



Fiscal Years 2024-2025 & 2025-2026 Biennial Operating Budget & Capital Improvement and Facilities Plan

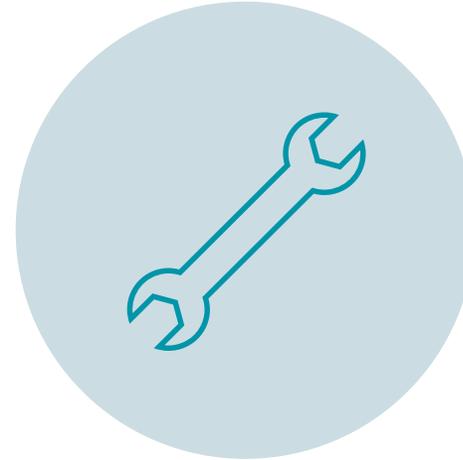
**Special Board Meeting - Third Budget Workshop
May 29, 2024**



EXECUTIVE SUMMARY



THE PROPOSED OPERATING BUDGET WILL BE FUNDED BY ADOPTED RATES, RESERVES, AND FUTURE ESTIMATED INCREASES TO RATE REVENUE



THE PROPOSED CAPITAL IMPROVEMENT AND FACILITIES PLAN IS TIMELY AND CONSIDERED AFFORDABLE

Biennial Operating Budget

Fiscal Year 2024-2025 and Fiscal Year 2025-2026



High Level Expenditure Summary

Line	Expenditure Category	Amended FY 24 Budget (in millions)	Proposed FY 25 Budget (in millions)	% Increase Over FY 24	Proposed FY 26 Budget (in millions)	% Increase Over FY 25
1	Purchased Water - Wholesale	61.2	52.3	-15%	56.5	8%
2	Purchased Water - Retail	27.9	32.3	15%	34.9	8%
3	Waste Disposal Charges*	9.3	8.1	-14%	8.4	4%
4	Debt Service	5.5	6.9	26%	7.0	1%
5	Purchased Power	4.4	6.1	39%	6.6	9%
6	Chino Desalter Authority Operations & Maintenance	3.7	3.5	-6%	3.6	4%
	Subtotal	112.0	109.0	-3%	117.0	7%
7	Payroll	22.0	23.8	8%	26.3	10%
8	Fringe Benefits	11.3	13.0	15%	14.1	9%
9	HQ General & Admin, and Other **	8.8	9.6	9%	9.7	2%
10	Asset Replacement Reserve Transfer	7.0	7.6	8%	8.0	5%
11	System Maintenance	3.4	3.6	7%	3.7	2%
12	Contract Sevices	4.3	3.3	-23%	3.2	-3%
	Subtotal	56.8	60.9	7%	65.0	7%
Total Operating Budget		\$ 168.7	\$ 169.9	1%	\$ 182.0	7%
Total Operating Budget (w/o Purchased Water)		\$ 79.7	\$ 85.4	7%	\$ 90.6	6%

* Paid to third party providers, such as SAWPA, WRCRWA, SRRRA, and EMWD, and includes Excess BOD/TSS Penalties.

** Excludes payroll and benefits which are reported on separate lines. A few examples of "other" expenses= Property and Liability Insurance, Chemicals, Water Use Efficiency

BUDGET SUMMARY (IN MILLIONS)

	Amended FY 2023-2024	Proposed FY 2024-2025	Proposed FY 2025-2026
Operating Funds			
Sources of Operating Funds	\$ 144.8	\$ 142.7	\$ 154.9
Less Uses of Operating Funds	\$ 154.4	\$ 154.8	\$ 166.4
Net Operating (Uses)	\$ (9.6)	\$ (12.0)	\$ (11.5)
Non-Operating Funds			
Sources of Non-Operating Funds	\$ 26.8	\$ 29.2	\$ 30.0
Less Uses of Non-Operating Funds	\$ 6.8	\$ 6.7	\$ 6.9
Net Non-Operating Sources	\$ 20.0	\$ 22.5	\$ 23.1
Net Sources	\$ 10.5	\$ 10.5	\$ 11.6
Transfers To Reserves	\$ 7.5	\$ 8.4	\$ 8.7
Net Surplus/(Deficit)	\$ 2.9	\$ 2.1	\$ 2.9
Uses of Operating Funds	\$ 154.4	\$ 154.8	\$ 166.4
Uses of Non-Operating Funds	\$ 6.8	\$ 6.7	\$ 6.9
Transfers To Reserves	\$ 7.5	\$ 8.4	\$ 8.7
Total Spending Authority	\$ 168.7	\$ 169.9	\$ 182.0

