



# WEST BASIN

Municipal Water District

*Fiscal Year 2024-2025  
Budget Workshop # 2*

Special Board Meeting  
April 27, 2024

[www.westbasin.org](http://www.westbasin.org)



# Mission

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Provide a **safe** and **reliable** supply of **high-quality water** to the communities we serve.

# Workshop Agenda

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1. Budget Workshop Schedule
2. Recap/Feedback from the April 6th Workshop
3. FY 2024-25 Expenses
4. FY 2024-25 Water Rates and Revenues
5. West Basin Reliability Service Charge Options
6. Next Steps

# Proposed FY 2024-2025 Budget Workshop Schedule

Date	Time	Topic
April 6, 2024	9:00 AM	Financial Overview & Proposed FY2025 West Basin Reliability Service Charge
April 27, 2024	10:00 AM	Review of FY 2025 Budget Revenues & Expenses
May 1, 2024	10:00 AM	Customer Agency Budget Workshop
May 15, 2024	10:00 AM	CIP/R&R and Funding Options
May 30, 2024	10:00 AM	As needed



## Recap/Feedback from the April 6<sup>th</sup> Workshop

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# Budget Highlights (Challenges and Opportunities)

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## Challenges:

1. Potable water sales declined in FY 2022-23 and FY 2023-24 as the result of strong water conservation efforts and increased groundwater pumping
2. Recycled Water O&M costs are increasing
3. Current Recycled Water Agreements are not recovering the costs
4. Current Net Revenues after paying off debt service is not sufficient to cover the CIP/R&R projects
5. Aging Infrastructure

## Opportunities:

1. Several major Recycled Water Agreements will be renewed in FY 2024-25, providing the opportunity to recover costs in the future
2. Cost of Service Study will be moving towards completion
3. Change the collection of MWD RTS from a Commodity Rate to a Fixed Monthly Charge

# FY 2024-25 Reliability Service Charge Options (4/6/24)

	<b>FY 2024-25 Budget (No increase in RSC, no cut in exp.)</b>	<b>Option #1 (No increase in RSC, reduce exp. by \$7.8M)</b>	<b>Option #2 (5% increase in RSC, reduce exp. by \$6.5M)</b>	<b>Option #3 (10% increase in RSC, reduce exp. by \$5.2M)</b>	<b>Option #4 (15% increase in RSC, reduce exp. by \$3.9M)</b>
Total Revenues	\$98,640,707	\$98,640,707	\$99,974,795	\$101,261,237	\$102,571,502
Total Expenses	\$72,364,534	\$64,564,534	\$65,864,534	\$67,164,534	\$68,464,534
<b>Debt Coverage Ratio</b>	<b>1.16</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>
RSC FY 2024-25 Rate	\$275	\$275	\$289	\$303	\$316
FY 2024-25 RSC \$ Increase	-	-	\$14	\$27	\$41
<b>FY 2024-25 RSC % Increase</b>	<b>0%</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>

West Basin's FY 2023-24 RSC rate is \$275 per AF

# Previous Board Feedback

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1. Reduce FY 2024-25 potable water sales from 82,000 to 80,000 AF; reduce WRD Dominguez Gap potable water sales from 2,500 to 1,800 AF. Potable Water sales may be reduced by ~ \$800K in FY 2024-25
2. West Basin Reliability Service Charge may increase if it is needed to meet the West Basin's operations and the services we provide
3. West Basin needs to cut expenses
4. Staff to provide Outstanding Debt Payment Schedule
5. Review West Basin Reserves (Cash Balance)
6. Discuss adequate Debt Coverage

# Outstanding Debt Payment Schedule & Standby Revenue

FY (6/30)	Principal	Interest	Debt Payment	Standby Revenue
2024	\$11,830,000	\$8,973,100	\$20,803,100	\$5,879,000
2025	12,405,000	8,367,225	20,772,225	5,751,000
2026	13,205,000	7,726,975	20,931,975	7,631,947
2027	13,635,000	7,055,975	20,690,975	7,631,947
2028	14,390,000	6,355,350	20,745,350	7,631,947
2029	15,110,000	5,617,850	20,727,850	7,631,947
2030	15,865,000	4,843,475	20,708,475	7,631,947
2031	13,230,000	4,116,100	17,346,100	
2032	13,890,000	3,438,100	17,328,100	
2033	10,200,000	2,835,850	13,035,850	
2034	10,720,000	2,312,850	13,032,850	
2035	11,260,000	1,763,350	13,023,350	
2036	11,830,000	1,186,100	13,016,100	
2037	12,435,000	579,475	13,014,475	
2038	1,240,000	243,800	1,483,800	
2039	1,290,000	193,200	1,483,200	
2040	1,340,000	140,600	1,480,600	
2041	1,395,000	85,900	1,480,900	
2042	1,450,000	29,000	1,479,000	
<b>Total</b>	<b>\$195,775,000</b>	<b>\$75,328,944</b>	<b>\$271,103,944</b>	<b>\$49,789,735</b>

# West Basin Cash Reserves

Government Finance Officers Association (GFOA) recommends at a minimum, regardless of the size of the government, the agency shall have more than 2 months of operating revenues as the balance of the cash reserves.

