1. Administrative Details

Proposal Name: Harbor/South Bay Water Recycling Project Modification

by Agency: West Basin Municipal Water District

Locations: DC

POC Name:

POC Phone:

POC Email:

Date Submitted: 08/10/2015

Confirmation Number: 86757278-b309-43ab-9190-0e8d327bdebc

Supporting Documents

File Name	Date Uploaded
Harbor South Bay Water Recycling Project Map.pdf	08/10/2015
Harbor South Bay Water Recycling Project Details.pdf	08/10/2015
Harbor South Bay Water Recycling Project Board Resolution (07.27.2015).pdf	08/10/2015
Compiled Support Letters for Harbor South Bay Project.pdf	08/10/2015
West Basin Municipal Water District Annual Report (2014).pdf	08/10/2015
West Basin Municipal Water District S&P Bond Rating.pdf	08/10/2015
West Basin Municipal Water District - Moody's Bond Rating.pdf	08/10/2015

2. Provide the name of the primary sponsor and all non-Federal interests that have contributed or are expected to contribute toward the non-Federal share of the proposed feasibility study or modification.

Sponsor	**Letter of Support**
West Basin Municipal Water District(Primary)	On Monday, July 27, 2015, the West Basin Municipal Water District, Board of Directors adopted resolution 7-15-1017 supporting and endorsing the Harbor/South Bay Water Recycling Project as will be submitted to the U.S. Army Corps of Engineers for project modification consideration under Section 7001 of WRRDA.

3. State if this proposal is for a feasibility study, a modification to an authorized USACE feasibility study or a modification to an authorized USACE project. If it is a proposal for a modification, provide the authorized water resources development feasibility study or project name.

[x] Modification to an Authorized USACE Project : Harbor/South Bay Water Recycling Project, Los Angeles

4. Clearly articulate the specific project purpose(s) of the proposed study or modification. Demonstrate that the proposal is related to USACE mission and authorities and specifically address why additional or new authorization is needed.

West Basin is seeking a modification that would raise the authorization ceiling of the existing Project from $35 million to $70 million in order to deliver recycled water to areas not currently served by the Project. Specifically, the modification will allow West Basin to: 1) complete the pipeline delivery system for maximum delivery of recycled water by constructing ten new pipeline laterals, 2) construct additional satellite treatment facilities and pump stations in order to ensure water quality and meet the needs of individual water users, and 3) expand the microfiltration capacity at the Edward C. Little Water Recycling Facility in order to maximize recycled water production, improve overall water quality, and increase local water reliability. The proposed modification would help fund the construction of ten new lateral pipelines that would deliver recycled water to priority, high-volume water users in the Harbor/South Bay Region. Once completed, these lateral projects would deliver approximately 6,251 acre-feet per year (AF/y) of drought-proof recycled water to the region. In order to guarantee water quality and maximize recycled water deliveries to its commercial, industrial, and landscape irrigation customers, West Basin will be required to provide additional satellite wastewater treatment and disinfection at strategic locations throughout the Harbor/South Bay Project. As the drought continues, West Basin will need to expand the microfiltration capacity at the Edward C. Little Water Recycling Facility, which delivers non-potable, recycled water throughout the region.

Through the expansion of the Project, West Basin will deliver an additional 13,975 AF/y to the region. Drought, climate change, and a growing population put a strain on the already scarce and fragile water supply. By increasing the authorization ceiling through this modification, the USACE will help ensure an adequate water supply for the Los Angeles region to meet current and future demands.

5. To the extent practicable, provide an estimate of the total cost, and the Federal and non-Federal share of those costs, of the proposed study and, separately, an estimate of the cost of construction or modification.

	Federal	**Non-Federal**	**Total**
Study	$0	$0	$0
Construction	$35,000,000	$103,100,000	$138,100,000

Explanation (if necessary)

The remaining 75% (or $103.1M) of the project modification will be funded by West Basin Municipal Water District, future grants from the State of California, and other local partners. West Basin does have the financial ability to provide its share of the cost, as it has demonstrated in the past. To date, the Harbor/South Bay Project has received $33.3 million dollars from the U.S. Army Corps of Engineers and $588 million dollars of private and state funds. Please see the attached bond ratings and annual report.

6. To the extent practicable, describe the anticipated monetary and nonmonetary benefits of the proposal including benefits to the protection of human life and property; improvement to transportation; the national economy; the environment; or the national security interests of the United States.

The Project will deliver sustainable recycled water throughout coastal Los Angeles County. This type of project is vital to providing a reliable, sustainable, and environmentally friendly supply of water for Southern California, which currently relies on increasingly limited water supplies from Northern California and the Colorado River. Recycled water provides many environmental benefits; and, for every acre-foot of recycled water used, an acre-foot of potable water is saved. The Project will have a positive environment impact, which will greatly improve the local economy. The Pacific Ocean, which drives Southern California's tourism industry, greatly benefits from the region's recycled water efforts. The existing Harbor/South Bay Project has directly resulted in a decrease in ocean pollution, by reducing wastewater ocean discharge flows by 30 million gallons per day. The proposed modification would allow for the delivery of an additional 13,975 AF/y of recycled water, with no adverse impact on the environment. This is the equivalent of the average amount of water used by approximately 111,792 California residents each year. The dramatic increase of available water in the region would improve quality of life and mitigate reoccurring drought conditions, which are likely to increase due to climate change. The region is home to thriving aerospace, petroleum refining, and automotive industries, all of which are important components to the local and state economies. West Basin delivers high-quality recycled water at the volumes needed to provide customers with a reliable water supply for each respective industry. West Basin's recycled water program serves sites such as Exxon Mobil, Tesoro, Chevron, Los Angeles Air Force Base, StubHub Center, Raytheon, Los Angeles International Airport, NRG Power Services, Goodyear, American Honda, Toyota USA, three colleges, and the West Coast Basin Seawater Barrier.

7. Does local support exist? If 'Yes', describe the local support for the proposal.

[x] Yes

Local Support Description

Local support for the Harbor/South Bay Water Recycling Project is widespread and includes municipalities, businesses, environmental organizations, and elected officials. A compilation of support letters for the Project is attached.

8. Does the primary sponsor named in (2.) above have the financial ability to provide for the required cost share?

[x] Yes

Primary Sponsor Letter of Support

(As uploaded)

Harbor South Bay Water Recycling Project Board Resolution (07.27.2015).pdf

RESOLUTION NO. 7-15-1017

RESOLUTION OF THE BOARD OF DIRECTORS OF WEST BASIN MUNICIPAL WATER DISTRICT IN SUPPORT OF THE EXPANSION OF THE HARBOR/SOUTH BAY WATER RECYCLING PROJECT

WHEREAS, California is now facing one of the most severe droughts on record, and is currently under a declared State of Emergency, with all state officials directed to take all necessary actions to prepare for current and future water shortages;

WHEREAS, in July 2014, the California State Water Resources Control Board enacted emergency water use restrictions and directed all urban water suppliers to expedite water supply projects and conservation measures;

WHEREAS, West Basin Municipal Water District has constructed the Edward C. Little Water Recycling Facility and the Harbor/South Bay Water Recycling Project to deliver recycled water throughout coastal Los Angeles County for the purpose of reducing the region's reliance on imported water, increasing water reliability and drought-proofing the region;

WHEREAS, in partnership with the United States Army Corps of Engineers, West Basin Municipal Water District has expanded its water recycling treatment and delivery capacity and now produces 46 million gallons of recycled water every day, conserving enough drinking water to meet the needs of 80,000 households each year;

WHEREAS, a continued partnership with the United States Army Corps of Engineers could improve the region's water quality and increase West Basin Municipal Water District's delivery capacity recycled water delivery capacity to more than 70 million gallons per day;

WHEREAS, West Basin Municipal Water District has identified fifteen new projects as part of the Harbor/South Bay Water Recycling Project that would deliver more recycled water throughout the South Bay region;

WHEREAS, the Board of Directors of West Basin Municipal Water District fully support the expansion of the Harbor/South Bay Water Recycling Project as will be submitted by the West Basin Municipal Water District to the United States Army Corps

of Engineers for project modification consideration under Section 7001, *proposals from non-Federal interests for feasibility studies and modifications to authorized U.S. Army Corps of Engineers water resources development projects or feasibility studies*, as established in the Water Resources Reform and Development Act of 2014;

BE IT RESOLVED, the West Basin Municipal Water District in the effort to provide water reliability to its service area in Coastal Los Angeles County fully supports the expansion of the Harbor/South Bay Water Recycling Project to develop additional reliable drought-proof infrastructure, as was and/or will be submitted to the United States Army Corps of Engineers by West Basin Municipal Water District;

BE IT RESOLVED FURTHER, the West Basin Municipal Water District Board of Directors the resolution is in full force and effect, and is in accordance with the provisions of the charter and by-laws of the West Basin Municipal Water District.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the West Basin Municipal Water District endorses and supports the Harbor/South Bay Water Recycling Project as will be submitted to the United States Army Corps of Engineers for project modification consideration under Section 7001.

PASSED, APPROVED AND ADOPTED on July 27, 2015 by the following vote.

Ayes: Gray, Kwan, Dear, Houston, Williams

Noes:

Abstain:

President

ATTEST:

Secretary
(SEAL)

W:\westbasinboard\resos\wb1017

Additional Proposal Information

(This is as uploaded, a blank page will show if nothing was submitted)

Compiled Support Letters for Harbor South Bay Project.pdf

bay restoration commission
STEWARDS OF SANTA MONICA BAY
santa monica bay restoration commission ✐ 320 west 4th street, ste 200; los angeles, california 90013
213/576-6615 phone ✐ 213/576-6646 fax ✐ www.smbrc.ca.gov

November 10, 2014

Honorable Dianne Feinstein
331 Hart Senate Office Building
Washington, D.C. 20510

Honorable Barbara Boxer
112 Hart Senate Office Building
Washington, D.C. 20510

Honorable Janice Hahn
404 Cannon House Office Building
Washington, D.C. 20515

Honorable Maxine Waters
2221 Rayburn House Office Building
Washington, D.C. 20515

Honorable Henry Waxman
2204 Rayburn House Office Building
Washington, D.C. 20515

RE: Support for the Harbor / South Bay Water Recycling Project

Dear Senator Dianne Feinstein, Senator Barbara Boxer, Representative Janice Hahn, Representative Maxine Waters and Representative Henry Waxman:

As Executive Director of the Santa Monica Bay Restoration Commission, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipal Water District's ("West Basin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects,* as established in the recently passed Water Resources Reform and Development Act of 2014. To date, with your support, Congress has provided $35 million for the project.

Your effort on behalf of West Basin has been instrumental in helping to reduce our region's dependence on imported water supplies from the environmentally sensitive Bay/Delta and the federally controlled Colorado River. The water recycling programs you have supported

also directly reduce the amount of effluent discharged into the Santa Monica Bay, a National Marine Estuary, and have enabled the region to withstand the current drought crisis.

West Basin's water recycling programs have proven tremendously successful in delivering recycled water to communities throughout the region, and the Harbor/ South Bay Water Recycling Project is the core of this program. West Basin's partnership with the U. S. Army Corps of Engineers has proved invaluable to the region and we look forward to continuing to work with them to see the project completed to its ultimate capacity.

The Harbor/South Bay Water Recycling Project will annually develop up to 70 million gallons of recycled water each day and shall be used for municipal, industrial, and environmental purposes in the coastal Los Angeles County area. This alternative source of water shall reduce southern California's dependence on imported water from the San Joaquin Bay Delta and will improve water reliability in the region. Finally, this project is estimated to have created more than 1,500 jobs throughout the construction process, and will yield clear and measurable long-term returns for this limited and finite short-term investment.

For the reasons stated herein, I proudly support West Basin and the Harbor / South Bay Water Recycling Project and ask for your continued support. If you have any questions about this project or its regional and federal benefits, please do not hesitate to contact me directly.

Thank you, again, for your past support and your consideration of this request.

Sincerely,

Tom Ford, Executive Director
Santa Monica Bay Restoration Commission

West Basin Water Association

OFFICERS AND

EXECUTIVE COMMITTEE:

Stephanie Katsouleas, City of El Segundo
President
Rob Beste, City of Torrance
Vice-President
Tony Olmos, City of Manhattan Beach
Treasurer

Ronald Garcia, Southern California Edison
Denis Kurt, Tesoro
Katherine Nutting, Golden State Water
Barmeshwar, City of Inglewood
Tom Shahbazi, City of Lomita
Ron Sorensen, California Water Service Co.

Nina Tarnay
Executive Administrator

CITIES:
Carson
Culver City
El Segundo
Gardena
Hawthorne
Hermosa Beach
Inglewood
Lomita
Los Angeles
Manhattan Beach
Palos Verdes Estates
Rancho Palos Verdes
Redondo Beach
Rolling Hills Estates
Torrance

PUBLIC UTILITIES:
California Water Service Company
Golden State Water Company
Southern California Edison Company

INDUSTRIES:
Chevron Products Company
Exxon Mobil Corporation
Hollywood Park Land Company LLC
Inglewood Park Cemetery
Phillips 66
Shell Oil Product US
Tesoro

ASSOCIATE MEMBERS:
Department of Water Resources
Water Replenishment District
West Basin Municipal Water District

HONORARY LIFE MEMBERS:
L.J. Alexander, 1946
Charles Barker, 1956
W. C. Farquher, 1946
Carl Fossette, 1956
Ben Haggott, 1946
Allen Harris, 1946
John G. Joham Jr., 1991
R.R. Thornbird, 1946
Ben Varona, 1957
Bill Wright, 2013

Honorable Dianne Feinstein
331 Hart Senate Office Building
Washington, D.C. 20510

Honorable Barbara Boxer
112 Hart Senate Office Building
Washington, D.C. 20510

Honorable Janice Hahn
404 Cannon House Office Building
Washington, D.C. 20515

Honorable Maxine Waters
2221 Rayburn House Office Building
Washington, D.C. 20515

Honorable Henry Waxman
2204 Rayburn House Office Building
Washington, D.C. 20515

RE: Support for the Harbor / South Bay Water Recycling Project

Dear Senator Dianne Feinstein, Senator Barbara Boxer, Representative Janice Hahn, Representative Maxine Waters and Representative Henry Waxman:

On behalf of the City of El Segundo, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipal Water District's ("West Basin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects,* as established in the recently passed Water Resources Reform and Development Act of 2014. To date, with your support, Congress has provided $35 million for the project.

Your effort on behalf of West Basin has been instrumental in helping to reduce our region's dependence on imported water supplies from the environmentally sensitive Bay/Delta and the federally controlled Colorado River. The water recycling programs you have supported also directly reduce the amount of effluent discharged into the Santa Monica Bay, a National Marine Estuary, and bave enabled the region to withstand the current drought crisis.

2711 N. Sepulveda Blvd., #511
Manhattan Beach, CA 90266
phone 310-918-1029 ▪ e-mail ntarnay@westbasinwaterassociation.com
ww.westbasinwaterassociation.com

West Basin Water Association

West Basin's water recycling programs have proven tremendously successful in delivering recycled water to communities throughout the South Bay region, and the Harbor/ South Bay Water Recycling Project is the core of this program. Our partnership with West Basin and the U. S. Army Corps of Engineers has proved invaluable to this point and we look forward to continuing to work with them to see the project completed to its ultimate capacity.

The Harbor/South Bay Water Recycling Project will annually develop up to 70 million gallons of recycled water each day and shall be used for municipal, industrial, and environmental purposes in the coastal Los Angeles County area. This alternative source of water shall reduce southern California's dependence on imported water from the San Joaquin Bay Delta and will improve water reliability in the region. Finally, this project is estimated to have created more than 1,500 jobs throughout the construction process, and will yield clear and measurable long-term returns for this limited and finite short-term investment.

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Thank you, again, for your past support and your consideration of tbis request.

Sincerely

Stephanie Katsouleas, President
West Basin Water Association

2711 N. Sepulveda Blvd., #511
Manhattan Beach, CA 90266
phone 310-918-1029 • e-mail ntarnay@westbasinwaterassociation.com
ww.westbasinwaterassociation.com

SOUTH BAY CITIES
COUNCIL OF GOVERNMENTS

20285 S. Western Ave., #100
Torrance, CA 90501
(310) 371-7222
sbccog@southbaycities.org
www.southbaycities.org

November 4, 2014

Honorable Dianne Feinstein
331 Hart Senate Office Building
Washington, D.C. 20510

Honorable Barbara Boxer
112 Hart Senate Office Building
Washington, D.C. 20510

Honorable Janice Hahn
404 Cannon House Office Building
Washington, D.C. 20515

Honorable Maxine Waters
2221 Rayburn House Office Building
Washington, D.C. 20515

Honorable Henry Waxman
2204 Rayburn House Office Building
Washington, D.C. 20515

RE: Support for the Harbor / South Bay Water Recycling Project

Dear Senator Dianne Feinstein, Senator Barbara Boxer, Representative Janice Hahn, Representative Maxine Waters and Representative Henry Waxman:

On behalf of the South Bay Cities Council of Governments, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipal Water District's ("West Basin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects,* as established in the recently passed Water Resources Reform and Development Act of 2014. This increased authorization would enable West Basin, and the region, to produce, deliver and use an additional 13,974.5 AF of recycled water each year, enough water to serve 111,972 residents each year. To date, with your support, Congress has provided $35 million for the project.

Your effort on behalf of West Basin has been instrumental in helping to reduce our region's dependence on imported water supplies from the environmentally sensitive Bay/Delta and the federally controlled Colorado River. The water recycling programs you have supported also directly reduce the amount of effluent discharged into the

Santa Monica Bay, a National Marine Estuary, and have enabled the region to withstand the current drought crisis.

West Basin's water recycling programs have proven tremendously successful in delivering recycled water to communities throughout the South Bay region, and the Harbor/ South Bay Water Recycling Project is the core of this program. Our partnership with West Basin and the U. S. Army Corps of Engineers has proved invaluable to this point and we look forward to continuing to work with them to see the project completed to its ultimate capacity.

The Harbor/South Bay Water Recycling Project will annually develop up to 70 million gallons of recycled water each day and shall be used for municipal, industrial, and environmental purposes in the coastal Los Angeles County area. This alternative source of water shall reduce southern California's dependence on imported water from the San Joaquin Bay Delta and will improve water reliability in the region. Finally, this project is estimated to have created more than 1,500 jobs throughout the construction process, and will yield clear and measurable long-term returns for this limited and finite short-term investment.

For the reasons stated herein, we proudly support West Basin and the Harbor / South Bay Water Recycling Project and ask for your continued support. If you have any questions about this project or its regional and federal benefits, please do not hesitate to contact me directly.

Thank you, again, for your past support and your consideration of this request.

Sincerely,

James F. Goodhart, SBCCOG Chair
Councilman, City of Palos Verdes Estates

CITY OF TORRANCE

PATRICK J. FUREY
MAYOR

October 21, 2014

The Honorable Henry Waxman
2204 Rayburn House Office Building
Washington, D.C. 20515

RE: **Support for the Harbor / South Bay Water Recycling Project**

Dear Representative Waxman:

On behalf of the City of Torrance, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipal Water District's ("West Basin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects,* as established in the recently passed Water Resources Reform and Development Act of 2014. To date, with your support, Congress has provided $35 million for the project.

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West Basin's water recycling programs have proven tremendously successful in delivering recycled water to communities throughout the region, including the City of Torrance, and the Harbor/ South Bay Water Recycling Project is the core of this program. Our partnership with West Basin and the U. S. Army Corps of Engineers has proved invaluable to this point and we look forward to continuing to work with them to see the project completed to its ultimate capacity.

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For the reasons stated herein, we proudly support West Basin and the Harbor / South Bay Water Recycling Project and ask for your continued support. If you have any questions about this project or its regional and federal benefits, please do not hesitate to contact me directly.

Thank you, again, for your past support and your consideration of this request.

Sincerely,

PATRICK J. FUREY
Mayor

cc: E. J. Caldwell, WBMWD Government Affairs Manager
Torrance City Council Members
LeRoy Jackson, City Manager
Robert Beste, Public Works Director

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CITY OF TORRANCE

PATRICK J. FUREY
MAYOR

October 21, 2014

The Honorable Janice Hahn
404 Cannon House Office Building
Washington, D.C. 20515

RE: Support for the Harbor / South Bay Water Recycling Project

Dear Representative Hahn:

On behalf of the City of Torrance, I want to thank you for your ongoing support and leadership on behalf of West Besin Municipal Water District's ("West Basin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects,* es established in the recently passed Water Resources Reform and Development Act of 2014. To date, with your support, Congress has provided $35 million for the project.

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Sincerely,

PATRICK J. FUREY
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cc: E. J. Caldwell, WBMWD Government Affairs Manager
Torrance City Council Members
LeRoy Jackson, City Manager
Robert Beste, Public Works Director

CITY OF TORRANCE

PATRICK J. FUREY
MAYOR

October 21, 2014

The Honorable Janice Hahn
404 Cannon House Office Building
Washington, D.C. 20515

RE: Support for the Harbor / South Bay Water Recycling Project

Dear Representative Hahn:

On behalf of the City of Torrance, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipal Water District's ("West Basin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects*, as established in the recently passed Water Resources Reform and Development Act of 2014. To date, with your support, Congress has provided $35 million for the project.

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Sincerely,

PATRICK J. FUREY
Mayor

cc: E. J. Caldwell, WBMWD Government Affairs Manager
Torrance City Council Members
LeRoy Jackson, City Manager
Robert Beste, Public Works Director

CITY OF
TORRANCE

PATRICK J. FUREY
MAYOR

October 21, 2014

The Honorable Barbara Boxer
112 Hart Senate Office Building
Washington, D.C. 20510

RE: Support for the Harbor / South Bay Water Recycling Project

Dear Senator Boxer:

On behalf of the City of Torrance, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipal Water District's ("West Basin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects*, as established in the recently passed Water Resources Reform and Development Act of 2014. To date, with your support, Congress has provided $35 million for the project.

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Mayor

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Torrance City Council Members
LeRoy Jackson, City Manager
Robert Beste, Public Works Director

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CITY OF
TORRANCE

PATRICK J. FUREY
MAYOR

October 21, 2014

The Honorable Dianne Feinstein
331 Hart Senate Office Building
Washington, D.C. 20510

RE: Support for the Harbor / South Bay Water Recycling Project

Dear Senator Feinstein:

On behalf of the City of Torrance, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipal Water District's ("West Basin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects,* as established in the recently passed Water Resources Reform and Development Act of 2014. To date, with your support, Congress has provided $35 million for the project.

Your effort on behalf of West Basin has been instrumental in helping to reduce our region's dependence on imported water supplies from the environmentally sensitive Bay/Delta and the federally controlled Colorado River. The water recycling programs you have supported also directly reduce the amount of effluent discharged into the Santa Monica Bay, a National Marine Estuary, and have enabled the region to withstand the current drought crisis.

West Basin's water recycling programs have proven tremendously successful in delivering recycled water to communities throughout the region, including the City of Torrance, and the Harbor/ South Bay Water Recycling Project is the core of this program. Our partnership with West Basin and the U. S. Army Corps of Engineers has proved invaluable to this point and we look forward to continuing to work with them to see the project completed to its ultimate capacity.

The Harbor/South Bay Water Recycling Project will annually develop up to 70 million gallons of recycled water each day and shall be used for municipal, industrial, and environmental purposes in the coastal Los Angeles County area. This alternative source of water shall reduce southern California's dependence on imported water from the San Joaquin Bay Delta and will improve water reliability in the region. Finally, this project is estimated to have created more than 1,500 jobs throughout the construction process, and will yield clear and measurable long-term returns for this limited and finite short-term investment.

For the reasons stated herein, we proudly support West Basin and the Harbor / South Bay Water Recycling Project and ask for your continued support. If you have any questions about this project or its regional end federal benefits, please do not hesitate to contact me directly.

Thank you, again, for your past support and your consideration of this request.

Sincerely,

PATRICK J. FUREY
Mayor

cc: E. J. Caldwell, WBMWD Government Affairs Manager
Torrance City Council Members
LeRoy Jackson, City Manager
Robert Beste, Public Works Director

CITY OF TORRANCE

PATRICK J. FUREY
MAYOR

October 21, 2014

The Honorable Maxine Waters
2221 Rayburn House Office Building
Washington, D.C. 20515

RE: Support for the Harbor / South Bay Water Recycling Project

Dear Representative Waters:

On behalf of the City of Torrance, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipal Water District's ("West Basin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects*, as established in the recently passed Water Resources Reform and Development Act of 2014. To date, with your support, Congress has provided $35 million for the project.

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For the reasons stated herein, we proudly support West Basin and the Harbor / South Bay Water Recycling Project and ask for your continued support. If you have any questions about this project or its regional and federal benefits, please do not hesitate to contact me directly.

Thank you, again, for your past support and your consideration of this request.

Sincerely,

PATRICK J. FUREY
Mayor

cc: E. J. Caldwell, WBMWD Government Affairs Manager
Torrance City Council Members
LeRoy Jackson, City Manager
Robert Beste, Public Works Director

PAUL K. TANAKA, *Mayor*
TASHA CERDA, *Mayor Pro Tem*
RACHEL C. JOHNSON, *Councilmember*
DAN MEDINA, *Councilmember*
TERRENCE TERAUCHI, *Councilmember*

1700 WEST 162nd STREET / GARDENA, CALIFORNIA 90247-3778 / PHONE (310) 217-9507
FAX NO: (310) 217-9694 / WEB SITE: www.ci.gardena.ca.us

CITY of GARDENA

OFFICE OF MAYOR PAUL K. TANAKA

MINA SEMENZA, *City Clerk*
J. INGRID TSUKIYAMA, *City Treasurer*
MITCHELL G. LANSDELL, *City Manager*
PETER L. WALLIN, *City Attorney*

October 7, 2014

Honorable Barbara Boxer
112 Hart Senate Office Building
Washington, D.C. 20510

RE: SUPPORT FOR THE HARBOR / SOUTH BAY WATER RECYCLING PROJECT

Dear Senator Boxer:

On behalf of the City of Gardena, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipel Water District's ("West Besin") efforts to drought-proof Los Angeles County through the development of innovative water recycling end conservetion programs. To that end, we ara requesting your assistence in raising the authorization ceiling for tha Harbor/South Bay Water Recycling Project from $35 mlllion to $70 mlllion through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects,* as established in the recently passed Water Resources Reform and Development Act of 2014. To-date, with your support, Congress has provided $35 million for the project.

Your effort on behalf of West Basin has been instrumental in helping to reduce our region's dependence on Imported water supplles from the envlronmentally sensltive Bay/Delta end the federally controlled Colorado River. The water recycling programs you have supported also directly reduce the amount of effluent discharged into the Santa Monica Bay, a National Marine Estuary, and have enabled the region to wlthstand the current drought crisis.

West Basin's watar recycling programs have proven tremendously successful in delivering recycled water to communities throughout the region, including the City of Gardena, and the Harbor/ South Bay Water Recycling Project is the core of this program. Our partnership with West Basin and the U. S. Army Corps of Engineers has proved invaluable to thls point and we look forward to continuing to work with them to see the project completed to its ultimate capacity.

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For the reasons stated herein, we proudly support West Basin and the Harbor / South Bay Weter Recycling Project and ask for your continued support. If you have eny questions about this project or its regional and federal benefits, plaasa do not hesitete to contact me directly.

