



FISCAL YEAR 2024-25

WEST BASIN MUNICIPAL WATER DISTRICT

# OPERATING BUDGET



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**West Basin Municipal Water District  
California**

For the Fiscal Year Beginning

**July 01, 2023**

*Christopher P. Morrell*

Executive Director



## GENERAL MANAGER'S MESSAGE



# General Manager's Message

**July 1, 2024**

## **To the Honorable Board of Directors and Customers of West Basin Municipal Water District:**

I am pleased to present West Basin Municipal Water District's (West Basin) budget for the Fiscal Year beginning July 1, 2024 and ending June 30, 2025 (FY 2024-2025).

Every year, careful consideration is given to the budget development process and its key drivers to ensure that the District's mission and its priorities as set by the Board of Directors (Board) as well as the District's strategic goals and commitments are supported through the appropriate setting of rates and charges.

This message encompasses West Basin's priorities for coming fiscal years and the challenges we will face along the way. It also describes the short-term factors that influenced the strategic decisions made as this budget was being developed, and provides an overview of revenues and expenditures for the current fiscal year, the District's financial position and the most significant changes introduced with respect to the previous fiscal year.

Developing a budget is an integral part of West Basin's financial planning process. It is a complex endeavor for which stakeholders include credit rating agencies, bondholders, customers and the public, and as such continuous communication with each of these parties regarding the objectives and challenges of the process remained a priority.

Staff's initial proposal for the numbers included in the FY 2024-2025 budget was refined through a series of workshops with our Board of Directors hosted both in person and virtually, and open to the public. During the budget's preparation process, the District also welcomed input from its customer agencies and hosted a dedicated session yielding valuable feedback regarding the budget proposal.

The budget adopted for the current fiscal year accounts for \$233 million in total revenue, a decrease of \$11 million (5%) versus the previous fiscal year (\$244 million). West Basin reduction in the retail imported water sales forecast for FY 2024-2025 stems from the effect of water conservation efforts and a declining trend in retail imported water sales beginning in 2022.

West Basin's FY 2024-2025 retail imported water revenue is \$155 million. Of this, approximately \$130 million is pass-through revenue generated by the Metropolitan Water District of Southern California (MWD)'s Tier I Treated imported water rates, with the remainder coming from West Basin's imported water rates.

West Basin's portion of the retail imported revenue is collected through its Reliability Service Charge (RSC). The FY 2024-2025 RSC charge is \$303 per Acre-Foot (AF). The total RSC revenue for the current fiscal year is \$25 million.

Forecasted recycled water sales are 32,221 AF for FY 2024-2025, a slight reduction compared to 33,032 AF for the previous fiscal year. This adjustment was made due to an observed decline in sales of recycled water over the past two years, along with the understanding that no expected major expansion of the recycled water system would occur during the current period.

West Basin adopted recycled water rates will increase in accordance with new and previously established customer agreements, a change that will more closely reflect the unit cost to produce recycled water and variances associated to the specific type of recycled water being produced. The total recycled water revenue for FY 2024-2025 is budgeted at \$50 million.

The remaining \$27 million in revenues include approximately \$12 million in customer and capital grant funding for capital improvement projects, \$7 million from Fixed Service Charges, \$5.7 million Standby Revenue and \$2.5 million in Investment Income.

The budgeted total operating expense for FY 2024-2025 is \$233 million. This includes \$130 million in MWD pass-through expenses –the majority of which are imported water purchases–, \$69 million in operating expenses, \$22 million in debt payments, and a \$12 million allocation to capital improvement projects.

The Recycled Water Operations program budget for the current fiscal year is \$56 million (approximately \$1.5 million lower than the previous year). Chemical and utility prices have decreased in the past year, while labor and maintenance costs have slightly increased.

### **Progress Toward Strategic Business Plan Goals and Commitments**

With the most recent version adopted in FY 2017-2018, the Strategic Business Plan (Plan) provides for a five-year planning horizon. Updating this Plan is a reaffirmation of the vision, mission, value statements, and the five pillars setting the framework for West Basin’s strategic objectives. The District’s FY 2024-2025 Overhead budget includes funds to update the District’s strategic plan.

### **Key Factors Impacting the FY 2024-2025 Budget**

The process of developing a budget involves consideration of multiple factors such as determining reasonable and realistic water sales assumptions, calculating the amount and source of funding for capital projects, and incorporating appropriate staffing resources for successful program delivery. During the developing phase, each factor is carefully assessed so select the best approach and to ensure that the decision making remains conducive to the fulfillment of our mission.

### **Water Sales Assumptions**

Approximately 89% of West Basin’s revenue is generated from volumetric water sales with imported water accounting for 67% of the revenue and recycled water accounting for 22%. Because of this, much attention is given to determining sales assumptions.

Hydrologic conditions directly impacting water demand are difficult to predict, posing a challenge to forecasting. Therefore, customer agency input regarding water management strategies and trends, like groundwater extractions and imported and recycled water usage, is highly beneficial to developing accurate sales figures.

Current capital improvement projects were thoroughly reviewed by staff to incorporate appropriate assumptions for changes to recycled water sales and corresponding adjustments in imported water sales as they relate to construction of new infrastructure, expansion, and rehabilitation and replacement (R&R), to existing customers.

Retail imported water sales vary based on hydrologic conditions, overall water demand, availability and utilization of local supplies (groundwater and recycled water), and the availability of imported water. During the FY 2024-2025 budget development process, West Basin anticipated lower-than-average sales resulting from drought messaging, higher-than-average precipitation, and lower-than-normal temperatures in California. With all of these taken into consideration, retail imported sales are budgeted at 80,000 AF. Reduced deliveries to the West Coast and Alamitos Bay barrier projects are also part of this year's budget assumptions.

West Basin currently provides recycled water to more than four hundred (400) metered connections. Staff estimates recycled water sales of 32,221 AF for the current fiscal year out of which approximately 31% will be used for seawater barrier replenishment, 56% will go to industrial use by local refineries, and 13% will be used for irrigation at parks, golf courses, schools, street medians, and other public green spaces.

### **Recycled Water Operations**

The Recycled Water Operations budget includes funds to administer, operate, and maintain all recycled water facilities, regulatory efforts, and the development of additional customers. West Basin first began delivering recycled water in 1995 and has continued to expand its facilities to increase this local resource. The District produces five different types of recycled water that meet the unique needs of its diverse customer base.

### **Funding for Capital Projects**

West Basin's Capital Improvement Program (CIP) projects are classified into three major groups:

1. New infrastructure – The planning, design, and construction of new treatment plant improvements, as well as extensions to the recycled water distribution system;
2. Rehabilitation & Replacement (R&R) – Also known as Refurbishment & Replacement Projects, these are projects geared to guaranteeing our existing infrastructure continues to perform at the highest level ; and
3. Other Projects

Five years ago, West Basin adopted a proactive approach to rehabilitate and replace critical assets and aging infrastructure that provides recycled water to its customers. The increased focus on R&R projects continues in FY 2024-2025 to enhance recycled water processes, provide more reliability to customers, and achieve cost savings through an improved, highly efficient operation.