An agency heavily relies on variable revenue (West Basin potable and recycled water revenue = Sales/AF) would need more reserves than a large government that is reliant on fixed revenue (property taxes).

Reserves will help to pay the emergencies, unanticipated, and unpredictable events such as inflation or economic downturn.

FY2023-24 Average 2-Month Revenue	FY2023-24 Average Reserve	Difference
\$73.4	\$69.1M	(\$4.3M)

# West Basin Debt Coverage

Healthy debt coverage:

- 1) Provide a cushion against unexpected revenue shortfalls and emergency expenses without jeopardizing the debt payment.
- 2) A higher ratio signals strong financial health which will lead to lower borrowing rates and higher credit ratings when needed.
- 3) Allow for future investment in CIP and other business opportunities without utilizing debt.

MWD Member Agency	FY2022-23 Debt Coverage
Inland Empire Utilities Agency	6.48
Las Virgenes MWD	5.83
Western Municipal Water District of Riverside County	4.48
Eastern MWD	3.4
Upper San Gabriel Valley MWD	2.25
Calleguas MWD	1.81
San Diego County Water Authority	1.5
WRD	1.36
West Basin MWD	1.36



## FY 2024-25 Expenses Summary

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# FY 2024-25 All Expenses

Category	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance
Recycled Water Costs (excludes WB labor benefit and overhead costs)	\$48,875,249	\$52,259,005	\$49,967,658	(\$2,291,347)
WB Labor and Benefits	8,310,881	10,530,956	11,178,495	647,539
Information Technology (IT)	1,195,876	1,637,600	1,856,628	219,028
Board Service (Includes all Director costs)	442,740	654,000	1,516,868	862,868
District Other Cost	997,873	1,079,200	1,150,820	71,620
Conservation	947,683	1,661,100	1,169,500	(491,600)
Public Information and Education	568,047	826,800	875,565	48,765
Technical Planning	236,009	3,386,381	480,550	(2,905,831)
Water Policy & Resources Development	323,667	415,400	437,400	22,000
DLD Building	386,316	407,400	401,550	(5,850)
Loss on WRD West Coast Basin Barrier Potable	245,520	-	367,625	367,625
Human Resources	97,075	235,000	244,550	9,550
Finance and Procurement	170,246	247,200	235,300	(11,900)
Monitoring	1,100	9,348	5,925	(3,423)
<b>Total Expenses</b>	<b>\$62,798,282</b>	<b>\$73,349,390</b>	<b>\$69,888,434*</b>	<b>(\$3,460,956)</b>

\*Original FY 2024-25 total expense was \$72,448,638, reduction of \$2,560,204 is adjusted from budget workshop #1

# Summary of West Basin Labor and Benefits

	<b>FY 2023-24 Projection</b>	<b>FY 2023-24 Adopted Budget</b>	<b>FY 2024-25 Proposed Budget</b>	<b>Variance</b>
Labor and Benefits Total	\$8,310,881	\$10,530,956	\$11,178,495	\$647,539
	<b>FY 2023-24 Projection</b>	<b>FY 2023-24 Adopted Budget</b>	<b>FY 2024-25 Proposed Budget</b>	<b>FY 2024-25 \$ (excluding Interns)</b>
Full-Time in each Department				
Operations	11	11	11	\$2,325,905
Engineering	7	8	8	1,884,305
Board Services	6	7	7	1,020,087
Finance & Contracts	7	7	7	1,254,777
Public Information & Education	7	7	7	1,286,289
Water Resources & Planning	4	4	4	872,490
Executive Management	3	3	3	1,274,992
Information Technology	3	3	3	561,787
Human Resources	2	2	2	406,663
<b>Total Full-Time Employees</b>	<b>50</b>	<b>52</b>	<b>52</b>	<b>\$10,887,295</b>



# Operating Expenses

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# Operating Expense: Recycled Water Operations

