



WEST BASIN

Municipal Water District

*Fiscal Year 2024-2025
Budget Workshop # 5*

Special Board Meeting
June 7, 2024

www.westbasin.org



Mission



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

Workshop Agenda

1. Budget Workshop Schedule
2. Fiscal Year 2024-25 Revenues Comparison: RSC Increases of 5% vs 10%
3. Fiscal Year 2024-25 Expenses Summary
4. Fiscal Year 2024-25 Debt Payment and Future Years' Debt Payments
5. Fiscal Year 2024-25 Projected Cash Available for CIP and Projected Year-End Cash Balance
6. Fiscal Year 2024-25 West Basin RSC, Potable, Recycled Water Rates Options and Fixed Service Charge

Proposed FY 2024-2025 Budget Workshop Schedule

Date	Time	Topic
April 6, 2024	9:00 AM	Financial Overview & Proposed FY 2024-25 West Basin Reliability Service Charge
April 27, 2024	10:00 AM	Review of FY 2024-25 Budget Revenues & Expenses
May 1, 2024	10:00 AM	Customer Workshop
May 15, 2024	10:00 AM	CIP and Funding Options
May 30, 2024	10:00 AM	Budget feedback, Expenses, Revenues and Debt, CIP and Funding Options, FY 2024-25 Rate Increase Options
June 7, 2024	10:00 AM	Summary of FY 2024-25 RSC Increase of 5%, 7.5% and 10%



FY 2024-25 Revenue Options (Excluding Pass-Through)



FY 2024-25 Projected Revenue (Excluding Pass-Through): 5% vs 10% Increase of the Current Year RSC Rate of \$275/AF

Revenue Category	Total Projected Revenue: 5% RSC Increase	Total Projected Revenue: 10% RSC Increase	Increase in Revenue (10%-5%)
WB Reliability Service Charge Revenue (\$275/AF X 81,800 AF potable sales)	\$23,640,200	\$24,744,500	\$1,104,300
Recycled Water Revenue	50,256,034	50,399,701	143,667
Investment Income	2,520,342	2,544,677	24,335
WB Fixed Service Charges Revenue (Public information and Water Policy)	7,069,265	7,069,265	-
Standby Revenue	5,751,000	5,751,000	-
Grants (Construction reimbursement, Conservation, MWD and Others)	8,025,504	8,025,504	-
Fixed Payment (Refineries)	4,117,424	4,117,424	-
O&M reimbursement (Refinery)	198,761	198,761	-
Groundwater Monitoring (Reimbursement from the cities)	5,700	5,700	-
Total Revenue	\$101,584,230	\$102,856,532	\$1,272,302



FY 2024-25 Final Proposed All
Expenses (Excluding Pass-Through)



FY 2024-25 Final Proposed All Expenses (Excluding Pass-Through) (7.2% Over FY 2023-24 Projection)

Presented at
May 20, 2024
Special Board Meeting

Category	FY 2023-24 Projection	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Workshop #1	FY 2024-25 Final Adjustment	FY 2024-25 Final Proposed Budget
Recycled Water Costs (excludes WB labor benefit and overhead costs)	\$50,358,249	\$52,259,005	\$52,249,733	(\$2,395,374)	\$49,854,359
WB Labor and Benefits	8,310,881	10,530,956	11,178,495	-	11,178,495
Information Technology (IT)	1,353,830	1,637,600	2,197,628	(568,127)	1,629,501
Board Service (Includes all Director costs)	442,740	654,000	1,501,868	15,000	1,516,868
District Other Costs	997,873	1,079,200	1,179,370	(28,550)	1,150,820
Conservation	947,683	1,661,100	1,018,000	160,700	1,178,700
Public Information and Education	568,047	826,800	849,565	(67,701)	781,864
Technical Planning	236,009	3,386,381	450,000	(125,000)	325,000
Water Policy & Resources Development	323,667	415,400	435,400	2,000	437,400
DLD Building	386,316	407,400	401,550	-	401,550
Loss on WRD West Coast Basin Barrier Potable	245,520	-	367,625	(178,287)	189,338
Human Resources	123,725	235,000	288,150	(43,600)	244,550
Finance and Procurement	170,246	247,200	235,300	-	235,300
Monitoring	1,100	9,348	11,850	(5,925)	5,925
Total Expenses	\$64,465,886	\$73,349,390	\$72,364,534	(\$3,234,864)	\$69,129,670



