SPECIAL MEETING OF THE
BUDGET ADVISORY COMMITTEE (BAC)
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA
4040 PARAMOUNT BOULEVARD, LAKEWOOD, CALIFORNIA 90712
9:00 A.M., WEDNESDAY, MAY 9, 2018

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”
OR “FOR DISCUSSION” 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
   Pursuant to Government Code Section 54954.3

3. APPROVE MINUTES OF THE SPECIAL MEETING OF APRIL 18, 2018
   Staff Recommendation: The Budget Advisory Committee approve the minutes
   as submitted.

4. SB 963 WATER REPLENISHMENT DISTRICTS UPDATE
   Staff Recommendation: For discussion and possible action.

5. ADJOURNMENT
   The Committee will adjourn to its next meeting to be determined.

Agenda posted by Senior Administrative Specialist Sherri Brown on May 8, 2018. In compliance with ADA requirements, this document can be made available in alternative formats upon request.

In compliance with the Americans with Disabilities Act (ADA), if special assistance is needed to participate in the meeting, please contact the Manager of Internal Services 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.

EXHAUSTION OF ADMINISTRATIVE REMEDIES – If you challenge a District action in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the District office at, or prior to, the public hearing. Any written correspondence delivered to the District office before the District’s final action on a matter will become a part of the administrative record.
MEMORANDUM
ITEM NO. 3

DATE: MAY 9, 2018
TO: BUDGET ADVISORY COMMITTEE (BAC)
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: APPROVE MINUTES OF THE SPECIAL MEETING OF APRIL 18, 2018

MINUTES OF APRIL 18, 2018
SPECIAL MEETING OF THE BUDGET ADVISORY COMMITTEE (BAC) OF
THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

A special meeting of the Budget Advisory Committee of the Board of Directors of the Water Replenishment District of Southern California was held on April 18, 2018 at 10:03 a.m. at the District Office, 4040 Paramount Boulevard, Lakewood, California 90712. Committee Chair Rob Beste called the meeting to order and presided thereafter. Senior Administrative Specialist Sherri Brown recorded the minutes.

1. DETERMINATION OF A QUORUM
Committee Chair Rob Beste of the City of Torrance announced the presence of a quorum, which in addition to himself included Anatole Falagan, Long Beach Water Department; Mark Andersen, City of Lomita; Frank Heldman, Liberty Utilities; James Crawford, California Water Services Company; Chris Repp, City of Los Angeles (DWP); and Jason Wen, City of Lakewood.

WRD included: Robb Whitaker, Ken Ortega and Scott Ota

Public: Kate Nutting of Golden State Water Company

2. PUBLIC COMMENT
Pursuant to Government Code Section 54954.3
None.

3. APPROVE MINUTES OF THE SPECIAL MEETING OF MARCH 14, 2017
The Committee unanimously approved the minutes as submitted.

4. APPROVE MINUTES OF THE SPECIAL MEETING OF MARCH 14, 2018
The Committee unanimously approved the minutes as submitted.
5. **SB 963 WATER REPLENISHMENT DISTRICTS UPDATE**
General Manager Robb Whitaker provided information to the Committee regarding a budget-related issue. He shared a history of the reserve cap, formalization of the Technical Advisory Committee (TAC) and plans to formalize the Budget Advisory Committee (BAC) in the same manner. He said that both are added into the WRD Administrative Code and have been very influential partners with WRD. Discussion followed.

Mr. Whitaker explained the purpose of Senate Bill 963; and reported on the effects of the bill on WRD should it be passed. He asked that the Budget Advisory Committee as a body to consider sending a letter of support to Senator Allen in Sacramento. Discussion followed.

The Committee agreed to schedule a follow up meeting for further discussion of this matter and review any reserve references in the existing Water Code.

6. **ADJOURNMENT**
The Committee unanimously agreed for the next meeting to be scheduled as May 9th at 9:00 A.M.

There being no further business to come before the Committee, the meeting was adjourned at 10:54 A.M.
MEMORANDUM
ITEM NO. 4

DATE: MAY 9, 2018
TO: BUDGET ADVISORY COMMITTEE (BAC)
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: SB 963 DISCUSSION

SUMMARY
The General Manager will provide a report for discussion and possible action by the Committee.

FISCAL IMPACT
None.

STAFF RECOMMENDATION
For discussion and possible action.

Attachment: Senate Bill No. 963
An act to amend Sections 60292 and 60315 of, and to repeal Section 60328.1 of, and to repeal Chapter 5 (commencing with Section 60290) of Part 5 of Division 18 Sections 60290, 60291, and 60328.1 of, the Water Code, relating to water.

LEGISLATIVE COUNSEL’S DIGEST

SB 963, as amended, Allen. Water replenishment districts.
Existing law authorizes a water replenishment district, for the purposes of replenishing the groundwater supplies within the district, to buy and sell water; exchange water; distribute water to persons in exchange for ceasing or reducing groundwater extractions; spread, sink, and inject water into the underground; store, transport, recapture, recycle, purify, treat, or otherwise manage and control water for the beneficial use of persons or property within the district; and build the necessary works to achieve groundwater replenishment.
Existing law authorizes a water replenishment district to establish an annual reserve fund not to exceed $10,000,000, as adjusted annually to reflect percentage increases or decreases in the blended cost of water from district supply sources and, beginning in the 2019–20 fiscal year, requires a minimum of 80% of the reserve to be used for water purchases. Existing law excepts from this limitation the unexpended balance of any appropriated funds in a capital improvement project construction account established to pay the cost of a project or projects under construction.
This bill would repeal this reserve fund authorization and would make conforming changes.
Existing law requires a water replenishment district to order, review, and maintain on file an independent, audited financial statement not later than 60 days from the conclusion of the district’s fiscal year and require copies of the statements to be submitted to the Governor, the Legislature, and the California State Auditor on or before November 1 of each year.
This bill would require the statements to be submitted to the appropriate policy committees of the Legislature instead of the Legislature generally.