Approximately 97% of the District's future projects are of R&R nature due to aging facilities. The budget includes \$42 million for previously identified Capital Improvement Projects (CIP) with a total budget of \$176 million in planned expenditures for the next five fiscal years (five year period ending in FY 2028-2029).

For the current fiscal year, West Basin was able to secure approximately \$4.6 million in grant funding, \$12 million in State loans, and another \$2.5 million in customer contributions to help defray the cost of new infrastructure and shared facilities.

West Basin uses a combination of grants, Pay-As-You-Go (PAYGO) funds, cash reserves, low-cost government loans, debt, and letter of credit issuance to fund its capital projects. West Basin has successfully secured external funding for many of its projects and programs and will continue to seek grants and other external financial contributions to support its Capital Improvement Program.

## Conclusion

The FY 2024-2025 budget accounts for key financial metrics, strategic business plan goals, ongoing program activities, key business decisions, and long-term commitments that are instrumental to the fulfillment of our mission.

A significant portion of the budget focuses on local water supply. Also, the District will invest in replacing aging recycled water infrastructure to ensure our customers continue to receive this drought-resilient resource in the appropriate quantity, at optimal quality levels and in the most reliable way.

West Basin will keep collaborating with customers and other stakeholders to ensure that future rate adjustments are mitigated to the greatest extent possible.

I am confident that through sound financial management and the cost containment measures included in this budget, West Basin will attain continued success in providing a safe and reliable supply of high-quality water to the communities we serve, in a fiscally responsible manner.

I would like to thank the Board of Directors, West Basin staff, our customers, and our various stakeholders for their efforts and contributions in the preparation of the FY 2024-2025 budget.

Respectfully,

Edward J. Caldwell

General Manager





# ABOUT WEST BASIN MUNICIPAL WATER DISTRICT





# About West Basin Municipal Water District

## About West Basin Municipal Water District

West Basin Municipal Water District (West Basin), an innovative and award-winning public agency, is a special district of the State of California serving nearly one million people in 17 cities and unincorporated areas in Los Angeles County. The agency provides imported drinking water, recycled water, and conservation and education programs. Located in the heart of Southern California's coastal plain, its service area has a Mediterranean climate, characterized by warm, dry summers and wet, cool winters with moderate precipitation.

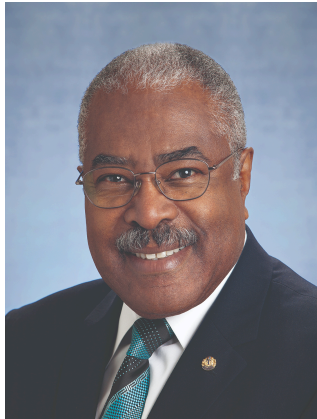
West Basin is governed by a board of five directors who are elected by the public for alternating four-year terms. It is a member agency of the Metropolitan Water District of Southern California (MWD), a cooperative of 26 member agencies. West Basin sells the imported water it purchases from MWD to cities, water agencies, and private water companies in Los Angeles County.

Recycled water is the cornerstone of the agency's efforts to increase water reliability by augmenting local supplies. West Basin provides recycled water through more than 450 connections to industrial, commercial and public facilities in the service area and region. The District's Edward C. Little Water Recycling Facility in El Segundo, California, and its satellite plants are the only facility network in the world that produces five different types of customer-specific recycled water. The system produces quality water for irrigation, industrial cooling towers, high and low-pressure boiler feeds, and seawater barrier water for protection and groundwater replenishment. The purified recycled water that West Basin produces for the Water Replenishment District is injected into the West Coast seawater barrier and ultimately supplements the groundwater basin.

Southern California's imported water supply from Northern California and the Colorado River is becoming less certain, especially during times of drought. West Basin's approach to addressing the service area's water future is captured in the Water for Tomorrow Program by emphasizing the agency's commitment to protecting, securing and diversifying its water supply while continuing its history of innovation and industry leadership. This includes reducing dependence while simultaneously increasing the reliability of our imported water supply, expanding conservation efforts, maximizing water recycling, and supporting groundwater augmentation and stormwater recapture.

West Basin continues to invest in staff, operations, and programs to maintain high standards within our workforce while connecting the community through conservation programs, education, community partnerships, small and local business opportunities, new diversity, equity and inclusion endeavors, and additional programs focused on providing value to our service area.

**Harold C. Williams**



**Vice President**

Division 1: Carson, Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills, Rolling Hills Estates, and the unincorporated Los Angeles County areas of Rancho Dominguez

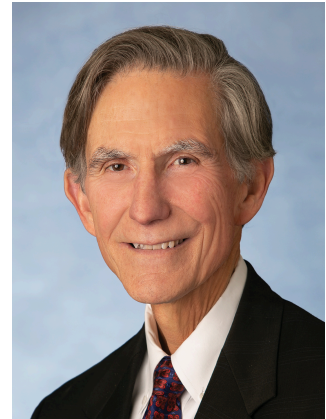
**Gloria D. Gray**



**Treasurer**

Division 2: Inglewood, portions of the cities of Gardena and Hawthorne, and the unincorporated Los Angeles County areas of Ladera Heights, View Park-Windsor Hills, West Athens, and Westmont

**Desi Alvarez**



**President**

Division 3: Hermosa Beach, Lomita, Manhattan Beach, Redondo Beach, a portion of the city of Torrance, and the unincorporated Los Angeles County area of West Carson

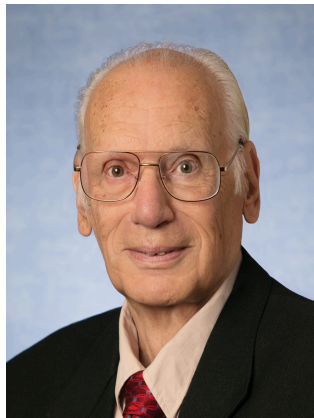
**Scott Houston**



**Immediate Past President**

Division 4: Culver City, El Segundo, Malibu, West Hollywood, a portion of the city of Hawthorne, and the unincorporated Los Angeles County areas of Del Aire, Marina del Rey, Topanga, and Wiseburn

