



**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.

Chair

ATTEST:

Member

Approved in minutes of:



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

AMENDED IN SENATE APRIL 12, 2018
AMENDED IN SENATE MARCH 14, 2018

SENATE BILL

No. 963

Introduced by Senator Allen

January 31, 2018

An act to amend ~~Section~~ *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 ~~repeal these requirements: require the statements to be submitted to the appropriate policy committees of the Legislature instead of the Legislature generally.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~yes-no~~. State-mandated local program: no.

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

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2 ~~Part 5 of Division 18 of the Water Code is repealed.~~

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 Section 60290 of the Water Code is repealed.~~

4 ~~60290. The district may establish an annual reserve fund in an~~
5 ~~amount not to exceed ten million dollars (\$10,000,000)~~
6 ~~commencing with the 2000-01 fiscal year. The maximum~~
7 ~~allowable reserve fund may be adjusted annually commencing~~
8 ~~with the 2001-02 fiscal year to reflect percentage increases or~~
9 ~~decreases in the blended cost of water from district supply sources.~~
10 ~~Beginning in the 2019-20 fiscal year, a minimum of 80 percent~~
11 ~~of the reserve shall be for water purchases.~~

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 Section 60291 of the Water Code is repealed.~~

13 ~~60291. The limitation on the reserve established in Section~~
14 ~~60290 does not apply to the unexpended balance of any~~
15 ~~appropriated funds in a capital improvement project construction~~
16 ~~account established to pay the cost of a project or projects under~~
17 ~~construction.~~

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

19 ~~60292. (a) The district shall order, review, and maintain on~~
20 ~~file an independent, audited financial statement not later than 60~~
21 ~~days from the conclusion of the district's fiscal year. The~~
22 ~~independent audited financial statement shall be prepared by a~~
23 ~~certified public accountant or a public accountant, licensed by the~~
24 ~~California Board of Accountancy. The independent audited~~

1 financial statement shall be consistent with standards provided in
2 the “Standards for Audits of Governmental Organizations,
3 Programs, Activities, and Functions” prepared by the Comptroller
4 General of the United States. The independent audited financial
5 statement shall include all of the following:

6 (1) The balances in all accounts established for the maintenance
7 of the district’s funds.

8 (2) A report describing the amount of district funds to be
9 expended for any capital improvement project authorized to be
10 constructed or funded by the district and a detailed description of
11 the capital improvement project.

12 (3) A report detailing the source of funds to be expended on
13 any authorized capital improvement project, and whether the source
14 of funds is the water replenishment assessment levied in accordance
15 with Part 6 (commencing with Section 60300).

16 (4) A report describing the propriety of the district’s operating
17 expenses.

18 (5) A summary of independent audited financial statement
19 exceptions and management improvement recommendations.

20 (6) A description of correction or plan of correction shall be
21 incorporated in the independent audited financial statement,
22 describing the specific actions that are planned to be taken, or that
23 have been taken, to correct the problem identified by the auditor.
24 The descriptions of specific actions to be taken or that have been
25 taken shall not solely consist of general comments such as “will
26 implement,” “accepted the recommendation,” or “will discuss at
27 a later date.”

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

33 ~~SEC. 2.~~

34 *SEC. 4.* Section 60315 of the Water Code is amended to read:

35 60315. Upon completing the hearing, but no later than the
36 second Tuesday in May, the board shall, by resolution, find all of
37 the following:

38 (a) The annual overdraft for the preceding water year.

39 (b) The estimated annual overdraft for the current water year.

40 (c) The estimated annual overdraft for the ensuing water year.

- 1 (d) The accumulated overdraft as of the last day of the preceding
2 water year.
- 3 (e) The estimated accumulated overdraft as of the last day of
4 the current water year.
- 5 (f) The total production of groundwater from the groundwater
6 supplies within the district during the preceding water year.
- 7 (g) The estimated total production of groundwater from the
8 groundwater supplies within the district for the current water year.
- 9 (h) The estimated total production of groundwater from the
10 groundwater supplies within the district for the ensuing water year.
- 11 (i) The changes during the preceding water year in the pressure
12 levels or piezometric heights of the groundwater contained within
13 pressure-level areas of the district, and the effects thereof upon
14 the groundwater supplies within the district.
- 15 (j) The estimated changes during the current water year in the
16 pressure levels or piezometric heights of the groundwater contained
17 within pressure-level areas of the district, and the estimated effects
18 thereof upon the groundwater supplies within the district.
- 19 (k) The quantity of water that should be purchased for the
20 replenishment of the groundwater supplies of the district during
21 the ensuing water year.
- 22 (l) The source and estimated cost of water available for the
23 replenishment.
- 24 (m) The estimated costs of replenishing the groundwater supplies
25 with the water so purchased.
- 26 (n) The estimated costs of purchasing, in water years succeeding
27 the ensuing water year, that portion of the quantity of water which
28 should be purchased for the replenishment of the groundwater
29 supplies of the district during the ensuing water year, but which
30 is estimated to be unavailable for purchase during the ensuing
31 water year; estimated costs shall be based on the estimated price
32 of water for replenishment purposes during the ensuing water year.
- 33 (o) The estimated rate of the replenishment assessment required
34 to be levied upon the production of groundwater from the
35 groundwater supplies within the district during the ensuing fiscal
36 year for the purposes of accomplishing the replenishment and
37 providing a reserve fund to purchase in future years, when
38 available, that portion of the quantity of water which should be
39 purchased for the replenishment of the groundwater supplies of

1 the district during the ensuing water year, but which is estimated
2 to be unavailable for purchase during that ensuing water year.

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

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

14 ~~SEC. 3.~~

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