Thank you, again, for your past support and your consideration of this request.

Respectfully,

PAUL K. TANAKA
Mayor, City of Gardena

PKT:nw
c: Gardena City Council Members

PAUL K. TANAKA, *Mayor*
TASHA CERDA, *Mayor Pro Tem*
RACHEL C. JOHNSON, *Councilmember*
DAN MEDINA, *Councilmember*
TERRENCE TERAUCHI, *Councilmember*

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MINA SEMENZA, *City Clerk*
J. INGRID TSUKIYAMA, *City Treasurer*
MITCHELL G. LANSDELL, *City Manager*
PETER L. WALLIN, *City Attorney*

CITY of GARDENA

OFFICE OF MAYOR PAUL K. TANAKA

October 7, 2014

Honorable Dienne Feinstein
331 Hart Senate Office Building
Washington, D.C. 20510

RE: SUPPORT FOR THE HARBOR / SOUTH BAY WATER RECYCLING PROJECT

Dear Senator Feinstein:

On behalf of the City of Gardena, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipal Water District's ("West Basin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects,* as established in the recently passed Water Resources Reform and Development Act of 2014. To-date, with your support, Congress has provided $35 million for the project.

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For the reasons stated herein, we proudly support West Basin and the Harbor / South Bay Water Recycling Project and ask for your continued support. If you have any questions about this project or its regionel end federal benefits, please do not hesitate to contact me directly.

Thenk you, egain, for your past support and your consideration of this request.

Respectfully,

PAUL K. TANAKA
Mayor, City of Gardena

PKT:nw
c: Gardena City Council Members

PAUL K. TANAKA, *Mayor*
TASHA CERDA, *Mayor Pro Tem*
RACHEL C. JOHNSON, *Councilmember*
DAN MEDINA, *Councilmember*
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J. INGRID TSUKIYAMA, *City Treasurer*
MITCHELL G. LANSDELL, *City Manager*
PETER L. WALLIN, *City Attorney*

October 7, 2014

Honorable Maxine Waters
2221 Rayburn House Office Building
Washington, D.C. 20515

RE: SUPPORT FOR THE HARBOR / SOUTH BAY WATER RECYCLING PROJECT

Dear Congresswoman Waters:

On behalf of the City of Gardena, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipal Water District's ("West Besin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservetion programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects,* as established in the recently passed Water Resources Reform and Development Act of 2014. To-date, with your support, Congress has provided $35 million for the project.

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For the reasons stated herein, we proudly support West Basin and the Harbor / South Bay Water Recycling Project and ask for your continued support. If you have any questions about this project or its regional and federal benefits, please do not hesitate to contact me directly.

Thenk you, again, for your past support and your consideration of this request.

Respectfully,

PAUL K. TANAKA
Mayor, City of Gardena

PKT:nw
c: Gardena City Council Members

PAUL K. TANAKA, *Mayor*
TASHA CERDA, *Mayor Pro Tem*
RACHEL C. JOHNSON, *Councilmember*
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J. INGRID TSUKIYAMA, *City Treasurer*
MITCHELL G. LANSDELL, *City Manager*
PETER L. WALLIN, *City Attorney*

October 7, 2014

Honorable Jenice Hahn
404 Cannon House Office Building
Washington, D.C. 20515

RE: SUPPORT FOR THE HARBDR / SOUTH BAY WATER RECYCLING PROJECT

Deer Congresswoman Hahn:

On behalf of the City of Gardena, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipal Water District's ("West Besin") efforts to drought-proof Los Angeles County through the development of innovative water recycling and conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects,* as established in the recently passed Water Resources Reform and Development Act of 2014. To-date, with your support, Congress has provided $35 million for the project.

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For the reasons stated herein, we proudly support West Basin and the Harbor / South Bay Water Recycling Project and ask for your continued support. If you have any questions about this project or its regional and federal benefits, please do not hesitate to contact me directly.

Thank you, egain, for your past support and your consideration of this request.

Respectfully,

Paul K. Tanaka

PAUL K. TANAKA
Mayor, City of Gardena

PKT:nw
c: Gardena City Council Members

PAUL K. TANAKA, *Mayor*
TASHA CERDA, *Mayor Pro Tem*
RACHEL C. JOHNSON, *Councilmember*
DAN MEDINA, *Councilmember*
TERRENCE TERAUCHI, *Councilmember*

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CITY of GARDENA

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MINA SEMENZA, *City Clerk*
J. INGRID TSUKIYAMA, *City Treasurer*
MITCHELL G. LANSDELL, *City Manager*
PETER L. WALLIN, *City Attorney*

October 7, 2014

Honorable Henry Waxman
2204 Rayburn House Office Building
Washington, D.C. 20515

RE: SUPPORT FOR THE HARBDR / SOUTH BAY WATER RECYCLING PROJECT

Dear Congressmen Waxman:

On behalf of the City of Gardena, I want to thank you for your ongoing support and leadership on behalf of West Basin Municipel Water District's ("West Basin") efforts to drought-proof Los Angeles County through the development of innovative water recycling end conservation programs. To that end, we are requesting your assistance in raising the authorization ceiling for the Harbor/South Bay Water Recycling Project from $35 million to $70 million through Section 7001, *proposed modifications to authorized U.S. Army Corps of Engineers water resources development projects,* as established in the recently passed Water Resources Reform and Development Act of 2014. To-date, with your support, Congress has provided $35 million for the project.

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For the reasons stated herein, we proudly support West Basin and the Herbor / South Bay Water Recycling Project and ask for your continued support. If you have any questions about this project or its regional and federal benefits, please do not hesitate to contact me directly.

Thank you, again, for your past support and your consideration of this request.

Respectfully,

Paul K. Tanaka

PAUL K. TANAKA
Mayor, City of Gardena

PKT:nw
c: Gardena City Council Members

Convaid

2830 California St ▪ Torrance, CA 90503 ▪ USA
888-CONVAID ▪ 310 618-0111 ▪ Fax 310 618-8611
Email: convaid@convaid.com ▪ Website:www.convaid.com

July 24, 2014

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

I recently received an explanation of West Basin Municipal Water District's (West Basin) Water Reliability 2020 program.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and pursue adding twenty million gallons a day of ocean water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles
- Protection from the negative impacts of future droughts
- An emergency supply should imported water be temporarily cut off for any reason
- Reduction of overall energy use through increasing conservation and recycling
- Ease the strain on the Sacramento-San Joaquin Bay Delta
- Assist Metropolitan Water District of Southern California in meeting future water needs
- Provide a more reliable water supply at virtually the same cost as imported water
- Mitigate the effects of global warming
- Improve our local water quality, overtime

For the above reasons, you can count on Convaid as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Chris Braun
President
Convaid

BICHLMEIER INSURANCE SERVICES, INC.

Trusted Choice™

50 Years of Family Service You Can Trust

June 20, 2014

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

I recently received an explanation of West Basin Municipal Water District's (West Basin) Water Reliability 2020 program.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and will pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability in an environmentally responsible way is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles.
- Protection from the negative impacts of future droughts.
- Provide an emergency supply should imported water be cut off.
- Reduce overall energy use through increasing conservation and recycling.
- Ease the demand on the Sacramento-San Joaquin Bay Delta.
- Mitigate the ongoing effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on the Bichlmeier Insurance Services as a supporter of the project. I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Terry E. Bichlmeier, Executive Vice President

730 S. Pacific Coast Hwy. #201 Redondo Beach, CA 90277 www.bisins.com Lic#:OB26427
Phone (310) 376-8852 (800) 888-7187 Fax (310) 540-2215

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REDONDO BEACH AND MARINA

Crowne Plaza Hotels and Resorts
300 North Harbor Drive
Redondo Beach, CA 90277-2552
tel 310.318.8888
fax 310.318.2197

June 13, 2014

Michael K. Payton, CHA
General Manager

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

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- An emergency supply should imported water be temporarily cut off for any reason.
- Reduction of overall energy use through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on the Crowne Plaza Redondo Beach & Marina Hotel as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Michael K. Payton, CHA
General Manager

Holiday Inn
19800 South Vermont Avenue
Torrance, CA 90502
t: 310.781.9100
f: 310.527.6120
1.800.HOLIDAY
holidayinn.com/torranceca

Holiday Inn
TORRANCE

June 3, 2014

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

I recently received an explanation of West Basin Municipal Water District's (West Basin) Water Reliability 2020 program.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and add pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

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- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on the Holiday Inn Torrance as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Julie Robey
General Manager
Holiday Inn - Torrance

Owned by Torrey S V, Inc. and operated by IHG Resources, Inc

Alpine Village

833 W. TORRANCE BLVD., TORRANCE, CA 90502 - (310) 327-4384 or (213) 770-1961 - FAX (310) 327-6560

May19, 2014

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

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- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on the Alpine Village Center as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Otto R

Signature/Title

April 10, 2014

DOUBLETREE
BY HILTON™

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

I recently received a presentation and tour of West Basin Municipal Water District's (West Basin) Water Reliability 2020 program.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and add pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

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- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on the DoubleTree by Hilton Carson as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Larry Saward
General Manager
Doubletree by Hilton Carson
Larry.Saward@hilton.com

MERCHANTS BANK
OF CALIFORNIA N.A.

March 6, 2014

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

I recently received a presentation of West Basin Municipal Water District's (West Basin) Water Reliability 2020 program.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and add pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles.
- Protection from the negative impacts of future droughts.
- An emergency supply should imported water be temporarily cut off for any reason.
- Reduction of overall energy use through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on the Merchants Bank of California as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Daniel Roberts
President/CEO

One Civic Plaza Drive Carson, CA 90745 310-549-4350 • fax 310-549-9633 www.merchantsbankca.com

ARJAY Telecom
23211 Hawthorne Blvd.
Torrance, CA 90505

February 8, 2014

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

I recently received a presentation of West Basin Municipal Water District's (West Basin) Water Reliability 2020 program.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles.
- Protection from the negative impacts of future droughts.
- An emergency supply should imported water be temporarily cut off for any reason.
- Reduction of overall energy use through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on the ARJAY Telecom as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Arun Bhumitra, CMfgE
President
Arjay Group of Companies
23211 Hawthorne Blvd., #300
Torrance, Ca 90505

CITY OF LAWNDALE

Office of the Mayor

HAROLD E. HOFMANN
Mayor

May 22, 2013

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

I, Harold E. Hofmann, recently received information about West Basin Municipal Water District's (West Basin) Water Reliability program.

The Water Reliability 2020 Program is expected to double West Basin's recycled water efforts, double its conservation program increase water education programs and pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles
- Protection from the negative impacts of future droughts
- An emergency supply should imported water be temporarily cut off for any reason
- Reduction of overall energy use through increasing conservation and recycling
- Ease for the strain on the Sacramento-San Joaquin Bay Delta
- Assistance to the Metropolitan Water District of Southern California to meet future water needs
- Provision of a more reliable water supply at the same cost as imported water
- Mitigation of the effects of global warming
- Improvement of our local water quality, over time
- Addition to future economic growth and jobs

I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Harold E. Hofmann

Harold E. Hofmann
Mayor

14717 BURIN AVENUE • LAWNDALE, CA 90260 • (310) 973-3200 • Fax (310) 644-4556

NORTHROP GRUMMAN

April 30, 2013

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Subject: Water Reliability 2020 Program

Dear Mr. Wildermuth:

I recently received a presentation on West Basin Municipal Water District's (West Basin) Water Reliability 2020 program.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and add twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles.
- Protection from the negative impacts of future droughts.
- An emergency supply should imported water be temporarily cut off for any reason.
- Reduction of overall energy use through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

As part of our environmental stewardship and corporate responsibility efforts, Northrop Grumman established the "greeNG Program" to reduce solid waste and green house gas emissions while promoting water conservation and energy efficiency programs. These efforts allowed us to receive numerous recognitions by government and private industry organizations for our environmental conservation efforts.

Southern California Gas Company

A Sempra Energy utility™

03/26/2013

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

I recently received information about the West Basin Municipal Water District's (West Basin) Water Reliability 2020 program.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and add pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles
- Protection from the negative impacts of future droughts
- An emergency supply should imported water be temporarily cut off for any reason
- Reduction of overall energy use through increasing conservation and recycling
- Ease for the strain on the Sacramento-San Joaquin Bay Delta
- Assistance to the Metropolitan Water District of Southern California to meet future water needs
- Provision of a more reliable water supply at the same cost as imported water
- Mitigation of the effects of global warming
- Improvement of our local water quality, over time
- Addition to future economic growth and jobs

Based on the above outlined benefits, SoCalGas supports the West Basin Municipal Water District and its efforts to implement the Water Reliability 2020 Program.

Sincerely,

Frank Spasaro
Market Strategy Manager
Southern California Gas Company

March 4, 2013

TESORO

Tesoro Refining & Marketing Company LLC
Los Angeles Refinery
2101 East Pacific Coast Highway
Wilmington, CA 90744
310 522 6001

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

I recently received a presentation on West Basin Municipal Water District's (West Basin) Water Reliability 2020 program.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and add pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles.
- Protection from the negative impacts of future droughts.
- An emergency supply should imported water be temporarily cut off for any reason.
- Reduction of overall energy use through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on Tesoro as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,
TESORO REFINING & MARKETING COMPANY LLC

Daniel L. Carson, P.E.
Vice President, Los Angeles Refinery

BSV:rb

Local Union 250

DANIEL FEES
President
GEORGE M. VASQUEZ, JR.
Business Manager/Fin. Sec'y Treas.
GLENN J. SANTA CRUZ
Assistant Business Manager
JOE MACIAS
PAC Chairman

STEAM-REFRIGERATION-AIR CONDITIONING-PIPEFITTERS AND APPRENTICES OF THE UNITED ASSOCIATION OF THE UNITED STATES AND CANADA

Business Representatives
BEN CLAYTON
JERRY ELLIOTT
JACK FERRARA
ERIC IVORY
FRED LARKIN
GUS TORRES
NAT WILLIAMS

Felix Bruce
Steamfitter Organizer

Eric Ivory
AC/REF Organizer

18355 S. FIGUEROA STREET, GARDENA, CA 90248-4217
Bus. Mgr./Fin. Sec'y Treas. Office (310) 660-0035 Finance Office (310) 660-0042 Finance Office Fax (310) 660-0361
Refrigeration Department (310) 660-0045 Steamfitter Apprentice (310) 323-4475
Steamfitter Dispatch (310) 660-0049 Main Fax (310) 329-2465

November 14, 2012

Mr. Rich Nagel
General Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Rich,

You recently briefed us on West Basin Municipal Water District's (West Basin) Water Reliability 2020 program during our meeting October 12th at the Edward C. Little Water Recycling Facility.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and pursue adding twenty million gallons daily of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles
- Protection from the negative impacts of future droughts
- An emergency supply should import water if temporarily cut off for any reason
- Reduction of overall energy use through increasing conservation and recycling
- Ease the strain on the Sacramento-San Joaquin Bay Delta
- Assist the Metropolitan Water District of Southern California to meet future water needs
- Provision of a more reliable water supply at the same cost as imported water
- Mitigation of the effects of global warming
- Improvement of our local water quality, overtime
- Addition to future economic growth and jobs

For the above reasons, you can count us, the Steam, Refrigeration, Air Conditioning, Pipe Fitters, Welders, & Apprentices of the United Association, UA 250, as a positive supporter of the project. I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

George M. Vasquez, Jr.
Bus. Mgr./Fin. Sec'y. Treas.

Joe Macias
Political Chairman

Painters & Allied Trades
District Council 36

Grant Mitchell
Business Manager
DRYWALL FINISHERS, FLOORLAYERS, GLAZIERS, PAINTERS, TRADESHOW & SIGNCRAFT

November 2, 2012

Mr. Rich Nagel, General Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Rich,

You recently briefed us on West Basin Municipal Water District's (West Basin) Water Reliability 2020 program during our meeting October 12th at the Edward C. Little Water Recycling Facility.

We understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water source for the coastal area of Los Angeles.
- Protection from the negative impacts of future droughts.
- An emergency water supply incase imported water is cut off for any reason.
- Reduced energy use through increased conservation and recycling.
- Eased strain on the Sacramento-San Joaquin Bay Delta.
- Added source to Metropolitan Water District of Southern California to meet future water needs.
- Other means of reliable water supply at the same cost as imported water.
- Reduced global warming effects.
- Improved local water quality.
- Economic growth and jobs.

For the above reasons, you can count us, Painters and Allied Trades District Council #36, as a supporter of the project, and look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Grant Mitchell
~~Business~~ Manager Secretary Treasurer
Painters and Allied Trades DC#36

1155 Corporate Center Dr., Monterey Park, CA 91754 (800) 841-4366 (626) 584-9925 **Fax** (626) 584-1949

United Union of Roofers
Waterproofers and Allied Workers

Local Union No. 36

Phone: (323) 222-0251
Fax: (323) 222-3585

October 24, 2012

Mr. Rich Nagel
General Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Rich,

You recently briefed us on West Basin Municipal Water District's (West Basin) Water Reliability 2020 program during our meeting October 12th at the Edward C. Little Water Recycling Facility.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and add pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles
- Protection from the negative impacts of future droughts
- An emergency supply should imported water be temporarily cut off for any reason
- Reduction of overall energy use through increasing conservation and recycling
- Ease for the strain on the Sacramento-San Joaquin Bay Delta
- Assistance to the Metropolitan Water District of Southern California to meet future water needs
- Provision of a more reliable water supply at the same cost as imported water
- Mitigation of the effects of global warming
- Improvement of our local water quality, overtime
- Addition to future economic growth and jobs

For the above reasons, you can count me / the United Union of Roofers, Waterproofers & Allied workers, Local Union No. 36, as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

José C. Padrón
Representative

5380 Poplar Boulevard • Los Angeles, CA 90032

PLASTERERS' LOCAL NO. 200

Operative Plasterers', Cement Masons' and Shop Hands' International Association, AFL-CIO

October 24, 2012

Mr. Rich Nagel
General Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Rich,

You recently briefed us on West Basin Municipal Water District's (West Basin) Water Reliability 2020 program during our meeting October 12th at the Edward C. Little Water Recycling Facility.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

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- An emergency supply should imported water be temporarily cut off for any reason
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- Ease for the strain on the Sacramento-San Joaquin Bay Delta
- Assistance to the Metropolitan Water District of Southern California to meet future water needs
- Provision of a more reliable water supply at the same cost as imported water
- Mitigation of the effects of global warming
- Improvement of our local water quality, overtime
- Addition to future economic growth and jobs

For the above reasons, you can count me / Plasterers' Local No. 200 as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

David Fritchel

David Fritchel
Business Agent

1610 W. Holt Avenue, Pomona, CA 91768 – PHONE 909/865-2240 FAX 909/865-9392

Sprinkler Fitters Local 709

Affiliated with AFL-CIO

October 18, 2012

Mr. Rich Nagel
General Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Rich,

You recently briefed us on West Basin Municipal Water District's (West Basin) Water Reliability 2020 program during our October 12th meeting at the Edward C. Little Water Recycling Facility.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

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- Assistance to the Metropolitan Water District of Southern California to meet future water needs
- Provision of a more reliable water supply at the same cost as imported water
- Mitigation of the effects of global warming
- Improvement of our local water quality, over time
- Addition to future economic growth and jobs

For the above reasons, you can count me/ Sprinklers Fitters U.A. Local 709 as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Michael Huerta
Business Manager
Sprinklers Fitters U.A. Local 709

je/OPEIU #537, AFL-CIO, CLC

12140 RIVERA ROAD * WHITTIER, CALIFORNIA 90606
TEL: (562) 698-9909 * FAX: (562) 698-7255

LONG BEACH AND VICINITY

Plumbers and Steamfitters Local Union No. 494

2740 East Spring Street • Long Beach, California 90806

October 15, 2012

Mr. Rich Nagel
General Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, Ca. 90746-1296

Dear Rich,

You recently briefed us on West Basin Municipal Water District's (West Basin) Water Reliability 2020 program during our meeting October 12th at the Edward C. Little Water Recycling Facility.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and add pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

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- Protection from the negative impacts of future droughts
- An emergency supply should imported water be temporarily cut off for any reason
- Reduction of overall energy use through increasing conservation and recycling
- Ease for the strain on the Sacramento-San Joaquin Bay Delta
- Assistance to the Metropolitan Water District of Southern California to meet future water needs
- Provision of a more reliable water supply at the same cost as imported water
- Mitigation of the effects of global warming
- Improvement of our local water quality, overtime
- Addition to future economic growth and jobs

For the above reasons, you can count me / the Plumbers and Steamfitters Local Union No. 494 as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Ruben J. Magaña
Business Manager
Plumbers and Steamfitters
Local Union No. 494
2740 E. Spring Street, Long Beach, CA 90806

TERRANEA.
RESORT

August 9, 2012

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

I recently received a presentation and tour of West Basin Municipal Water District's (West Basin) Water Reliability 2020 program.

I understand the Water Reliability 2020 Program will double West Basin's recycled water efforts, double its conservation program, increase water education programs and add pursue adding twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles.
- Protection from the negative impacts of future droughts.
- An emergency supply should imported water be temporarily cut off for any reason.
- Reduction of overall energy use through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on Terranea Resort as a positive supporter of the project, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Terri Haack

Todd Majcher
Vice-President
Resort Development and Design
Lowe Destination Development

Terri A. Haack
EVP & Managing Director
Terranea Resort

100 Terranea Way, Rancho Palos Verdes, CA 90275 Resort 310.265.2800 Fax 310.265.2700 WWW.TERRANEA.COM

Raytheon

Raytheon Space and Airborne Systems
2000 E. El Segundo Blvd.
M/S EO/E07/S158
El Segundo, CA 90245

July 2, 2012

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

Raytheon recently received a presentation on West Basin Municipal Water District's Water Reliability 2020 Program, a plan to decrease imported (Delta) water demand in the West Basin service area from 66% to 33%, by 2020. After learning about your responsible approach to achieving this strategic water resource planning objective, we would like to offer our support for Water Reliability 2020.

As proposed, Water Reliability 2020 will double West Basin's water recycling efforts, maximize West Basin's conservation program, increase water education programs throughout your service area and responsibly pursue ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase West Basin's local controlled water supplies from one-third today to two-thirds by the year 2020. This program is crucial, as increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles County.
- Protection from the negative impacts of future droughts.
- An emergency water supply should imported water be temporarily cut off for any reason.
- Reduction of overall energy use through increase conservation and water recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on Raytheon as a supporter of West Basin's Water Reliability 2020 program. We look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Christopher C. Cumming
Facilities Infrastructure/Energy Manager
Raytheon Compan

SOUTHERN CALIFORNIA
EDISON®
An EDISON INTERNATIONAL® Company

Gene Rodrigues, Director
Customer Energy Efficiency and Solar

July 19, 2011

Mr. Ron Wildermuth
Manager of Public Information and Conservation
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

Our organization recently received a presentation on West Basin Municipal Water District's Water Reliability 2020 Program, a plan to increase local control of our water future.

We understand the Water Reliability 2020 Program will double our recycled water efforts, double our conservation program, increase our water education programs and add twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase our local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Reduce our overall energy use through increasing conservation and recycling.
- Improve future water reliability for the coastal area of Los Angeles.
- Provide protection from the negative impacts of future droughts.
- Provide an emergency supply should imported water be temporarily cut off for any reason.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Help mitigate the effects of global warming.
- Improve our local water quality

For the above reasons, you can count on our organization as a positive supporter of the project, and look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Gene Rodrigues

1515 Walnut Grove
Rosemead, CA 91770
Phone 626 302-0801

CITY OF RANCHO PALOS VERDES

THOMAS D. LONG, MAYOR

ANTHONY M. MISETICH, MAYOR PRO TEM

BRIAN CAMPBELL, COUNCILMAN
DOUGLAS W. STERN, COUNCILMAN
STEFAN WOLOWICZ, COUNCILMAN

February 15, 2011

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

On behalf of the City Council of the City of Rancho Palos Verdes, I am pleased to offer our support for West Basin Municipal Water District's Water Reliability 2020 program. I want to thank you for working with City staff to review the details of the program and for taking the time to make a presentation to the City Council.

As proposed, the Water Reliability 2020 program will seek to double West Basin's water recycling efforts, maximize its conservation program, increase water education programs throughout West Basin's service area, and continue to pursue responsible ocean-water desalination as a new, locally controlled water source. I understand that one of the goals of the program is to increase the percentage of locally controlled water supplies from the current one-third level to two-thirds by 2020.

Given the well-established importance of water management and conservation throughout the history of California, the City of Rancho Palos Verdes heartily endorses the efforts of this program and wishes the District well in its pursuit of increased local water supply reliability and independence.

Sincerely,

Tom Long
Mayor

cc: City Council Members
City Manager

30940 HAWTHORNE BLVD. / RANCHO PALOS VERDES, CA 90275-5391 / (310) 544-5205 / FAX (310) 544-5291 / WWW.PALOSVERDES.COM/RPV

PRINTED ON RECYCLED PAPER

September 3, 2010

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

(Our organization)/ (I) recently received a presentation on (or read about) West Basin Municipal Water District's Water Reliability 2020 Program, a plan to increase local control of our water future.

(We) / (I) understand the Water Reliability 2020 Program will double our recycled water efforts, double our conservation program, increase our water education programs and add twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase our local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles.
- Protection from the negative impacts of future droughts.
- An emergency supply should imported water be temporarily cut off for any reason.
- Reduction of overall energy use through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on (our organization) / (me) as a positive supporter of the project, and look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Leo Chu, President
Hollywood Park Casino

3883 W. CENTURY BOULEVARD ♠ INGLEWOOD, CALIFORNIA 90303 ♠ (310) 330-2800 ♠ FAX: (310) 330-3308

El Dorado Enterprises, Inc.

August 17, 2010

Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd.
Suite 210
Carson, CA 90746

Dear Mr. Wildermuth:

I recently received a presentation on West Basin Municipal Water District's Water Reliability 2020 Program, a plan to decrease imported (Delta) water demand in the West Basin service area from 66% to 33% by 2020. After learning about your responsible approach to achieving this strategic water resource planning objective, I would like to offer my support for Water Reliability 2020.

As proposed, Water Reliability 2020 will double West Basin's water recycling efforts, maximize West Basin's conservation program, increase water education programs throughout your service area and responsibly pursue ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase West Basin's local controlled water supplies from one-third today to two-thirds by the year 2020. This program is crucial, as increasing our water reliability is important to the continued vitality of our region.

You can count on me to support Water Reliability 2020. I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Thomas H. Candy
President & General Manager

TC/dr

1000 West Redondo Beach Blvd., Gardena, California 90247
(310) 719-9800 • Fax (310) 630-1433

The New SEIU LOCAL 99
Stronger Together

Edward Reed
President

Barbara Torres
Vice President

Maggie Johnson
Treasurer

Virginia L. Valverde
Secretary

Bill A. Lloyd
Executive Director

Executive Board

County Office of Education

Ramon Capiral
Laine Mc Nally

Early Education

LaRonda Davison
Gayle Williams

Higher Education

Lori L. Annala
James Bradley
Daniel B. Casey
Carlos H. Diaz

Large Public K-12

Maggie Estell
Linda Herrington
Edward A. Nwadibia

Small Public K-12

Vilma Carrizales
Keryl Cartee-Mc Neely
Ron Cloutier
Michael Robertson

July 16, 2010

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

SEIU Local 99 recently received a presentation on West Basin Municipal Water District's Water Reliability 2020 Program, a plan to decrease imported (Delta) water demand in the West Basin service area from 66% to 33%, by 2020. After learning about your responsible approach to achieving this strategic water resource planning objective, we would like to offer our support for Water Reliability 2020.