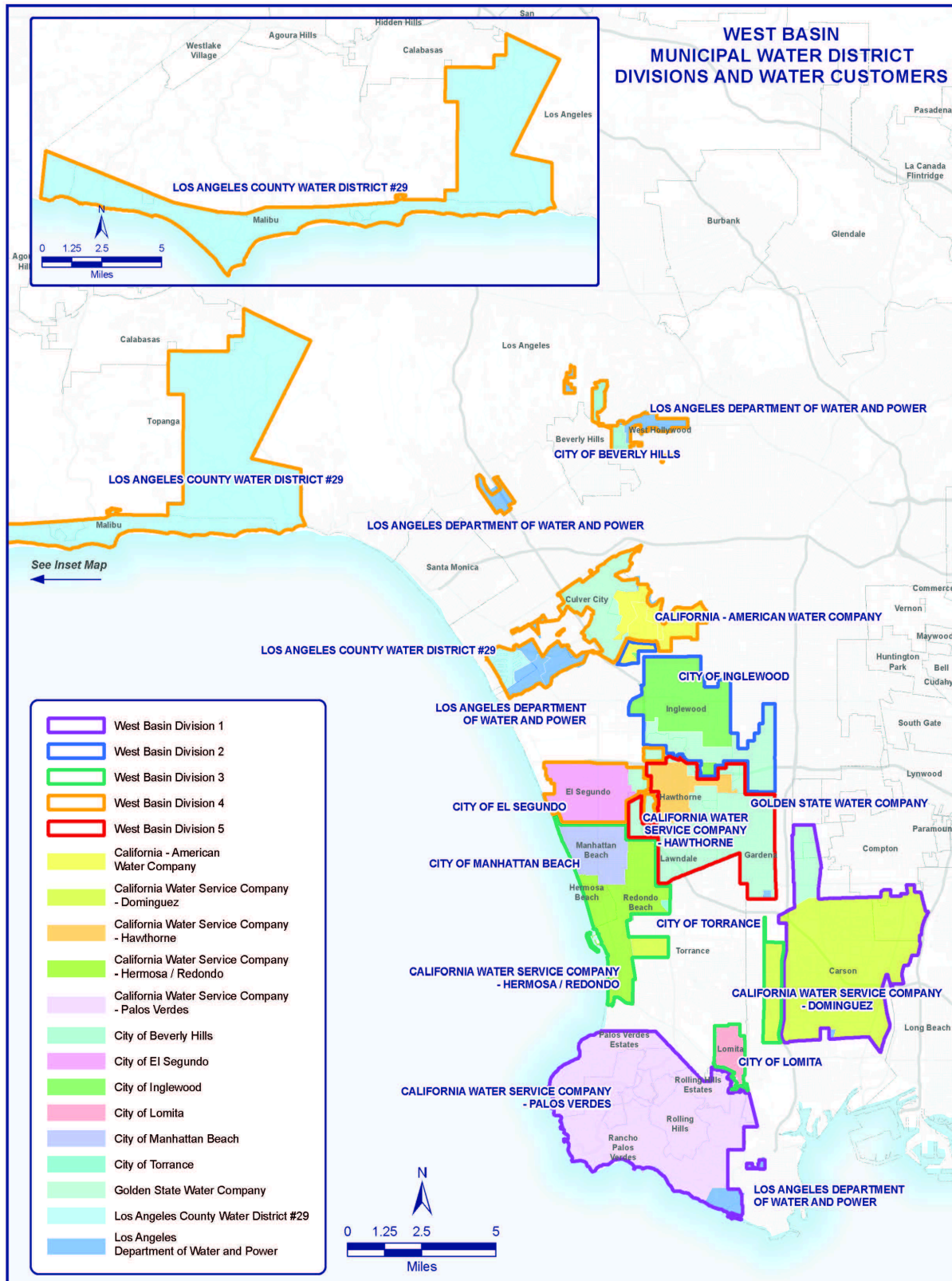
**Donald L. Dear**



**Secretary**

Division 5: Lawndale, portions of the cities of Gardena and Hawthorne, and the unincorporated Los Angeles County areas of El Camino Village and Lennox

West Basin Municipal Water District serves a diverse population in 17 cities and parts of unincorporated coastal Los Angeles County.



## District Demographics

Formed	December 17, 1947
Estimated Population	1 Million
Area Served	185-square miles, 17 Cities and unincorporated areas of Los Angeles County within the 185-square miles
Water Portfolio	Potable and Recycled
Average Residential Parcel Size	9,240 square feet
Average Median Income	\$92,454 - Service area
Lowest Median Income	\$26,683 - Westmont
Highest Median Income	over \$250,000 - Rolling Hills

## Current and Projected Demographics

DEMOGRAPHICS	2020	2025	2030	2035	2040	2045
Population	841,550	869,252	880,718	893,089	902,163	913,615
Occupied Housing Units	293,945	310,141	315,746	321,467	325,386	330,280
Single-Family		175,977	177,601	179,092	180,248	181,479
Multi-Family		134,165	138,145	142,375	145,138	148,801
Persons per Household		2.77	2.76	2.75	2.74	2.74
Urban Employment	402,534	435,002	441,195	447,647	457,457	465,331

Source: Metropolitan Water District of Southern California 2020 UWMP

## Monthly Average Climate Data in Los Angeles County

PARAMETER	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Average Max. Temperature (°F)	65.2	65.3	65.3	67.4	69.1	71.9	75.1	76.3	76.0	73.6	70.2	5.9
Average Minimum Temperature (°F)	47.5	48.9	50.5	53.0	56.4	59.7	62.9	63.8	62.6	58.5	52.3	47.9
Average Total Precipitation (in)	2.65	2.67	1.85	0.77	0.17	0.05	0.02	0.07	0.16	0.39	1.40	1.82
Evapotranspiration (in)	2.34	2.91	3.34	4.06	5.96	5.26	6.62	6.31	4.66	3.51	2.44	2.22