The people of the State of California do enact as follows:

SECTION 1. Chapter 5 (commencing with Section 60290) of Part 5 of Division 18 of the Water Code is repealed.

SECTION 1. Section 60290 of the Water Code is repealed.

60290. The district may establish an annual reserve fund in an amount not to exceed ten million dollars ($10,000,000) commencing with the 2000-01 fiscal year. The maximum allowable reserve fund may be adjusted annually commencing with the 2001-02 fiscal year to reflect percentage increases or decreases in the blended cost of water from district supply sources.
Beginning in the 2019-20 fiscal year, a minimum of 80 percent of the reserve shall be for water purchases.

SEC. 2. Section 60291 of the Water Code is repealed.

60291. The limitation on the reserve established in Section 60290 does not apply to the unexpended balance of any appropriated funds in a capital improvement project construction account established to pay the cost of a project or projects under construction.

SEC. 3. Section 60292 of the Water Code is amended to read:

60292. (a) The district shall order, review, and maintain on file an independent, audited financial statement not later than 60 days from the conclusion of the district’s fiscal year. The independent audited financial statement shall be prepared by a certified public accountant or a public accountant, licensed by the California Board of Accountancy. The independent audited
financial statement shall be consistent with standards provided in
the “Standards for Audits of Governmental Organizations,
Programs, Activities, and Functions” prepared by the Comptroller
General of the United States. The independent audited financial
statement shall include all of the following:
(1) The balances in all accounts established for the maintenance
of the district’s funds.
(2) A report describing the amount of district funds to be
expended for any capital improvement project authorized to be
constructed or funded by the district and a detailed description of
the capital improvement project.
(3) A report detailing the source of funds to be expended on
any authorized capital improvement project, and whether the source
of funds is the water replenishment assessment levied in accordance
with Part 6 (commencing with Section 60300).
(4) A report describing the propriety of the district’s operating
expenses.
(5) A summary of independent audited financial statement
exceptions and management improvement recommendations.
(6) A description of correction or plan of correction shall be
incorporated in the independent audited financial statement,
describing the specific actions that are planned to be taken, or that
have been taken, to correct the problem identified by the auditor.
The descriptions of specific actions to be taken or that have been
taken shall not solely consist of general comments such as “will
implement,” “accepted the recommendation,” or “will discuss at
a later date.”

(b) Copies of the independent audited financial statements shall
be submitted to the Governor, the appropriate policy committees
of the Legislature, including the Senate Committee on Governance
and Finance or its successor, and the State Auditor on or before
November 1 of each year.

SEC. 2.

SEC. 4. Section 60315 of the Water Code is amended to read:
60315. Upon completing the hearing, but no later than the
second Tuesday in May, the board shall, by resolution, find all of
the following:
(a) The annual overdraft for the preceding water year.
(b) The estimated annual overdraft for the current water year.
(c) The estimated annual overdraft for the ensuing water year.
(d) The accumulated overdraft as of the last day of the preceding water year.

(e) The estimated accumulated overdraft as of the last day of the current water year.

(f) The total production of groundwater from the groundwater supplies within the district during the preceding water year.

(g) The estimated total production of groundwater from the groundwater supplies within the district for the current water year.

(h) The estimated total production of groundwater from the groundwater supplies within the district for the ensuing water year.

(i) The changes during the preceding water year in the pressure levels or piezometric heights of the groundwater contained within pressure-level areas of the district, and the effects thereof upon the groundwater supplies within the district.

(j) The estimated changes during the current water year in the pressure levels or piezometric heights of the groundwater contained within pressure-level areas of the district, and the estimated effects thereof upon the groundwater supplies within the district.

(k) The quantity of water that should be purchased for the replenishment of the groundwater supplies of the district during the ensuing water year.

(l) The source and estimated cost of water available for the replenishment.

(m) The estimated costs of replenishing the groundwater supplies with the water so purchased.

(n) The estimated costs of purchasing, in water years succeeding the ensuing water year, that portion of the quantity of water which should be purchased for the replenishment of the groundwater supplies of the district during the ensuing water year, but which is estimated to be unavailable for purchase during the ensuing water year; estimated costs shall be based on the estimated price of water for replenishment purposes during the ensuing water year.

(o) The estimated rate of the replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the district during the ensuing fiscal year for the purposes of accomplishing the replenishment and providing a reserve fund to purchase in future years, when available, that portion of the quantity of water which should be purchased for the replenishment of the groundwater supplies of
the district during the ensuing water year, but which is estimated to be unavailable for purchase during that ensuing water year.

(p) Whether any contaminants should be removed from groundwater supplies during the ensuing fiscal year, and whether any other actions under Section 60224 should be undertaken during the ensuing fiscal year, the estimated costs thereof, and the estimated additional rate of replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the district during the ensuing fiscal year for those purposes.

(q) Whether any program for removal of contaminants or other actions under Section 60224 should be a multiyear program or is a continuation of a previously authorized multiyear program.

SEC. 3.

SEC. 5. Section 60328.1 of the Water Code is repealed.