As proposed, Water Reliability 2020 will double West Basin's water recycling efforts, maximize West Basin's conservation program, increase water education programs throughout your service area and responsibly pursue ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase West Basin's local controlled water supplies from one-third today to two-thirds by the year 2020. This program is crucial, as increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles County.
- Protection from the negative impacts of future droughts.
- An emergency water supply should imported water be temporarily cut off for any reason.
- Reduction of overall energy use through increase conservation and water recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Bill A. Lloyd
Executive Director

SEIU Local 99
2724 West 8th Street
Los Angeles, CA 90005
Phone: 213.387.8393
Fax: 213.388.4707
Website: www.seiu99.net

NORMANDIE
Casino

July 7, 2010

RON WILDERMUTH
Public and Governmental Affairs Manager
WEST BASIN MUNICIPAL WATER DISTRICT
17140 South Avalon Boulevard Suite 1200
Carson, California 90746-1296

Re: West Basin Water Reliability 2020 Program

Dear Mr. Wildermuth:

Normandie Casino recently learned of the West Basin Municipal Water District's Water Reliability 2020 Program. The goal of this plan is to decrease imported (Delta) water demand in the West Basin Service area from 66% to 33% by 2020. After learning about this responsible approach to achieving strategic water resource planning objectives, Normandie would like to offer its support for the Program.

As currently proposed, it appears to Normandie that the Water Reliability 2020 Program will double West Basin's water recycling efforts; maximize West Basin's conservation program; increase water education programs through the service area; and responsibly pursue ocean-water desalinization as a new locally controlled water supply. It additionally appears that Water Reliability 2020 will increase West Basin's local controlled water supplies from one-third today to two-thirds by the year 2020. This program may prove crucial as increasing our water reliability is important to the continued vitality of our region.

Our understanding of the program is that West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles County;
- Protection from the negative impacts of future droughts;
- It may provide for an emergency water supply should imported water be temporarily cut off for any reason;
- Reduce overall energy use through increase conservation and water recycling;
- Ease the strain on the Sacramento-San Joaquin Bay Delta;
- Assist Metropolitan Water District of Southern California in meeting future water needs;

1045 W. ROSECRANS AVENUE
GARDENA, CA 90247-2601
PHONE 310-352-3400
FAX 310-352-3538
WWW.NORMANDIECASINO.COM

- Provide a more reliable water supply at virtually the same cost as imported water;
- Mitigate the effects of any actual climate changes;
- Improve over time the quality of our water.

For the above reasons, you may count on Normandie's support for these laudable goals. We look forward to the seeing the benefits of the Water Reliability 2020 Program become reality.

Sincerely yours,

MICHELLE MILLER WAHLER
President

MMW/hp

Dell 15

JOHN ELWAY'S MANHATTAN BEACH TOYOTA SCION

June 25, 2010

Ron Wildermuth
Public & Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson CA 90746-1296

Dear Mr. Wildermuth,

Thank you for the presentation on your Water Reliability 2020 Program!

I understand that this strategic program will double our recycled water efforts, double our conservation volume and, combined with desalination, will add twenty million gallons per day to our water supply.

During this time of drought and with an ever uncertain water supply, we strongly support your efforts to make the South Bay more water independent. You can count on me as a positive supporter of the project as the Water Reliability 2020 Program becomes a reality.

Sincerely,

Darrell Sperber
General Manager
John Elway's Manhattan Beach Toyota

1500 North Sepulveda Boulevard | Manhattan Beach, CA 90266
Direct 310 546-4848 | Fax 310 546-6619 | manhattanbeachtoyota.com

PAUL K. TANAKA, *Mayor*
DAN MEDINA, *Mayor Pro Tem*
TASHA CERDA, *Councilmember*
RONALD K. IKEJIRI, *Councilmember*
RACHEL C. JOHNSON, *Councilmember*

CITY of GARDENA

1700 WEST 162nd STREET / GARDENA, CALIFORNIA 90247-3778 / PHONE (310) 217-9500

MARIA E. MARQUEZ-BROOKES, *City Clerk*
J. INGRID TSUKIYAMA, *City Treasurer*
MITCHELL G. LANSDELL, *City Manager*
PETER L. WALLIN, *City Attorney*

MINUTE RESOLUTION

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS:
CITY OF GARDENA)

I, MARIA E. MARQUEZ-BROOKES, City Clerk of the City of Gardena, California, do hereby certify that the City Council of said City, in regular session held April 13, 2010, adopted Minute Resolution No. 10-01 by a roll call vote as indicated:

> **"RESOLVED, that the City Council of the City of Gardena, California, does hereby extend its support of the Water Reliability 2020 Program planned by the West Basin Municipal Water District which, if implemented, would decrease imported (Delta) water demand in the West Basin service area from 66% to 33% by 2020. This would be accomplished through efforts to double water recycling efforts; to maximize West Basin Water's conservation program; to increase water education programs throughout the service area; and to responsibly pursue ocean-water desalination as a new locally-controlled water supply. Further, a few of the many local benefits of the 2020 Program includes improved water reliability for the coastal area of Los Angeles County; protection from the negative impacts of future droughts; an emergency water supply should imported water be temporarily cut off for any reason; and reduction of overall energy use through increase conservation and water recycling. All of the above is important to the continued vitality of Gardena and the entire region of the West Basin Municipal Water District."**

AYES: MAYOR PRO TEM MEDINA, COUNCIL MEMBERS JOHNSON AND CERDA, AND MAYOR TANAKA

NOES: NONE

ABSENT: COUNCILMAN IKEJIRI

This Minute Resolution is dated this 13th day of April, 2010.

Maria Elena Marquez Brookes
City Clerk of the City of Gardena, California

West Basin

RESOLUTION NO. 6248

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, SUPPORTING WEST BASIN'S WATER RELIABILITY 2020 PROGRAM FOR THE CITY OF MANHATTAN BEACH

WHEREAS, Southern California is facing a challenging water situation due to court-ordered water delivery cutbacks from the San Joaquin Bay Delta to Southern California, long-term drought on the Colorado River, below average rainfall, decreased runoff from the Sierra Nevada Mountain's snowpack, climate change; and

WHEREAS, the two-thirds of coastal Los Angeles County's current water demand is imported from the San Joaquin Bay Delta and the Colorado River, making the region vulnerable to mandatory conservation or water rationing in times of shortages; and

WHEREAS, Governor Arnold Schwarzenegger declared a statewide emergency in 2009 and called for immediate action to help preserve the region's water storage reserves; urging cities, counties, local public water agencies to achieve extraordinary conservation by adopting and enforcing drought ordinances, accelerating public outreach and messaging efforts and developing additional local supplies; and

WHEREAS, West Basin Municipal Water District is the wholesale supplier of water to retail customers in coastal Los Angeles County, and is responsible for delivering a reliable, safe, high-quality water supply; and

WHEREAS, in response to the long term challenges we face, West Basin will increase the region's local water supplies through Water Reliability 2020, a program that will double conservation and water recycling efforts, expand youth education programs and introduce additional ocean-water desalination opportunities to decrease dependence on imported water from two-thirds to one-third by 2020.

THEREFORE LET IT BE RESOLVED, that the City of Manhattan Beach strongly supports West Basin's efforts and the Water Reliability 2020 program.

SECTION 1. The City Clerk shall certify to the adoption of this resolution and thenceforth and thereafter the same shall be in full force and effect.

PASSED, APPROVED and ADOPTED this 6th day of April, 2010.

Ayes: Tell, Powell, Cohen, Montgomery and Mayor Ward.
Noes: None.
Abstain: None.
Absent: None.

/s/ Mitch Ward
Mayor, City of Manhattan Beach, California

ATTEST:

/s/ Liza Tamura
City Clerk

CITY OF MANHATTAN BEACH CALIFORNIA SUN SAND SEA

Certified to be a true copy of the original of said document on file in my office.

Deputy

City Clerk of the City of Manhattan Beach, California

Water Reliability 2020

Support for West Basin Municipal Water District's Water Reliability 2020 Program

As a fellow leader in the water industry, I understand the need for West Basin Municipal Water District's Water Reliability 2020 initiative. With circumstance such as population growth, returning water to the environment, impacts of global warming, possible future litigation, restrictions on water movement and other supply issues, I appreciate and support the direction West Basin has taken. Many other water agencies are also pursuing new water sources and more local control, which cumulatively will help all water users in California.

Signed: Virginia Gaddis

Title/Organization: EXECUTIVE VICE PRESIDENT / PARSONS

Date: APRIL 1, 2010

Please return completed form via FAX to (310) 217-2414 or email jennifers@westbasin.org.

RESOLUTION NO. 09-61

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU SUPPORTING WEST BASIN MUNICIPAL WATER DISTRICT'S WATER RELIABILITY 2020 PROGRAM

The City Council of the City of Malibu does hereby find, order and resolve as follows:

SECTION 1. Recitals.

A. Southern California is currently dependent on imported water from Northern California and the Colorado River to meet local water needs; these imported water supplies are becoming increasingly unreliable.

B. West Basin Municipal Water District (West Basin) has developed a program to reduce regional dependence on imported water from today's 66 percent down to 33 percent by the year 2020.

C. West Basin's Water Reliability 2020 program will double water recycling, double water conservation, expand education, and develop a new, emergency supply (of only 10%) of desalted ocean water.

D. West Basin is a public water agency that will expand all of its current sources of water to the maximum possible, and establish an Ocean Water Desalination Demonstration Project to test ways to recycle ocean water without harming the marine environment.

SECTION 2. The City Council of the City of Malibu supports West Basin's Water Reliability 2020 program because this Program will use less energy than importing water and provide water for future sustainable cities.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED this 9th day of November, 2009.

SHARON BAROVSKY, Mayor

ATTEST:

LISA POPE, City Clerk
(seal)

APPROVED AS TO FORM:

CHRISTI HOGIN, City Attorney

I CERTIFY THAT THE FOREGOING RESOLUTION NO. 09-61 was passed and adopted by the City Council of the City of Malibu at the regular meeting thereof held on the 9th day of November, 2009, by the following vote:

AYES:	5	Councilmembers:	Conley Ulich, Sibert, Stern, Wagner, Barovsky
NOES:	0		
ABSTAIN:	0		
ABSENT:	0		

Lisa Pope

LISA POPE, City Clerk
(seal)

WATSON LAND COMPANY

June 22, 2009

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

As the Vice President of Public Affairs for Watson Land Company, I was given a presentation on West Basin Municipal Water District's Water Reliability 2020 Program, a plan to increase local control of our water future.

I understand the Water Reliability 2020 Program will double our recycled water efforts, double our conservation program, increase our water education programs and add twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase our local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles.
- Protection from the negative impacts of future droughts.
- An emergency supply, should imported water to temporarily cut off for any reason.
- Reduction of overall energy use through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on Watson Land Company as a positive supporter of the program, and I look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Pilar Hoyos

Pilar Hoyos
Vice President, Public Affairs

PMH/mf

22010 SOUTH WILMINGTON AVENUE, CARSON, CALIFORNIA 90745 GENERAL OFFICE (310) 952-6400 FAX (310) 522-8788
http://www.watsonlandcompany.com

SOUTH BAY CITIES
COUNCIL OF GOVERNMENTS

5033 Rockvalley Road
Rancho Palos Verdes, CA 90275
(310) 377-8987
sbccog@southbaycities.org
www.southbaycities.org

June 8, 2009

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

The South Bay Cities Council of Governments (SBCCOG) recently received a presentation on West Basin Municipal Water District's Water Reliability 2020 Program, a plan to increase local control of our water future.

We understand the Water Reliability 2020 Program will double our recycled water efforts, double our conservation program, increase our water education programs and add twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase our local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improve water reliability for the coastal area of Los Angeles.
- Provide protection from the negative impacts of future droughts.
- Establish an emergency supply should imported water be temporarily cut off for any reason.
- Reduce overall energy use through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, over time.

For the above reasons, SBCCOG supports this project, and we look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Steve Diels, SBCCOG Chair
Councilman, City of Redondo Beach

CITY OF CULVER CITY

9770 CULVER BOULEVARD
CULVER CITY, CALIFORNIA 90232-0507
CITY HALL Tel. (310) 253-6000
FAX (310) 253-6010

ANDREW WEISSMAN
MAYOR

CHRISTOPHER ARMENTA
VICE MAYOR

COUNCILMEMBERS
D. SCOTT MALSIN
MICHEÁL O'LEARY
GARY SILBIGER

May 14, 2009

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

The City Council of the City of Culver City recently received a presentation on West Basin Municipal Water District's goals of the Water Reliability 2020 Program, a plan to increase local control of our water future.

The City Council understands the intent of the Water Reliability 2020 Program is to double our recycled water efforts, double our conservation program, increase our water education programs and add an estimated twenty million gallons-a-day of ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 is estimated to increase local control of water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region.

West Basin's Water Reliability 2020 Program is anticipated to provide the following local benefits:

- Improve water reliability for the coastal area of Los Angeles.
- Protect the region from the negative impacts of future droughts.
- Establish an emergency supply should imported water be temporarily cut off for any reason.
- Reduce overall energy use through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, over time.

For the above reasons, you can count on the City of Culver City as a positive supporter of the intent of this project, and look forward to seeing the Water Reliability 2020 Program evolve.

Sincerely,

Andrew Weissman
Mayor

8333 Airport Blvd. • Los Angeles, CA 90045
PHONE (310) 645-3637
FACSIMILE (310) 645-0308

Local Union South Bay
International Brotherhood of Electrical Workers

May 5, 2009

Mr. Ron Wildermuth
Public and Government Affairs Manager
West Basin Municipal District
17410 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

I.B.E.W. Local No. 11 recently received a presentation on West Basin Municipal Water Districts Water Reliability 2020 Program, a plan to increase local control of our water future.

We understand the Water Reliability 2020 Program will double our recycled water efforts, double our conservation program, increase our water education programs and add twenty million gallon-a-day of ocean water desalination as a new locally controlled water supply. Water Reliability 2020 will increase our local control of our water supplies from one-third today to two-thirds by the year 2020. Increasing our water reliability is important to the continued vitality of our region

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal are of Los Angeles.
- Protection from the negative impacts of future droughts.
- An emergency supply should imported water be temporarily cut off for any reason.
- Reduction of overall energy used through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California in meeting future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on I.B.E.W. local No. 11 as a positive supporter of the project, and look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Gaylord R. Roten
Business Representative
International Brotherhood of Electrical Workers Local Union 11

VEOLIA
WATER

September 24, 2008

Mr. Ron Wildermuth
Public and Governmental Affairs Manager
West Basin Municipal Water District
17140 S. Avalon Blvd. Suite 210
Carson, CA 90746-1296

Dear Mr. Wildermuth:

Veolia Water North America recently received a presentation on West Basin Municipal Water District's Water Reliability 2020 Program, a plan to increase local control of our water future.

We understand the Water Reliability 2020 Program will triple our recycled water efforts, double our conservation program, increase our water education programs and add ocean-water desalination as a new locally controlled water supply. Water Reliability 2020 will increase our local control of our water supplies from one-third today to two-thirds by the year 2020. This increase in water reliability is key to the continued vitality of our region.

West Basin's Water Reliability 2020 Program will provide the following local benefits:

- Improved water reliability for the coastal area of Los Angeles.
- Protection from the negative impacts of future droughts.
- An emergency supply should imported water be temporarily cut off for any reason.
- Reduction of overall energy use through increasing conservation and recycling.
- Ease the strain on the Sacramento-San Joaquin Bay Delta.
- Assist Metropolitan Water District of Southern California meet future water needs.
- Provide a more reliable water supply at virtually the same cost as imported water.
- Mitigate the effects of global warming.
- Improve our local water quality, overtime.

For the above reasons, you can count on Veolia as a positive supporter of the project, and look forward to seeing the Water Reliability 2020 Program become a reality.

Sincerely,

Craig M. Watkins
Senior Vice President
Veolia Water North America

Veolia Water Constructors, Inc.
3010 Old Ranch Parkway, Suite 350, Seal Beach, CA 90740
Tel 562 430-8133 / 562 430-8132 fax
www.veoliawaterna.com

Additional Proposal Information

(This is as uploaded, a blank page will show if nothing was submitted)

Harbor South Bay Water Recycling Project Details.pdf

Currently, West Basin is seeking a modification that would raise the authorization ceiling of the existing Project from $35 million to $70 million in order to deliver recycled water to areas not currently served by the Project by building additional laterals, pump stations, and treatment facilities. Specifically, the modification will allow West Basin to: 1) complete the pipeline delivery system for maximum delivery of recycled water by constructing ten new pipeline laterals, 2) construct additional satellite treatment facilities and pump stations in order to ensure water quality and meet the needs of individual water users, and 3) expand the microfiltration capacity at the Edward C. Little Water Recycling Facility in order to maximize recycled water production, improve overall water quality, and increase local water reliability. To achieve this goal, West Basin is proposing to construct fifteen new and vital projects.

New Pipeline Laterals: The proposed modification for the Project would help fund the construction of ten new lateral pipelines that would deliver recycled water to priority high volume water users throughout the Harbor/South Bay Region. Once completed, these lateral projects would deliver approximately 6,251 acre-feet per year (AF/y) of drought-proof recycled water, to the Cities of Carson, Torrance, Rolling Hills Estates, Rolling Hills, Rancho Palos Verdes, Palos Verdes Estates, Gardena, Inglewood, Lawndale, Culver City and unincorporated portions of Los Angeles County. Please see the attached map, Exhibit A. Specifically, these lateral pipeline projects include:

1. **Cal Trans 405/Figueroa Lateral.** This 0.2-mile pipeline project would provide 24 AF/y of recycled water to a high-visibility site located at the interchange of the 405 and 110 freeways.

2. **Carson Street Lateral Extensions – East.** This project would require a 0.5-mile pipeline and would deliver 48 AF/y of recycled water to three sites including Carnegie Middle School, Calas Park, and the Caltrans 405 onramp.

3. **Carson Street Lateral Extension – West.** This 1-mile pipeline project would provide 45 AF/y of recycled water to three sites including Carson High School, White Middle School, and the City of Carson Veteran's Park.

4. **Palos Verdes Lateral.** This project would provide an additional 450 AF/y of recycled water to numerous high-volume water use sites throughout the Palos Verdes Peninsula and would extend the existing Madrona Lateral project to a currently underutilized section of the recycled water distribution system. The completion of this project would provide numerous benefits, including improved water quality, additional water pressure to the system, and a more sustainable water supply available to a high water use area.

5. **Palos Verdes Golf Course Lateral.** This project would extend the Anza I and II laterals, previously constructed in partnership with the U.S. Army Corps of Engineers, 2.5 miles and would deliver an additional 200 AF/y of recycled water to the Palos Verdes Golf Course, which has already been retrofitted and is ready to utilize recycled water.

6. **Kenneth Hahn Park Lateral.** This project would extend the distribution system to the north and would deliver approximately 454 AF/y of recycled water to numerous high-volume water use sites including Ladera Park, Plains Exploration and Production (PXP, oil and gas) and Norman Houston Park. This pipeline would be positioned for additional future development of Holy Cross Cemetery, Culver City, and the Baldwin Hills Overlook.

7. **Larch Avenue Park Lateral.** This project would extend an existing pipeline to reach Larch Avenue Park in the City of Lawndale and would deliver 3 AF/y of recycled water.

8. **North Gardena Lateral.** This 1-mile pipeline project would extend the existing distribution system further into the City of Gardena and would

deliver 17 AF/y of recycled water to two sites in a disadvantaged community (Fukai Park and Peary Middle School).

9. **Torrance Transit Center Lateral.** This 0.5-mile pipeline would deliver 10 AF/y of recycled water to the Transit Center.

10. **Tesoro Wilmington/Air Products Lateral.** These industrial customers have the potential to conserve enough water to serve 10,000 typical homes by converting to recycled water. Once completed, this pipeline project would deliver 5,000 AF/y of recycled water.

New Pipeline Lateral TOTAL 6,251 AF/y

Satellite Treatment and Pump Stations: In order to guarantee water quality and maximum recycled water deliveries to West Basin's commercial, industrial, and landscape irrigation customers, West Basin will be required to provide additional satellite wastewater treatment and disinfection at strategic locations throughout the Harbor/South Bay Project. Ensuring the quality of recycled water is key to expanding its use to future new customers. The following projects are included in the modification proposal:

11. **Madrona Lateral Disinfection Stations.** This project includes the construction of three disinfection stations along the existing Madrona Lateral, which would systematically inject chlorine to maintain adequate residuals in the recycled water distribution system. This project would have numerous benefits, including improved water quality, eliminating odor issues, and potentially expanding delivery to customers in the City of Torrance.

12. **Microfiltration Expansion at Carson Satellite Plant.** This project would increase the microfiltration treatment capacity, allowing the system to

delivery an additional 2,000 AF/y of recycled water to Tesoro refinery in the City of Carson.

13. **Exxon Mobil Supplemental Second Pass Reverse Osmosis System and Microfiltration System Replacement.** The addition of Second Pass Reverse Osmosis will improve the water quality delivered to Exxon Mobil. The System Replacement would update a 15-year-old microfiltration system, creating a more efficient system that would improve water quality.

Satellite Treatment and Pump Stations TOTAL 2,000 AF/y

Edward C. Little Water Recycling Facility Microfiltration Capacity Expansion: This facility is the largest water recycling facility of its kind in the world and delivers recycled water for non-potable uses all over the region. It is the only public water purification facility that produces five types of "designer" recycled water to meet the region's needs. As the drought continues, an increased supply of recycled water conserves valuable drinking water supplies. The following projects are included in the modification proposal:

14. **Evoqua Expansion – Phase IV Microfiltration.** This project would include constructing two additional basins with each basin accommodating thirteen racks of microfiltration membranes, which will increase this individual system's microfiltration capacity by 33 percent. The benefits include operational reliability, redundancy, and flexibility in ensuring a reliable supply of water to the West Coast Basin Seawater Barrier, which serves to protect the local aquifer from seawater contamination. This will increase capacity of this individual treatment train from approximately 8 million gallons per day (8,945 AF/y) to 10.64 million gallons per day (11, 899 AF/y), for a total increase of 2,954 AF/y.

15. **Pall Expansion – Phase V Microfiltration.** This project would include the installation of two additional racks of microfiltration membranes, which will increase this individual system's microfiltration capacity by an additional 33 percent. The benefits include operational reliability, redundancy, and flexibility in ensuring a reliable supply of water to the West Coast Basin Seawater Barrier. This will increase capacity of this individual treatment train from 7.5 million gallons per day (8,395 AF/y) to 9.97 million gallons per day (11,165 AF/y), for a total increase of 2,770 AF/y.

Microfiltration Capacity Expansion TOTAL 5,724 AF/y

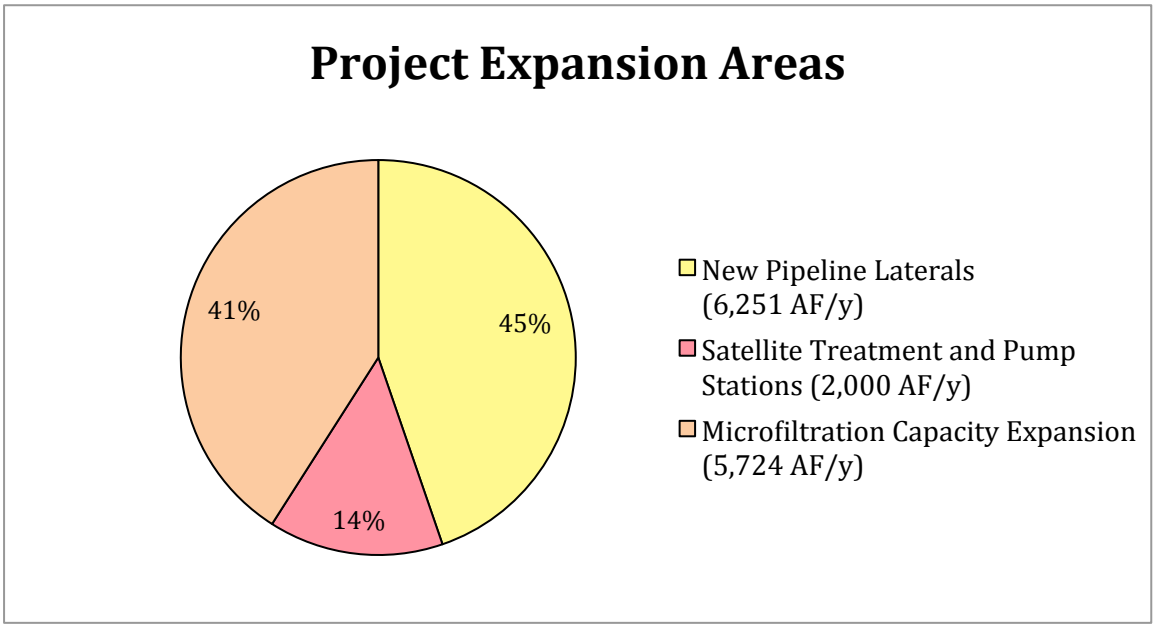

Figure 1

OVERALL TOTAL 13,975 AF/y

Through the expansion of the Project, West Basin will deliver an additional 13,975 AF/y, which roughly equates to an additional 4.5 billion gallons per year of recycled water to the region. Drought, climate change, and a growing population all put a strain on the already scarce and fragile water supply. By increasing the

authorization ceiling through this modification, the U.S. Army Corps of Engineers will help ensure an adequate water supply for the Los Angeles region that meets current and future demands.