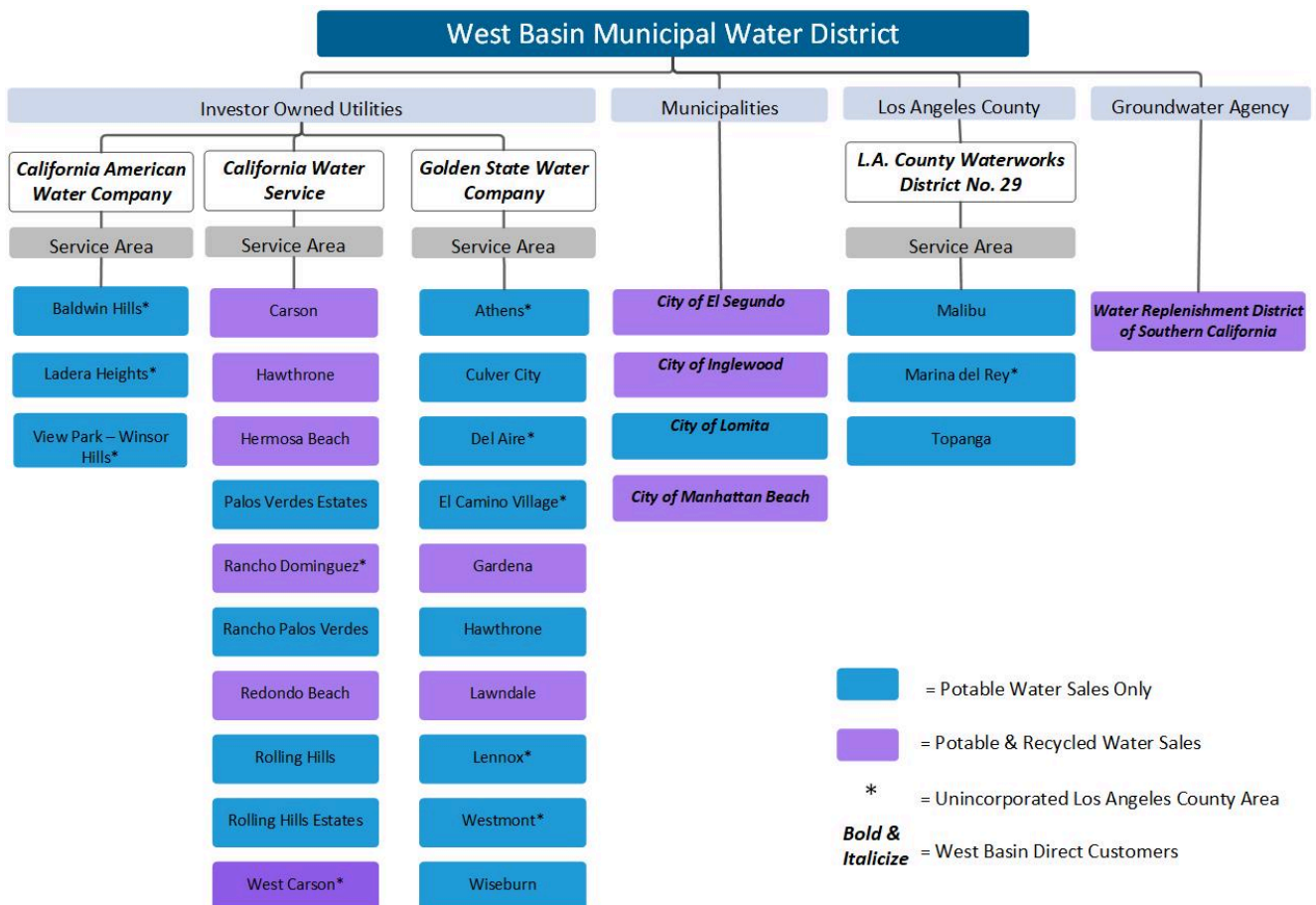
Notes: Temperature and precipitation data from Monthly Climate Summary for Los Angeles International Airport (LAX), January 1936 to June 2016. Western Regional Climate Center. <http://www.wrcc.dri.edu/>. Evapotranspiration data from CIMIS Daily Average Evapotranspiration Report for Long Beach Station 174. (California Department of Water Resources, 2020)



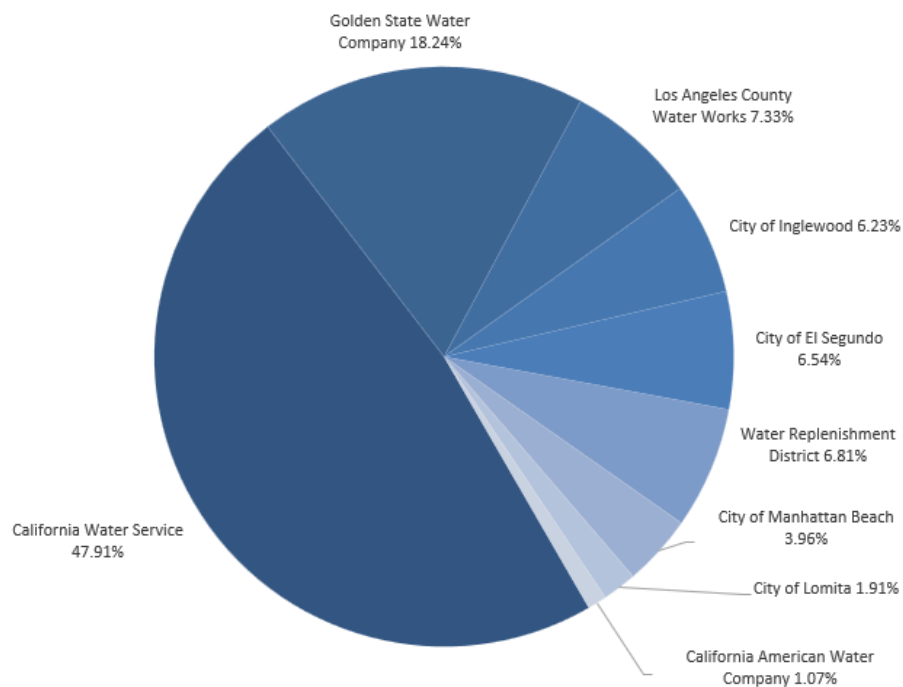
## Ten Largest Employers Within West Basin Service Area

Employer	Number of Employees
1. Boeing Satellite Systems Inc.	12,440
2. Northrop Grumman Corporation	12,394
3. Space Exploration Technologies	6,277
4. Raytheon Space & Airborne System	6,000
5. Sony Pictures Entertainment	3,000
6. Aerospace Corporation	2,783
7. Amazon Studios	2,500
8. Mattel, Inc.	1,660
9. Apple	1,500
- Riot Games	1,500
- Westfield Shopping Center - Fox Hills	1,500
10. Palos Verdes Peninsula Unified School District	1,372

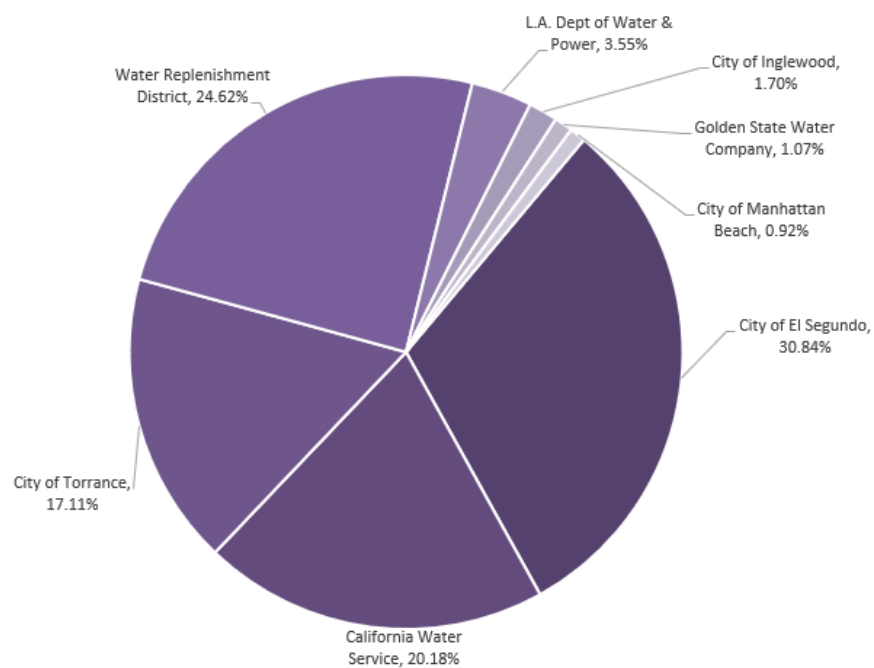
## West Basin Customers



## Potable Water Customer Sales Distribution FY 2022-2023



## Recycled Water Customer Sales Distribution FY 2022-2023



## Types of Recycled Water Produced by West Basin

### Five Types of Recycled Water

The District produces and delivers five types of customer-specific recycled water.