Western Municipal Water District Fiscal Year 2024-2025 Consolidated Operating Budget Updated: 5/21/2024							PROPOSED	
	General District	Wholesale Water	MGL	Combined Dealers	Retail Water	Wastewater	FY 2025 Total	Amended FY 2024 Total
Sources of Operating Funds								
1 Water Sales	\$ -	\$ 52,720,770	\$ -	\$ 22,395,415	\$ 28,790,445	\$ -	\$ 104,117,628	\$ 109,107,025
2 Water Service		1,213,106	183,848		20,766,374		22,195,330	21,252,299
3 Waste Disposal						15,076,243	15,076,243	14,481,653
4 Waste Disposal Svc Charges						1,375,441	1,375,441	2,001,513
5 Total Sources of Operating Funds	\$ -	\$ 53,933,876	\$ 183,848	\$ 22,395,415	\$ 59,546,819	\$ 16,451,684	\$ 142,730,604	\$ 144,792,090
Uses of Operating Funds								
6 Source of Supply	\$ -	\$ -	\$ -	\$ 2,899	\$ 2,027,265	\$ -	\$ 2,030,164	\$ 1,998,118
7 Purchased Water		52,770,770	-	-	21,745,825	-	74,516,595	80,027,040
8 Pumping Costs	-	-	4	1,629,388	7,079,379	-	8,708,771	7,537,114
9 Water Treatment	-	-	6,066,754	377,427	6,466,136	-	6,444,187	6,511,031
10 Transmission & Distribution	575	28,526	864,876	12,781,438	12,781,438	-	13,788,417	14,735,133
11 Customer Accounts	-	-	-	1,875,125	-	-	1,875,125	1,252,060
12 Disposal Charges	-	-	-	575,941	7,845,843	-	8,421,784	5,578,470
13 Post Treatment	-	-	-	-	4,032,090	-	4,032,090	6,004,000
14 Consequence System	-	-	-	-	411,805	-	411,805	-
15 General & Administrative	8,361,875	1,300,303	-	628,340	7,337,017	-	10,327,535	10,428,728
16 Water Use Efficiency	-	302,000	-	-	1,008,855	-	1,310,855	-
17 Other Expense Allocation	-	-	(65,042)	-	-	-	(65,042)	-
18 Other Operating Expenses	3,487,577	-	2,272	84,175	84,749	-	3,654,773	3,970,735
19 Total Uses of Operating Funds	\$ 11,849,052	\$ 54,343,649	\$ (62,770)	\$ 3,725,483	\$ 34,111,430	\$ -	\$ 104,027,334	\$ 109,233,686
20 Net Operating Sources/(Uses)	\$ (11,849,052)	\$ (1,410,773)	\$ 246,618	\$ 2,672,932	\$ 25,435,389	\$ 16,451,684	\$ 25,923,504	\$ 35,558,404
Sources of Non-Operating Funds								
21 Investment Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22 Property Tax Revenue	15,727,000	-	-	-	-	-	15,727,000	15,727,000
23 Property Tax Transfer	154,768	556,768	-	-	-	-	711,536	711,536
24 Debt Payments from Other Entities	176,451	-	-	-	-	-	176,451	134,451
25 Other Non-Operating Revenue	150,310	-	-	-	-	-	150,310	150,310
26 Total Sources of Non-Operating Funds	\$ 16,208,529	\$ 556,768	\$ -	\$ -	\$ -	\$ -	\$ 16,765,297	\$ 16,765,297
Uses of Non-Operating Funds								
27 Debt Service	2,525,420	-	-	-	-	-	2,525,420	2,525,420
28 Other Non-Operating Expenses	1,506,566	-	-	-	-	-	1,506,566	1,506,566
29 Total Uses of Non-Operating Funds	\$ 4,031,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,031,986	\$ 4,031,986
30 Net Non-Oper. Sources/(Uses)	\$ 12,176,543	\$ 556,768	\$ -	\$ -	\$ -	\$ -	\$ 12,733,311	\$ 12,733,311
31 Net Sources/(Uses)	\$ 3,029,491	\$ 1,146,015	\$ 246,618	\$ 2,672,932	\$ 25,435,389	\$ 16,451,684	\$ 38,656,815	\$ 51,316,815
Transfers To/(From) Reserves								
32 Asset Replacement Reserve Funding	\$ 1,521,508	\$ -	\$ -	\$ 10,827	\$ -	\$ -	\$ 1,532,335	\$ 1,532,335
33 Other Reserves *	-	-	-	-	-	-	-	520,766
34 Total Transfers To/(From) Reserves	\$ 1,521,508	\$ -	\$ -	\$ 10,827	\$ -	\$ -	\$ 1,532,335	\$ 2,053,101
35 Total Operating Reserves	\$ 2,278,499	\$ -	\$ -	\$ 198,113	\$ -	\$ -	\$ 2,476,612	\$ 2,476,612