Additional Proposal Information

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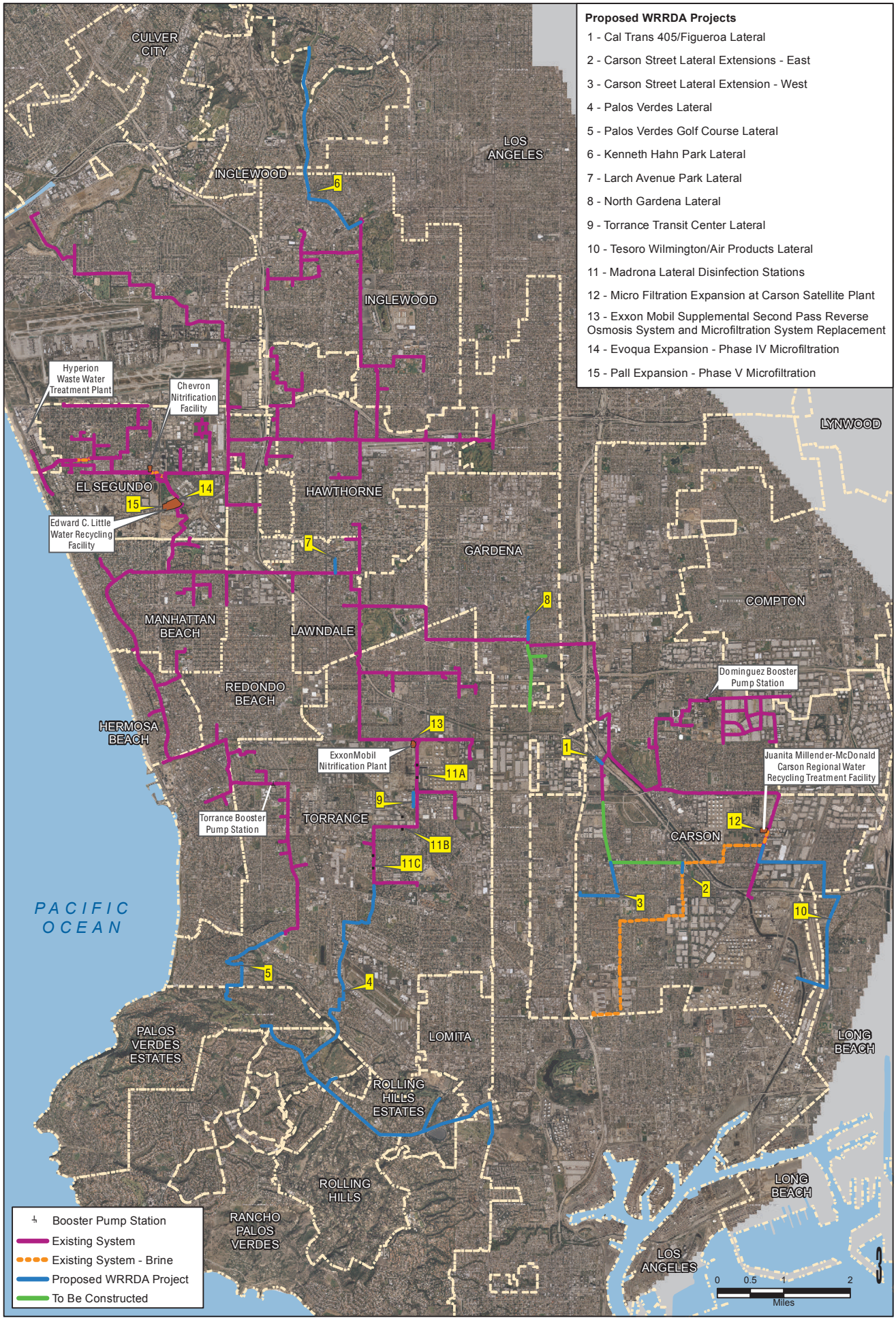
Harbor South Bay Water Recycling Project Map.pdf

West Basin Municipal Water District
Harbor South Bay Water Recycling Project



Additional Proposal Information

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West Basin Municipal Water District - Moody's Bond Rating.pdf

MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aa2 rating to West Basin Municipal Water District's, CA, $16.7M refunding bonds

Global Credit Research - 06 May 2013

Affirms outstanding Aa2 on $209M senior lien bonds and Aa3 on $123M subordinate lien bonds

WEST BASIN MUNICIPAL WATER DISTRICT, CA
Storm Water Enterprise
CA

Moody's Rating

ISSUE	RATING
Refunding Revenue Bonds, Series 2013A	Aa2

Sale Amount $16,700,000
Expected Sale Date 05/14/13
Rating Description Revenue: Government Enterprise

Moody's Outlook NOO

Opinion

NEW YORK, May 06, 2013 --Moody's Investors Service has assigned an Aa2 rating to West Basin Municipal Water District's $17 million Refunding Revenue Bonds, Series 2013A. We have also affirmed the Aa2 on the district's outstanding senior lien bonds affecting $209 million in debt and the Aa3 rating on the district's outstanding subordinate bonds, in the amount of $123 million. The bonds are secured with net revenues of the district.

RATINGS RATIONALE

The rating reflects this water wholesaler's large, coastal Los Angeles County service area and the improving financial operations that include higher debt service coverage levels and higher unrestricted reserves. The senior lien debt service coverage is healthy but despite the recent improvement, total debt service coverage is a weakness relative to similarly-rated enterprises. The District's strong reserves largely offset this weakness. The proceeds along with other available funds will be used to refund up to $35 million of the district's senior lien debt obligations.

KEY CREDIT STRENGTHS

-Large, coastal Los Angeles County service area with generally high income levels

-Strengthening financial operations

-Fairly healthy senior lien debt service coverage

-Strong reserves

-Modest operating risk

KEY CREDIT CHALLENGES

-Modest total debt service coverage

-Exposure to California water supply issues

DETAILED CREDIT DISCUSSION

SYSTEM SERVES COASTAL LOS ANGELES COUNTY COMMUNITIES HIGHLY DEPENDENT ON ITS SUPPLIES

West Basin Municipal Water District is a water wholesaler providing imported and "recycled" supplemental water supplies to coastal Los Angeles County communities. While technically its supplies are supplemental to its customers' own supplies, District sales represent about 80% of its service territory's potable and non-potable water use. The District's primary customers are eight retail water suppliers and Water Replenishment District of Southern California with approximately 200,000 customers in 17 cities. The overall population served is substantial at approximately one million. The socioeconomic profile of this population is very broad, though overall moderately above the state average. While residents of some of the cities served are very wealthy (e.g. Rolling Hills, Malibu, Palos Verdes) a large portion of the population is in cities with more modest profiles (e.g. Inglewood, Carson, Hawthorne).

The District's fresh water supply source is the Metropolitan Water District of Southern California (Metropolitan), of which the District is a member agency and fourth largest customer. In fiscal 2011, the District purchased 113,366 acre-feet from Metropolitan. To the extent that Metropolitan suffers supply shortages, the District would be directly affected. However, Moody's believes that significant shortages will be avoided owing to Metropolitan's successful long-term, capital investments in storage programs and facilities. Maintaining long-term supply sufficiency, however, will be a continuing challenge, particularly if northern California's Bay-Delta suffers additional regulatory cutbacks.

NARROW, TOTAL DEBT SERVICE COVERAGE BUT STRONG RESERVES AND MODEST OPERATING RISK

The District's primary costs are for water supplies, the cost of which it passes through to its customers with just a $117 surcharge for its own operations. While the District has an active wastewater recycling program, it represents approximately 20% of the District's operating revenues and the treatment plants are operated on a contract basis. The District only directly employs 36 people. As of fiscal 2012 year-end, the District's unrestricted cash reserves were sizable at $67 million, or a strong 52% of its operating expenditures for the year. Given that much of the District's operations involve resale of purchase water, these reserves provide even greater financial flexibility to the District's more direct operations. By comparison, the District's total debt service in fiscal 2012 was $24.2 million. The District's projected financial operations appear reasonably balanced and no significant change in its reserve position is expected.

Senior lien debt service coverage alone is healthy, though somewhat below average for the rating level at about 2.24x in 2012. This is up from 1.78x in 2011 and is projected to increase to an expected 2.46x in the next five years. In 2012 net revenues provided 1.48x times coverage of total debt service, which remains low for the rating level, but is a big improvement over the previous year's 1.18x. The District projects total debt service to increase to 1.6x in the next five years. These reasonable projections are based on rate increases and stable demand. They also reflect likely rate increases from Metropolitan, which will be passed through. The positive credit implications of the District's stable operations and high reserve levels outweigh its total debt service coverage, which is narrow for the rating level. Increases in the surcharge are also part of the projected rates and past increases in surcharges boost the likelihood of future increases. While total coverage levels are below average for an Aa2-rated water enterprise, the District has a healthy reserve position and only modest operating risk. However, these reserves of approximately $67 million or up from the $58 million of the previous year, but have decreased by approximately $15 million since 2007. We do not anticipate further declines in the near term. Decrease in reserves in time may no longer offset the inherent weakness of the District's overall coverage levels. Therefore, it is important for the District to achieve its debt service coverage projections to preserve credit strength, particularly with respect to the subordinate lien bonds.

The District's long term CIP of $118 million is dominated by recycled water programs ($106 million). The District's commitment to recycled water is strong and in the next five years the sale of recycled water is projected to reach 25% of total operating revenues. Water nitrification facilities are expected to cost $76 million through 2014, however, the cost will be incurred by Los Angeles Department of Water and Power (LADWP), who will be the recipient of the nitrified water. In addition, the District will receive a $43 million capacity payment from LADWP.

MODEST VARIABLE RATE EXPOSURE; MORE DEBT TO COME IN THE NEAR TERM

The District's $30 million variable debt exposure represents only about 10% of its total debt outstanding. These COPs are hedged with variable to fixed rate swaps. The rating termination triggers for the swap are a function of the District's and swap provider's ratings, with termination occurring if either rating falls below Baa1. The swaps are provided by Citibank, N.A., rated A3/P-2. As of, May 1, 2013 the swaps had negative values to the District of

$4.87 million.

The District's current debt ratio is high compared to the typical municipal water enterprise at 60.3%, but this relative weakness is not unusual for a water wholesaler.

The legal covenants are weak. Both, the Additional Bonds Test and rate covenant are only 1.15x. for senior lien and 1.0x for all debt.

The current series does not benefit from a reserve fund. The proceeds of the current debt along with other available funds will be used to refund up to $35 million of outstanding senior debt maturing through 2030. These refunding bonds will mature in 2016. Given the shortness of the debt, the lack of a debt service reserve does not pose a significant weakness.

What could make the long term rating go UP

-Improved debt service coverage levels.

-Stronger liquidity position.

What could make the long term rating go DOWN

-Weaker debt service coverage levels.

-Tightening of water supply.

KEY STATISTICS

Population served: one million

Operating ratio, FY 2012:79.9%

Debt ratio, FY 2012: 60%

Senior lien debt service coverage, 2012: 2.24x

The principal methodology used in this rating was Analytical Framework For Water And Sewer System Ratings published in August 1999. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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West Basin Municipal Water District Annual Report (2014).pdf

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2014

Providing a safe and reliable supply of high quality water to the communities we serve.

WEST BASIN MUNICIPAL WATER DISTRICT » Carson, CA

WEST BASIN MUNICIPAL WATER DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2014

Prepared by: Finance Department
Margaret Moggia, CPA
Chief Financial Officer

17140 S. Avalon Blvd., Suite 210
Carson, CA 90746
www.westbasin.org

Table of Contents **Page**

INTRODUCTORY SECTION

Transmittal Letter 1
GFOA Certificate of Achievement 7
Organizational Chart 8

FINANCIAL SECTION

Independent Auditors' Report 9
Management's Discussion and Analysis (Required Supplementary Information) 12
Basic Financial Statements:
Statement of Net Position 20
Statement of Revenues, Expenses and Changes in Net Position 23
Statement of Cash Flows 24
Notes to Financial Statements 26

STATISTICAL SECTION

Net Position Last Ten Fiscal Years 51
Changes in Net Position Last Ten Fiscal Years 52
Operating Revenues by Source Last Ten Fiscal Years 55
Operating Expenses by Source Last Ten Fiscal Years 56
Capital Contributions by Source Last Ten Fiscal Years 58
Payors - Potable Water Sales for the Current Year and Nine Years Prior 59
Payors - Recycled Water Sales for the Current Year and Nine Years Prior 60
All Water Sold in Acre-Feet Last Ten Fiscal Years 61
All Water Sales to Customers in Acre-Feet Last Ten Fiscal Years 62
Recycled Water Sales in Acre-Feet Last Ten Fiscal Years 64
Average Water Rates Per Acre-Foot Last Ten Fiscal Years 65
Imported Water Rates for the Years Ended June 30, 2013 and 2014 66
Outstanding Debt to Capital Assets Last Ten Fiscal Years 67
Annual Debt Payments to Expenses Last Ten Fiscal Years 68
Standby Charge and Capital Fixed Revenue Charge Last Ten Fiscal Years 69
Debt Coverage Last Ten Fiscal Years 70
Ten Largest Employers Within West Basin Service Calendar Year 2013 and Seven Years Prior 72
Population and Economic Statistics Last Ten Calendar Years 73
Demographics 74
Recycled Water Users for the Fiscal Year Ended June 30, 2014 75
General Operating Information for the Fiscal Year Ended June 30, 2014 76

COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION

WEST BASIN MUNICIPAL WATER DISTRICT
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746
(310) 217-2411
www.westbasin.org

December 1, 2014

TO THE BOARD OF DIRECTORS AND CUSTOMERS OF WEST BASIN MUNICIPAL WATER DISTRICT:

West Basin Municipal Water District (West Basin) staff is pleased to present the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year 2013-2014, which ended June 30, 2014.

The CAFR is intended to provide the Board of Directors, West Basin's customers, the public and interested parties with a broad financial outlook of West Basin. This report is also prepared for the purpose of meeting California law requiring special districts to submit an audited annual financial report to the State Controller within six months after the end of the fiscal year.

This report was prepared pursuant to the guidelines set forth by the Governmental Accounting Standards Board (GASB). For the last eight years, West Basin has submitted the CAFR and received Excellence in Financial Reporting award from the Government Finance Officers Association (GFOA).

West Basin staff prepared this financial report in conjunction with Independent Auditors' Report issued by Mayer Hoffman McCann P.C. The independent auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction, overview and analysis of the basic financial statement. MD&A complements this letter of transmittal and should be read in conjunction with it.

This report consists of management's representations concerning the finances of West Basin. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report to the best of our knowledge.

ABOUT WEST BASIN MUNICIPAL WATER DISTRICT

West Basin Municipal Water District (West Basin) is a special district of the State of California and an innovative, award-winning public agency that provides drinking and recycled water, water efficiency and water education programs to its approximately one million residents within a 185-square mile service area. West Basin purchases imported water from the Metropolitan Water District of Southern California (MWD) and sells the imported water to cities, water agencies, and private water companies in coastal Los Angeles County.

To protect our local groundwater aquifer from seawater intrusion, West Basin currently provides highly purified recycled water to the Water Replenishment District of Southern California (WRD) for injection into the West Coast seawater barrier. The seawater barrier protects and augments $200 million dollars' worth of local groundwater supplies.

West Basin is currently executing a Board-adopted Strategic Business Plan with the goal of building more local control and reliability into our local water supply. Through the 2008 Board-adopted Water Reliability 2020 Program (WR 2020), West Basin is currently expanding production of locally-produced water by doubling water recycling and conservation programs and planning to add 10% of future water supplies from ocean-water desalination. In late 2010, West Basin opened its Ocean-Water Desalination Demonstration Facility Water Education Center to the public to share Southern California's water story, teach the community about local supplies, and conduct scientific research on ocean-water desalination.

West Basin continues to invest in staff, operations and programs to maintain high standards within our workforce and reach out to the community even more through conservation, outreach, education, community partnerships, local business opportunities and other programs focused on providing value to our service area.

BOARD OF DIRECTORS

Five publicly-elected officials serve as West Basin's Board of Directors. Voters in each of the five divisions from Malibu to Palos Verdes and El Segundo to Carson, elect one director to serve a four-year term. The West Basin Board then appoints two representatives to serve on the 37-member Metropolitan Board of Directors.

The two representatives currently serving on the Metropolitan Water District Board of Directors are Donald L. Dear and Gloria D. Gray.

Donald L. Dear
PRESIDENT | DIVISION V
MWD Representative

Gloria D. Gray
VICE PRESIDENT | DIVISION II
MWD Representative

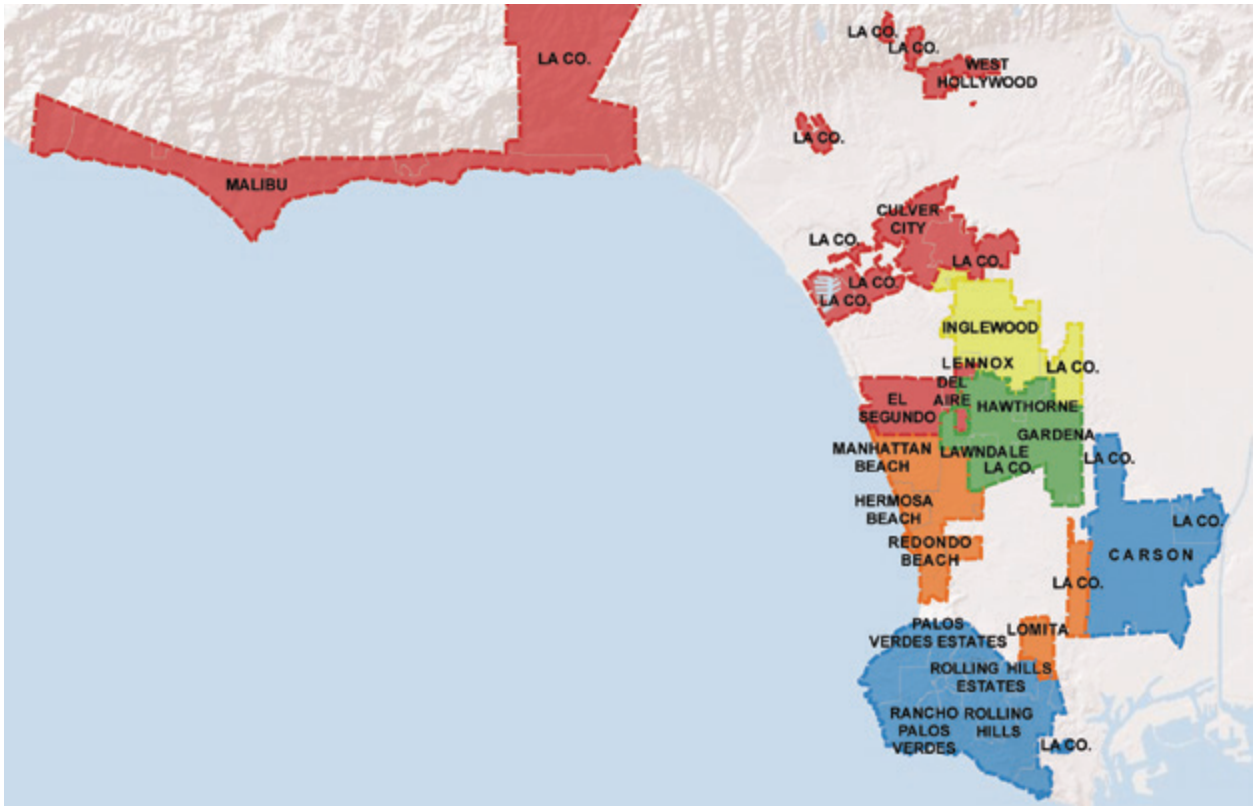
Ronald C. Smith
TREASURER | DIVISION I

Carol W. Kwan
DIVISION III

Edward C. Little
DIVISION IV
(Resigned on May 20, 2014)

SERVICE AREA

West Basin Municipal Water District serves a diverse population of nearly one million people in 17 cities and parts of unincorporated coastal Los Angeles County. West Basin has a 3:1 resident-to-business ratio and an average median income of $67,000. The community income diversity ranges from approximately $23,000 in Westmont to approximately $200,000 in Rolling Hills *(Source: 2000 census).*



HISTORY

As early as 1918, the levels in local groundwater basins were dropping so low that salt water from the ocean was seeping in and contaminating groundwater. Lawns in coastal Los Angeles were dying from salty water, and well water was so salty it was often undrinkable. In the 1940s, studies showed that the local groundwater aquifer was being depleted at a much faster rate than it was being recharged or refilled. Each year, the aquifer was being over drafted by millions of gallons - more water was taken out than was put back in.

At that time, one solution was to supply the region with imported water through Metropolitan Water District of Southern California (MWD). In 1947, West Basin was formed by a vote of the people to serve as a wholesale agency to distribute water throughout its service area. In 1948, West Basin became a member agency of MWD, an agency that imported water from the Colorado River, and later would also import water from Northern California. Since that time, West Basin served its customer agencies and communities solely as a wholesaler of imported water.

As a result of the extreme drought of the late 1980s and early 1990s, West Basin leaders decided to diversify the agency's water portfolio to include conservation and water reuse to provide a more reliable supply of water for future generations. Early efforts included building the world's most unique water recycling facility that would convert treated wastewater into different types of high-quality recycled water suitable for groundwater recharge, irrigation, municipal, industrial, and commercial uses.

The benefits generated by the water recycling facility include more affordable water rates for customers, a reliable, locally-controlled supply of recycled water, reducing energy use by importing less water from hundreds of miles away, reducing wastewater and biosolids discharged to the ocean, and use of wastewater as a sustainable water resource. The drought of the early 1990s also increased awareness about water conservation and resulted in West Basin's addition of conservation as a new water supply alternative. West Basin currently offers free indoor and outdoor programs for residents and businesses to reduce their consumption of water and maximize water use efficiency.

Today, West Basin is an international water industry leader, hosting visitors from around the globe. West Basin is focused on providing value to its customers and delivering water reliability for the region through a diverse supply of water that includes imported, recycled, desalted and conserved water. All West Basin departments contribute to the agency meeting the goals and objectives of the Board of Directors Strategic Business Plan.

FINANCIAL INFORMATION

Accounting System

As required by Generally Accepted Accounting Principles for enterprise funds, accounts are maintained and financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows. West Basin's Finance department is responsible for the overall accounting, finance and administrative functions, which include cash management, treasury and debt management, accumulation and processing of accounting information, financial reporting, information technology and contracts administration.

Internal Controls

West Basin's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management uses cost estimates and judgments to attain reasonable assurance as to the adequacy of such controls.

Budget Process and Controls

Public agencies develop budgets as both a performance tool and to demonstrate accountability to its stakeholders. West Basin's budget is developed in accordance with the priorities, goals and objectives established by the Board of Directors through its Strategic Plan. The Strategic Plan provides direction for planning, budgeting, implementation, evaluation and reporting. The General Manager communicates the goals and objectives with his senior staff to ensure the budget includes the monetary requirements necessary to achieve the goals and objectives set within the Strategic Plan.

The budget is also used as a communication tool. Interested parties, such as bond holders, credit rating agencies, and customers can review the budget to obtain a wide variety of information on West Basin's short- and long-term strategic planning, financial policies, and the current and future fiscal stability. For West Basin, the budget shows how the agency invests its revenues derived from user fees and fixed revenue sources to support its mission, goals and programs.

West Basin is not required to adopt a budget and therefore does not appropriate its fund. However, as a good business practice, West Basin prepares, adopts, monitors, and reports budgeted information.

Credit Rating and Debt Coverage
The latest credit rating from Moody's and Standards & Poor's is Aa2 and AA-, respectively. In order to maintain these ratings, West Basin has internally set budgeted debt coverage goals, updated financial policies and updated rates as appropriate. West Basin's Board of Directors has approved a number of financial policies to effectively manage the agency. Other non-financial policies are maintained by West Basin through its Administrative Code and are reviewed periodically to ensure compliance with legal statutes. These efforts lend to a solid management focus on fiscal policies and metrics and have assisted West Basin to receive strong credit ratings and allow West Basin to obtain low-cost financing for its capital projects. Please refer to Table 16 of the Statistical Section for the 10-year historical information on West Basin's debt coverage.

To maintain its financial strength, West Basin developed a Long-Range Financial Model. The model uses the current fiscal year budget, incorporates multiple year revenue and expense assumptions used to address anticipated operating and capital expenditures, and result in a dynamic financial model for West Basin. The capital recycled water expenditures are based on the Capital Improvement Program and estimates for the Ocean-water Desalination program costs. In addition, the model provides the basis for certain criteria to be incorporated into financial policy development, such as debt management, swap and designated fund levels. West Basin continues to monitor its assumptions to actual to ensure it remains a financially healthy organization.

Source of Revenue
West Basin primarily receives its source of revenue from imported and recycled water sales. Imported water sales and charges totaled $135 million for the fiscal year ending June 30, 2014, while recycled water sales amounted to $42 million for the same period. More detailed information regarding West Basin's revenues is presented in the statistical section –Table 6: Payors-Potable Water Sales and Table 7: Payors-Recycled Water Sales.

Water Rates
West Basin establishes rates and charges annually through a resolution by the Board of Directors. The statistical section provides more detailed information about the rates under Table 11: Average Water Rates Per Acre-Foot (Last Ten Fiscal Years) and Table 12: Imported Water Rates.

DESIGNATED FUNDS

West Basin categorizes its funds into either unrestricted or restricted. Unrestricted funds consist of designated funds that can be used for any lawful purpose at the discretion of the Board of Directors. The monies held within designated funds can be shifted or re-allocated at any time at the Board of Directors' direction. In October 2013, the West Basin Board approved a revised Designated Fund Policy that combined certain funds, and clarified certain language. The core funds include Operating Liquidity Fund, Operating Contingency Fund, Capital Contingency Fund, and the Rehabilitation & Replacement Fund. In addition, West Basin maintained its System Expansion Fund, Rate Stabilization Fund and added a new designated fund, the Standby Charges Defeasance Fund, to account for the new policy.

Restricted funds consist of funds with external restrictions imposed by creditors, grantors, contributors, or by laws or regulations of government and can only be used for a designated purpose. Currently, West Basin's restricted funds are the Bond Reserve Funds and custodial cash accounts.

WEST BASIN STAFF SERVICES

West Basin currently employs 40 full-time persons, of whom 24 work in the operations, planning, communications and engineering departments and 16 work in accounting or administration.

ACKNOWLEDGEMENTS

We would like to thank the members of the Board of Directors for their continued support in the completion of this document and the implementation of projects throughout the year and recognize members of the finance staff who contributed to this report.

Respectfully,

Richard Nagel
General Manager

Margaret Moggia
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Basin Municipal Water District

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

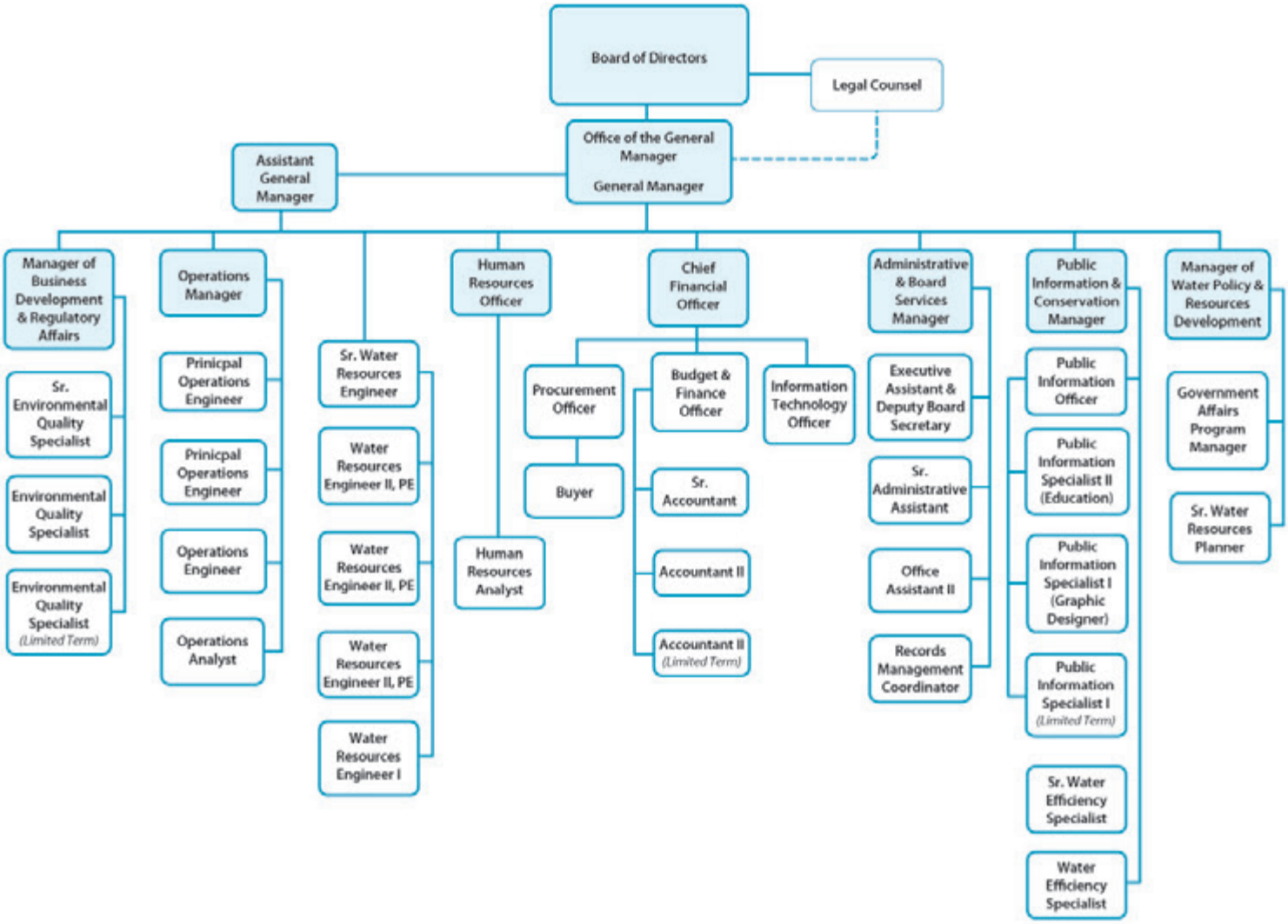
June 30, 2013

Executive Director/CEO

WEST BASIN MUNICIPAL WATER DISTRICT

ORGANIZATIONAL CHART

July 2014



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION

Mayer Hoffman McCann P.C.
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Board of Directors
WEST BASIN MUNICIPAL WATER DISTRICT

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the West Basin Municipal Water District (District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2014, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described further in note eleven to the financial statements, during the year ended June 30, 2014, the entity implemented GASB Statement No. 65. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the District's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *management's discussion and analysis* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to *management's discussion and analysis* in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The *introductory section* and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mayer Hoffman McCann P.C.