FY 2024-25 Debt Payments and Future Years' Debt Payments



Fiscal Year	Existing Debt Payment/FY (P & I)	\$3.6M Carson Phase 2 Loan (1%, 25 Years)	\$12M Carson Phase 2 Loan (1%, 25 Years)	\$3.9M PV Lateral Loan (0.55%, 20 Years)	LOC or Other Short-Term Loan	Total Debt Payments Per Fiscal Year
2024-25	\$20,772,225	\$166,224	\$547,822	\$0.00	\$130,652	\$21,616,923
2025-26	20,931,975	166,224	547,822	206,457	130,652	21,983,130
2026-27	20,690,975	166,224	547,822	206,457	130,652	21,742,130
2027-28	20,745,350	166,224	547,822	206,457	130,652	21,796,505
2028-29	20,727,850	166,224	547,822	206,457	130,652	21,779,005
2029-30	20,708,475	166,224	547,822	206,457	130,652	21,759,630
2030-31	17,346,100	166,224	547,822	206,457	130,652	18,397,255
2031-32	17,328,100	166,224	547,822	206,457	130,652	18,379,255
2032-33	13,035,850	166,224	547,822	206,457	-	13,956,353
2033-34	13,032,850	166,224	547,822	206,457	-	13,953,353
2034-35	13,023,350	166,224	547,822	206,457	-	13,943,853
2035-36	13,016,100	166,224	547,822	206,457	-	13,936,603
2036-37	13,014,475	166,224	547,822	206,457	-	13,934,978
2037-38	1,483,800	166,224	547,822	206,457	-	2,404,303
2038-39	1,483,200	166,224	547,822	206,457	-	2,403,703
2039-40	1,480,600	166,224	547,822	206,457	-	2,401,103
2040-41	1,480,900	166,224	547,822	206,457	-	2,401,403
2041-42	1,479,000	166,224	547,822	206,457	-	2,399,503
Total	\$231,781,175	\$2,992,032	\$9,860,796	\$3,509,769	\$1,045,216	\$249,188,988

Presented at
May 20, 2024
Special Board
Meeting



FY 2024-25 Projected Cash Available for CIP and Projected Year-End Cash Balance



FY 2024-25 Current Projects/Efforts

Presented at
May 20, 2024
Special Board Meeting

Name	Total Spend up to (~03/31/24)	Estimated Total Cost of the Project (Past, Present, Future)	FY 2024-25 Budget	Funding for FY 24-25		
				Funding from Refineries	Funding from Others	District Funding
New Infrastructure - Treatment Assets						
JMMCRWRP Phase II Expansion Project	\$30,492,357	\$ 33,346,736	\$ 650,109	\$ 36,510		\$ 613,599
New Infrastructure - Customer Development Pipelines & Laterals						
Palos Verdes Recycled	5,290,250	16,971,241	2,565,749	-	1,836,189	729,560
Mills Park Recycled Water Lateral	30,659	1,145,325	24,282	-	-	24,282
North Gardena Recycled Water Lateral	30,683	1,289,736	30,405	-	-	30,405
South Bay I-405 Auxiliary Lanes	161,783	720,620	379,575	-	-	379,575
R&R Projects						
ECLWRF Solids handling Improvement	1,450,437	21,030,798	14,555,061	1,824,047	-	12,731,013
ECLWRF Title 22 Filter R&R	1,707,989	10,678,105	1,605,776	70,426	-	1,535,350
Distributed Control System Backbone Replacement (Phase I)	841,167	11,893,778	6,380,090	441,338	-	5,938,752
ECLWRF Barrier Basin & Pump Station Rehabilitation	225,751	14,569,219	27,852	-	-	27,852
ECLWRF Disinfected Tertiary Product Pumps & VFDs Rehabilitation	880,643	9,143,368	30,960	-	-	30,960