Western Municipal Water District Fiscal Year 2025-2026 Consolidated Operating Budget Updated: 5/21/2024							PROPOSED	
	General District	Wholesale Water	MGL	Combined Dealers	Retail Water	Wastewater	FY 2026 Total	FY 2025 Total
Sources of Operating Funds								
1 Water Sales	\$ -	\$ 57,048,251	\$ -	\$ 23,277,859	\$ 42,042,025	\$ -	\$ 122,368,135	\$ 109,117,025
2 Water Service		1,299,552	184,338		22,641,352		24,125,142	22,195,340
3 Waste Disposal						16,088,657	16,088,667	15,079,293
4 Waste Disposal Svc Charges						1,394,247	1,394,247	1,328,443
5 Total Sources of Operating Funds	\$ -	\$ 58,347,803	\$ 184,338	\$ 23,277,859	\$ 64,683,377	\$ 17,482,904	\$ 143,536,381	\$ 147,739,398
Uses of Operating Funds								
6 Source of Supply	\$ -	\$ -	\$ -	\$ 2,100	\$ 2,150,540	\$ -	\$ 2,152,640	\$ 2,029,124
7 Purchased Water		57,000,000	-	-	24,243,288	-	81,243,288	84,230,371
8 Pumping Costs	-	-	4	1,714,243	7,069,591	-	8,783,840	8,719,371
9 Water Treatment	-	-	6,180,194	389,627	6,569,821	-	6,569,821	6,496,220
10 Transmission & Distribution	575	28,526	864,876	12,781,438	12,781,438	-	13,788,417	14,735,133
11 Customer Accounts	-	-	-	1,875,125	-	-	1,875,125	1,252,060
12 Disposal Charges	-	-	-	575,941	7,845,843	-	8,421,784	5,578,470
13 Post Treatment	-	-	-	-	4,032,090	-	4,032,090	6,004,000
14 Consequence System	-	-	-	-	411,805	-	411,805	-
15 General & Administrative	8,361,875	1,300,303	-	628,340	7,337,017	-	10,327,535	10,428,728
16 Water Use Efficiency	-	302,000	-	-	1,008,855	-	1,310,855	-
17 Other Expense Allocation	-	-	(65,042)	-	-	-	(65,042)	-
18 Other Operating Expenses	3,487,577	-	2,272	84,175	84,749	-	3,654,773	3,970,735
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20 Net Operating Sources/(Uses)	\$ (11,849,052)	\$ (1,410,773)	\$ 246,618	\$ 2,672,932	\$ 25,435,389	\$ 16,451,684	\$ 25,923,504	\$ 35,558,404
Sources of Non-Operating Funds								
21 Investment Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22 Property Tax Revenue	15,727,000	-	-	-	-	-	15,727,000	15,727,000
23 Property Tax Transfer	154,768	556,768	-	-	-	-	711,536	711,536
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25 Other Non-Operating Revenue	150,310	-	-	-	-	-	150,310	150,310
26 Total Sources of Non-Operating Funds	\$ 16,208,529	\$ 556,768	\$ -	\$ -	\$ -	\$ -	\$ 16,765,297	\$ 16,765,297
Uses of Non-Operating Funds								
27 Debt Service	2,525,420	-	-	-	-	-	2,525,420	2,525,420
28 Other Non-Operating Expenses	1,506,566	-	-	-	-	-	1,506,566	1,506,566
29 Total Uses of Non-Operating Funds	\$ 4,031,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,031,986	\$ 4,031,986
30 Net Non-Oper. Sources/(Uses)	\$ 12,176,543	\$ 556,768	\$ -	\$ -	\$ -	\$ -	\$ 12,733,311	\$ 12,733,311
31 Net Sources/(Uses)	\$ 3,029,491	\$ 1,146,015	\$ 246,618	\$ 2,672,932	\$ 25,435,389	\$ 16,451,684	\$ 38,656,815	\$ 51,316,815
Transfers To/(From) Reserves								
32 Asset Replacement Reserve Funding	\$ 1,608,115	\$ -	\$ -	\$ 11,875	\$ 683,000	\$ 4,570,332	\$ 6,262,322	\$ 7,029,135
33 Other Reserves *	-	-	-	-	-	-	-	647,976
34 Total Transfers To/(From) Reserves	\$ 1,608,115	\$ -	\$ -	\$ 11,875	\$ 683,000	\$ 4,570,332	\$ 6,262,322	\$ 7,677,111
35 Total Operating Reserves	\$ 2,278,499	\$ -	\$ -	\$ 198,113	\$ -	\$ -	\$ 2,476,612	\$ 2,476,612