#### Irrigation Water

Tertiary treated water filtered and disinfected for industrial and irrigation use.



#### Cooling Tower Water

Ammonia removed for industrial cooling tower use.



#### Low-Pressure Boiler Feed Water

Membrane filtration and reverse osmosis treatment.



#### High-Pressure Boiler Feed Water

Membrane filtration and two passes through reverse osmosis membranes.



#### Groundwater Replenishment Water

Membrane filtration, reverse osmosis membrane treatment and disinfection for groundwater replenishment and as a barrier against seawater intrusion.

## Recycled Water Treatment Facilities

### Recycled Water Treatment Facilities

West Basin operates four coordinated treatment facilities to provide recycled water.



#### Edward C. Little Water Recycling Facility

El Segundo, CA  
30-40 MGD



#### Chevron Nitrification Plant

El Segundo, CA  
<1 MGD



#### Juanita Millender-McDonald Carson Regional Water Recycling Plant

Carson, CA  
3-4 MGD

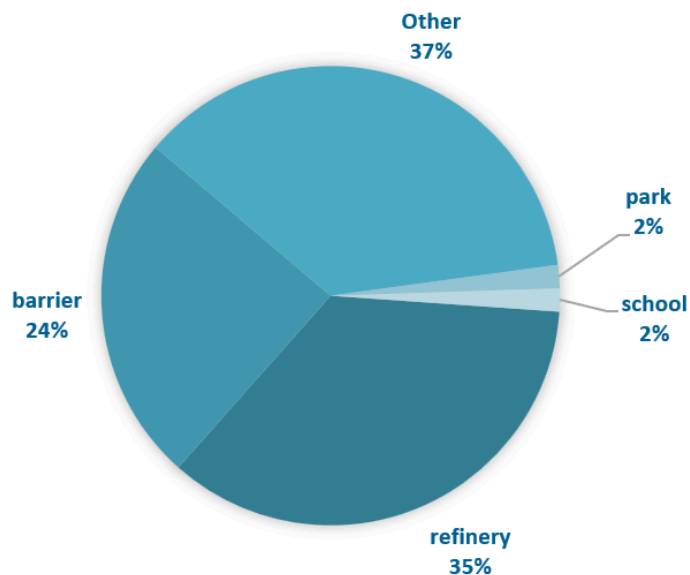


#### Torrance Refinery Water Recycling Plant

Torrance, CA  
6 MGD

MGD = Million Gallons Per Day

## Recycle Water Portfolio



As early as 1918, the levels in local groundwater basins were dropping so low that salt water from the ocean was seeping in and contaminating groundwater. Lawns in coastal Los Angeles were dying from salty water and well water was so salty it was often undrinkable. In the 1940s, studies showed that the local groundwater aquifer was being depleted at a much faster rate than it was being recharged or refilled.

At that time, one solution was to supply the region with imported water through MWD. In 1947, West Basin was formed by a vote of the people to serve as a wholesale agency to distribute imported water throughout its service area. In 1948 West Basin became a MWD member agency that imports water from the Colorado River, and later would also import water from Northern California. For the next several decades, West Basin served its customer agencies and communities solely as a wholesale provider of imported water.

As a result of the extreme drought of the late 1980s and early 1990s, West Basin leaders decided to diversify the agency's water portfolio to include water use efficiency and water reuse to provide a more reliable supply of water for future generations. Early efforts included building the world's only water recycling facility that would convert treated sewer water into five different types of high-quality recycled water suitable for groundwater recharge, irrigation, municipal, industrial and commercial uses.

The benefits generated by the water recycling program include more affordable water rates for customers, a reliable locally-controlled supply of recycled water, reduced energy use by importing less water from hundreds of miles away, reduced wastewater and biosolids discharged to the ocean, and use of recycled water as a sustainable resource. The drought of the early 1990s also increased awareness about water conservation and resulted in West Basin's addition of conservation as a new water supply alternative. West Basin currently offers free programs, classes, and events for residents and businesses to learn how to reduce their consumption of water and maximize indoor and outdoor water use efficiency.

Today, West Basin is a water industry leader that hosts visitors from around the globe. The agency is focused on providing value to its customers and achieving water reliability for the service area through a diverse supply of water that includes imported, recycled, and conserved water. All West Basin departments contribute to the agency's efforts to meet the goals and objectives of the Strategic Business Plan.





# FINANCIAL OVERVIEW AND SUMMARY



# Financial Overview & Summary

Every fiscal year, West Basin prepares a budget based on the organizational priorities, goals and objectives set by its Board of Directors. When preparing the budget, staff considers several factors including water sales assumptions, rates and charges, salaries and benefits, debt service, program expenses, and capital expenditures. All these factors are considered in the FY 2024-2025 budget and presented in detail in the following sections of this document.

## Financial Highlights for FY 2024-2025

### Total Revenue:

West Basin's budget for FY 2024-2025 is \$233 million, including \$130 million in pass-through revenue.

Below is the summary of the Total Revenue for the current fiscal year:

Revenue Category	Total	% of Total Revenue
Potable Water Pass-through	\$130,014,430	55.8%
Reliability Service Charge	24,785,400	10.6%
West Basin Fixed Service Charge	7,069,266	3.0%
Recycled water revenue	50,399,701	21.6%
Monitoring revenue	5,700	0.0%
Investment Income	2,544,677	1.1%
Standby Revenue	5,751,000	2.5%
Fixed Payment (Customer)	4,117,424	1.8%
Grants	8,025,504	3.4%
O&M reimbursement (Customer)	198,761	0.1%
<b>Total Revenue</b>	<b>\$232,911,863</b>	<b>100.0%</b>

