



Fiscal Years 2024-2026 Biennial Operating Budget

Second Budget Workshop – Special Board Meeting
May 13, 2024



PRESENTATION OVERVIEW



**GM Budget
Message**



**Budget
Process**



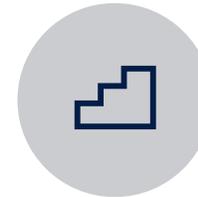
**Proposed
Biennial Budget**



**Cost
Management
Efforts**



**Q&A and
Discussion**



Next Steps

GENERAL MANAGER BUDGET MESSAGE

- Added Positions
- Inflationary Pressures
- Ensures Financial Stability
- First Year Supported by Adopted Rates & Reserves
- Second Year Projected Rate Revenue Increases



SUPPORTS STRATEGIC PRIORITIES

- Resource Management
- Financial Stewardship
- Elite Workforce
- Superior Service



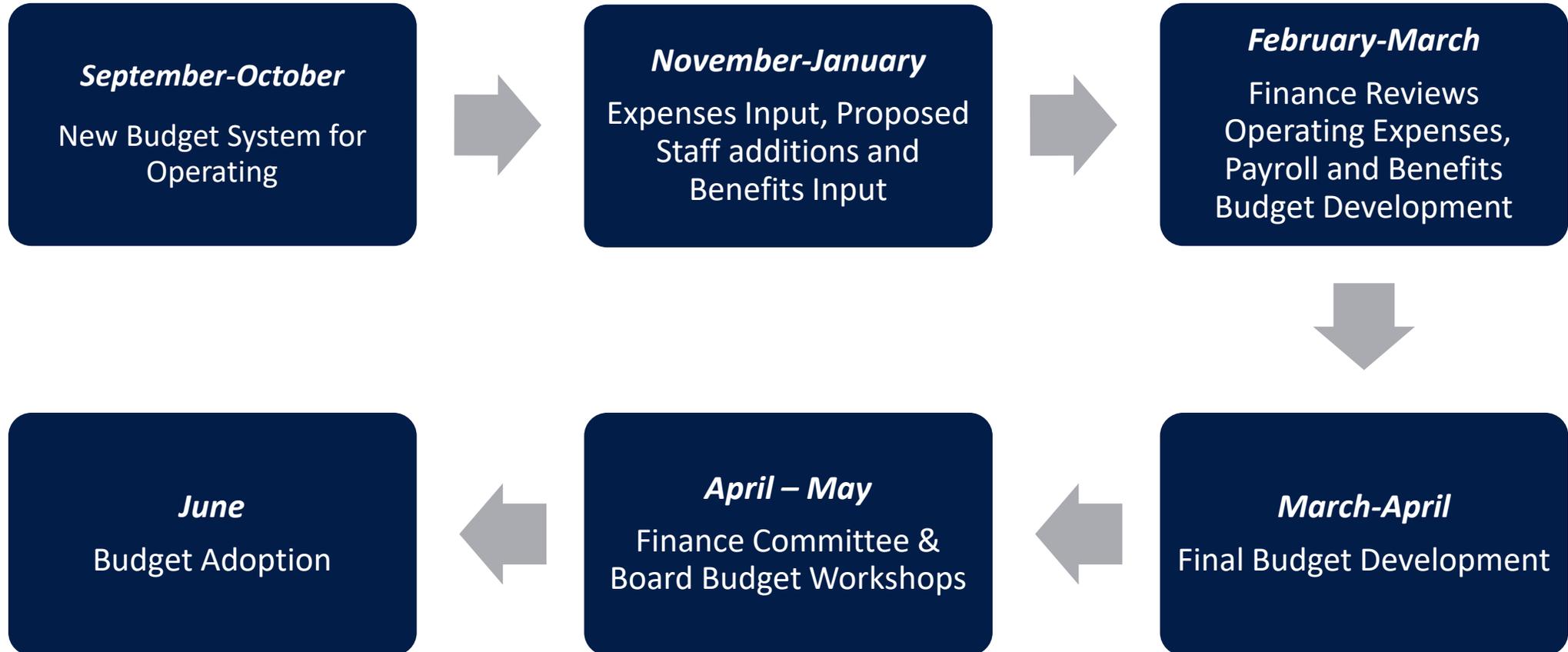
BACKGROUND

- Seventh consecutive biennial operating budget
- Provides a two-year forecast of expenses