Legible Handouts Included with the Budget Workshop Agenda Packet



Capital Improvement and Facilities Plan

Fiscal Year 2024-2025 and Fiscal Year 2025-2026



TOP 10 PROJECTS – YEAR 1 (~60%)

Project	Gross Total Cost	Offset	Net Total Cost
Magnolia Avenue Interconnection with Riverside Public Utilities	\$6.5M	\$5.2M	\$1.3M
Linear Asset Management Program – Carry Over	\$5.3M	NA	\$5.3M
McKinley Grade Separation Project	\$2.2M	NA	\$2.2M
Enhanced Recharge Project: Santa Ana River Spreading Basins	\$2.1M	\$2.1M	\$0
Permanent Power Generator at Mockingbird Pump Station	\$2.0M	\$1.4M	\$0.6M
SARCCUP Non-Potable Well #7 and Pipeline	\$1.8M	\$1.5M	\$0.3M
Master Plan – Rancho California Water District Regional Intertie	\$1.4M	NA	\$1.4M
Woodcrest – Rinehart Relocations	\$1.0M	NA	\$1.0M
Rainbow – Upsize Metropolitan Water District of Southern California Connection	\$1.0M	NA	\$1.0M
Minor Capital Project Program	\$1.0M	NA	\$1.0M
Total	\$24.3M	\$10.2M	\$14.1M

TOP 10 PROJECTS – YEAR 2 (~69%)

Project	Gross Total Cost	Offset	Net Total Cost
Jefferson Avenue Water Improvement – Rancho California Water District Interconnection	\$7.2M	\$4.1M	\$3.1M
PFAS Removal Facility at WWRF	\$5.9M	\$4.7M	\$1.2M
Linear Asset Management Program – Carry Over	\$4.7M	NA	\$4.7M
SARCCUP Non-Potable Well #7 and Pipeline	\$4.0M	\$3.0M	\$1.0M
Master Plan – Rancho California Water District Regional Intertie	\$3.9M	\$1.1M	\$2.8M
Arlington Desalter Granular Activated Carbon for PFAS Removal	\$3.0M	NA	\$3.0M
WWRF Automation Upgrade	\$1.7M	\$1.4M	\$0.3M
Riverside New Pressure Reducing Valves	\$1.3M	NA	\$1.3M
Madison Avenue Sewer Improvement	\$1.3M	NA	\$1.3M
Madison Avenue Water Improvement	\$1.3M	NA	\$1.3M
Total	\$34.3M	\$14.3M	\$20M

MINOR CAPITAL AND RISK MITIGATION PROJECTS

Minor Capital - total request is \$1,000,000/year for all projects

Risk Mitigation - total request is \$200,000/year

Staff will not exceed the total program limit in a given Board-approved period

Projects for consideration will include those that are less than \$100,000

CAPITAL SPENDING PLAN OVERVIEW AND COMPARISON TO CURRENT CAPITAL IMPROVEMENT AND FACILITIES PLAN (CIFP)

Year	Gross Project Total	Offset Total*	Net Project Total
FY 23-24	\$ 36,781,845	\$ (15,857,940)	\$ 20,923,905

Fiscal Year	Gross Project Total	Offset Total*	Net Project Total
FY 24-25	\$ 40,602,504	\$ (12,133,843)	\$ 28,468,662
FY 25-26	\$ 49,434,511	\$ (16,660,312)	\$ 32,774,200

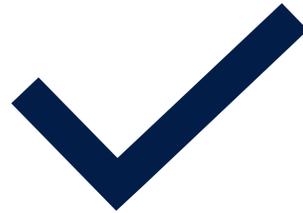
Fiscal Year	Gross Project Total <i>(Projected)</i>	Offset Total * <i>(Projected)</i>	Net Project Total <i>(Projected)</i>
FY 26-27	\$ 30,371,624	\$ (5,442,624)	\$ 24,929,000
FY 27-28	\$ 36,191,972	\$ (3,250,962)	\$ 32,941,010
FY 28-29	\$ 24,503,013	\$ (1,248,010)	\$ 23,255,003

* Totals include funding offsets derived from Federal and State grant funding, and partner agency agreements for specific projects.

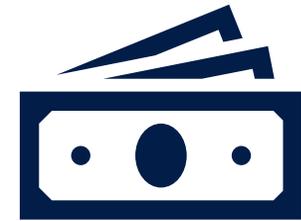
REQUESTED RECOMMENDATIONS FOR JUNE 5TH



Adopt Resolution 3310 approving the General Manager's Operating Budget for Fiscal Years 2024-2025 and 2025-2026



Approve the amended Job Classification Plan and Salary Grades Table in accordance with Resolution 2902



Approve the Capital Improvement and Facilities Plan for Fiscal Years 2024-2025 and 2025-2026.



Discussion