Irvine, California
October 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2014

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the West Basin Municipal Water District (or "West Basin") provides an introduction to the financial statement of West Basin for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the introductory section, the basic financial statements and related notes which follow this section.

FINANCIAL HIGHLIGHTS

- West Basin's Net Position increased by $14.5 million, or 4.1% from the prior year. During the year, West Basin implemented GASB Statement No. 65 resulting in a prior period adjustment of $3.5 million to write off all bond issuance costs. The net overall change in Net Position was $11 million.

- West Basin's total operating revenue increased by $15 million, or 9.0% from the prior year.

- During the year, West Basin borrowed an additional $26.3 million from the 2010A Adjustable Rate Revenue Certificates of Participation ("2010A") to pay off the entire outstanding balance of the 2008A Adjustable Rate Refunding Revenue Certificates of Participation ("2008A COPS"). The transaction resulted in overall economic gain (difference between the present values of the old and new debt service requirements) of $796,476.

- During the year, West Basin amortized and contributed $3.7 million to the California Employers Benefit Retirement Trust resulting in the balance of all unfunded OPEB liability to be paid.

- During the year, West Basin completed the $81 million Phase V Recycling Water Facility Expansion project. The Phase V project is expected to increase Barrier water production by up to an additional 5 million gallons per day ("MGD"), increase additional 20 MGD pretreatment capacity within Title 22 system and provide 0.5 MGD Low-Pressure Boiler Feed system capacity to El Segundo Energy Center ("NRG").

- Capital contributions to West Basin were approximately $16.4 million for the year which included $8.3 million from NRG to pay for the construction of the additional recycling facility and pipeline that supported NRG.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of West Basin using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of West Basin's Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources with the difference between the four reported as Net Position. Net Position is displayed in the following categories: Net Investment in Capital Assets and Unrestricted Net Position. This statement provides the basis for evaluating the capital structure of West Basin and assessing the liquidity and financial flexibility of West Basin.

The Statement of Revenues, Expenses and Changes in Net Position present information that shows the result of West Basin financial performance during the year. All of the current year's revenues and

expenses are accounted for in this statement. The Statement measures the success of West Basin's operations over the past year and determines whether West Basin has recovered its costs through user fees and other charges.

The Statement of Cash Flows provides information regarding West Basin's cash receipts, cash disbursements and net changes in cash resulting from operating, non-capital financing, capital financing and investing activities. This statement provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements as well as a description of the accounting policies used to prepare the financial statements. It also presents material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements. The Notes to the Financial Statements can be found on pages 26 through 48.

FINANCIAL ANALYSIS OF WEST BASIN

1) Statement of Net Position

Condensed Statement of Net Position

	2014	2013	Change
Assets			
Current unrestricted assets	$103,675,774	$85,436,512	$18,239,262
Current restricted assets	4,501,566	6,459,771	(1,958,205)
Capital asset, net	485,434,657	489,263,337	(3,828,680)
Other assets	0	4,161,742	(4,161,742)
Total assets	593,611,997	585,321,362	8,290,635
Deferred Outflows Of Resources	14,390,699	15,939,471	(1,548,772)
Liabilities			
Current liabilities	47,342,673	35,135,500	12,207,173
Long term liabilities	321,029,886	337,574,276	(16,544,390)
Total Liabilities	368,372,559	372,709,776	(4,337,217)
Deferred Outflows Of Resources	77,012	0	77,012
Net Position:			
Net investment in capital assets	175,455,369	174,080,738	1,374,631
Unrestricted	64,097,756	54,470,319	9,627,437
Total Net Position	$239,553,125	$228,551,057	$11,002,068

Net Position measures West Basin's financial health or financial position. Over time, increases or decreases in West Basin's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, new or changed government legislation, etc. The Condensed Statement of Net Position show that Assets and Deferred Outflows of West Basin exceeded liabilities and Deferred Inflows by $240 million and $229 million as of June 30, 2014 and 2013, respectively.

A large portion of West Basin's net position ($175 million and $174 million as of June 30, 2014 and 2013, respectively) reflects the West Basin's net investment in capital assets (net of accumulated depreciation) less any related debts used to acquire those assets that are still outstanding. West Basin uses these capital assets to provide services to customers; consequently, these assets are not available for future spending.

2) Statement of Revenues, Expenses, and Changes in Net Position

Condensed Statements of Revenue, Expenses and Changes In Net Position

Revenue	**2014**	**2013**	**Change**
Operating revenues			
Water	$135,310,145	$129,606,873	$5,703,272
Water recycling revenue	42,151,257	32,628,990	9,522,267
Water conservation and monitoring	972,298	1,101,047	(128,749)
Desalting revenue	789,969	879,124	(89,155)
Total operating revenues	179,223,669	164,216,034	15,007,635
Non-Operating revenues			
Standby charges	9,683,207	9,805,001	(121,794)
Investment Income	234,129	2,872,452	(2,638,323)
Other non-operating revenues	338,051	194,252	143,799
Total non-operating revenues	10,255,387	12,871,705	(2,616,318)
Total revenue	189,479,056	177,087,739	12,391,317
Expenses			
Operating expenses			
Source of supply	118,116,614	110,529,956	7,586,658
Water recycling costs	32,682,913	27,103,178	5,579,735
Depreciation and amortization	20,792,901	17,521,735	3,271,166
Communications and monitoring	6,004,376	4,731,293	1,273,083
Water resource planning	2,302,418	1,611,964	690,454
Desalting operations	810,526	891,600	(81,074)
Total operating expenses	180,709,748	162,389,726	18,320,022
Non-Operating expenses			
Miscellaneous expenses	66,107	93,496	(27,389)
Interest expense	10,650,835	9,208,657	1,442,178
Total non-operating expenses	10,716,942	9,302,153	1,414,789
Total expenses	191,426,690	171,691,879	19,734,811
Net Income (loss) before capital contributions	(1,947,634)	5,395,860	(7,343,494)
Capital Contributions	16,446,497	8,528,283	7,918,214
Change in Net Position	14,498,863	13,924,143	574,720
Net Position – Beginning of year (as restated, note 11)	225,054,262	214,626,914	10,427,348
Net Position – End of year	$239,553,125	$228,551,057	$11,002,068

The Statement of Revenues, Expenses and Changes in Net Position shows how West Basin's net position changed during the fiscal year. Net position increased by $11 million (with the prior year adjustment of $3.5 million) and $13.9 million for the fiscal years ending June 30, 2014 and 2013, respectively.

A closer examination of the sources of changes in net position reveals that:

- In 2014, West Basin's total operating revenues increased by $15 million, primarily due to an increase in potable water sales revenues of $5.7 million and an increase in recycled water revenue of $9.5 million. The increase in potable water revenues is the result of both increases in water rates and sales in the year. The potable water sales of $135 million included the deduction of $3.6 million accrued contingency expense that West Basin is in negotiation with another water district regarding the price adjustments associated with prior water delivery. The increase in recycling water revenues is due to the increase of the water rates and sales. In fiscal year 2014, West Basin completed the Phase V recycling water facility expansion project. The completion of this project enables West Basin to provide more recycling water to West Coast Barrier and Chevron. With the approval from the County of LA, West Basin was able to provide an additional 6,000 AF recycling water to the Barrier. Chevron Nitrification sales increased 700 AF when compared with the prior year. West Basin recorded an additional $1.7 million recycling water revenue due to the discovery of a faulty meter in West Basin's service area.

- In 2014, West Basin total non-operating revenues decreased by $2.6 million, primarily due to the decrease in realized gain and interest income. In 2013, West Basin refinanced its 2003A Refunding Revenue Certificates of Participation. The transaction resulted in $1.4 million in realized gain. 2003A Refunding Revenue Certificates of Participation had a reserve fund of $9.2 million that earned interest income for West Basin. The 2013 refinancing also liquated the reserve fund, so in 2014, interest income decreased.

- In 2014, West Basin total operating expenses increased by $18 million, primarily due to the increase in potable water purchase cost, recycling water facility operation and maintenance costs, depreciation cost and the funding of OPEB. West Basin purchases potable water from Metropolitan Water District (MWD). In 2014, the potable rate was $867/AF and West Basin bought 120,915 AF of potable water from MWD. The recycling water facility operation and maintenance cost included power, utility, chemical and other costs. Since West Basin sold more recycling water in 2014, the costs were increased as well. The depreciation expense increased mainly due to the starting depreciation of the newly completed $81 million Phase V recycling water facility expansion project. In 2014, West Basin paid an additional $3.7 million to the OPEB fund to pay off all of its unfunded liability. The cost of the additional payment was allocated to all West Basin's operation projects.

- In 2014, West Basin total non-operating expenses increased by $1.4 million, primarily due to the increase in interest expense.

- The capital contributions include the fixed payments from major recycled water customers, capital grants and cash contribution. In 2014, the capital contributions increased by $7.9 million, primarily due to the capital contribution from NRG for the amount of $8.3 million to repay for the construction of the additional recycling facility that supported NRG.

3) Capital Assets

On June 30, 2014, West Basin investment in capital assets totaled $680.6 million. Capital assets include land, discharge capacity rights, water facilities, potable distribution system, education center, buildings and improvements, furniture, fixtures and equipment and construction in progress. This amount represents an increase of $17.3 million over the prior year. The following is a summary of capital assets:

	2014	2013	Change
Land	$25,211,646	$25,211,646	$0
Discharge Capacity	621,189	621,189	0
Water Facilities	582,678,678	494,178,963	88,499,715
Building and Improvements	4,125,905	3,345,013	780,892
Potable Distribution System	1,241,681	1,241,681	0
Education Center	548,067	548,067	0
Furniture, Fixtures, and Equipment	3,019,126	2,668,960	350,166
Construction in Progress	63,152,062	135,530,355	(72,378,293)
Total Capital Assets	$680,598,354	$663,345,874	$17,252,480

In 2014, the value of West Basin's Water Facilities increased by $88.5 million and the value of Construction in Progress decreased by $72.4 million, primarily due to the completion of the $81 million Phase V Recycling Expansion Project and several other projects. Once the construction projects were completed, they were capitalized to other asset categories. Within the $63.2 million Construction in Progress category, the majority of the costs were for the research and development of the Ocean Desalination project. West Basin has invested in Ocean Desalination since 2000 and plans to continue this project.

Additional information regarding capital assets can be found in Note 4 in Notes to Basic Financial Statements.

4) Long-Term Liabilities

As of June 30, 2014, West Basin had $334.3 million in long term liabilities, including certificates of participation, refunding revenue bonds and interest rate swaps. West Basin paid down $35.2 million of principal in its long-term debts in fiscal year 2014 through refunding and cash payments. During the year, West Basin borrowed an additional $26.3 million from the 2010A to pay off the entire outstanding balance of the 2008A COPS. The transaction resulted in overall economic gain (difference between the present values of the old and new debt service requirements) of $796,476. Note 5 in the Notes to Basic Financial Statements disclose the detail of all Long-Term debt.

West Basin has two outstanding swaps at the end of the fiscal year. These two swaps had been associated with the 2008A COPS. During the year, West Basin refunded the 2008A COPS by issuing of an additional $26.3 million of 2010A, and the swaps are now associated with 2010A. The fair market value of these two swaps has increased by $0.4 million during the year, and the combined values are recorded as $3.4 million in liabilities on the Statement of Net Position. Note 9 in the Notes to Basic Financial Statements disclose the detail of the swaps.

The following is a summary of the Long-Term Liabilities for the years 2014 and 2013:

	2014	2013	Change
Compensated Absences	$1,128,276	$1,100,648	$27,628
Refunding Certificates of Participation	154,879,578	162,096,334	(7,216,756)
Refunding Revenue Bonds	174,875,168	176,589,556	(1,714,388)
Interest Rate Swaps	3,426,396	3,859,295	(432,899)
Total Long Term Liabilities	$334,309,418	$343,645,833	($9,336,415)

5) Prior Year Adjustment
During the year, West Basin implemented GASB Statement No. 65. With the implementation of GASB No. 65, the unamortized bond issuance costs have been written off as a prior year adjustment.

6) Other Post Employment Benefits (OPEB)
During the year, West Basin amortized and contributed $3.7 million to California Employers Benefit Retirement Trust resulting in the balance of the unfunded OPEB liability to be paid.

CONDITION AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any conditions that would have a significant impact on the West Basin's financial position, net assets, or operating results in terms of past, present and future.

CONTACTING WEST BASIN'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, investors, and creditors with an overview of the West Basin's financial operations and overall financial condition. If you have questions about this report or need additional financial information, please contact Margaret Moggia, Chief Financial Officer, at West Basin.

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WEST BASIN MUNICIPAL WATER DISTRICT

STATEMENT OF NET POSITION

June 30, 2014 ***(With comparative totals for June 30, 2013)***

ASSETS

	2014	2013
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents (note 2)	$ 38,306,958	$ 22,585,030
Investments (note 2)	29,081,165	31,136,519
Accounts receivable	35,429,987	30,963,851
Accrued interest receivable	112,169	157,274
Inventory	508,779	427,138
Prepaid expenses	236,716	166,700
Total unrestricted assets	103,675,774	85,436,512
Restricted assets (note 3):		
Cash and cash equivalents (note 2)	4,170,711	4,889,798
Investments (note 2)	-	1,527,601
Accrued interest receivable	-	34,721
Custodial cash (note 2)	330,855	7,651
Total restricted assets	4,501,566	6,459,771
TOTAL CURRENT ASSETS	108,177,340	91,896,283
NONCURRENT ASSETS		
Capital assets, not depreciable (note 4)	88,984,897	161,363,190
Capital assets, net of depreciation (note 4)	396,449,760	327,900,147
Net OPEB asset (note 7)	-	664,947
Unamortized bond issuance costs (note 11):		
2008 adjustable rate refunding revenue certification of participation	-	253,659
2008 refunding revenue certificates of participation	-	2,010,577
2011A refunding revenue bonds	-	304,072
2011B refunding revenue bonds	-	384,753
2012A refunding revenue bonds	-	348,210
2013A refunding revenue bonds	-	195,524
TOTAL NONCURRENT ASSETS	485,434,657	493,425,079
TOTAL ASSETS	$ 593,611,997	$585,321,362
DEFERRED OUTFLOWS OF RESOURCES		
Deferred change in swap fair value (Note 9)	$ -	$ 3,859,295
Deferred amount on refunding	14,390,699	12,080,176
TOTAL DEFERRED OUTFLOWS	$ 14,390,699	$ 15,939,471

See accompanying notes to financial statements.

WEST BASIN MUNICIPAL WATER DISTRICT

STATEMENT OF NET POSITION

June 30, 2014 ***(With comparative totals for June 30, 2013)***

(Continued)

LIABILITIES AND NET POSITION

	2014	2013
CURRENT LIABILITIES		
Accounts payable and accrued expense	$ 28,321,298	$ 23,495,342
Accrued interest payable	5,741,843	5,568,601
Current portion of long-term liabilities (note 5)	13,279,532	6,071,557
TOTAL CURRENT LIABILITIES	47,342,673	35,135,500
LONG-TERM LIABILITIES (note 5)		
Compensated absences	1,128,276	1,100,648
2008A adjustable rate refunding revenue certification of participation	-	30,065,000
2008B refunding revenue certificates of participation	118,579,578	122,031,334
2010A adjustable rate revenue certification of participation	36,300,000	10,000,000
2011A refunding revenue bonds	36,822,660	37,502,180
2011B refunding revenue bonds	64,232,455	64,557,727
2012A refunding revenue bonds	55,959,262	56,334,878
2013A refunding revenue bonds	17,860,791	18,194,771
Interest rate swaps (note 9)	3,426,396	3,859,295
Subtotal	334,309,418	343,645,833
Less current portion above	(13,279,532)	(6,071,557)
TOTAL LONG-TERM LIABILITIES	321,029,886	337,574,276
TOTAL LIABILITIES	$ 368,372,559	$ 372,709,776
DEFERRED INFLOWS OF RESOURCES		
Deferred change in swap fair value (Note 9)	$ 77,012	$ -
NET POSITION:		
Net investment in capital assets	$ 175,455,369	$ 174,080,738
Unrestricted	64,097,756	54,470,319
TOTAL NET POSITION	$ 239,553,125	$ 228,551,057

See accompanying notes to financial statements.

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WEST BASIN MUNICIPAL WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2014 ***(With comparative totals for the year ended June 30, 2013)***

	2014	2013
OPERATING REVENUES:		
Water	$ 135,310,145	$ 129,606,873
Water recycling revenue	42,151,257	32,628,990
Water conservation and monitoring	972,298	1,101,047
Desalting revenue	789,969	879,124
TOTAL OPERATING REVENUES	179,223,669	164,216,034
OPERATING EXPENSES:		
Source of supply	118,116,614	110,529,956
Water recycling costs	32,682,913	27,103,178
Depreciation and amortization	20,792,901	17,521,735
Communications and monitoring	6,004,376	4,731,293
Water resource planning	2,302,418	1,611,964
Desalting operations	810,526	891,600
TOTAL OPERATING EXPENSES	180,709,748	162,389,726
OPERATING INCOME (LOSS)	(1,486,079)	1,826,308
NONOPERATING REVENUES (EXPENSES):		
Standby charges	9,683,207	9,805,001
Investment income	234,129	2,872,452
Miscellaneous income	255,470	128,180
Noncapital grants	82,581	66,072
Miscellaneous expense	(66,107)	(93,496)
Interest expense	(10,650,835)	(9,208,657)
TOTAL NONOPERATING REVENUES (EXPENSES)	(461,555)	3,569,552
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	(1,947,634)	5,395,860
CAPITAL CONTRIBUTIONS:		
Capital contributions	16,446,497	8,528,283
CHANGE IN NET POSITION	14,498,863	13,924,143
NET POSITION - BEGINNING OF YEAR **(as restated, note 11)**	225,054,262	214,626,914
NET POSITION - END OF YEAR	$ 239,553,125	$ 228,551,057

See accompanying notes to financial statements.

WEST BASIN MUNICIPAL WATER DISTRICT

STATEMENT OF CASH FLOWS

Year ended June 30, 2014 ***(With comparative totals for the year ended June 30, 2013)***

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$175,059,020	$161,748,085
Cash paid to suppliers of goods and services	(137,541,956)	(134,610,415)
Cash paid for arbitrage rebate	(227,657)	-
Cash paid for employee services and benefits	(7,436,934)	(4,638,579)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	29,852,473	22,499,091
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants received	82,581	66,072
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	82,581	66,072
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on long-term liabilities	(5,760,000)	(12,410,000)
Cash paid to bond escrow for refundings	(27,990,000)	(35,858,745)
Acquisition and construction of capital assets	(17,252,480)	(39,566,000)
New issuance of long-term liabilities	26,300,000	17,697,203
Interest paid on long-term liabilities	(10,477,593)	(8,611,772)
Capital contributions	16,446,497	8,528,283
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(18,733,576)	(70,221,031)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	27,293,221	35,415,140
Purchase of investments	(24,080,125)	(12,838,679)
Interest received	911,471	3,288,170
NET CASH PROVIDED BY INVESTING ACTIVITIES	4,124,567	25,864,631
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,326,045	(21,791,237)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	27,482,479	49,273,716
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 42,808,524	$ 27,482,479
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS REPORTED ON THE STATEMENT OF NET ASSETS:		
Cash and cash equivalents	$ 38,306,958	$ 22,585,030
Restricted cash and cash equivalents	4,170,711	4,889,798
Restricted custodial cash	330,855	7,651
Cash and cash equivalents at end of year	$ 42,808,524	$ 27,482,479

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS (continued)

Year ended June 30, 2014 *(With comparative totals for the year ended June 30, 2013)*

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	2014	2013
Operating income (loss)	$ (1,486,079)	$ 1,826,308
Standby charges	9,683,207	9,805,001
Depreciation and amortization	20,792,901	17,521,735
Nonoperating miscellaneous revenue	255,470	128,180
Nonoperating miscellaneous expenses	(66,107)	(93,496)
Arbitrage rebate payment	(227,657)	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,466,136)	(2,467,949)
(Increase) decrease in inventory	(81,641)	3,654
(Increase) decrease in prepaid expense	(70,016)	126,077
(Increase) decrease in net OPEB asset	664,947	(11,597)
Increase (decrease) in accounts payable	4,825,956	(4,460,865)
Increase (decrease) in compensated absences	27,628	122,043
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 29,852,473	$ 22,499,091
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Unrealized gain (loss) from investments	$ 550,281	$ 132,916
Reclassification of deferred outflows associated with swap agreements as a result of debt refunding (see note 9)	$ 2,765,248	$ -

See accompanying notes to financial statements.

(1) Summary of significant accounting policies

Organization and description of West Basin - The West Basin Municipal Water District (District) was incorporated on December 17, 1947, which operates under the authority of Division 20 of the California Water Code for the purpose of providing water and related services to the properties within West Basin. West Basin is governed by a five member board of Directors elected by the voter in the area to four-year term.

The mission of West Basin is to provide a safe and reliable supply of high quality water to the communities we serve. West Basin's customers consist of 9 agencies, private and public, within its 185-square mile service area. West Basin provides drinking and recycled water and water efficiency programs to its customers.

Basis of accounting

West Basin financial statements are comprised of the Statements of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes to the financial statements.

West Basin uses an enterprise fund to record its activities. An enterprise fund is a type of Proprietary fund used to account for operations where the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user fees and charges or debt backed by fees and charges.

West Basin uses "accrual basis of accounting", where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

West Basin distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with water operations. Revenues not meeting this definition are reported as non-operating revenues.

Estimates - The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments.

Cash and cash equivalents - For purposes of the statements of cash flows, West Basin considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Investments - Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Inventory - Inventory consists primarily of chemicals and spare parts used at the treatment plant and are stated at the lower of cost or market using the first-in, first-out (FIFO) method.

(1) Summary of significant accounting policies (Continued)

Capital assets - Capital assets are classified into two major criteria of the business:

Capital assets used to support General Administration must meet (2) conditions:

1. Each individual item has a cost of $3,000 or more or a group of same type assets has a cost of $5,000 or more; and
2. Useful life of at least three years

Capital assets used to support Infrastructure and Other Construction Projects must meet (2) conditions:

1. Each individual item or component unit has a cost of $10,000 or more; and
2. Useful life of at least three years

All purchased or constructed capital assets are reported at historical cost. Contributed assets are reported at fair market value on the date received. Replacements, refurbishments and other capital outlays that significantly extend the useful life of an asset by at least three years and the cost of the individual project is $10,000 or more are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	Useful Life
Water facilities	3 - 75 year
Buildings and improvements	3 - 40 year
Furniture, fixtures and equipment	3 - 10 year

Depreciation aggregated $21,081,160 for the year ended June 30, 2014.

Construction in progress includes demonstration facilities that were constructed to test and validate the desalination methodologies to be used in the completed facility. These costs are considered by management to be integral and necessary to the successful completion and installation of the desalination facilities.

Amortization - Bond premiums and the deferred amount on refunding are being amortized on the straight line method over periods not to exceed debt maturities. Amortization expense aggregated ($288,259) for the year ended June 30, 2014.

Classifications of liabilities - Certain liabilities which are currently payable have been classified as restricted because they will be funded from restricted assets.

Compensated Absences - Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees.

(1) Summary of significant accounting policies (Continued)

Prior year data - Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived. West Basin has reclassified certain prior year information to conform with current year presentations.

Capital contributions - Capital contributions of $16,446,497 include capital grants, capital contributions, and capital recovery charges for the fiscal year ended June 30, 2014.

Capital grants and contributions - West Basin receives grants from LADWP and other entities/agencies for several ongoing projects.

Capital-recovery charges (recycling operations) - West Basin receives fixed payments from major recycled water customers, which are intended to cover the cost of recycled water facilities owned by West Basin, but that were exclusively constructed to meet their recycling needs.

Risk management - West Basin is a member of the Association of California Water Agencies Joint Powers Insurance Authority ("Insurance Authority"). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The ACWA-JPIA board is composed of representatives from a number of water districts, including the West Basin Municipal Water District.

At June 30, 2014, West Basin participated in the self-insurance programs of the Insurance Authority as follows:

Property loss - The Insurance Authority has pooled self-insurance up to $100,000 per occurrence and has purchased excess insurance coverage up to $100,000,000 (total insurable value of $247,424,568). West Basin has a $25,000 deductible for buildings, personal property and fixed equipment and a $1,000 deductible on mobile equipment.

General liability - The Insurance Authority has pooled self-insurance up to $2,000,000 per occurrence and has purchased excess insurance coverage up to $58,000,000.

Auto liability - The Insurance Authority has pooled self-insurance up to $2,000,000 per occurrence and has purchased excess insurance coverage up to $58,000,000.

Public officials' liability - The Insurance Authority has pooled self-insurance up to $2,000,000 and has purchased excess insurance coverage up to $58,000,000.

Fidelity bond - The Insurance Authority has pooled self-insurance up to $100,000. West Basin has a $1,000 deductible.

At June 30, 2014, West Basin also had insurance coverage with Alliant Insurance for crime up to $3,000,000, with a $100,000 deductible.