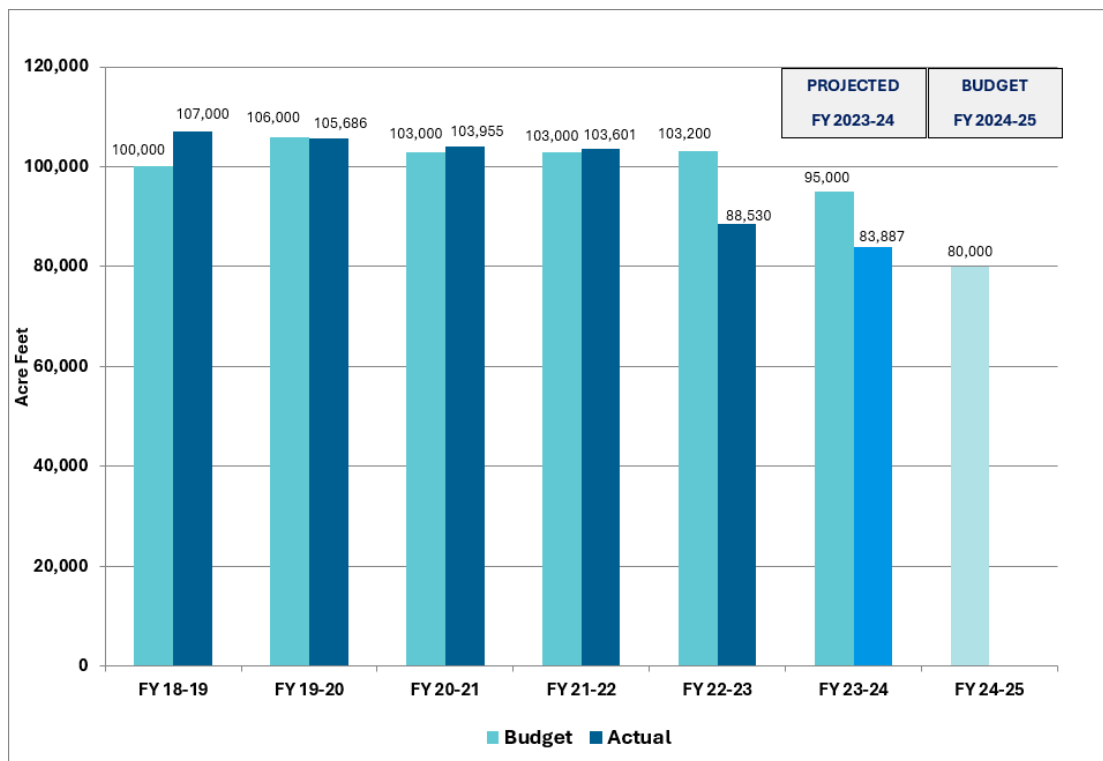
As imported water sales (Potable Water Pass-Through and Reliability Service Charge) represent about 66% of West Basin's source of funds, special attention is given to our potable water sales assumptions.

Potable water sales are significantly affected by hydrological conditions. In West Basin's service area, approximately 18% to 56% of the annual potable water consumption is used by customer agencies for outdoor usage. Typically, the larger the residential lot size, the higher the proportion of outdoor water use.

Potable water sales can also be affected by groundwater usage in the service area. Although West Basin does not sell groundwater, many of its customer agencies have access to groundwater supply and their demand for potable water may change from one fiscal year to the next.

West Basin’s potable water sales have fluctuated over the last decade due to droughts, climate change, and conservation measures implemented by our customer agencies to meet State-mandated targets. To better illustrate volatility of potable water sales, the District’s history of budgeted versus actual potable water retail sales is presented below.

**Potable Water Retail Sales**  
**FY 2017-2018- thru FY 2023-2024**



## Total Expenses:

Operating expenses for FY 2024-2025 are budgeted at \$233 million as shown in below.

Expenses Category	Total	% of Total Expenses
Potable Water Pass-Through	\$130,014,430	55.8%
Recycled Water Costs	49,854,359	21.4%
West Basin Labor and Benefit	11,178,495	4.8%
Conservation Cost	1,178,700	0.5%
Public Information & Education	781,864	0.3%
Water Policy and Resources	437,400	0.2%
Technical Planning	325,000	0.1%
Monitoring	5,925	0.0%
Overhead Costs	5,367,927	2.3%
Debt Payments	21,616,922	9.3%
Fund Available for CIP	12,150,841	5.2%
<b>Total Expenses</b>	<b>\$232,911,863</b>	<b>100.0%</b>

West Basin's recycled water costs account for 21.4% of the total annual budget expense. Identifying ways to streamline operations, create efficiencies, and decrease costs was critical in reducing operating expenditures. As part of that effort, all major recycled water operating and maintenance costs such as chemical, utility, labor, and benefit costs were reviewed and evaluated to reflect current market values.

Comprehensive information regarding West Basin's program expenses can be found in the Use of Funds section.

## Assumptions Used and Projected Results of the Budget

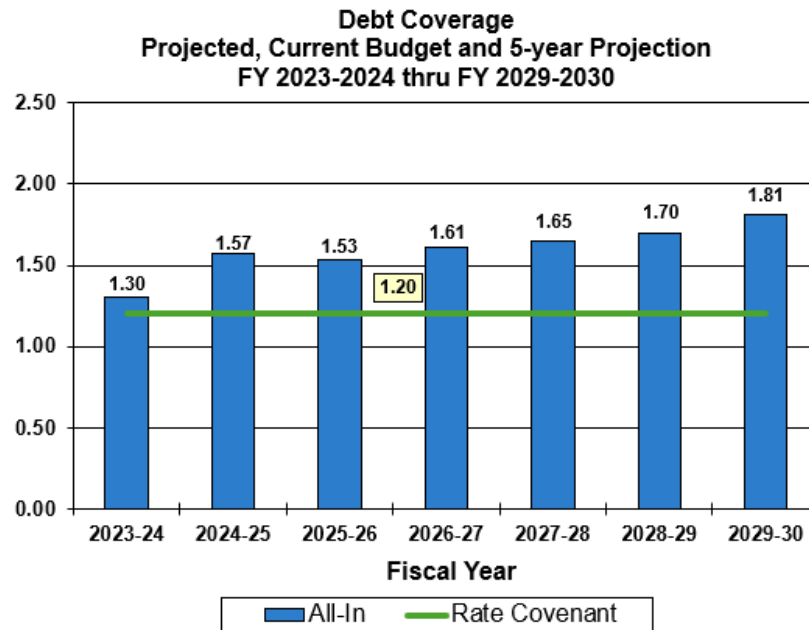
### Water Sales Assumptions:

	FY 2022-2023 Actual	FY 2023-2024 Projection	FY 2024-2025 Budget
Potable Retail Sales in AF	88,530	82,000	80,000
Potable Sales to WRD in AF	6,465	7,549	6,050
Recycled Water Sales in AF	29,140	29,931	32,221

### Projected Budget Costs:

	FY 2022-2023 Actual	FY 2023-2024 Projection	FY 2024-2025 Budget
Total Operating Expenses	186,696,418	191,790,550	196,504,626
Debt Payment	18,720,497	20,903,900	21,616,922
Available Fund for CIP	21,645,396	12,145,493	14,790,315
Total	227,062,311	224,839,943	232,911,863

While West Basin’s debt covenants require a debt coverage ratio of 1.20, the District targets a higher, most appropriate rate to maintain its outstanding credit ratings (Aa2 and AA- with Moody’s and S&P Global rating agencies, respectively).



