



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Administrator

SUBJECT: Central Basin Municipal Water District Restructure

MEETING DATE: December 6, 2016

RECOMMENDATION:

City Council to approve a Resolution authorizing the City Administrator, or his/her designee, to vote in the Central Basin Municipal Water District's Board elections for the appointment of Directors representing water purveyors as specified by Assembly Bill 1794; and at his/her discretion nominate a City employee to run, and if elected, hold office for a Board position on behalf of the City.

ANALYSIS:

The Central Basin Municipal Water District (Central Basin) was established in 1952 as a water wholesaler that provides imported water to 47 retail water providers and one water wholesaler including: cities, mutual water companies, investor-owned utilities and private companies in southeast Los Angeles County. Central Basin purchases imported water from Metropolitan Water District of Southern California (Met), and as such, is a Met member agency. In addition, Central Basin owns and operates a recycled water distribution system.

In 2015, the California legislature requested a State audit of Central Basin. The State Auditor's report highlighted issues related to leadership and ethics within the Board that governs Central Basin. While Central Basin had started to fulfill its responsibilities to respond to the auditor's report, permanent changes in governance were needed and called for in that State Auditor's report in order to achieve real long-term reform.

On September 21, 2016, AB 1794 was signed by Governor Brown to add technical expertise and oversight of Central Basin by adding three (3) new appointed Directors to the publicly elected five-member Board. This reform allows the water purveyors to appoint three new Directors with technical expertise in managing a water system.

Assembly Bill 1794 expands the Central Basin Board to an eight-member board, with five publicly elected members and three appointed members from the water purveyors serviced by Central Basin. However, beginning in 2022 and after redistricting, the Board

will be restructured to a seven-member governing body with four publicly elected members and three appointed from the water purveyors.

Central Basin's General Manager will accept nominations for appointment of individuals to the Board of Directors from the water purveyors every four years under the following categories:

- A. One Director is selected by the top five (5) large water purveyors, with each having one vote. The five are Cal Water, Liberty Utilities, Golden State, and the Cities of Santa Fe Springs and Vernon.
- B. One Director is selected by all cities that are water purveyors of the District, with each city having one vote. This category includes the City of Commerce.
- C. One Director is selected by all of the water purveyors of the District, with the vote of each purveyor weighted based on its number of service connections. Those with the most connections include Golden State (40,373), Suburban Water (33,619), Liberty Utilities (27,836), Cal Water (26,790), Cities of Downey (23,249), Lakewood (20,340), Cerritos (15,752), South Gate (14,179), Whittier (11,453), Pico Rivera (9,675), and Lynwood (9,069). The City of Commerce can also vote in this category, but it's a weighted vote based on the number of service connections. The Commerce Water System has 1,206 service connections.

As a water purveyor of Central Basin, the City of Commerce is entitled to vote in categories "B" and "C" and may nominate an employee to run for a seat to serve on the Board of Directors. There are several public agencies interested in serving on the Board and intend to submit applications for consideration including the City of Downey, Vernon, and Santa Fe Springs. Central Basin plans to mail ballots on January 1, 2017. They will be due by February 1, 2017 and appointments made in March 2017. For the three newly appointed Board Members serving on behalf of water purveyors, these are non salaried positions. Initially, two will serve a 2-year term and one a 4-year term, which will be selected at random once the three appointments are made in order to stagger the service term and future appointments at different times.

Staff Recommendation

Staff recommends that the City Council approve the Resolution authorizing the City Administrator, or his/her designee, to vote in the Central Basin Municipal Water District's Board elections for the appointment of Directors representing water purveyors as specified by Assembly Bill 1794 and at his/her discretion, nominate a City employee to run, and if elected, hold office for a Board position on behalf of the City.

ALTERNATIVES:

- 1. Approve staff recommendation
- 2. Disapprove staff recommendation
- 3. Provide further direction to staff

FISCAL IMPACT:

No adverse fiscal impact. Should Commerce staff serve on the Board in the future, Central Basin will send the salary equivalent to the City and not monetarily compensate the staff

representing the City. This arrangement was voted on and agreed to by the water purveyors.

RELATIONSHIP TO STRATEGIC GOALS:

This item is related to a specific 2016 Strategic Goal to “create and pursue opportunities for collaboration and regional partnerships to maximize resources and address regional issue.”

Approved by: Maryam Babaki, Director of Public Works and Development Services

Prepared by: Gina Nila, Deputy Director of Public Works Operations

Reviewed by: Vilko Domic, Finance Director

Approved as to form: Eduardo Olivo, City Attorney

Respectfully submitted: Jorge Rifá, City Administrator