	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance
Chemicals	\$16,306,289	\$20,584,775	\$18,176,370	(\$2,408,405)
Contract Operations	11,610,184	11,028,100	11,456,100	428,000
Utilities	11,150,297	11,209,100	9,797,700	(1,411,400)
Facility Maintenance	5,821,574	4,562,815	5,255,241	692,426
Solids Management	2,110,645	2,434,000	2,541,550	107,550
Consultants	297,275	677,105	768,925	91,820
Lab Services	606,533	680,193	774,843	94,650
General Administration	463,992	370,860	544,230	173,370
Secondary Effluent	187,272	352,850	345,500	(7,350)
Permits/Treatment Surcharge	238,188	220,606	287,199	66,593
Software Licenses	83,000	138,600	20,000	(118,600)
Labor and Benefits	3,705,493	3,644,630	3,912,473	267,843
Overhead Allocation	1,271,239	1,615,466	2,324,458	708,992
<b>Recycled Water Operations</b>	<b>\$53,851,981</b>	<b>\$57,519,100</b>	<b>\$56,204,589</b>	<b>(\$1,314,511)</b>

# Operating Expenses: Recycled Water Operations - Continued

	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance
Chemicals	\$16,306,289	\$20,584,775	\$18,176,370	(\$2,408,405)

Assumptions are based on 32,371 AF of Recycled Water sales and many of the chemicals unit prices have come down; optimization and reduction in Ferric Chloride cost; as well as reduction in membrane chemical cleaning costs

Utilities	\$11,150,297	\$11,209,100	\$9,797,700	(\$1,411,400)
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Reduction in potable water costs for JMMCRWRP as well as due to the current Direct Energy Power Agreement the unit power cost for the fiscal year

Facility Maintenance	\$5,696,824	\$4,562,815	\$5,318,160	\$755,345
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Increase due to additional equipment rentals for aging equipment failures needed for temporary system set up; additional service maintenance required for equipment

General Administration	\$639,000	\$370,861	\$544,230	\$173,369
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Additional increase for property insurance

Overhead Allocation	\$1,271,239	\$1,615,466	\$2,324,458	\$708,992
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As a result of the increase in Overhead expenses, recycling operations Overhead Allocation increased

# Operating Expense: Groundwater Monitoring

	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance
Lab Analysis	1,100	9,348	5,925	(\$3,423)
Labor and Benefits	\$7,000	\$32,521	\$8,943	(23,578)
Overhead Allocation	3,000	18,633	5,946	(12,687)
<b>Purveyor Water Quality Monitoring</b>	<b>\$11,100</b>	<b>\$60,502</b>	<b>\$20,814</b>	<b>(\$39,289)</b>

**Lab Analysis** – West Basin conducts lab testing for the City of Inglewood and the City of Manhattan Beach

# Operating Expense: Public Information and Education\*

	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed	Variance
Water Harvest	150,000	184,000	183,000	(\$1,000)
Art Contest	11,199	12,500	13,500	1,000
Water Exploration – School Tours	170,242	220,000	248,400	28,400
Education	116,606	135,000	106,000	(29,000)
Outreach	120,000	275,300	324,665	49,365
District Labor and Benefits	\$2,041,800	\$2,633,726	\$2,459,269	(\$174,457)
Overhead Allocation	901,205	1,399,267	1,621,715	222,448
<b>Public Information and Education</b>	<b>\$3,511,052</b>	<b>\$4,859,793</b>	<b>\$4,956,549</b>	<b>\$96,756</b>

\*Funded through Fixed Service Charge

# Operating Expense: Water Policy and Resources\*

	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed	Variance
State Lobbyist	144,000	158,400	158,400	-
Federal Lobbyist	150,000	167,000	167,000	-
Annual Water Supply and Demand Assessment Report	7,330	15,000	15,000	-
New Retailer Regulation Support	-	10,000	30,000	20,000
Grant Development	-	30,000	30,000	-
Water Bottle Filling Station Sponsorship	21,000	35,000	35,000	-
Legislator of the Year Award	1,337	-	2,000	2,000
District Labor and Benefits	\$1,046,510	\$614,610	\$1,117,850	503,240
Overhead Allocation	521,044	296,096	750,854	454,758
<b>Water Policy and Resources Development</b>	<b>\$1,891,221</b>	<b>\$1,326,106</b>	<b>\$2,306,104</b>	<b>\$979,998</b>

\*Funded through Fixed Service Charge

# Operating Expense: Water Use Efficiency/Conservation

	FY 2023-24 Projection	FY 2023-2024 Adopted Budget	FY 2024-2025 Proposed Budget	Variance
Grass Removal	449,000	1,020,000	500,000	(\$520,000)
WUE/Outreach Support from South Bay COG	161,725	175,000	175,000	-
Rain Barrel Supplies & Distribution	123,860	128,000	139,250	11,250
Commercial, Industrial, and Institutional Water Efficiency Program	47,000	50,000	50,000	-