OUTCOME

- More efficient planning process
- Allows carryover of unexpended funds between first and second year of budget
- Previously earned prestigious awards from the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO)

BUDGET PROCESS



BUDGETARY BASIS



Western Water adopts a two-year operating budget as a management tool and as a basis for determining the revenue requirement for the formulation of retail water and sewer rates



The budget only focuses on Operating Funds and excludes all designated funds, such as capacity charge funds, asset replacement funds, etc. Designated funds are mainly used to pay for capital projects

BUDGET DRIVERS

- Adopted Water Rates for Fiscal Year 2024-2025
- Source Water Costs & Supply
- Projected Water Demand
- Adopted Wastewater Rates for Fiscal Year 2024-2025
- Wastewater Treatment Costs
- Customer Growth
- Property Tax Growth and Investment Earnings
- Salary and Benefit Growth
- New Positions
- Inflationary Pressures & Additional Costs
- Strategic Priorities
- Asset Replacement Funding
- Debt Service Obligations
- Changing Regulatory Requirements

MWD RATE INCREASES

Rate	CY 2025	Increase \$	Increase %	CY 2026	Increase \$	Increase %
Treated Water / AF	\$ 1,395	\$ 139	11.1%	\$ 1,528	\$ 133	9.5%
Untreated Water /AF	\$ 912	\$ 9	1.0%	\$ 984	\$ 72	7.9%
RTS Charge (Millions)	\$ 181	\$ 14	8.4%	\$ 188	\$ 7	3.9%
Capacity Charge / cfs	\$ 13,000	\$ 1,800	16.1%	\$ 14,500	\$ 1,500	11.5%

DEPARTMENTAL BUDGETS

Department	Target FY 2025	Proposed FY 2025 Budget	Variance \$
Communications & Customer Experience	\$1,700,798	\$1,774,527	\$73,729
Engineering	\$275,508	\$351,843	\$76,335
Finance	\$279,416	\$325,230	\$45,814
Human Resources	\$437,953	\$858,331	\$420,378
Information Services	\$1,569,341	\$2,041,110	\$471,769
Management	\$428,192	\$462,602	\$34,410
Operations	\$1,886,645	\$1,872,662	Under Target
Water Resources	\$563,094	\$668,633	\$105,539

PROPOSED STAFF ADDITIONS – YEAR 1

OPERATIONS - 5



Operations Technician –
Wastewater (2)
Operations Field Supervisor
Operations Technician –
Mechanical Services
Management Analyst

ENGINEERING - 1



Engineering Technician

HUMAN RESOURCES - 1



Human Resources Analyst Sr.

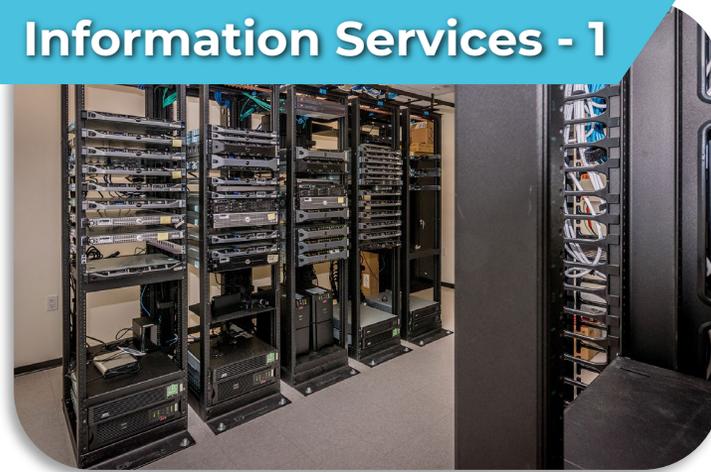
PROPOSED STAFF ADDITIONS – YEAR 2

OPERATIONS - 3



Operations Field Supervisor
Operations Technician –
Mechanical Services
Management Analyst