FY 2024-25 Current Projects/Efforts

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Name	Total Spend up to (~03/31/24)	Estimated Total Cost of the Project (Past, Present, Future)	FY 2024-25 Budget	Funding for FY 24-25		
				Funding from Refineries	Funding from Others	District Funding
ECLWRF Bulk Chemical Storage Improvements	\$ 35,780	\$15,623,732	\$ 46,835	-	-	\$ 46,835
ECLWRF Fire Protection System Improvement	73,353	490,358	417,005	-	-	417,005
CNTP Bulk Chemical Storage	164,145	2,698,744	1,467,876	-	-	1,467,876
JMMCRWRP Bulk Chemical Storage	91,064	3,361,743	571,782	-	-	571,782
JMMCRWRP Site Improvement	-	285,937	285,937	-	-	285,937
Capital Asset R&R*	\$ 2,404,992	\$ 33,229,399	\$ 5,347,974	\$ 891,335	-	\$ 4,456,639
Other Projects*	\$713,527	\$1,176,396	\$ 970,841	-	-	\$ 970,841
Subtotal	\$44,594,580	\$177,655,234	\$35,358,107	\$3,263,667	\$1,836,189	\$30,258,252
<i>WB Labor & Benefits (Accounted for in Operating)</i>	-	-	(\$2,217,777)	-	-	(\$2,217,777)
Total	\$44,594,580	\$177,655,234	\$33,140,330	\$3,263,667	\$1,836,189	\$28,040,486

* Combined projects per category

FY 2024-25 – Projects for Consideration

Presented at
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Name	Total Spend up to (~03/31/24)	Estimated Total Cost of the Project (Past, Present, Future)	FY 2024-25 Budget	Funding for FY 24-25		
				Funding from Refineries	Funding from Others	District Funding
New Infrastructure - Customer Development Pipelines & Laterals						
Torrance Gateway Phase 3 RW Meter Services	\$21,706	\$65,155	\$36,162	-	\$36,162	-
Carson Street Recycled Water Connection		321,798	80,502	-	80,502	-
R&R Projects						
ECLWRF RO Pretreatment	3,384	1,353,941	73,785	6,151	-	67,634
ECLWRF RO Treatment		1,564,651	73,785	55,049	-	18,736
ECLWRF RO Post-Treatment and Distribution		760,554	81,164	77,796	-	3,367
Hyperion Pump Station R&R Project		11,805,783	48,806	5,740	-	43,066
Hyperion Force Main R&R Project		2,822,953	157,919	15,623	-	142,295
ECLWRF Title 22 Isolation Valve Replacement		2,071,011	304,438	-	-	304,438
ECLWRF Title 22 Ozone System Improvement		1,528,291	199,452	-	-	199,452
Chevron Nitrified Product Water Tank Rehabilitation	427,753	5,090,522	1,686,571	1,545,028	-	141,543

FY 2024-25 – Projects for Consideration

Presented at
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Name	Total Spend up to (~03/31/24)	Estimated Total Cost of the Project (Past, Present, Future)	FY 2024-25 Budget	Funding for FY 24-25		
				Funding from Refineries	Funding from Others	District Funding
R&R Projects						
TRWRP Sulfuric Acid Chemical Containment R&R	\$584,538	\$ 1,794,456	\$1,209,919	\$ 815,792	-	\$ 394,127
TRWRP Nitrified Product Water Tank Rehabilitation	256,619	4,840,709	1,426,823	1,426,823	-	-
TRWRP Retaining Wall and Backflow Preventer Replacement	195,345	948,466	753,107	753,107	-	-
TRWRP Bulk Chemical Storage Improvements	26,482	3,709,659	237,316	235,748	-	1,568
TRWRP MF Replacement Project - Feasibility Study Phase	800,534	1,094,698	77,517	67,906	-	9,610
TRWRP Waste Discharge Improvements Project		1,069,531	137,618	137,618	-	-
TRWRP Fiberglass Pipe (FRP) Replacement		739,448	197,612	197,612	-	-
TRWRP 93MCC2 Replacement		263,304	208,505	208,505	-	-
Subtotal	\$2,316,361	\$41,844,930	\$6,991,002	\$5,548,498	\$ 116,664	\$ 1,325,837
<i>WB Labor & Benefits (Accounted for in Operating)</i>			(\$232,550)			(\$232,550)
Total	\$2,316,361	\$41,844,930	\$6,758,452	\$5,548,498	\$116,664	\$1,093,287

FY 2024-25 Cash Available for CIP & Projected Year-End Cash Reserve Balance Comparison

	5% RSC Increase	7.5% RSC Increase	10% RSC Increase
FY 2024-25 RSC \$ Increase per AF	\$14	\$21	\$28
FY 2024-25 RSC % Increase	5%	7.5%	10%
Total Projected Revenues	\$101,584,230	\$102,209,071	\$102,856,532
Total Projected Expenses	(69,129,670)	(69,129,670)	(69,129,670)
Projected Net Revenue	32,454,560	33,079,401	33,726,862
1% State Loan-Expected in FY 2024-25	12,064,759	12,064,759	12,064,759
Debt Payment	(21,616,923)	(21,616,923)	(21,616,923)
Cash Available for CIP	\$22,902,396	\$23,527,237	\$24,174,698
Projected CIP Spending	(29,133,773)	(29,133,773)	(29,133,773)
Projected Beginning Cash Reserve Balance (07/01/24)	\$69,000,000	\$69,000,000	\$69,000,000
Projected Year-End Cash Reserve Balance (06/30/25)	\$62,768,623	\$63,393,464	\$64,040,926