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# Operating Expense: Water Use Efficiency/Conservation - Continued

	FY 2023-24 Projection	FY 2023-2024 Adopted Budget	FY 2024-2025 Proposed	Variance
Ocean Friendly Garden - Design Services and On-Call Maintenance	\$15,000	\$50,000	\$30,000	(\$20,000)
Las Virgenes Partnership	-	150,000	129,000	(21,000)
Parkway Beautification Program	50,000	-	150,000	150,000
SoCalGas Partnership	100,000	83,600	-	(83,600)
Firescaping Program	1,098	4,500	7,500	3,000
District Labor and Benefits	\$750,000	\$1,020,907	\$782,495	(238,412)
Overhead Allocation	254,000	468,448	486,514	18,066
<b>Water Use Efficiency</b>	<b>\$1,951,683</b>	<b>\$3,150,455</b>	<b>\$2,438,509</b>	<b>(\$711,946)</b>

# Operating Expense: Technical Planning

	FY 2023-24 Projection	FY 2023-2024 Adopted Budget	FY 2024-2025 Proposed Budget	Variance
Future of West Basin Recycled Water Programs (8 Studies)	-	2,912,905	-	(\$2,912,905)
Cost of Service Study	230,000	300,000	-	(300,000)
Bulk Chemical Storage Condition Assessment	-	173,476	330,550	157,074
Emergency Response Planning	6,009	-	-	-
Climate Change Plan	-	-	150,000	150,000
Salt and Nutrient Management Plan Support	-	-	-	-
West Basin Labor, Benefits, and Overhead	\$680,000	\$1,829,017	\$663,368	(1,165,649)
<b>Technical Planning</b>	<b>\$916,009</b>	<b>\$5,215,398</b>	<b>\$1,143,918</b>	<b>(\$4,071,480)</b>

# Operating Expense: Technical Planning - Continued

## Bulk Chemical Storage Condition Assessment - \$330,550

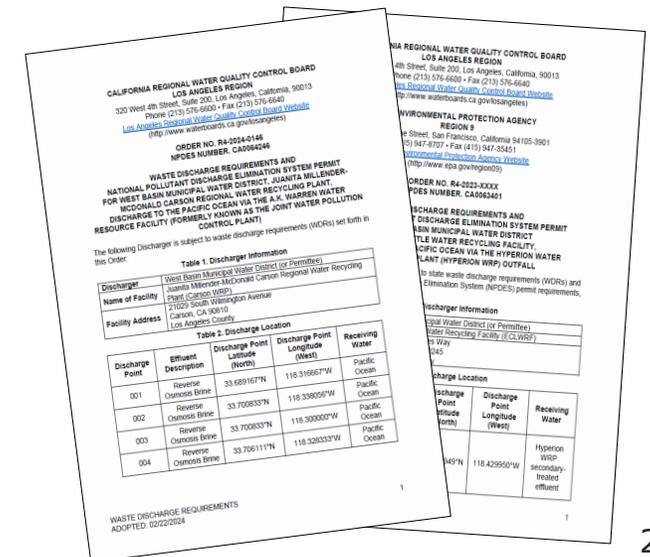
**Purpose:** The assessment would (a) determine the remaining useful life of West Basin's chemical storage tanks located at each of the West Basin plants, and (b) develop a prioritized repair/replacement program.

## Climate Change Plan - \$150,000

**Purpose:** To develop a Climate Change Effects Vulnerability Assessment and Mitigation Plan (Climate Change Plan), in accordance with the latest guidelines and requirements set forth by Los Angeles Regional Water Quality Control Board (LARWQB) NPDES permits.



2,375-gal sodium bisulfite tanks at CNTP





## District Overhead

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# District Overhead: Information Technology (IT)

	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance
Consultants	\$150,000	\$340,000	\$267,000	(\$73,000)
Temporary Labor	43,600	125,000	100,000	(25,000)
Equipment/ Supplies	95,000	105,000	109,000	4,000
Software Licenses	780,100	817,700	1,190,928	373,228
Telephone Expense	96,176	180,400	120,200	(60,200)
Lease Expense	31,000	69,500	69,500	-
<b>Information Technology</b>	<b>\$1,195,876</b>	<b>\$1,637,600</b>	<b>\$1,856,628</b>	<b>\$219,028</b>

**Consultants** – ERP system improvements, support, and training. Security Assessment; Agenda system implementation; Technology support.

