce, and Paramount each have two facilities online. There are three facilities located in Norwalk. The other facilities are located in the cities of Bell Gardens, Signal Hill, South Gate, Bell, and Los Angeles. One facility, located in Pico Rivera, completed the use of treatment.

At the April 2009 Groundwater Quality Committee meeting, the committee requested a discussion on options to increase participation of the Safe Drinking Water Program. While over the past few years, participation hit a decline; however, due to the current situation of the economy, interest in the program has started to increase. Pumpers are now gravitating to the option to restore inactive wells to reduce their cost of purchasing imported water.

SAFE DRINKING WATER PROGRAM POLICY GUIDELINES

- 1) WRD will design, construct, and install equipment at any drinking water well containing primary (health-based) drinking water standard constituents of anthropogenic (man-made origin), as determined by the WRD Board, in excess of the maximum contaminant level.
- 2) At WRD's sole discretion, it will provide interest-free financing to drinking water well owners for treatment equipment to remove secondary (aesthetic-based) or naturally occurring primary (health-based) drinking water standard constituents in excess of the maximum contaminant level. Such projects shall be funded on a secondary priority to projects that satisfy Item #1 above, and the use of such remaining funds for the program shall be at the WRD Board's discretion.
- 3) Demonstration projects that have wide-spread application (as determined by the WRD Board) for other contaminants may also be considered for funding for design, construction, and installation.
- 4) WRD may remove the equipment and transfer it to another location. At WRD's sole discretion, ownership of the treatment equipment may be conveyed to the well owner.

- 5) Funding limits shall be subject to the annual program budget.
- 6) Well owner is responsible for proper operation and maintenance of treatment system.

FISCAL IMPACT

Potential fiscal impact is unknown. Some projects are funded with 10-year interest-free loans and some are grants to the participants. Staff will provide a cash flow analysis of the safe drinking water program to the Finance Committee can choose to recommend a financial limit on the program for approval by the Board of Directors.

STAFF RECOMMENDATION

For discussion.