**Historical Service Debt Coverage**  
**Comparison with Other Water Agencies**  
**FY 2016-2017 thru FY 2022-2023**

Name of Agency	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Central Basin MWD (1)	1.20	0.77	1.00	1.29	-	-	-	-
Calleguas MWD	1.42	1.93	2.12	2.06	1.84	2.29	3.44	1.81
Eastern MWD	2.80	2.50	2.70	3.50	3.60	3.60	3.70	3.40
Las Virgenes MWD (2)	2.61	2.90	2.69	2.60	N/A	11.57	12.75	5.83
Inland Empire Utilities Agency	3.42	3.67	4.35	4.35	4.49	5.18	7.30	6.48
San Diego County Water Authority	1.50	1.50	1.50	1.56	1.56	1.92	1.83	1.50
West Basin MWD	1.84	2.27	2.31	2.07	1.89	1.84	1.47	1.36
Western MWD	3.40	4.38	5.64	5.31	6.10	5.11	3.04	4.48

(1) Outstanding bonds were paid in full in FY 2019-2020

# Staffing and Program Budgets

West Basin exercises sound judgement with respect to personnel requirements and manages employees’ workload and responsibilities in support organizational needs. To better understand staffing needs, the District tracks personnel time by level of effort towards the various capital and operating programs as shown in , “Use of Funds—Personnel Staffing by Program: Full Time Equivalent (FTE)”.

The number of approved positions in the FY 2024-2025 Budget will remain at fifty-two (52) full-time employees, the same number of employees as the previous fiscal year.

Budgeted Full-Time Staff

Budget	FY 2023-2024	FY 2024-2025
Full-time regular	52	52





# Strategic Business Plan

Originally published in January 2008 and most recently updated and adopted on August 28, 2017, West Basin's Strategic Business Plan (Strategic Plan) provided a map for the next five years with work extending beyond that timeframe. Updating the Strategic Plan is a reaffirmation of West Basin's vision, mission, and value statements, including the five goals that set the framework for the strategies and objectives to be implemented in support of those.

The Strategic Plan is implemented and tracked through the annual budget process and provides continuous direction for each year's planning, budgeting, implementation, evaluation, and reporting. It also sets the overall policy direction and strategic priorities established by the Board, and whether allocation of staff and financial resources needs to be revised to achieve strategic objectives.

The five goals listed below serve as foundation for West Basin to develop the strategies, programs, and activities necessary to effectively implement Board directions.

## **Goal #1: Water Supply Reliability - West Basin is committed to innovative planning and investments to provide water reliability.**

*Strategy 1:* Prepare and periodically update water supply plans.

*Strategy 2:* Prepare and periodically update water supply plans.

*Strategy 3:* Increase supply diversification by promoting groundwater development.

*Strategy 4:* Increase supply diversification by promoting water recycling.

*Strategy 5:* Investigate ocean water desalination as a supply opportunity.

*Strategy 6:* Effectively manage West Basin's imported supplies.

## **Goal #2: Sound Financial and Resource Management - West Basin is committed to best practices in capital asset management, financial management, human resources management, and internal controls.**

*Strategy 1:* Provide effective overall capital facility asset management through the application of industry best-practices.

*Strategy 2:* Maintain facilities to manage and minimize risk of failure and liability exposure.

*Strategy 3:* Develop partnerships with public and private entities to facilitate capital asset development and implementation.

*Strategy 4:* Maintain or improve current bond ratings.

*Strategy 5:* Develop a formal Long-Range Financial Plan.

*Strategy 6:* Operate cost-efficiently and effectively, with robust internal controls.

*Strategy 7:* Ensure cost-effective recycled water operations through proactive contract management.

*Strategy 8:* Recruit and hire qualified candidates to fill all West Basin positions.

*Strategy 9:* Manage and reward performance.

*Strategy 10:* Develop a formal plan for workforce retention, training and succession planning.

*Strategy 11:* Ensure annual Board evaluation of the General Manager.

**Goal #3: Water Quality- West Basin is committed to providing safe, high-quality water by meeting current and anticipated water quality requirements.**

*Strategy 1:* Achieve and maintain recycled water client satisfaction.

*Strategy 2:* Increase control over source water quality.

*Strategy 3:* Meet permit and contractual water quality requirements.

**Goal #4: Customer Service - West Basin is committed to providing value by understanding and meeting the water needs of our recycled water clients and the cities, water utilities, and communities we serve.**

*Strategy 1:* Build community trust.

*Strategy 2:* Ensure recycled water client and customer agency satisfaction.

*Strategy 3:* Support the Board in maintaining a strategic business plan.

*Strategy 4:* Promote outreach and education programs.

*Strategy 5:* Engage small and/or local business in the procurement of services.

**Goal #5: Environmental Stewardship - West Basin is committed to sustainable and environmentally-friendly policies, projects, programs, and practices.**

*Strategy 1:* Ensure social and environmental factors are considered in decision-making.

*Strategy 2:* Continue to gain environmental community support for West Basin programs.

*Strategy 3:* Implement and maintain environmental permits.

*Strategy 4:* Proactively work with environmental regulators to ensure compliance.

*Strategy 5:* Engage and Inform neighbors in areas where the district maintains facilities

West Basin acknowledges that, since the last Strategic Plan update, the landscape has changed in both nature and scope of local supply projects in the region, but also with the financial revenue streams needed to support the District's mission and goals. Under the Overhead costs, the FY 2024-2025 budget allocates funds for consulting services to review and update the Strategic Business Plan.



# Long-Range Financial Plan

Over the years, West Basin has taken a proactive approach to managing its financial health so that operating and capital requirements are being met for both short-term and long-term goals. That proactive approach includes adopting an annual operating budget, creating a five-year financial forecast, developing financial policies, and setting a target debt coverage.

In reviewing the financial forecast, staff identified the need to develop a comprehensive Long-Range Financial Plan (LRFP). In 2019, staff shared with the Board key components of the LRFP which included strategic planning, financial policies, financing and economic conditions, operating costs, capital program, demand forecast, and revenue rates and charges.

In addition to the Board presentation, staff reviewed the factors originating the need for an LRFP, the benefits to be gained, and its effectiveness to communicate the District's long-term direction to stakeholders. It was also stressed that the planning process will include input from all West Basin departments as it is a collaborative process. The LRFP is future-focused and helps West Basin identify existing risks and the strategies to address those risks, and to stress-test the strategies that assist with building an action case.



As part of West Basin's continued work in support of its mission, staff has developed long-term planning tools including the objectives established in the Strategic Business Plan, the development of capital master plans, and the development of local resources through an ongoing commitment to water recycling and the expansion of water efficiency programs. Using these tools requires strategic focus and a collaborative approach to ensure that West Basin's long-term goals are met in a fiscally sustainable and responsible way. Updates to the Strategic Plan will assess the implementation of existing efforts, confirm the level of service, and determine performance indicators.