**Temporary Labor** – One full-time IT Analyst

**Equipment/ Supplies** – Ergonomic equipment; IT parts; UPS Replacement; District hardware replacements

**Telephone Expense** – District headquarters phone, internet, and District cellphones

**Lease Expense** – Copier and Postage machine lease

# District Overhead: Board Services

	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance
Directors Labor	\$150,179	\$187,100	\$213,800	\$26,700
Directors Benefits	72,644	89,200	96,100	6,900
Car Allowance	25,817	24,900	28,900	4,000
Communication Allowance	20,453	20,800	24,100	3,300
PARS	58,000	58,000	91,368	33,368
Directors Travel	20,000	75,000	75,000	-
Director Legislative Travel	6,500	25,000	25,000	-
Strategic Planning and Manager Discussion	-	30,000	45,000	15,000
General Administration	6,647	14,000	12,600	(1,400)
Meeting Expense	17,500	55,000	30,000	(25,000)
Election Expense	-	-	800,000	800,000
Sponsorship	65,000	75,000	75,000	-
<b>Board Services</b>	<b>\$442,740</b>	<b>\$654,000</b>	<b>\$1,516,868</b>	<b>\$862,868</b>

# District Overhead: Other Costs

	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance
Legal	261,209	360,000	360,000	-
Insurance	191,700	145,200	198,870	53,670
Memberships	170,000	165,000	171,450	6,450
Employee Travel	71,000	100,000	100,000	-
Temporary Labor	80,000	75,000	75,000	-
Office Administration	75,000	62,000	86,500	24,500
LAFCO	71,864	80,000	80,000	-
District Sponsorship	47,600	55,000	55,000	-
Manager's Strategic Planning	-	15,000	-	(15,000)
Meeting Expense	19,500	12,000	14,000	2,000
Professional Memberships	10,000	10,000	10,000	-
<b>District Other Cost</b>	<b>\$997,873</b>	<b>\$1,079,200</b>	<b>\$1,150,820</b>	<b>\$71,620</b>

# District Overhead: Memberships – Chamber of Commerce

	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance Increase (Decrease)
Chamber of Commerce			
Beverly Hills	\$ 925	\$ 925	-
Carson	425	425	-
Culver City	400	400	-
El Segundo	500	500	-
Gardena Valley	600	600	-
Greater Los Angeles African-American	500	500	-
Harbor City / Harbor Gateway	175	175	-
Hawthorne	500	500	-
Hermosa Beach	300	300	-
Inglewood / Airport Area	300	300	-
LAX Coastal	360	360	-
Los Angeles Area	1,115	1,115	-
Malibu	375	375	-
Manhattan Beach	650	650	-
Palos Verdes Peninsula	630	630	-
Redondo Beach	275	275	-
San Pedro	-	450	\$450
Santa Monica	410	410	-
South Bay Association	1,500	1,500	-
Topanga	100	100	-
Torrance	500	500	-
West Hollywood	450	450	-
<b>Total</b>	<b>\$10,990</b>	<b>\$11,440</b>	<b>\$450</b>

# District Overhead: Other Memberships

	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance Increase (Decrease)
Alliance for Water Efficiency	\$ 1,600	\$ 1,600	-
American Water Works Association Membership	25,400	26,000	\$600
Association of California Water Agencies	32,000	33,000	1,000
Association of Women in Water	-	1,950	1,950
CalDesal	5,000	5,000	-
California African American Water Education Foundation	10,000	10,000	-
California Association of Sanitation Agencies	900	980	80
California Contract Cities Association	2,000	2,000	-
California Municipal Utilities Association	8,500	9,030	530
California Special Districts Association	8,500	9,300	800
California Water Efficiency Partnership	5,600	4,000	(1,600)
Los Angeles Council of Professional Black Engineers	2,000	2,000	-
Los Angeles County Business Federation (BizFed)	6,000	6,000	-
Southern California Water Coalition	25,000	25,000	-
Southwest Membrane Operators Association	360	400	40
The Urban Water Institute, Inc.	1,250	1,250	-
Water Education Foundation	4,700	5,000	300
WaterReuse Association	15,100	17,000	1,900
West Basin Water Association	500	500	-
<b>Total</b>	<b>\$154,410</b>	<b>\$160,010</b>	<b>\$5,600</b>