(2) Cash and investments

Cash and investments held by West Basin were comprised of the following at June 30, 2014:

	Maturity in Year			
	1 Year or Less	1 - 5 Years	More than 5 Years	Total
Local agency investment fund	$31,955,282	$ -	$ -	$31,955,282
Money market mutual funds	4,347,843	-	-	4,347,843
Deposits with financial institutions	5,285,777	-	-	5,285,777
Investments:				
United States agency securities	-	9,487,631	-	9,487,631
United States treasury securities	3,194,942	4,192,608	-	7,387,550
Corporate notes	2,838,227	4,931,210	-	7,769,437
Commercial Paper	5,656,169	-	-	5,656,169
Total cash and investments	$53,278,240	$18,611,449	$ -	$71,889,689
Financial Statement Classification:				
Unrestricted assets:				
Cash and cash equivalents				$38,306,958
Investments				29,081,165
Restricted assets:				
Cash and cash equivalents				4,170,711
Custodial cash				330,855
Total Cash and Investments				$71,889,689

Investments authorized by the California government code and West Basins investment policy - The table below identifies the investment types that are authorized for West Basin by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of West Basin, rather than the general provision of the California Government Code or West Basin's investment policy:

(2) Cash and investments (Continued)

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. treasury obligations	Yes	5 year	None	None
U.S. agency securities	Yes	5 year	None	None
Bankers acceptances	Yes	180 days	15%	15%
California municipal obligations	Yes	5 year	10%	5%
State municipal obligations	Yes	5 year	10%	5%
Commercial paper	Yes	270 days	25%	10%
Certificates of deposit	Yes	5 year	30%	5%
Repurchase agreements	No	1 year	None	None
Reverse repurchase agreements	Yes	92 days	20% of base value	None
Medium-term notes	Yes	5 year	30%	5%
Mutual funds	No	N/A	20%	10%
Money market mutual funds	Yes	N/A	20%	10%
Mortgage pass-through securities	No	5 year	20%	None
LAIF	Yes	N/A	None	None

*Based on State law or investment policy requirements, whichever is more restrictive.

Investments authorized by debt agreements – Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or West Basin's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Investment in One Issuer
U.S. treasury obligations	None	None	None
U.S. agency securities	None	None	None
Bankers acceptances	180 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	N/A	None	None
Guaranteed investment contracts	30 year	None	None

Disclosures relating to interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market

(2) Cash and investments (Continued)

Interest rates. In accordance with its Investment Policy, West Basin manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of West Basin's investments to market interest rate fluctuations is provided in the previous table that shows the distribution of West Basin's investments by maturity as of June 30, 2014.

Disclosure relating to credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. In accordance with its Investment Policy, West Basin only purchases investments that are rated "A" or higher by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year end for each investment under current assets and restricted assets.

		Rating as of Year End
Investment	**Minimum Legal Rating**	**Standard & Poor's**
U.S. agency securities	N/A	AA+
U.S. treasury securities	N/A	AA+
LAIF	N/A	Not Rated
Money market mutual funds	N/A	AAA-m
Corporate notes	A	A, A+, AA-, AA and AA+
Commercial paper	A-1	A-1 and A-1+
Held by bond trustee:		
Money market mutual funds	N/A	AAAm

Concentration of credit risk - Concentration of credit is the risk of loss attributed to the magnitude of West Basin's investment in a single issue.

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. agency securities	$5,420,561
Federal Home Loan Mortgage Association	U.S. agency securities	1,555,815
Federal Home Loan Bank	U.S. agency securities	2,511,255
		$9,487,631

(2) Cash and investments (Continued)

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, West Basin will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker) West Basin will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and West Basin's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in state investment pool - West Basin is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of West Basin's investment in this pool is reported in the accompanying financial statements at amounts based upon West Basin's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF which are recorded on an amortized cost basis. The weighted average maturity of the LAIF portfolio as of June 30, 2014 is 232 days.

(3) Restricted assets

Restricted assets were provided by, and are to be used for, the following at June 30, 2014:

Funding source	Use	Amount
Refunding Revenue Bonds	Reserve Requirement	$4,170,711
Custodial Account	Custodial costs	330,855
		$4,501,566

(4) Capital assets

The investment in capital assets consists of the following at June 30, 2014:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets, not being depreciated:				
Land - Recycling facilities	$ 23,541,078	$ -	$ -	$ 23,541,078
Land – Carson	1,670,568	-	-	1,670,568
Discharge Capacity	621,189	-	-	621,189
Construction-in-progress	135,530,355	17,001,311	(89,379,604)	63,152,062
Total capital assets, not being depreciated	161,363,190	17,001,311	(89,379,604)	88,984,897
Capital assets, being depreciated:				
Building – Carson	2,343,574	-	-	2,343,574
Building improvement	1,001,439	780,892	-	1,782,331
Potable distribution system	1,241,681	-	-	1,241,681
Ocean desalination education center	548,067	-	-	548,067
Recycling facilities	489,274,501	88,359,994	-	577,634,495
Groundwater desalting facility	4,904,462	139,722	-	5,044,184
Machinery and equipment	2,259,986	350,165	-	2,610,151
Furniture and fixtures	408,974	-	-	408,974
Total capital assets, being depreciated	501,982,684	89,630,773	-	591,613,457
Less accumulated depreciation:				
Building – Carson	(554,646)	(93,743)	-	(648,389)
Building improvement	(156,964)	(102,806)	-	(259,770)
Potable distribution system	(155,210)	(62,084)	-	(217,294)
Ocean desalination education center	(152,241)	(60,896)	-	(213,137)
Recycling facilities	(169,508,052)	(20,336,371)	-	(189,844,423)
Groundwater desalting facility	(2,007,724)	(198,925)	-	(2,206,649)
Machinery and equipment	(1,194,397)	(199,628)	-	(1,394,025)
Furniture and fixtures	(353,303)	(26,707)	-	(380,010)
Total accumulated depreciation	(174,082,537)	(21,081,160)	-	(195,163,697)
Total capital assets, being depreciated, net	327,900,147	68,549,613	-	396,449,760
Total capital assets, net	$489,263,337	$ 85,550,924	$(89,379,604)	$485,434,657

(5) Long-term liabilities

The following amounts of long term liabilities were outstanding June 30, 2014:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014	Current Portion
2008A Adjustable Rate Refunding Revenue Certificate of Participation	$ 30,065,000	$ -	$(30,065,000)	$ -	$ -
2008B Refunding Revenue Certificate of Participation	122,031,334	-	(3,451,756)	118,579,578	3,400,000
2010A Adjustable Rate Revenue Certificates of Participation	10,000,000	26,300,000	-	36,300,000	-
2011A Refunding Revenue Bonds	37,502,180	-	(679,520)	36,822,660	360,000
2011B Refunding Revenue Bonds	64,557,727	-	(325,272)	64,232,455	-
2012A Refunding Revenue Bonds	56,334,878	-	(375,616)	55,959,262	2,055,000
2013A Refunding Revenue Bonds	18,194,771	-	(333,980)	17,860,791	6,860,000
Subtotal	338,685,890	26,300,000	(35,231,144)	329,754,746	12,675,000
Compensated Absences	1,100,648	710,813	(683,185)	1,128,276	604,532
Interest rate swaps	3,859,295	-	(432,899)	3,426,396	-
Total	$343,645,833	$27,010,813	$(36,347,228)	$334,309,418	$13,279,532

(5) Long-term liabilities (Continued)

2008B refunding revenue certificates of participation - In May 2008, the Financing Corporation issued $128,665,000 Refunding Revenue Certificates of Participation ("2008B Refunding Revenue Certificates") to assist West Basin in financing and refinancing certain facilities of West Basin previously financed and refinanced from the proceeds of the 2003B Adjustable Rate Revenue Certificates, to purchase a reserve fund financial guaranty insurance policy for deposit in the Reserve Fund, and to pay costs of delivery of the 2008 Refunding Revenue Certificates.

The 2008B Refunding Revenue Certificates have interest rates ranging from 3.0% to 5.0% with maturities through August 2031. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$116,585,000
Unamortized premium	1,994,578
Net liability	$118,579,578

2010A adjustable rate revenue certificates of participation - In April 2013, U.S. Bank National Association agreed to extend up to $40,000,000 authorization credit to West Basin on a revolving basis through the purchase of West Basin Municipal Water District Adjustable Rate Revenue Certificates of Participation, Series 2010 (the "Certificate"), evidencing undivided interests in Installment Payments to be paid by West Basin under an Installment Purchase Agreement dated June 1, 2010 (the "Installment Purchase Agreement"), by and between West Basin and the Financing Corporation, prior to the commitment termination date (no later than April 25, 2016). The interest paid on the utilized portion of the Certificate is based on fixed rate and adjusted LIBOR rate of .16% at June 30, 2014. During the fiscal year West Basin drew down additional monies to redeem the 2008A Adjustable Rate Refunding Certificates of Participation (2008A Certificates). The undiscounted cash flows required to service the refunding 2010A Certificates that were issued during the year ended June 30, 2014 will be $2,707,956 less than the cash flows that would have been required to service the called 2008A Certificates. The economic gain (difference between the present values of the old and new debt service payments) resulting from this transaction was $796,476. The amount of certificates outstanding at June 30, 2014, totaled $36,300,000.

2011A refunding revenue bonds - In September 2011, West Basin issued $34,190,000 Refunding Revenue Bonds ("2011A Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed and refinanced from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the State of California loan, and to pay costs of delivery of the 2011A Refunding Revenue Bonds.

(5) Long-term liabilities (Continued)

The 2011A Refunding Revenue Bonds have interest rates ranging from 2.5% to 5.0% with maturities through August 2024. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$33,500,000
Unamortized premium	3,322,660
Net liability	$36,822,660

2011B refunding revenue bonds – In November 2011, West Basin issued $60,275,000 Refunding Revenue Bonds ("2011B Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed and refinanced from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the 2010A Adjustable Rate Revenue Certificates of Participation, to fund capitalized interest, to fund a reserve fund and to pay costs of delivery of the 2011B Refunding Revenue Bonds.

The 2011B Refunding Revenue Bonds have interest rates ranging from 4.0% to 5.0% with maturities through August 2036. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$60,275,000
Unamortized premium	3,957,455
Net liability	$64,232,455

2012A refunding revenue bonds - In April 2012, West Basin issued $50,325,000 Refunding Revenue Bonds ("2012A Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the 2010A Adjustable Rate Revenue Certificates of Participation, to fund capitalized interest, to fund a portion of a reserve fund and to pay costs of delivery of the 2012A Refunding Revenue Bonds.

The 2012A Refunding Revenue Bonds have interest rates ranging from 3.0% to 5.0% with maturities through August 2029. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$50,325,000
Unamortized premium	5,634,262
Net liability	$55,959,262

(5) Long-term liabilities (Continued)

2013A refunding revenue bonds – In May 2013, West Basin issued $17,165,000 Refunding Revenue Bonds ("2013A Refunding Revenue Bonds") to refund all of the outstanding West Basin Municipal Water District Refunding Revenue Certificates of Participation, Series 2003A, and to pay costs of delivery of the 2013A Refunding Revenue Bonds.

The Bonds have interest rates ranging from 2.0% to 4.0% with maturities through August 2016. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$17,165,000
Unamortized premium	695,791
Net liability	$17,860,791

Debt Coverage - West Basin has pledged revenues, net of specified operating expenses, as security for debt service associated with indebtedness incurred to finance various capital facilities of West Basin. The bonds are payable solely from net revenues and are payable through fiscal year 2037. For the year ended June 30, 2014, debt coverage (net revenues divided by senior debt service) for senior debt was approximately 2.62. Debt coverage (net revenues divided by total debt service) for all debt was approximately 1.73.

(5) Long-term liabilities (Continued)

Debt Service Requirements - of the Certificates of Participation and Refunding Revenue Bonds (not including the 2010 Adjustable rate revenue certificates of participation) subsequent to June 30, 2014, are as follows:

	Certificates of Participation		Refunding Revenue Bonds			
	Total COP's		Hedging Derivatives,	Total Refunding Rev Bonds		
	Principal	Interest	Net	Principal	Interest	Total
2014/15	$ 3,400,000	$ 5,585,531	$ 982,069	$ 9,275,000	$ 7,306,050	$26,548,650
2015/16	3,590,000	5,429,981	907,162	9,480,000	7,096,400	26,503,543
2016/17	3,775,000	5,286,381	831,575	5,515,000	6,720,950	22,128,906
2017/18	3,825,000	5,135,381	748,405	6,105,000	6,500,350	22,314,136
2018/19	3,960,000	4,982,381	666,760	6,345,000	6,256,150	22,210,291
2019/20	4,125,000	4,823,981	580,417	6,580,000	6,012,700	22,122,098
2020/21	4,280,000	4,653,825	491,463	6,810,000	5,794,250	22,029,538
2021/22	4,450,000	4,477,275	396,531	7,125,000	5,493,750	21,942,556
2022/23	6,530,000	4,254,775	300,467	7,480,000	5,137,500	23,702,742
2023/24	7,135,000	3,928,275	247,833	7,780,000	4,776,000	23,867,108
2024/25	7,490,000	3,571,525	203,054	8,150,000	4,387,000	23,801,579
2025/26	7,865,000	3,197,025	156,225	8,720,000	4,010,500	23,948,750
2026/27	8,260,000	2,803,775	108,709	8,915,000	3,574,500	23,661,984
2027/28	8,670,000	2,390,775	58,376	9,435,000	3,149,250	23,703,401
2028/29	9,105,000	1,957,275	8,338	9,910,000	2,677,500	23,658,113
2029/30	9,555,000	1,506,250	-	10,410,000	2,182,000	23,653,250
2030/31	10,035,000	1,028,500	-	4,080,000	1,661,500	16,805,000
2031/32	10,535,000	526,750	-	4,285,000	1,457,500	16,804,250
2032/33	-	-	-	4,500,000	1,243,250	5,743,250
2033/34	-	-	-	4,725,000	1,018,250	5,743,250
2034/35	-	-	-	4,960,000	782,000	5,742,000
2035/36	-	-	-	5,210,000	534,000	5,744,000
2036/37	-	-	-	5,470,000	273,500	5,743,500
	$116,585,000	$65,539,661	$6,687,384	$161,265,000	$ 88,044,850	$ 438,121,895

(6) Defined benefit pension plan

CalPERS:

West Basin contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by CalPERS. Copies of CalPERS' annual financial report may be obtained from its executive office at 400 P Street, Sacramento, California 95814.

Contributions - Participants are required to contribute 8% of their annual covered salary to the cost sharing multiple-employer defined benefit plan. West Basin is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2014, is 15.909% of annual covered payroll. The contribution requirements of plan members and West Basin are established and may be amended by the Board of Directors in conjunction with applicable labor contracts. West Basin's employer contributions to the plan for the years ending June 30, 2012, 2013, and 2014 were $608,017, and $632,727 and $754,458. The contributions for the year ended June 30, 2014, were based on an actuarial with a valuation date of June 30, 2011.

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2013 to June 30, 2014, has been determined by an actuarial valuation of the plan as of June 30, 2011.

Schedule of Employer Contribution

Fiscal Year	Annual Pension Cost (Employer Contribution)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	$ 608,017	100%	$-0-
6/30/13	632,727	100%	-0-
6/30/14	754,458	100%	-0-

Effective with the 6/30/2003 valuation, risk pools were established for plans containing less than 100 active members as of the valuation date. In general, plans satisfying this criteria were lumped into pools based on their benefit formula and membership category (safety/miscellaneous). In total, ten risk pools, including the Agency's, were established for the 6/30/2003 valuation.

PARS:

West Basin has established a defined benefit, single-employer retirement plan that provides a pension benefit for full time elected or appointed Directors:

(6) Defined benefit pension plan (Continued)

Tier I: Members retire from West Basin after July 1, 2002, who are at least age 50 with 5 or more years of continuous service, who have not been a CalPERS member prior to January 1, 2003.

Tier II: Members retire from West Basin after July 1, 2002, who have assumed office on or after January 1, 1995, who are at least age 55 with 12 or more years of continuous service, and who are not eligible for another District retiree benefit.

Tier III: Members assumed office on or before January 1, 2013, who are at least age 52 with 5 or more years of continuous service, and who have not been a CalPERS member prior to January 2003.

This plan is administered for West Basin through a third party administrator, PARS. Copies of PARS' annual financial report may be obtained from its executive office at 4350 Von Karman Ave. Suite 100, Newport Beach, California 92660.

PARS:

The pension benefit for Tier I members starts at 2% of the highest average annual salary for a one year period of employment with West Basin at age 50, increases by 0.1% for each year after age of 50, capped at 3% at 60. For Tier II members, the benefit is increased by a 2% annual Cost of Living Adjustment (COLA) after retirement with the annual Supplemental benefit of $5,000. For Tier III members, the benefit starts at 1% of the highest average annual compensation paid during any 36 consecutive months, capped at 2.5% at age 67. West Basin contributes to each benefit on behalf of the eligible directors.

The actuarial assumptions used for the report are listed in below:

Asset Valuation Method:	Smoothed market value
Discount rate:	5.5%, a decrease from the 6.0% assumed previously
Mortality:	Post-retirement mortality rates are from the CalPERS' 1997-2007 Experience Study
General Inflation:	3%
Aggregate payroll Increase:	3.25%
Termination:	None assumed
Salary Scale:	Individual payroll increases are the lesser of 5% and inflation
Retirement Age:	Employees will immediately retire upon the later of eligibility for benefits (which is usually the expiration of the third term on the Board), or end of the current term on the Board

The actuarial methods used are listed in below:

Cost Method: Entry Age Normal Level % of Pay.

The Unfunded Liability Amortization is calculated by using:

(6) Defined benefit pension plan (Continued)

- The plan's June 30, 2006, Fresh Start Unfunded Actuarial Accrued Liability (UAAL) has 9 years remaining as of 2013/2014
- Gains and losses are amortized over 15 years (closed)
- Plan changes, assumption and method changes are amortized over 20 years (closed)
- Maximum 30 years combined amortization period

The Actuarial Value Assets are calculated by using:

- Asset gains/losses recognized over 5 years
- Corridor: 80% & 120% of market value

The schedule in below shows the results of the actuarial assumptions and methods used for the report:

Schedule of Funding Progress (amounts in $000's)

Actuarial Covered Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (b)	Unfunded Actuarial Accrued Liabilities (b-a)	Funded Ratio (a/b)	Annual Funded Payroll (c)	Ratio of Unfunded Liability to Annual Covered Payroll (b-a)/c)
6/30/08	$ 479	$ 579	$ 100	82.7%	$ 152	65.8%
6/30/10	709	832	123	85.2%	156	78.8%
6/30/12	986	1,097	111	89.9%	169	65.7%

West Basin's funding policy is to make the contribution as determined by the Plan's actuary, expressed as a percentage of total Director's payroll. The Plan's annual pension cost for the fiscal year ending June 30, 2014, is based on an actuarial valuation as of June 30, 2012. For the fiscal year ending June 30, 2014, West Basin's annual pension cost is $115,609 or 74% of the projected total Director payroll. West Basin contributed $110,113 to the plan.

The required schedule of funding progress immediately following presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Employer Contribution

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Obligation (Asset)
2012	$ 104,000	106%	$ -
2013	125,000	90%	12,871
2014	115,609	95%	5,496

(7) Other Post Employment Benefits (OPEB)

Plan Description: West Basin Municipal Water District provides postretirement medical benefits to employees who retire directly from West Basin under CalPERS under a single-employer defined benefit post-employment benefits plan. To be eligible for District-paid healthcare benefits, retirees must be at least age 55 with 10 years of District service at retirement, or meet the eligibility requirement of age 50 and the Rule of 75 (age plus CalPERS service equals 75, with a minimum of 5 years District service). For eligible retirees, West Basin pays the full medical and dental premiums, plus a reimbursement for out-of-pocket medical, dental, and vision expenses up to the active employees' reimbursement caps. Benefit provisions are established and amended by the Board of Directors.

District's Funding Policy: West Basin adopted GASB 45 in its fiscal year 2007/08. Based on the actuarial report, West Basin contributes Annual Required Contribution of the Employer required contribution of the employer (ARC) to the California Employer's Retirement Benefit Trust (CERBT) administered by CalPERS.

CERBT holds irrevocable employer contributions in a trust restricted for benefits under this program. Separate financial statements are published by CERBT to conform to GASB Statement No. 43. Copies of CERBT annual financial report can be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

Annual OPEB Cost and Net OPEB Obligation. West Basin's annual other post employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC),* an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of West Basin's annual OPEB cost for the current fiscal year, the amount actually contributed to the plan, and changes in West Basin's net OPEB obligation for these benefits:

Annual required contribution	$ 3,748,912
Interest on net OPEB obligation	(49,871)
Adjustment to annual required contribution	714,818
Annual OPEB cost (expense)	4,413,859
Contributions made (including retiree premiums paid)	(3,748,912)
Increase (decrease) in net OPEB obligation	664,947)
Net OPEB obligation (asset) - beginning of year	(664,947)
Net OPEB obligation (asset) - end of year	$ -

(7) Other Post Employment Benefits (Continued)

This table summarizes West Basin's annual OPEB costs, annual OPEB contribution, cash directly paid to retired employees, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation from FY 2012 to FY 2014.

Year Ended	Annual OPEB Cost	Annual OPEB Contributed/Paid	% of Annual OPEB Contributed/Paid	Net OPEB Obligation (Asset)
6/30/2012	$ 471,960	$ 471,960	100%	$ (653,350)
6/30/2013	475,703	487,300	102%	(664,947)
6/30/2014	4,413,859	3,748,912	85%	-

Funding Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date, the plan was 51% funded. The table below shows the Funding Progress.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c)
7/1/09	$ 1,084,341	$ 2,456,093	$ 1,371,752	44%	$ 3,285,222	41.76%
7/1/11	2,180,681	4,466,071	2,285,390	49%	3,647,096	62.66%
7/1/13	3,272,335	6,362,579	3,090,244	51%	3,976,526	77.71%

As of June 30, 2014, West Basin has paid all of its unfunded liability.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

(7) Other Post Employment Benefits (Continued)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Method. The actuarial assumptions included a 7.5% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and annual cost trend rate of 9.5% for medical plan premiums initially, reduced by decrements of 0.5% per year to an ultimate rate of 5% after the ninth year. The plan values its assets at market value. All the rates included a 3.25% inflation assumption. During the year ended June 30, 2014, West Basin changed its amortization period of the UAAL to one year. It is assumed West Basin's payroll will increase 3.25% per year.

(8) Commitments and contingencies

West Basin has entered into various contracts for the purchase of material, construction of the utility plant, professional and nonprofessional services. Certain amounts are based on the contractor's estimated cost to complete. At June 30, 2014, the total unpaid amount on these contracts is approximately $20,358,000. These commitments may be funded from restricted assets.

The accompanying financial statements include a liability in the amount of $3.6 million for the possible settling of pricing adjustments associated with prior delivered water. Negotiations between the parties are ongoing and final amounts pertaining to this matter are not known at this time.

(9) Swap transaction agreements

In June, 2004, District entered into a swap transaction in the original notional amount of $22,875,000 for the purpose of hedging the variable interest rate that related to one of West Basin's Adjustable Rate Refunding Certificates of Participation at the time. This swap was executed and confirmed on June 8, 2004. In 2008, District refinanced this Adjustable Rate Refunding Revenue Certificates of Participation and the swap was amended and restated as of June 6, 2008 for the original notional amount of $22,875,000. The agreement is scheduled to terminate August 1, 2027 unless terminated earlier. Under the amended and restated swap transaction, West Basin pays a fixed rate of 3.662% and receives 65% of the British Bankers Association - London Interbank offered rate (BBA - LIBOR). The fair market value of this swap was ($2,341,369) based on the market interest rates as of June, 30, 2014.

(9) Swap transaction agreements (Continued)

Also in April, 2005, District entered into a swap transaction in the notional amount of $18,175,000 for the purpose of hedging the variable interest rate that related to another District's Adjustable Rate Refunding Revenue Certificates of Participation at the time. This swap was executed on June 7, 2004. In 2008, District refinanced the 2008A-2 Adjustable Rate Refunding Revenue Certificates of Participation and the swap was amended and restated as of May 22, 2008 for the original notional amount of $18,175,000 and is scheduled to terminate August 1, 2021, unless terminated earlier. Under the amended and restated swap transaction, West Basin pays a fixed rate of 3.515% and receives the floating rate of 65% of BBA - LIBOR. The fair market value of this swap was ($1,085,027) based on the market interest rates as of June, 30, 2014.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (amounts in thousands):

	Changes in Fair Value		Fair Value at June 30, 2014		
	Classification	Amount	Classification	Amount	Notional
Business-type activities					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	$ (206)	Debt	$ (2,341)	$16,175
Pay-fixed interest rate swap	Deferred outflow	$ (249)	Debt	$ (1,085)	$11,525

The fair value of each of the above interest rate swap agreements has been reported as a liability in the accompanying statement of net position. Swap agreements that have a strong correlation to the debt agreement of West Basin to which they relate and that meet the hedge accounting criteria of GASB No. 53 have been accounted for as cash flow hedges. Under hedge accounting, the changes in fair value associated with cash flow hedges are recorded on the statement of net assets as deferred outflows of financial resources (an asset).

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

(9) Swap transaction agreements (Continued)

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of West Basin's hedging derivative instruments outstanding at June 30, 2014, along with the credit rating of the associated counterparty (amounts in thousands).

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating*
Pay-fixed interest rate swap	Hedge of the variable rate interest exposure relating to the Refunding Revenue Certificates of Participation Series 2010A.	$16,175	5/22/08	8/01/27	Pay 3.662%; receives 65% of the BBA-LIBOR	A-
Pay-fixed interest rate swap	Hedge of the variable rate interest exposure relating to the Refunding Revenue Certificates of Participation Series 2010A.	$11,525	5/22/08	8/01/21	Pay 3.515%; receive floating rate of 65% of BBA-LIBOR	A-

* S&P rating of subordinated debt for Citibank, N.A.

Credit risk. West Basin is exposed to credit risk on hedging derivative instruments. To minimize its exposure to loss related to credit risk, it is West Basin's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty, or its guarantor, not have credit ratings from two nationally recognized rating agencies in at least the two highest rating categories. Collateral posted is to be in the form of cash, U.S. Treasury Securities or Agency Securities rated "Aaa" or "AAA" by two of the nationally recognized rating agencies held by a third-party custodian.

Interest rate risk. West Basin is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR decreases, West Basin's net payment on the swap increases. In addition, on its basis interest rate swap, as LIBOR decreases or the SIFMA swap index increases, West Basin's net payment on the swap increases.

Basis risk. West Basin is exposed to basis risk on its interest rate swaps. For its pay-fixed and receive-variable interest rate swaps, the variable-rate payments received by West Basin on these hedging derivative instruments are based on 65% of one-month LIBOR index, reset every month. At each reset of its hedged variable rate debt, West Basin can choose the period until the next reset, and the interest rate on the debt is then based on 70% of the LIBOR index with a tenure that best approximates the chosen period. As of June 30, 2014, West Basin chose a reset period of one month for its hedged variable-rate debt, and 65% and 70% of one-month LIBOR were approximately 0.10% and 0.11%, respectively.

(9) Swap transaction agreements (Continued)

Termination risk. West Basin or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In such event, West Basin may either receive or owe a payment to the counterparty. The amount and the direction of the payment ares dependent on swap interest rates and ratios and it reflects the value of the swap at the time of such termination. The fair value of the swaps at June 30, 2014 suggests that a payment of $3,426,396 would be required if the two swaps were terminated on that date.

During the year ended June 30, 2104, the 2008A Adjustable Rate Certificates of Participation were redeemed as a result of the issuance of the 2010A Adjustable Rate Revenue Certificates of Participation. In accordance with GASB Statement No. 53, the balance of the deferred outflows through the date of the refunding that were associated with the 2008A Adjustable Rate Revenue Certificates of Participation have been removed from the Statement of Net Position and taken into account in the determination of the deferred refunding charge that is associated with the 2010A Adjustable Rate Revenue Certificates of Participation. The balance of this reclassified deferral account as of the date of the refunding was $3,503,408.