Information Services - 1



Senior Business Analyst

CCX - 1



Director of Communications &
Customer Experience

RETAIL WATER RATE OVERVIEW

Service Area	Fiscal Year 2024-25 (First Year)		Fiscal Year 2025-26 (Second Year)
	Adopted Rates Effective Jul 1, 2024	Pass-Through Rates Effective Jan 1, 2025	Estimated Rate Revenue Increase
Riverside Potable/March East	◆	◆	◆
Riverside Non-Potable	◆	◆	◆
Murrieta	◆	◆	◆
Rainbow	◆	◆	◆

RETAIL SEWER RATE OVERVIEW

Service Area	Fiscal Year 2024-25 (First Year)		Fiscal Year 2025-26 (Second Year)
	Adopted Rates Effective July 1, 2024	Pass-Through Rates Effective July 1, 2024	Estimated Rate Revenue Increase
WWRF	◆		◆
La Sierra		◆	◆
Murrieta – Treated by SRRRA		◆	◆
Murrieta – Treated by EMWD	◆		◆

FISCAL YEAR 2024-25 (FIRST YEAR) RETAIL WATER RATE RESERVE IMPACTS

Service Area	Reserve Draw	Maintains Minimum Reserve Balance
Riverside Potable /March East	(\$2,371,482)	✓
Riverside Non-Potable	None	✓
Murrieta	(\$37,806)	✓
Rainbow	(\$11,034)	✓



FISCAL YEAR 2024-25 (FIRST YEAR) RETAIL SEWER RATE RESERVE IMPACTS

Service Area	Reserve Draw	Maintains Minimum Reserve Balance
WWRF	(\$106,426)	✓
La Sierra	None	✓
Murrieta	(\$120,708)	✓





FISCAL YEAR 2025-26 (SECOND YEAR) RETAIL WATER RATE REVENUE PROJECTIONS

Service Area	FY 2025-26 Estimated Rate Revenue Increase
Riverside Potable/March East	8.1%
Riverside Non-Potable	5.5%
Murrieta	7.9%
Rainbow	8.3%



FISCAL YEAR 2025-26 (SECOND YEAR) RETAIL SEWER RATE REVENUE PROJECTIONS

Service Area	FY 2025-26 Estimated Rate Revenue Increase
WWRF	7.4%
La Sierra	4.5%
Murrieta	7.2%

COST MANAGEMENT EFFORTS



Regional/national negotiated contracts and multi-year agreements provide controlled costs and reduced pricing.



Maximizing energy technology, pump efficiencies, and timely preventative maintenance reduce energy costs.



Bringing previously outsourced maintenance and parts manufacturing in-house reduces system maintenance costs.



Implementation of the Reservoir Management System lowers water loss, reduces labor costs related to water quality flushing, and provides flexibility for 'off peak' pumping which optimizes energy use



Bulk purchasing and vehicle fueling at El Sobrante saves costs by taking advantage of lower pricing. Staff also uses the fleet monitoring system to improve fuel efficiency.

BUDGET WORKSHOP OUTREACH EFFORTS

- Updated webpage on [WesternWaterCA.gov](https://www.westernwaterca.gov)
 - Workshop details
 - Presentation materials
 - FAQ's
- Promote workshop dates
 - Inform budget process and goals
 - Updates provided at community meetings
 - Digital announcements



NEXT STEPS

May 30, 2024
Third Budget Workshop
Budget Summary

Budget Adoption
June 5, 2024



Discussion