# District Overhead: District Sponsorships

	FY 2023-24 Spend YTD 2/29/2024
Urban Water Institute 30th Annual Water Conference	\$3,000
8th Annual CA Water Data Summit	2,500
Friends of Ballona Wetlands Moonlight on the Marsh	1,500
18th Annual Taste of Soul Family Festival	5,000
2023 WateReuse California Annual Conference	3,000
SWMOA 2023 Annual Conference	1,200
ACWA 2023 Fall Conference	3,000
UWI Spring 2024 Conference	3,000
2024 WateReuse Annual Symposium	7,500
SBCCOG 24th Annual General Assembly	2,500
BizFed's 2024 Bizzi Awards	3,000
LA County Sanitation Districts Earth Day Celebration	1,000
WRD 14th Annual Groundwater Festival	3,000
ACWA 2024 Spring Conference & Expo	1,000
Wastewater Recycling Technical Advisor Convening (TAC)	5,000
South Bay Parkland Conservancy Earth Day	-
2024 Power, Leadership & Influence of the Black Woman	2,500
65th Annual Municipal Seminar	1,000
Los Angeles BizFed Water Resiliency Forum	2,500
<b>Total</b>	<b>\$51,200</b>
<b>Annual Budget</b>	<b>\$55,000</b>

# District Overhead: Donald L. Dear Building

	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance
Utilities	\$170,216	\$159,300	\$180,550	\$21,250
Security Guard	76,500	100,000	100,000	-
Repairs & Maintenance	81,000	85,600	59,900	(25,700)
Janitorial	49,000	46,300	45,000	(1,300)
Landscape	8,900	13,500	13,400	(100)
Security Alarm	700	2,700	2,700	-
<b>DLD Building</b>	<b>\$386,316</b>	<b>\$407,400</b>	<b>\$401,550</b>	<b>(\$5,850)</b>

**Utilities** – Expected 10% increase for electricity and water, and 6.8% to 13% increase for gas and trash collection

**Repairs & Maintenance** – Lower due to expectation that HVAC project will be completed by the end of FY 2023-24

# District Overhead: Finance & Procurement

	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance
Financial Advisors	\$74,907	\$93,350	\$93,450	\$100
Audit Fees	44,000	51,340	56,340	5,000
Software License	6,800	30,000	30,000	-
Bond Counsel	16,200	26,200	26,200	-
Trustee & Bank Services	11,127	16,950	16,950	-
Credit Rating	2,667	26,500	9,500	(17,000)
Office Administration	14,545	2,860	2,860	-
<b>Finance &amp; Procurement</b>	<b>\$170,246</b>	<b>\$247,200</b>	<b>\$235,300</b>	<b>(\$11,900)</b>

# District Overhead: Human Resources

	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Variance
Consultants				
DEIA	-	\$75,000	\$75,000	-
Class and Comp	-	-	50,000	\$50,000
Recruitment Costs	58,000	33,350	36,350	3,000
Training	10,000	31,000	15,000	(16,000)
Legal	1,000	40,000	20,000	(20,000)
Office Administration	11,850	20,400	12,550	(7,850)
Meeting Expenses	11,300	17,650	18,650	1,000
Employee Recognition	4,550	13,200	14,000	800
Memberships	375	4,400	500	(3,900)
Career Fair	-	-	2,500	2,500
<b>Human Resources</b>	<b>\$64,491</b>	<b>\$235,000</b>	<b>\$244,550</b>	<b>\$9,550</b>



# FY 2024-25 Revenues

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## FY 2024-25 Revenues with Reliability Service Charge - 4 Options

Category	Option 1 (0% increase)	Option 2 (5% increase )	Option 3 (10% increase)	Option 4 (15% increase)
Recycled Water Sales	\$50,749,058	\$50,900,146	\$51,045,838	\$51,194,228
WB RSC from Potable water	22,495,000	23,640,200	24,785,000	25,848,800
Standby Revenue	5,751,000	5,751,000	5,751,000	5,751,000
Fixed Service Charge - Public Information & Education	4,956,549	4,956,549	4,956,549	4,956,549
Grants	4,780,092	4,780,092	4,780,092	4,780,092
Fixed Payment - Refineries	4,117,424	4,117,424	4,117,424	4,117,424
Investment Income	2,500,000	2,500,000	2,500,000	2,500,000
Fixed Service Charge - Water Policy	2,306,104	2,306,104	2,306,104	2,306,104
MWD MAAP Funding	296,550	296,550	296,550	296,550
Water recycling revenue from Torrance O&M Reimbursement	198,761	198,761	198,761	198,761
Monitoring revenue	5,700	5,700	5,700	5,700
<b>Total Revenue</b>	<b>\$98,156,238</b>	<b>\$99,452,526</b>	<b>\$100,743,018</b>	<b>\$101,955,208</b>