The interest rate swap agreements previously associated with the 2008A Adjustable Rate Revenue Certificates of Participation are now associated with the 2010A Adjustable Rate Revenue Certificates of Participation. Consultants engaged by West Basin have determined that these swaps serve as an effective hedge with respect to the 2010A Adjustable Rate Revenue Certificates of Participation. Accordingly, deferred inflows have been recognized for this new hedging relationship to account for the changes in fair value that have taken place from the date of the refunding (March 4, 2014) to the date of the Statement of Net Position (June 30, 2014). From March 4, 2014 (the date of the refunding) through June 30, 2014, the liability associated with the fair value of the swaps decreased by $77,012. This decrease in swap fair value resulted in the establishment of deferred inflows that are associated with the hedging of the 2010A Certificates of Participation.

(10) Agreements Associated with West Basin's Recycled Water Program

For West Basin's recycled water program, West Basin has entered into agreements with various entities that desire to use the recycled water that is produced by West Basin's recycled water treatment facilities.

These agreements entitle those parties to purchase a prescribed amount of recycled water. In return for access to such water, these parties have agreed to pay for the water actually supplied to that user at a rate annually established by West Basin for its recycled water customers.

Because of the significant contingencies associated with each of these agreements and in accordance with the revenue recognition criteria established for voluntary nonexchange transactions, capital contribution revenue and a related receivable was not accrued at the inception of the agreement.

(11) Prior Period Adjustment

The accompanying financial statements reflect the implementation of GASB Statement No. 65. Significant impacts of GASB Statement included the effects of debt issuance costs that no longer meet the definition of an asset. Due to this change in accounting principle, a prior period adjustment was booked. Going forward, debt issuance costs will be expensed in the period they are incurred. The beginning net position as restated is as follows:

Beginning Net Position	$ 228,551,057
Debt Issuance Costs	(3,496,795)
Beginning Net Position (as restated)	$ 225,054,262

COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

STATISTICAL SECTION

This part of West Basin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about West Basin's overall financial health.

Contents | Page

Financial Trends

These schedules contain trend information to help the reader understand how West Basin's financial performance have changed over time.

Table 1: Net Position Last Ten Fiscal Years 51
Table 2: Changes in Net Position Last Ten Fiscal Years 52
Table 3: Operating Revenues by Source Last Ten Fiscal Years 55
Table 4: Operating Expenses by Source Last Ten Fiscal Years 56
Table 5: Capital Contributions by Source Last Ten Fiscal Years 58

Revenue Capacity

These schedules contain information to help the reader understand West Basin's revenue sources.

Table 6: Payors-Potable Water Sales for the Current Year and Nine Years Prior 59
Table 7: Payors-Recycled Water Sales for the Current Year and Nine Years Prior 60
Table 8: All Water Sold in Acre-Feet Last Ten Fiscal Years 61
Table 9: All Water Sales to Customers in Acre-Feet Last Ten Fiscal Years 62
Table 10: Recycled Water Sales in Acre-Feet Last Ten Fiscal Years 64
Table 11: Average Water Rates Per Acre-Foot Last Ten Fiscal Years 65
Table 12: Imported Water Rates for the Years Ended June 30, 2013 and 2014 66

Debt Capacity

These schedules present information to help the reader assess the affordability of West Basin's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Table 13: Outstanding Debt to Capital Assets Last Ten Fiscal Years 67
Table 14: Annual Debt Payment to Expenses Last Ten Fiscal Years 68
Table 15: Standby Charge and Capital Fixed Payments Last Ten Fiscal Years 69
Table 16: Debt Coverage Last Ten Fiscal Years 70

Demographic Information

These schedules offer demographic and economic information to help the reader understand the environment within which West Basin's financial activities take place.

Table 17: Ten Largest Employers Within West Basin Service Area Calendar Year 2013 and Seven Years Prior 72
Table 18: Population and Economic Statistics Last Ten Calendar Years 73
Demographics 74
Recycled Water Users for the Fiscal Year Ended June 30, 2014 75

Operating Information

These schedules contain information about West Basin's operations and infrastructure data to help the reader understand how West Basin's financial report relates to services West Basin provides and the activities it performs.

General Operating Information Fiscal Year Ended June 30, 2014 76

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WEST BASIN MUNICIPAL WATER DISTRICT

Table 1: NET POSITION

Last Ten Fiscal Years *(In Thousands)*

Fiscal Year Ended June 30,	Net Investment In Capital Assets (3)	Unrestricted	Total Net Position (3)	
2005	$84,855	$96,216	$181,071	
2006	92,636	95,923	188,559	
2007	108,085	89,200	197,285	
2008	123,492	79,476	202,968	
2009	135,653	66,928	202,581	
2010	138,496	55,514	194,010	(1)
2011	142,314	58,122	200,436	(2)
2012	152,042	62,585	214,627	
2013	174,081	54,470	228,551	
2014	175,455	64,098	239,553	(4)

(1) Fiscal Year 2010 beginning Net Position was restated for two reasons: (1) Due to less contribution from the U.S. Army Corps of Engineers; there was a deduction of $3.6M in Construction-In-Progress account (2) Per GASB No. 53, the fair value of $15.7M nonhedged swap at the end of the Fiscal Year 2009 was required to be recorded in Fiscal Year 2010.

(2) Fiscal Year 2011 beginning Net Position was restated in Fiscal Year 2012 to reflect the deduction of $1.2M in the Construction-In-Progress account from Fiscal Year 2008.

(3) In Fiscal Year 2013, West Basin adopted GASB No. 63, which reflects the name change on this table.

(4) In Fiscal Year 2014, West Basin adopted GASB No. 65, resulting in a prior year adjustment of $3.5M to write off all bond issuance costs.

WEST BASIN MUNICIPAL WATER DISTRICT

Table 2: CHANGES IN NET POSITION

Last Ten Fiscal Years *(In Thousands)*

	Operating Revenue (Loss)			Nonoperating Revenue (loss)			
Fiscal Year Ended June 30,	Operating Revenues (1)	Operating Expenses (2)	Operating Revenue (Loss)	Standby Charges	Investment Income (8)	Realized Gain (Swap Termination) (3)	Grant Income Misc Inc (Exp) Loss on Disposal (4)
2005	$91,913	$97,091	($5,178)	$9,669	$2,669	-	$396
2006	95,486	104,191	(8,705)	9,785	2,230	-	(1,588)
2007	105,289	113,094	(7,805)	9,659	4,555	-	1,081
2008	106,072	115,260	(9,188)	9,365	3,581	-	207
2009	107,704	119,924	(12,220)	9,701	3,093	-	243
2010	130,623	138,786	(8,163)	9,679	1,426	-	(808)
2011	134,352	144,604	(10,252)	9,899	1,216	-	567
2012	146,147	147,932	(1,785) (4)	9,632	1,323	4,916	546
2013	164,216	162,390	1,826	9,805	2,872	-	100
2014	179,224	180,710	(1,486)	9,683	234	-	272

(1) Further detail is shown on Table 3 - "Operating Revenues by Source".

(2) Further detail is shown on Table 4 - "Operating Expenses by Source".

(3) In Fiscal Year 2012, one interest rate swap was terminated resulting in a $4.9M realized gain.

(4) In Fiscal Year 2006, there was a $1.5M loss from the disposition of capital assets.

(5) The increase in Fiscal Year 2009 was due to the refunding of the auction rate securities to fixed rate debt. The interest expense declined in Fiscal Year 2012 and 2013 due to refunding of the 2003A Refunding Revenue Certificates of Participation.

(continued)

Table 2: CHANGES IN NET POSITION (continued)

Last Ten Fiscal Years *(In Thousands)*

	Nonoperating Revenue (loss)					
Fiscal Year Ended June 30,	Interest Expense	Change in fair value of swap (nonhedged)	Total Nonoperating Revenue (Loss)	Income (Loss) Before Contributions	Capital Contributions	Change in Net Position
	(5)	(6)			(7)	
2,005	($10,195)	-	$2,539	($2,639)	$19,033	$16,394
2006	(10,593)	-	(166)	(8,871)	16,359	7,488
2007	(9,101)	-	6,194	(1,611)	10,337	8,726
2008	(9,808)	-	3,345	(5,843)	10,332	4,489
2009	(13,848)	-	(811)	(13,032)	9,069	(3,963)
2010	(12,498)	5,702	3,501	(4,662)	15,319	10,657
2011	(12,038)	5,033	4,675	(5,577)	13,196	7,619
2012	(11,002)	-	5,413	3,631	10,560	14,191
2013	(9,209)	-	3,566	5,395	8,528	13,923
2014	(10,651)	-	(462)	(1,948)	16,447	14,499

(6) Effective Fiscal Year 2010, per GASB No. 53, a swap agreement did not conform to the hedge accounting criteria referred to as investment derivatives. The changes in fair value associated with investment derivative are reported as a gain or loss in the statement of revenues, expenses and changes in net assets. West Basin terminated this type of the swap in Fiscal Year 2012.

(7) Further detail is shown on Table 5 - "Capital Contributions by Source" with explanations of the nature of these contributions.

(8) In Fiscal Year 2013, West Basin sold a $12.1M guaranteed investment contract (GIC) investment for the 2003A Refunding Revenue Certificates of Participation debt service reserve fund and realized a gain of $2.0M.

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Table 3: OPERATING REVENUES BY SOURCE

Last Ten Fiscal Years *(In Thousands)*

Fiscal Year Ended June 30,	Water Sales: Potable, Barrier & CC (1)	Water Sales: Recycled & LRP (2)	Water Sales: Desalting & GRP (3)	Conservation and Monitoring	Total
2005	$76,021	$15,528	$ -	$364	$91,913
2006	79,299	15,680	-	507	95,486
2007	84,978	19,627	65	619	105,289
2008	82,404	22,890	352	426	106,072
2009	82,569	23,599	566	970	107,704
2010	101,365	28,012	334	912	130,623
2011	106,427	26,382	802	741	134,352
2012	114,974	29,258	1,074	841	146,147
2013	129,607	32,629	879	1,101	164,216
2014	135,310	42,151	790	973	179,224

(1) Includes non-interruptible, seasonal storage, seawater barrier and Capacity Charge (CC). In Fiscal Year 2010, non-interruptible and seawater barrier water rate increased 21% over the prior year.

(2) Includes recycled sales and incentives from Metropolitan Water District of Southern California Local Resource Programs (LRP) which offers $250 incentive per acre-foot of the recycled water sold. Explanation of the fluctuations in recycled water sales is on Table 10 -"Recycled Water Sales in Acre-Feet".

(3) Includes desalting water sales and incentives from Metropolitan Water District of Southern California Groundwater Recovery Program (GRP) which offers $250 incentive per acre-foot of the desalting water sold. This incentive ended in Fiscal Year 2013.

(4) Explanation of the fluctuations in water sales is on Table 8 - "All Water Sold in Acre-Feet".

Table 4: OPERATING EXPENSES BY SOURCE

Last Ten Fiscal Years *(In Thousands)*

Fiscal Year Ended June 30,	Source of Supply	Water Recycling Costs	Desalting Operations	Communications and Monitoring
	(1)	(2)	(3)	(5)
2005	$69,609	$13,719	$69	$2,509
2006	73,089	14,899	72	2,487
2007	77,828	17,317	137	2,309
2008	75,470	20,709	440	3,123
2009	76,153	21,528	481	4,476
2010	92,276	23,477	551	4,360
2011	94,855	25,277	668	4,643
2012	99,019	23,595	901	4,940
2013	110,530	27,103	892	4,731
2014	118,117	32,683	811	6,004

(1) Includes water purchases from Metropolitan Water District of Southern California, Capacity Charges, and Readiness-to-Serve. MWD increases are passed on to West Basin customers. In Fiscal Year 2010, Metropolitan Water District of Southern California's water rate increased 21% over the prior year. Explanation of the fluctuations in source of supply is on Table 8 - "All Water Sold in Acre-Feet".

(2) Represents West Basin's costs to operate and maintain its recycling facilities.

(3) Represents West Basin's costs to operate and maintain its brackish desalting facility.

(continued)

Table 4: OPERATING EXPENSES BY SOURCE (continued)

Last Ten Fiscal Years *(In Thousands)*

Fiscal Year Ended June 30,	General and Administrative	Water Resource Planning	Depreciation and Amortization	Total Operating Expenses
	(4)	(5)		
2005	$1,113	$1,732	$8,340	$97,091
2006	3,350	1,985	8,309	104,191
2007	1,997	3,163	10,343	113,094
2008	-	2,195	13,323	115,260
2009	-	1,096	16,190	119,924
2010	-	1,044	17,078	138,786
2011	-	893	18,268	144,604
2012	-	1,194	18,283	147,932
2013	-	1,612	17,522	162,390
2014	-	2,302	20,793	180,710

(4) Increases/decreases in general and administrative (G&A) expenses were in accordance with budgeted amounts. In Fiscal Year 2006 and 2007, the increase in G&A expenses relate to significant legal expenses. Starting in Fiscal Year 2008, the District changed its allocation methodology and began allocating all G&A costs to other direct programs.

(5) The fluctuation in Fiscal Year 2008 and Fiscal Year 2013 was the result of organizational restructuring.

WEST BASIN MUNICIPAL WATER DISTRICT

Table 5: CAPITAL CONTRIBUTIONS BY SOURCE

Last Ten Fiscal Years *(In Thousands)*

Fiscal Year Ended June 30,	Recycling Operations	U.S. Army Corps of Engineers	California Department of Water Resources	Other	Total
	(1)	(2)	(3)	(4)	
2005	$7,625	$3,538	$7,860	$10	$19,033
2006	7,574	7,151	1,546	88	16,359
2007	7,426	1,160	-	1,751	10,337
2008	8,229	2,061	-	42	10,332
2009	7,140	1,068	409	452	9,069
2010	7,172	7,572	126	449	15,319
2011	6,887	4,628	1,239	442	13,196
2012	7,241	2,398	94	827	10,560
2013	7,360	-	-	1,168	8,528
2014	7,296	-	-	9,151	16,447

(1) Recycling Operations - West Basin receives fixed payments from major recycled water customers, which are intended to cover the capital costs of recycled water facilities that were partially constructed for them. The fixed payments will continue to Fiscal Year 2025, as the existing contracts expire.

(2) U.S. Army Corps of Engineers - 75% of the construction costs related to the Harbor-South Bay Water Recycling Project are from a grant with the U.S. Army Corps of Engineers. Prior period adjustments were made for Fiscal Year 2008 and 2009 to reflect the correct contributions. To date, the total contributions received was $35M.

(3) California Department of Water Resources (DWR) - West Basin received grants from the California Department of Water Resources to assist with the design and construction of the 3rd expansion to the Edward C. Little Water Recycling Facility and seawater desalination projects.

(4) Other - West Basin received contributions from other agencies such as Los Angeles Department of Water & Power, Tesoro (formerly BP), Southern California Edison (SCE) and Metropolitan Water District of Southern California. In Fiscal Year 2007, SCE provided a $1.7M incentive to West Basin for the installation of solar panels. In Fiscal Year 2014, West Basin received a capital reimbursement of $8.3M from NRG for the facilities and pipelines built to meet their recycled water demand.

Table 6: PAYORS - POTABLE WATER SALES

For the Current Year and Nine Years Prior *(In Thousands)*

Table below shows potable water sales to principal customers of West Basin (excluding the Meter Charges, Capacity Charges and late penalties).

2014

Name	in US $	%
California Water Service (CalWater)	71,587	52.4%
Golden State Water Company (GSWC) (1)	18,038	13.2%
Los Angeles County Water Works (LA County)	11,405	8.3%
Water Replenishment District (WRD)	10,489	7.7%
City of Inglewood	9,270	6.8%
City of El Segundo	9,117	6.7%
City of Manhattan Beach	3,999	2.9%
City of Lomita	2,019	1.5%
California American Water Company (CAWC)	752	0.6%
Total	$136,676	100.0%

2005

Name	in US $	%
California Water Service (CalWater)	34,867	47.0%
Southern California Water Company (SCWC) (1)	15,285	20.6%
Water Replenishment District (WRD)	5,976	8.1%
Los Angeles County Water Works (LA County)	5,139	6.9%
City of El Segundo	4,476	6.0%
City of Inglewood	3,315	4.5%
City of Manhattan Beach	3,010	4.1%
City of Lomita	1,410	1.9%
California American Water Company (CAWC)	725	1.0%
Total	$74,203	100.0%

(1) In Fiscal Year 2006 Southern California Water Company changed their name to Golden State Water Company.

Table 7: PAYORS - RECYCLED WATER SALES

For the Current Year and Nine Years Prior *(In Thousands)*

Table below shows recycled water sales to principal customers of West Basin (excluding LRP rebate).

2014

Name	in US $	%
City of El Segundo	9,504	29.7%
Water Replenishment District (WRD)	7,151	22.4%
California Water Service (CalWater)	6,877	21.5%
City of Torrance	5,986	18.7%
L.A. Dept of Water & Power	888	2.8%
City of Inglewood	742	2.3%
Golden State Water Company (GSWC) (1)	526	1.6%
City of Manhattan Beach	284	0.9%
Total	$31,958	100.0%

2005

Name	in US $	%
City of El Segundo	3,673	38.7%
California Water Service (CalWater)	1,787	18.8%
City of Torrance	1,909	20.1%
Water Replenishment District (WRD)	1,634	17.2%
City of Inglewood	168	1.8%
Southern California Water Company (SCWC) (1)	125	1.3%
L.A. Dept of Water & Power	93	1.0%
City of Manhattan Beach	82	0.9%
Inglewood Unified School District (2)	18	0.2%
Total	$9,489	100.0%

(1) In Fiscal Year 2006 Southern California Water Company changed their name to Golden State Water Company.

(2) In Fiscal Year 2012 Inglewood Unified School District purchased recycled water directly through the City of Inglewood and no longer is a direct customer to West Basin.

Table 8: ALL WATER SOLD IN ACRE-FEET

Last Ten Fiscal Years

This table presents a summary of imported water purchases by the retail agencies from Metropolitan Water District of Southern California (MWD) through West Basin, desalted water delivered to California Water Service Company Dominguez by West Basin, recycled water delivered to the retail agencies by West Basin and groundwater pumped by retail agencies from the West Coast Basin for the last ten fiscal years.

	Potable Water							
Fiscal Year Ended June 30,	Non-Interruptible	Ground-water	Saltwater Barrier	Seasonal Water	Total Potable Water	Recycled	Desalting	All Water Deliveries
		(1)	(2)	(3)		(4)	(5)	
2005	129,315	44,329	11,400	-	185,044	24,070	-	209,114
2006	129,258	36,792	13,722	-	180,517	23,653	-	204,170
2007	134,800	36,424	11,162	745	184,368	29,250	89	213,706
2008	127,927	38,785	7,609	1,982	174,321	32,209	467	206,997
2009	114,294	43,835	9,774	-	167,903	29,908	682	198,493
2010	108,261	44,405	13,054	-	165,720	30,680	285	196,685
2011	102,611	44,215	13,534	-	160,360	26,419	882	187,661
2012	105,309	38,152	8,057	-	151,518	27,659	958	180,135
2013	108,550	43,303	11,320	-	163,173	29,962	825	193,960
2014	111,659	42,294	9,285	-	163,238	36,720	817	200,775

(1) Groundwater does not represent water deliveries of West Basin. This information is included in the table above only for analysis. West Basin's deliveries of non-interruptible, saltwater barrier, and seasonal water are affected by the amount of groundwater pumped.

(2) In Fiscal Year 2009 to 2014, recycled water sales have fluctuated due to poor source water or well and pipeline repairs performed by Los Angeles County.

(3) In Fiscal Year 2006 and 2007, MWD offered more seasonal water, therefore increasing deliveries of this type of water. In December 2012, MWD discontinued the Seasonal Storage Program.

(4) In Fiscal Year 2009 to 2014, recycled water sales have fluctuated due to poor source water and other operational constraints. In Fiscal Year 2014, recycled water sales increased due to West Basin completion of the Phase V construction.

(5) Throughout Fiscal Years 2005-2007, the Desalter underwent a number of capital projects to address aging infrastructure and water quality issues.

Table 9: ALL WATER SALES TO CUSTOMERS IN ACRE-FEET

Last Ten Fiscal Years

The following table presents a summary of all water sales by West Basin to each retail agency for the last ten fiscal years. Water sales include desalted, non-interruptible, recycled, seasonal storage, and seawater barrier.

	2005	2006	2007	2008	2009
California American Water Company (CAWC)	1,384	682	2,272	1,725	1,436
California Water Service (CalWater)	70,014	69,999	74,498	73,917	68,164
City of El Segundo	16,360	15,767	17,062	16,950	17,773
City of Inglewood	6,884	7,816	8,882	8,339	7,817
City of Lomita	2,676	2,576	2,720	2,583	2,420
City of Manhattan Beach	5,893	6,419	6,037	5,566	5,073
City of Torrance	6,921	6,409	6,037	6,389	5,876
Golden State Water Company (GSWC)	29,377	29,689	28,270	22,935	18,280
Inglewood Unified School District (3)	60	57	68	56	63
Los Angeles County Water Works (LA County)	9,748	9,533	10,836	10,654	9,886
L.A. Dept of Water & Power	283	257	335	360	444
Water Replenishment District (WRD) (1)	15,185	18,174	20,266	18,738	17,426
Total (2)	164,785	167,378	177,283	168,212	154,658

(1) Sales decreased due to replacement of the pressure reducing valves during Fiscal Year 2005 and well & pipeline repairs in Fiscal Year 2012.

(2) Overall sales decreased from Fiscal Year 2008 to 2012 due to local residents' response towards conservation/water efficiency programs to address drought conditions.

(3) In Fiscal Year 2012, Inglewood Unified School District purchased recycled water directly from the City of Inglewood and no longer is a direct customer to West Basin.

(Continued)

Table 9: ALL WATER SALES TO CUSTOMERS IN ACRE-FEET (continued)

Last Ten Fiscal Years

	2010	2011	2012	2013	2014
California American Water Company (CAWC)	809	712	902	1,019	667
California Water Service (CalWater)	65,422	61,127	62,797	65,185	70,679
City of El Segundo	19,666	16,522	17,848	17,144	16,681
City of Inglewood	7,173	7,545	8,327	9,021	9,028
City of Lomita	2,290	2,096	2,336	2,275	1,788
City of Manhattan Beach	3,565	3,359	3,757	3,863	3,849
City of Torrance	6,445	5,785	6,352	6,634	6,529
Golden State Water Company (GSWC)	16,634	16,352	15,399	11,637	16,516
Inglewood Unified School District	56	-	-	-	-
Los Angeles County Water Works (LA County)	8,750	8,331	8,802	9,234	10,090
L.A. Dept of Water & Power	619	763	876	966	998
Water Replenishment District (WRD)	20,851	20,854	14,587	23,679	21,657
	152,280	143,446	141,983	150,657	158,481

Table 10: RECYCLED WATER SALES IN ACRE-FEET

Last Ten Fiscal Years

Table below shows recycled water accounts and sales for the last ten fiscal years identified by the four largest purchasers and others.

Fiscal Year Ended June 30,	Number of Accounts	Chevron Refinery (1)	Mobil Refinery (1)	Tesoro Refinery (1)	Total Refineries (2)	West Coast Barrier (3)	Title 22 Irrigation	Total
2005	207	7,563	6,708	3,183	17,454	3,799	2,817	24,070
2006	216	7,004	6,130	3,191	16,325	4,383	2,945	23,653
2007	221	7,661	5,742	2,951	16,354	9,104	3,792	29,250
2008	226	7,366	6,047	4,091	17,504	11,129	3,576	32,209
2009	326	8,478	5,578	4,759	18,815	7,652	3,441	29,908
2010	354	8,492	6,146	4,708	19,346	7,797	3,537	30,680
2011	378	6,163	5,538	3,973	15,674	7,320	3,425	26,419
2012	384	6,397	6,060	5,019	17,476	6,530	3,653	27,659
2013	402	7,146	6,348	5,208	18,702	6,622	4,638	29,962
2014	411	7,891	6,167	5,572	19,630	12,372	4,718	36,720

(1) Chevron refinery is located in the city of El Segundo, ExxonMobil refinery is located in Torrance, and Tesoro (Formerly BP Amoco) is located in Carson.

(2) Recycled Water Sales include deliveries to refineries for nitrification, boiler feed, industrial reverse osmosis, and ultra industrial reverse osmosis. In Fiscal Year 2011, sales to all refineries were decreased due to water quality issues.

(3) Sales declined in Fiscal Year 2005 and 2006 due to barrier operating issues and poor source water quality. In October 2006, West Basin began injecting additional recycled water into the West Coast Barrier (up to 75%). Recycled water sales decreased in Fiscal Year 2009 to 2011 due to poor source water quality. In Fiscal Year 2014, sales increased due to the completion of the Phase V project.

Table 11: AVERAGE WATER RATES PER ACRE-FOOT

Last Ten Fiscal Years

Type of Water	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Purchased from MWD (1)										
Non-interruptible	$528	$541	$560	$591	$650	$773	$898	$994	$1,063	$1,132
Saltwater Barrier	528	541	560	591	650	773	898	994	1,063	1,132
Seasonal Storage-LT	344	362	382	411	454	547	645	721	865	-
West Basin Recycled Water (2)										
Recycled- T22	$303	$312	$337	$367	$438	$600	$686	$775	$840	$908
Recycled- T22 OSA	343	354	379	409	480	642	728	817	882	950
Recycled- Barrier	430	430	421	440	458	501	540	553	565	578
Recycled- Industrial RO	549	568	596	633	722	913	914	1003	1,068	1,136
Recycled- Ultra RO	725	750	788	837	954	1195	1270	1359	1,424	1,492
Recycled- Nitrified	283	292	317	347	418	577	666	755	820	888
West Basin Desalting Plant (3)										
Desalted Water	$451	$472	$491	$517	$608	$723	$746	$792	$840	$978

(1) Purchased from MWD
Water rates are comprised of three components: MWD's commodity charge, West Basin's reliability service charge, and the Readiness-to-Serve (RTS) Charge. The rates presented above represent the average rates for the period due to MWD changing its rates effective January 1st each year. In December 2012, MWD discontinued the Seasonal Storage Program.

* MWD - Metropolitan Water District of Southern California
* LT - Long-term

(2) West Basin Recycled Water
Rates exclude MWD's Local Resources Program incentive of $250 per acre-foot of recycled water sold. For T22 water sales within and outside West Basin's service area, rate decreases as the volume of recycled water purchases increases. Rates shown above are for purchases of 0 - 25 AF per month.

(3) West Basin Desalting Plant
Rates exclude MWD's Groundwater Recovery Program incentive of $250 per acre-foot of desalting water sold. This incentive ended in Fiscal Year 2013.

West Basin adopts its water rates annually by resolution.

Table 12: IMPORTED WATER RATES

For the Years Ended June 30, 2013 and 2014

Tables below delineate the fiscal years ended June 30, 2013 and 2014 water rates for West Basin and Metropolitan Water District of Southern California (MWD).