West Basin's current credit ratings are Aa2 by Moody's or AA- by S&P. To stay with these ratings, the recommended cash reserve balance range is between \$49M and \$82M

Rating Agency Assessment of Liquidity and Coverage

Presented at
May 20, 2024
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- Both Moody’s and S&P assess coverage and liquidity when evaluating water agency credit ratings
- Coverage and liquidity are two elements of the agencies’ credit review, other criteria are analyzed as part of an overall credit profile utilized by the agencies to assign a rating
- In addition, rating agencies may also compare WBMWD’s metrics to peers when determining ratings

Moody’s Utility Scorecard

Sub-factor	Measure	Weight	Aaa	Aa	A	Baa	Ba	B and Below
Coverage	Annual DSC	15%	> 2.00x	2.00x ≥ n > 1.70x	1.70x ≥ n > 1.25x	1.25x ≥ n > 1.00x	1.00x ≥ n > 0.70x	≤ 0.70x
Liquidity	Days Cash on Hand	15%	> 250 days	250 days ≥ n > 150 days	150 days ≥ n > 35 days	35 days ≥ n > 15 days	15 days ≥ n > 7 days	≤ 7 days
Leverage and Fixed Costs	Debt to Operating Revenues	10%	< 2.00x	2.00x ≤ n < 4.00x	4.00x ≤ n < 7.00x	7.00x ≤ n < 8.00x	8.00x ≤ n < 9.00x	≥ 9.00x

S&P Water Profile Assessment

Sub-factor	Measure	Weight*	Extremely Strong	Very Strong	Strong	Adequate	Vulnerable	Highly Vulnerable
Coverage	All-in Coverage	~20%	> 1.60x	1.60x ≥ n > 1.40x	1.40x ≥ n > 1.20x	1.20x ≥ n > 1.10x	1.10x ≥ n > 1.00x	≤ 1.00x
Liquidity and Reserves	Days Cash on Hand	~20%	> 150 days	150 days ≥ n > 90 days	90 days ≥ n > 60 days	60 days ≥ n > 30 days	30 days ≥ n > 15 days	≤ 15 days
	Available Reserve		> \$75 million	\$75 million ≥ n > \$20 million	\$20 million ≥ n > \$5 million	\$5 million ≥ n > \$1 million	\$1 million ≥ n > \$500,000	≤ \$500,000

* Weight approximated as part of the combined Enterprise and Financial Risk Profiles. Actual scoring may differ based on "caps" incurred under Enterprise Risk Profile Assessment
Source: S&P Global Ratings U.S. Municipal Water, Sewer, and Solid Waste Utilities: Methodology and Assumptions (April 14, 2022); Moody’s Rating Methodology US Municipal Utility Revenue Debt (March 7, 2024)



West Basin FY 2024-25 RSC, Potable,
Recycled Water Rates Options and
Fixed Service Charge



FY 2020-21 thru FY 2023-24 Rates History and Proposed FY 2024-25 RSC & Tier 1 Options

MWD Water Rate/AF	1/1/2021-6/30/2021	1/1/2022-6/30/2022	1/1/2023-6/30/2023	1/1/2024-6/30/2024	1/1/2025 - 6/30/2025 0%	1/1/2025 - 6/30/2025 5%	1/1/2025 - 6/30/2025 7.5%	1/1/2025 - 6/30/2025 10%
Tier 1	\$1,104	\$1,143	\$1,209	\$1,256	\$1,395	\$1,395	\$1,395	\$1,395
RTS	100	100	121	146	201	201	201	201
Total MWD Rate/AF	\$1,204	\$1,243	\$1,330	\$1,402	\$1,596	\$1,596	\$1,596	\$1,596
WB RSC Increase %	0%	3%	5%	7%	0%	5%	7.5%	10%
West Basin RSC/AF	237	245	257	275	275	289	296	303
WB Tier 1 Rate/AF	\$1,441	\$1,488	\$1,587	\$1,677	\$1,871	\$1,885	\$1,892	\$1,899
Rate Increase 1/1/25 (Compared to previous years)	2.9%	3.3%	6.7%	5.7%	11.6%	12.4%	12.8%	13.2%

West Basin changed rate structure in FY 2018-19. RSC rate capped at \$237 per AF from FY 2018-19 to FY 2020-21 for three years.