# FY 2024-25 RSC & Potable Tier 1 Rates - 4 Options

Use retail potable sales of 80,000 AF and WRD Dominguez Gap sales of 1,800 AF

MWD Water Rate/AF	7/1/2024 - 12/31/2024 Option 1	7/1/2024 - 12/31/2024 Option 2	7/1/2024 - 12/31/2024 Option 3	7/1/2024 - 12/31/2024 Option 4
Tier 1	\$1,256	\$1,256	\$1,256	\$1,256
RTS	149	149	149	149
<b>Total MWD Water Rate/AF</b>	<b>\$1,405</b>	<b>\$1,405</b>	<b>\$1,405</b>	<b>\$1,405</b>
WB RSC Increase %	0%	5%	10%	15%
West Basin RSC/AF	275	289	\$303	\$316
<b>WB Tier 1 Rate/AF</b>	<b>\$1,680</b>	<b>\$1,694</b>	<b>\$1,708</b>	<b>\$1,721</b>

MWD Water Rate/AF	1/1/2025 - 06/30/2025 Option 1	1/1/2025 - 06/30/2025 Option 2	1/1/2025 - 06/30/2025 Option 3	1/1/2025 - 06/30/2025 Option 4
Tier 1	\$1,395	\$1,395	\$1,395	\$1,395
RTS	191	191	191	191
<b>Total MWD Water Rate/AF</b>	<b>\$1,586</b>	<b>\$1,586</b>	<b>\$1,586</b>	<b>\$1,586</b>
WB RSC Increase %	0%	5%	10%	15%
West Basin RSC/AF	275	289	\$303	\$316
<b>WB Tier 1 Rate/AF</b>	<b>\$1,861</b>	<b>\$1,875</b>	<b>\$1,889</b>	<b>\$1,902</b>

<b>Total RSC Revenue</b>	<b>\$22,495,000</b>	<b>\$23,640,200</b>	<b>\$24,785,000</b>	<b>\$25,848,800</b>
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# FY 2024-25 Recycled Water Rates - 4 Options

<b>Recycled Irrigation</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
<b>Inside Service Area (Non-Tiered)</b>	<b>\$1,803</b>	<b>\$1,817</b>	<b>\$1,831</b>	<b>\$1,845</b>
<b>Outside Service Area (Tiered Rate)</b>	<b>\$1,903</b>	<b>\$1,917</b>	<b>\$1,931</b>	<b>\$1,945</b>

<b>Designer Recycled Water</b>	<b>Established by agreements</b>
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# Removal of Tiered Rate Structure for Certain Recycled Water Customers

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Staff reviewed the current existing agreements and recommends:

1. Tiered rate should not be applied to the Recycled Irrigation within West Basin Service area
2. Tiered rate should not be applied to the current existing agreements with the refineries
3. Tiered rate should only be applied if contractually required
4. This change will increase West Basin recycled water revenue by \$135,000

# West Basin Fixed Service Charges

Includes the operation costs from Public Information/Education and Water Policy.

Public Information Education	Water Policy	Total
\$4,956,549	\$2,306,103	\$7,262,652

Agency Name	3-Year Ave Potable Deliveries (AF)	Annual Charge	Monthly Charge
California American Water Co.	955	\$65,102	\$5,425
California Water Service - Dominguez	21,220	1,446,748	120,562
California Water Service - Hawthorne	3,348	228,268	19,022
California Water Service - Hermosa Redondo	9,372	638,995	53,250
California Water Service - Palos Verdes	16,574	1,130,033	94,169
City of El Segundo	6,666	454,498	37,875
City of Inglewood	6,201	422,786	35,232
City of Lomita	1,964	133,888	11,157
City of Manhattan Beach	4,356	296,975	24,748
Golden State Water	19,942	1,359,656	113,305
L.A. Co. Water Works District No. 29	8,097	552,017	46,001
WRD - Dominguez Gap Barrier	7,828	533,687	44,474
<b>TOTAL</b>	<b>106,523</b>	<b>\$7,262,652</b>	<b>\$605,221</b>

# Standby Charge Revenue

- Standby Charge is scheduled to sunset in FY 2030-31. Standby revenue pays a portion of the annual debt service and is included in the annual debt coverage ratio calculation
- West Basin will be required to continue paying down \$107M of outstanding principal and interest from previous bond issuances between FY 2030-31 and FY 2041-42, following the elimination of the standby charge
- District should consider how to continue making debt payments once standby charge revenues are no longer available

FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total Revenue
\$5,879,000	\$5,751,000	\$7,631,947	\$7,631,947	\$7,631,947	\$7,631,947	\$7,631,947	\$0	\$49,789,735