	MWD	Readiness-to-Serve Charge	West Basin Reliability Service Charge	Total
Fiscal Year Ended June 30, 2013				
July 1, 2012 to December 31, 2012				
Non-Interruptible & Barrier (Tier 1)	$794	$135	$107	$1,036
Non-Interruptible & Barrier (Tier 2)	920	135	107	1,162
Seasonal Storage Long-term	651	N/A	107	758
January 1, 2013 to June 30, 2013				
Non-Interruptible & Barrier (Tier 1)	$847	$135	$107	$1,089
Non-Interruptible & Barrier (Tier 2)	997	135	107	1,239
Seasonal Storage Long-term	N/A	N/A	N/A	N/A
Fiscal Year Ended June 30, 2014				
July 1, 2013 to December 31, 2013				
Non-Interruptible & Barrier (Tier 1)	$847	$135	$124	$1,106
Non-Interruptible & Barrier (Tier 2)	997	135	124	1,256
January 1, 2014 to June 30, 2014				
Non-Interruptible & Barrier (Tier 1)	$890	$143	$124	$1,157
Non-Interruptible & Barrier (Tier 2)	1,032	143	124	1,299

(1) The Seasonal Storage Program was discontinued on December 31, 2012.

Table 13: OUTSTANDING DEBT TO CAPITAL ASSETS

Last Ten Fiscal Years *(In Thousands)*

Table below provides an overview of the ratio of the total capital assets to debt outstanding as of fiscal year-end. Total long-term (LT) debt includes certificates of participation, state loan and refunding revenue bonds.

	OUTSTANDING DEBT			CAPITAL ASSETS			
Fiscal Year Ended June 30,	Certificate of Participation & Revenue Bonds	State Loan	Total LT Debt	Capitalized Assets	Construction-in-Progress	Total Capital Assets	Debt/ Capital Assets
(3)				(1)	(2)		
2005	$334,435	$3,114	$337,549	$378,985	$41,900	$420,885	0.80
2006	326,340	2,857	329,197	381,143	73,251	454,394	0.72
2007	315,290	2,593	317,883	387,074	89,738	476,812	0.67
2008	302,600	2,319	304,919	477,099	18,932	496,031	0.61
2009	293,400	2,036	295,436	483,019	29,362	512,381	0.58
2010	294,395	1,743	296,138	496,722	39,395	536,117	0.55
2011	300,050	1,440	301,490	507,066	59,081	566,147	0.53
2012	327,023	-	327,023	520,501	103,279	623,780	0.52
2013	338,686	-	338,686	527,816	135,530	663,346	0.51
2014	329,755	-	329,755	617,446	63,152	680,598	0.48

(1) Amounts exclude accumulated depreciation and capital assets of the Financing Authority through Fiscal Year 2007. See details at "General Operating Information".

(2) Amounts include all of West Basin's Construction-in-Progress projects. Adjustments were made in Fiscal Year 2008 and 2009 to reflect the decreases in value of contributed projects from the U.S. Army Corps of Engineers.

(3) Beginning with Fiscal Year 2012, premiums on outstanding revenue bonds and certificates of participation have been included in the outstanding debt along with the outstanding principal balances.

Table 14: ANNUAL DEBT PAYMENTS TO EXPENSES

Last Ten Fiscal Years *(In Thousands)*

Fiscal Year Ended June 30,	Principal Payments	Interest Payments	Total Debt Payment	Operating Expenses	Ratio Debt/ Expenses
	(1)	(1)	(2)	(3)	
2005	$ 5,038	$ 10,195	$ 15,233	$ 88,751	0.17
2006	8,351	10,593	18,944	95,882	0.20
2007	11,315	9,170	20,485	102,751	0.20
2008	11,839	9,374	21,213	101,937	0.21
2009	9,483	12,766	22,249	103,734	0.21
2010	9,298	12,773	22,071	121,708	0.18
2011	10,448	11,989	22,437	126,336	0.18
2012	11,073	10,317	21,390	129,649	0.16
2013	12,410	8,612	21,022	144,868	0.15
2014	5,760	10,478	16,238	159,917	0.10

(1) Data obtained from the Statement of Cash Flows.

(2) In Fiscal Year 2014, the Debt Payment decreased to due refunding of the 2003A Refunding Revenue Certificates of Participation.

(3) Excludes depreciation and amortization.

Table 15: STANDBY CHARGE AND CAPITAL FIXED PAYMENTS

Last Ten Fiscal Years *(In Thousands)*

Standby Charges and Capital Fixed Payments are both revenues to West Basin. West Basin uses them to pay the debts incurred for the constructions and improvements of its recycled water facilities. For the past ten years, majority of West Basin's bonds were issued to finance the recycled water projects. The table below shows the information on these revenues as compared to debt service.

Fiscal Year Ended June 30,	Standby Charge	Capital Fixed Payments	Total	Debt Payment	% of Debt Service
	(1)	(2)		(3)	
2005	$9,669	$7,625	$17,294	$15,233	114%
2006	9,785	7,574	17,359	18,944	92%
2007	9,659	7,426	17,085	20,485	83%
2008	9,365	8,229	17,594	21,213	83%
2009	9,701	7,140	16,841	22,249	76%
2010	9,679	7,172	16,851	22,071	76%
2011	9,899	6,887	16,786	22,437	75%
2012	9,632	7,241	16,873	21,390	79%
2013	9,805	7,360	17,165	21,022	82%
2014	9,683	7,296	16,979	16,238	105%

(1) Approved annually by the Board, the Standby Charge is imposed by West Basin on land owners within its service area. The charge is collected by means of the property owner's tax bill through the County of Los Angeles. The Standby Charge was designed to help drought-proof the area through construction of recycled water distribution an treatment facilities.

(2) Capital Fixed Payments are paid by Tesoro (formerly BP Amoco), Chevron, Exxon Mobil Oil, and Los Angeles Department of Water and Power and are used to repay the cost of the treatment and distribution facilities that were constructed for delivery of recycled water to these entities. Amounts are based on contractual terms. These fixed revenues are reported as Capital Contributions in the basic financial statements, see table 5-"Capital Contribution By Source".

(3) Beginning in Fiscal Year 2006, the debt payments increased due to West Basin paying both interest and principal for its subordinate bonds. In Fiscal Year 2008 West Basin experienced higher interest rates on its variable rate debt. During Fiscal Year 2013, West Basin refunded its 2003A Refunding Revenue Certificates of Participation which resulted in a lower debt payment in Fiscal Year 2014. Breakdown is shown on Table 14-"Annual Debt Service to Expenses".

Table 16: DEBT COVERAGE

Last Ten Fiscal Years *(In Thousands, Except for Debt Coverage)*

	2005	2006	2007	2008	2009
Changes in Net Assets (1)	$16,394	$7,488	$8,726	$4,489	($3,963)
Add: Interest Expense	10,195	10,593	9,101	9,808	13,848
Add: Depreciation/Amortization	8,340	8,309	10,343	13,323	16,190
Less: Non-cash items (2)	(3,125)	(4,671)	(2,517)	(2,827)	(1,446)
Net Revenues for Coverage	$31,804	$21,719	$25,653	$24,793	$24,629
Parity Debt Service (3)	15,869	16,094	16,185	16,345	16,595
Reserve Fund Earnings	(1,868)	(1,177)	(825)	(799)	(767)
Total Net Senior Debt Service	$14,001	$14,917	$15,360	$15,546	$15,828
Debt Coverage	**2.27**	**1.46**	**1.67**	**1.54**	**1.51**
Subordinate Debt Service (3)	3,281	7,246	8,445	6,157	6,897
Reserve Fund Earnings	(5)	(1)	(2)	(12)	(2)
Total Net Subordinate Debt Service	$3,276	$7,245	$8,443	$6,145	$6,895
Debt Coverage (4)	**5.43**	**0.94**	**1.22**	**1.50**	**1.17**
All-In Debt Coverage	**1.84**	**0.98**	**1.09**	**1.14**	**1.09**
Cash Available for Additional Subordinate Debt Service, Capital Projects and Other Purposes	$14,527	($443)	$1,850	$3,102	$1,906

(1) See Table 2 -"Changes in Net Position" for more detail.

(2) Non-cash items represent grant funding from the U.S Army Corps of Engineer , unrealized gains/losses, change in fair value of swap instruments, loss on disposition of assets and nonroutine litigation settlements.

(Continued)

Table 16: DEBT COVERAGE (continued)

Last Ten Fiscal Years *(In Thousands, Except for Debt Coverage)*

	2010	2011	2012	2013	2014
Changes in Net Assets (1)	$10,657	$7,619	$14,191	$13,923	$14,499
Add: Interest Expense	12,498	12,038	11,002	9,209	10,651
Add: Depreciation/Amortization	17,078	18,268	18,283	17,522	20,793
Less: Non-cash items (2)	(11,579)	(9,109)	(6,805)	(133)	(550)
Net Revenues for Coverage	$28,654	$28,816	$36,671	$40,521	$45,393
Parity Debt Service (3)	16,078	16,517	16,115	17,790	17,205
Reserve Fund Earnings	(762)	(762)	(763)	(681)	170
Total Net Senior Debt Service	$15,316	$15,755	$15,352	$17,109	$17,375
Debt Coverage	**1.82**	**1.78**	**2.34**	**2.33**	**2.62**
Subordinate Debt Service (3)	7,624	7,968	8,817	9,056	8,993
Reserve Fund Earnings	-	-	-	-	-
Total Net Subordinate Debt Service	$7,624	$7,968	$8,817	$9,056	$8,993
Debt Coverage (4)	**1.66**	**1.54**	**2.33**	**2.51**	**3.13**
All-In Debt Coverage	**1.26**	**1.22**	**1.52**	**1.55**	**1.73**
Cash Available for Additional Subordinate Debt Service, Capital Projects and Other Purposes	$5,714	$5,093	$12,502	$14,356	$19,025

(3) In Fiscal Year 2012, parity and subordinate debt service was reduced by capitalized interest.

(4) Subordinate debt coverage in Fiscal Year 2006 did not meet the required legal covenant 1.15 due to a significant decrease in recycled water barrier sales as a result of poor water quality and LA county well issues. In addition, West Basin had higher than anticipated legal costs of approximately $1.8M.

Table 17: TEN LARGEST EMPLOYERS WITHIN WEST BASIN SERVICE AREA

Calendar Year 2013 and Seven Years Prior

Employer	2013 Number of Employees	Rank	2006 Number of Employees	Rank
	(1)		(2)	
Northrop Grumman Corporation	11,082	1	7,675	1
Raytheon Company	6,117	2	8,594	2
Sony Pictures Entertainment	6,000	3	2,018	5
Boeing Satellite Systems Inc.	5,229	4	5,960	3
DirecTV Operations Inc.	2,864	5	1,268	8
Aerospace Corporation	2,580	6	2,847	4
Mattel, Inc.	1,857	7	1,737	7
Palos Verdes Peninsula Unified School District	1,380	8	1,800	6
Chevron Products Company/USA Inc.	1,166	9	1,062	9
G & K Management Company	1,100	10	-	10

Total Employment Within West Basin's Service Area (3): Not Available

Percentage of Each Employer of Total Employment Within West Basin Service Area (3): Not Available

(1) Most current available data.

(2) Employer information is not readily available prior to 2006.

(3) West Basin service area includes 17 cities and part of unincorporated coastal Los Angeles County, the total employment within our service area is not available therefore West Basin can not provide each employer's percentage of the total employment.

Table 18: POPULATION AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	West Basin Population	LA County Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
	(1)	(2)	(2)	(2)	(2)
2005	839,285	9,786,373	357,186,377	36,498	5.4%
2006	839,385	9,737,955	385,724,212	39,610	4.8%
2007	839,134	9,700,359	400,366,343	41,273	5.1%
2008	838,888	9,735,147	417,454,378	42,881	7.5%
2009	840,260	9,787,400	394,980,563	40,356	11.6%
2010	853,377	9,826,773	410,674,615	41,791	12.5%
2011	857,545	9,889,056	420,913,463	42,564	12.7%
2012	861,545	9,911,665	-	-	11.2%
2013	865,882	-	-	-	10.2%
2014	870,219	-	-	-	7.8%

(1) Data obtained from Water Policy and Resource Development Department.

(2) Data obtained from the State of California Employment Development Department for Los Angeles County. The 2014 information is as of September. Other information for Calendar year 2012 through 2014 is not available.

DEMOGRAPHICS

SERVICE AREA

Estimated Total Population Served: 870,219

Area: 185 square miles

Division I - Represented by Director Ronald C. (Ron) Smith
Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills Estates, Rolling Hills and Carson

Division II - Represented by Director Gloria D. Gray
Inglewood, South Ladera Heights, a portion of Lennox, Athens, Howard and Ross-Sexton

Division III - Represented by Director Carol W. Kwan
Hermosa Beach, Lomita, Manhattan Beach, Redondo Beach and a portion of Torrance

Division IV - Represented by Edward C. Little (Resigned on May 20, 2014)
Culver City, Del Aire, El Segundo, Malibu, North Ladera Heights, Topanga, View Park, West Hollywood, Windsor Hills and a portion of Lennox

Division V - Represented by Director Donald L. Dear
Gardena, Hawthorne, Lawndale and El Camino Village

NUMBER OF DIRECT CUSTOMERS: 11

West Basin's customers are comprised of cities and retail water agencies that purchase potable non-interruptible water and recycled water for further sales to the end-user or use in the seawater barrier.

ANNUAL WATER DELIVERIES

Potable Water (including desalting & groundwater): 164,055 acre-feet

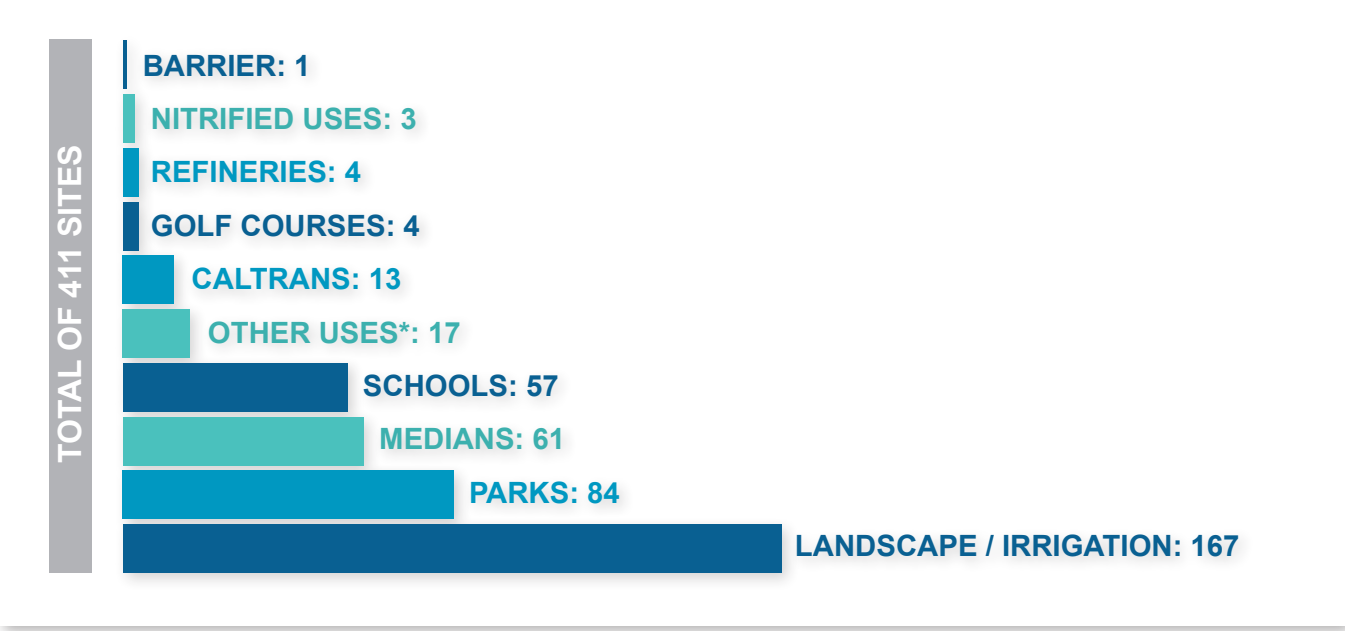
Recycled Water: 36,720 acre-feet

WEST BASIN MUNICIPAL WATER DISTRICT

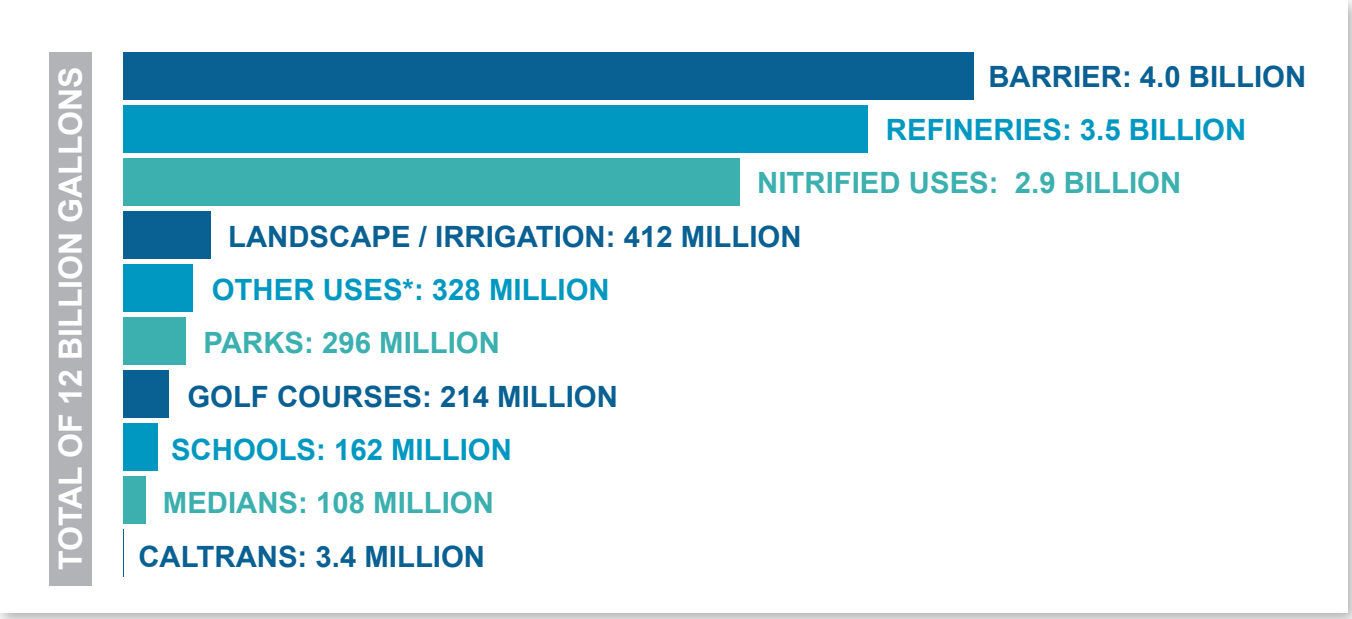
RECYCLED WATER USERS

For the Fiscal Year Ended June 30, 2014

NUMBER OF SITES



WATER USAGE



*** OTHER USES**

Cemetery use
Multi-industrial / irrigation use
Construction use
College use
Draining / Sump Pumps use

WEST BASIN MUNICIPAL WATER DISTRICT

GENERAL OPERATING INFORMATION

For the Fiscal Year Ended June 30, 2014

NUMBER OF BUDGETED FULL-TIME PERSONNEL

2005	30
2006	30
2007	33
2008	33
2009	33
2010	34
2011	36
2012	36
2013	38
2014	40

Prior to FY 2007, West Basin had shared staff with Central Basin Municipal Water District.
Staff time was allocated each fiscal year between each entity based on the budgeted level of effort.

CERTIFICATIONS AND LICENSES HELD BY DISTRICT EMPLOYEES

Professional Engineer	9
Certified Public Accountant	3
Licensed attorneys	1
Masters Degree	13
State Water Certification:	
Distribution Operator	3
Treatment Plant Operator	2

CAPITAL ASSETS (IN THOUSANDS)

	Recycling Facilities	Desalting	Machinery & Equipment	Construction-in-Progress (1)	Admin. Facility (2)	West Basin Capital Assets	Financing Authority (2)	Total Fixed Assets (3)
2005	$ 375,842	$ 2,290	$ 853	$ 41,900	$ -	$ 420,885	$ 2,609	$ 423,494
2006	376,702	3,544	897	73,251	-	454,394	2,082	456,476
2007	382,421	3,697	956	89,738	-	476,812	2,082	478,894
2008	468,377	3,697	1,011	18,932	4,014	496,031	-	496,031
2009	474,281	3,700	1,025	29,362	4,014	512,382	-	512,382
2010	486,401	3,794	2,491	39,395	4,035	536,116	-	536,116
2011	493,065	5,299	3,761	59,081	4,941	566,147	-	566,147
2012	506,311	4,904	3,775	103,279	5,511	623,780	-	623,780
2013	513,437	4,904	3,911	135,530	5,564	663,346	-	663,346
2014	601,796	5,044	4,261	63,152	6,345	680,598	-	680,598

(1) Adjustments were made in Fiscal Year 2008 and 2009 to reflect the decreases in value of contributed projects from the U.S. Army Corps of Engineers.

(2) West Basin fully acquired ownership of its administrative facility in August 2008, previously a shared cost under the Financing Authority.

(3) Excludes accumulated depreciation

17140 S. Avalon Blvd., Suite 210
Carson, CA 90746
www.westbasin.org

Additional Proposal Information

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West Basin Municipal Water District S&P Bond Rating.pdf

Summary:

West Basin Municipal Water District, California; Water/Sewer

Primary Credit Analyst:
Adam Torres, New York (1) 212-438-2481; adam_torres@standardandpoors.com

Secondary Contact:
Paul J Dyson, San Francisco (1) 415-371-5079; paul_dyson@standardandpoors.com

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Outlook

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West Basin Mun Wtr Dist rev COPs 2008B (ASSURED GTY)		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed
West Basin Mun Wtr Dist rfdg rev bnds		
Long Term Rating	AA-/Stable	Affirmed
West Basin Mun Wtr Dist wtr & swr		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services has assigned its 'AA-' rating to West Basin Municipal Water District, Calif.'s refunding revenue bonds, series 2013A.

At the same time, Standard & Poor's affirmed its 'AA-' rating on the district's senior-lien revenue certificates of participation (COPs) and bonds outstanding. Finally, Standard & Poor's affirmed its 'A+' underlying rating on West Basin's subordinate series 2008B COPs. The outlook is stable.

We understand that bond proceeds will be used to refund up to the entire amount of series 2003A COPs outstanding ($35 million).

The ratings reflect what we view as:

- The strength and diversity of the service area's economy;
- The broad economy of the service area, which includes affluent coastal communities in Los Angeles County; and
- The district's continued good financial performance, as demonstrated by strong liquidity, good senior-lien debt service coverage (DSC), and adequate DSC ratios on the subordinate lien, all of which we expect to continue.

We believe credit weaknesses include what we consider to be the concentration of the water supply source, which comes primarily from the Metropolitan Water District of Southern California (MWD); and a large capital plan with financing sources that are not yet fully clarified.

A first lien on the water system's net revenue secures the bonds. Remaining bond provisions are somewhat weaker than typical, including a rate covenant and additional bonds test both at 1.15x. Furthermore, specific to the 2013A bonds there is no debt service reserve.

Revenues consist mainly of wholesale revenues received from West Basin's 12 retail customers. Given our view of the retail member base's diversity, as well as the district's strong operating track record, DSC, and reserve position, the rating does not depend on one single retail provider. In our view, the failure of one retail customer to fulfill its obligation is not likely to result in a debt service payment deficiency.

West Basin has numerous parity and subordinate obligations totaling $329 million, with $120 million on the subordinate lien. The 2008A COPs are variable-rate (about $30 million outstanding, whereby variable-rate debt represents 9% of total debt), and is nearly entirely hedged (except $315,000) by two swap agreements with Citibank N.A., N.Y. A recent valuation places the two swaps at about $4.9 million combined, in the counterparty's favor. We believe that the valuation compared to the district's liquidity position poses no significant risk.

The district covers 185 square miles in the southwestern portion of Los Angeles County, with a population of about 1 million within its service area. It serves about 200,000 retail customers through eight retail agencies that purchase wholesale water from the district, and serves the Water Replenishment District of Southern California, whose mission is to replenish groundwater for hydraulic seawater barriers. These retail agencies provide water to all or a portion of 17 cities, including the affluent coastal communities of Hermosa Beach, Manhattan Beach, Malibu, and Palos Verdes Estates, Calif. These communities have median household effective buying incomes ranging from 167%-234% of the state and 189%-269% of the national levels.

West Basin provides about 80% of its wholesale customers' total water supply; the remaining 20% comes from local groundwater supplies. The district sources water from MWD imports and water processed through its own groundwater desalter and recycled water treatment system, with two-thirds coming from MWD. West Basin's policy is to pass all MWD rate increases through to its retail water suppliers.

Under its water reliability plan, the district aims to source two-thirds of its water supply locally by 2020, a shift from today's two-thirds that it imports. As part of the plan, it is undertaking projects in the next five years that are estimated up to $118 million, if they are all undertaken. These projects include: improving nitrification facilities at one of West Basin's satellite recycled water treatment plants ($80 million, which is underway), increasing pumping capacity from the supply source (Hyperion treatment plant) of recycled water ($7.5 million over the next two years), expanding treatment and conveyance facilities ($20 million), and the preliminary work ($10 million) of a proposed desalination facility. The district is likely to continue issuing debt under its 2010A COPs (of which up to $40 million could be outstanding at any time, and that we treat as a commercial paper program); repayment of the COPs is likely to take place beyond the district's current five-year planning horizon. Furthermore, as per an agreement between the parties, Los Angeles Department of Water and Power will reimburse the district through 2015 for outlays associated with the nitrified recycled water project.

In recent years, West Basin's financial performance has been strong, in our view. The district's senior-lien DSC ranged from 1.57x-2.14x for fiscal years 2010-2012, based on audited financial statements, and with the peak occurring in

2012. West Basin is projecting fiscal 2013 DSC of 2.18x, and ranging up to 2.46x through 2017. These projections exclude costs and financing sources associated with certain components of the capital plan, due to uncertainty with final cost estimates. Meanwhile, combined (senior- and subordinate-lien bonds) audited coverage has been adequate to good, in our view, ranging from 1.04x-1.36x during the same period. Combined DSC projections ranges from 1.35x-1.62x from 2013-2017.

We believe system liquidity has been strong, with a three-year audited low of $57.6 million occurring in 2011, good for 166 days' cash. The most recent audit in 2012 reports an increase to $67.4 million, reflecting a draw on the commercial paper program. Management expects cash to remain generally stable overall. The district's board also has adopted a formal reserve policy to establish minimum liquidity and working-capital requirements. Among other items, the policy targets retaining cash in the amount of about 60 days for standard operating and maintenance expenses; additional targets focus on emergency repairs, capital contingency, rehabilitation and replacement, system expansion, and rate stabilization.

Outlook

The stable outlook reflects our expectation of continued strong senior-lien DSC and liquidity. We do not expect to lower the rating during our two-year outlook period, as the rating is underpinned by the district's wealthy service-area economy. Given the large capital plan that is not fully incorporated into financial projections, however, we are unlikely to raise the rating in the next two years.

Related Criteria And Research

- USPF Criteria: Contingent Liquidity Risks, March 5, 2012
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