West Basin RSC Increase History and Year-End Cash Balance

	FY20	FY21	FY22	FY23	FY24	FY25 5% Increase RSC	FY25 7.5% Increase RSC	FY25 10% Increase RSC
RSC \$ Increase per AF	\$-	\$-	\$9	\$12	\$18	\$14	\$21	\$28
RSC % Increase	0%	0%	4%	5%	7%	5%	7.5%	10%
RSC Rate	\$237	\$237	\$245	\$257	\$275	\$289	\$296	\$303
Year-End Cash Balance	\$81M	\$97M	\$83M	\$73M	\$69M	\$63M	\$63M	\$64M

FY 2024-25 Year-End Cash Balance (\$63M or \$64M) includes an expected loan of \$12M. Without the loan, the projected Year-End Cash Balance is \$51M or \$52M.

West Basin changed rate structure in FY 2018-19. RSC rate capped at \$237 per AF from FY 2018-19 to FY 2020-21 for three years.

FY 2024-25 Recycled Rates – 5%, 7.5% and 10% Increase of RSC

Recycled Irrigation	West Basin RSC Increase 5%	West Basin RSC Increase 7.5%	West Basin RSC Increase 10%
Inside Service Area	\$1,822	\$1,829	\$1,836
Outside Service Area	\$1,922	1,929	\$1,936

Advanced Treated Recycled Water Rates - Established by agreements

West Basin Fixed Service Charges

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

Public Information Education	Water Policy	Total
\$4,794,710	\$2,274,556	\$7,069,266

Agency Name	3-Year Avg Potable Deliveries (AF)	Annual Charge	Monthly Charge
California American Water Co.	955	\$63,368	\$5,281
California Water Service - Dominguez	21,220	1,408,224	117,352
California Water Service - Hawthorne	3,348	222,190	18,516
California Water Service - Hermosa Redondo	9,372	621,980	51,832
California Water Service - Palos Verdes	16,574	1,099,943	91,662
City of El Segundo	6,666	442,396	36,866
City of Inglewood	6,201	411,528	34,294
City of Lomita	1,964	130,323	10,860
City of Manhattan Beach	4,356	289,067	24,089
Golden State Water	19,942	1,323,451	110,288
L.A. Co. Water Works District No. 29	8,097	537,318	44,777
WRD - Dominguez Gap Barrier	7,828	519,476	43,290
TOTAL	106,523	\$7,069,264	\$589,107



Next Steps





Supplemental Slides



FY 2024-25 West Basin RSC and Potable Tier 1 Options

Projected retail potable sales at 80,000 AF and WRD Dominguez Gap Barrier sales at 1,800 AF

	7/1/2024 - 12/31/2024 West Basin 0%	7/1/2024 - 12/31/2024 West Basin 5%	7/1/2024 - 12/31/2024 West Basin 7.5%	7/1/2024 - 12/31/2024 West Basin 10%
Tier 1	\$1,256	\$1,256	\$1,256	\$1,256
RTS	149	149	149	149
Total MWD Water Rate/AF	\$1,405	\$1,405	\$1,405	\$1,405
WB RSC Increase %	0%	5%	7.5%	10%
West Basin RSC/AF	275	289	296	303
WB Tier 1 Rate/AF	\$1,680	\$1,694	\$1,701	\$1,708

	1/1/2025 - 6/30/2025 West Basin 0%	1/1/2025 - 6/30/2025 West Basin 5%	1/1/2025 - 6/30/2025 West Basin 7.5%	1/1/2025 - 6/30/2025 West Basin 10%
Tier 1	\$1,395	\$1,395	\$1,395	\$1,395
RTS	201	201	201	201
Total MWD Water Rate/AF	\$1,596	\$1,596	\$1,596	\$1,596
WB RSC Increase %	0%	5%	7.5%	10%
West Basin RSC/AF	275	289	296	303
WB Tier 1 Rate/AF	\$1,871	\$1,885	\$1,892	\$1,899

Rate Increase 1/1/25 (Compared to FY24 current rate of \$1,677/AF)	11.6%	12.4%	12.8%	13.2%
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