# Grant Income

WB Project	Grant Agency	\$ Amount
PV Lateral	State Water Resource	\$2,100,000
PV Lateral	Department of Water Resources	2,045,537
Grass Replacement	US Bureau of Reclamation	256,357
Grass Replacement	Department of Water Resources	249,198
Joint Project with Las Virgenes	Department of Water Resources	129,000
<b>Total</b>		<b>\$4,780,092</b>

# MWD MAAP Funded Programs

WB Project	\$ Amount
Water Harvest	\$30,000
Water Star	30,000
Rain Barrels	61,250
Firescaping Workshops	7,500
Parkway Beautification Program	150,000
Conservation Devices	9,200
Outreach Promo Items	8,600
<b>Total</b>	<b>\$296,550</b>

# Other Revenues

Category	\$ Amount
Investment Income	\$2,500,000
O&M Reimbursement from Torrance (Ends August 2024)	198,761
Monitoring Revenue-Reimbursed from 2 Cities	5,700
<b>Total</b>	<b>\$2,704,461</b>

# Fixed Payments from Refineries

Refinery	\$ Amount	Terms
Marathon	\$1,246,000	\$178,000/mo., ends on 2/1/25
Chevron Nitrification	168,300	\$84,150/mo., ends on 9/12/24
Chevron Boiler	2,211,204	\$184,267/mo., ends on 9/30/27
Torrance Nitrification	229,510	\$114,755/mo., ends on 8/31/24
Torrance Boiler	262,410	\$131,205/mo., ends on 8/31/24
<b>Total</b>	<b>\$4,117,424</b>	

# Pass-through Revenue: MWD Capacity Charge – Calendar Year 2025

West Basin collects on behalf of MWD for their Capacity Charge for providing distribution capacity use during peak demands.

Agency Name	3-Year Maximum Daily Peak (CFS)	Annual Charge	Monthly Charge
California American Water	4.1	\$48,448	\$4,037
Cal Water – Dominguez	42.8	510,372	42,531
Cal Water - Hawthorne	6.8	81,144	6,762
Cal Water - Hermosa Redondo	18.4	219,564	18,297
Cal Water - Palos Verdes	38.9	464,196	38,683
City of El Segundo	14.6	174,696	14,558
City of Inglewood	11.9	141,768	11,814
City of Lomita	3.7	44,268	3,689
City of Manhattan Beach	8.1	96,060	8,005
Golden State Water	35.7	426,492	35,541
L.A. Co. Water Works Dist 29	16.7	199,404	16,617
Water Replenishment District	36.1	430,188	35,849
<b>Total</b>		<b>\$2,836,600</b>	<b>\$236,383</b>



## FY 2024-25 Reliability Service Charge Options

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# Methodology Used in the FY 2024-25 Reliability Service Charge

1. Change potable water sales for FY 2024-25 from 82,000 AF to 80,000 AF. Change potable water sales to WRD for the Dominguez Gap Barrier from 2,500 AF to 1,800 AF

Potable Water sales may be reduced by ~ \$800K in FY 2024-25 due to these reductions

2. Reduced/Removed \$2,560,204 budget expense from 4/6/24 Budgeted Expenses
3. Further reduction of expenses will affect West Basin's operation and services we can provide

FY2023-24 Budget	FY2024-25 Original Budget	FY2024-25 Current Budget	FY2024-25 Reduced/Removed
\$73,445,296	\$72,448,638	\$69,888,434	(\$2,560,204)

# FY 2024-25 Reliability Service Charge Options

	Option 1: 0% increase	Option 2: 5% increase	Option 3: 10% increase	Option 4: 15% increase
Total Revenues	\$98,156,238	\$99,452,526	\$100,743,018	\$101,955,208
Total Expenses	72,448,638	72,448,638	72,448,638	72,448,638
Adjusted/Removed Expenses	(2,560,204)	(2,560,204)	(2,560,204)	(2,560,204)
<b>Debt Coverage Ratio</b>	<b>1.25</b>	<b>1.30</b>	<b>1.36</b>	<b>1.41</b>
RSC FY 2024-25 Rate	275	289	\$303	\$316
FY 2024-25 RSC \$ Increase	\$0	\$14	\$28	\$41
<b>FY 2024-25 RSC % Increase</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>
Expense Reduction Required to Meet Debt Coverage of 1.50	(5,700,000)	(4,500,000)	(3,200,000)	(1,900,000)

West Basin's FY 2023-24 RSC rate is \$275 per AF



## Next Steps

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# Next Steps

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<b>Workshop / Meeting</b>	<b>Date</b> (Subject to change)	<b>Time</b>
Customer Workshop	May 1, 2024	10:00 AM
Workshop #3 – CIP/R&R and Funding Options	May 15, 2024	10:00 AM
As Needed	May 30, 2024	10:00 AM