Staff works closely with its municipal advisor to review the target debt coverage and other financial metrics, the rating agency's approach to credit, the current assessment of West Basin's credit ratings, and discuss the impact of higher ratings to reduce long-term financing costs.

Another component of the LRFP is the development of the Recycled Water Master Plan (RWMP). The master plan focuses on identifying potential recycled water demands, assessing existing and future systems, as well as opportunities to optimize system reliability, redundancy, and operability, and presenting alternative roadmaps for maximizing recycled water use. The RWMP provides West Basin with a 20-year outlook and roadmap to maintain and expand its facilities. It also provides a strategy to implement future capital facilities and identify corresponding operational impacts to West Basin.

In addition, the costs and potential savings from future capital projects need to be considered in long-range financial planning due to the impacts from future debt financing and the availability of PAYGO funds. The RWMP evaluates recycled water service opportunities, identifies potential capital facilities requirements to meet West Basin's objectives, and develops implementation schedules, costs, and priorities.

With respect to the challenge of aging infrastructure, the RWMP evaluated the current condition of existing equipment and systems, and developed a schedule for rehabilitation and replacements to be performed to maintain quality and performance standards and to extend the life of the District's critical assets.

To effectively prioritize, sequence, and plan for near-term capital projects, a more detailed five-year forecast of CIP expenditures is developed and updated annually as part of West Basin's budgeting process.

To address the demand forecast in the context of LRFP, West Basin developed the 2020 Urban Water Management Plan (UWMP) which provides a detailed summary of the existing and future water supplies as well as an overview of the demand in its service area. The 2020 UWMP evaluates West Basin's water resource needs, provides detailed water supply planning projections for the next twenty-five years, and identifies water supplies needed to meet existing and future demand.

The Technical Planning Budget supports a strategic approach to West Basin's capital improvement projects and programs and focuses on the delivery of technical and strategic studies associated with the District's recycled water systems, and the District's overall water portfolio. These studies may vary from year to year and can have an important impact on the overall long-term financial plan.

## **Cost of Service Study**

To further its long-range financial planning, West Basin conducted a Cost-of-Service study in FY 2023-2024 and plans to complete the study in the current fiscal year.

The study includes a financial model that can incorporate future capital and operating costs and future sales assumptions to inform consideration and provide the base for future rate increases. This would allow executive leadership time to identify alternative paths to accomplishing strategic goals in a fiscally responsible and thoughtful manner.

# Five Year Forecast

While West Basin currently maintains a five-year forecast to provide a near-term outlook of anticipation revenues and expenditures, a more robust financial model is planned to replace the existing outdated model to incorporate the decision resulting from a comprehensive LRFP.

Just as understanding the assumptions for the current year is important to develop the budget and associated water rates and charges, West Basin acknowledges that the decisions made today could have long-term impact, and strives to remain proactive and responsive to predictable rate increases and program activity that generates value to its customers.

West Basin staff also understands that there may be future commitments or changes in its revenue streams that should be considered in the development of its annual budget. By referring to its Five-Year Forecast, West Basin can monitor anticipated rate increases, understand the fiscal impact of future projects, and provide a clear picture when circumstances change.

## Potable Water Sales Assumptions Forecast

Fiscal Year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
	81,800	84,257	82,732	81,197	79,657	74,250

## Recycled Water Sales Assumptions

Fiscal Year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
	32,221	35,593	35,660	35,668	36,572	36,580



## Impact of Planned Capital Improvement Projects

The financial impact of planned capital improvement projects has been incorporated into the five-year projected operating results table either through draws from the Commercial Paper Program, PAYGO or anticipated long-term financing. For FY 2024-2025, the chart below demonstrates the projected funding for the CIP budget.

Funding Sources	FY 2024-25 (In millions)
External Funding	
Customer Contributions	\$2.5
Grants	4.6
Refinery Contributions	4.1
State Revolving Fund-Low Interest Loan	12.0
PAYGO Funding	12.1
Cash Reserves or LOC	7.0
<b>Total CIP Funding</b>	<b>\$42.3</b>

Anticipated CIP expenditures over the next five fiscal years are estimated to total more than \$176 million. Staff will continue to seek grant funding, cost-sharing agreements with customers, and if available, low-interest loans to offset the cost of future CIP expenditures, however, in the five-year projected operating results table, staff has assumed the use of its Commercial Paper Program through June 2028.

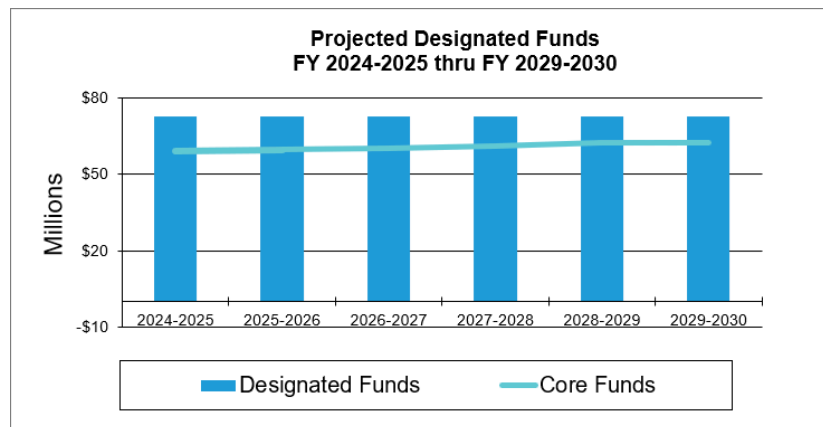
A comprehensive overview of capital improvement projects as well as associated costs and benefits is included in the Supplemental Information section.

## Fund Balance (Designated Funds)

West Basin maintains two major types of funds, both restricted and unrestricted. Restricted funds consist of custodial accounts and bond reserves; the latter is subject to the conditions of the respective bond financing documents. The unrestricted reserves may be designated by the Board of Directors.

Designated Funds are a strong indicator of an agency's financial health. West Basin's Designated Funds Policy is sometimes referred to as a reserve policy and was designed to ensure West Basin has adequate funds to protect its financial health and the furtherance of West Basin's mission. The policy does not specifically state a target amount but staff has established an internal target approach to fund West Basin's Designated Funds. The policy allows for the fluidity of a target and will change each year based on the anticipated expenditures. The target amounts are based on West Basin's experience, the current operating budget and capital improvement program. The sum of all the core components provide an overall target amount that serves as a trigger for the Board of Directors to consider options when funding levels fall near or below the overall target. If reserve levels exceed the minimum, the Board may consider options such as retiring outstanding debt or reducing future debt by considering funding certain capital projects with cash. Annually, staff calculates the overall target to ensure the Board approved Designated Funds policy is met.

The chart below shows the budgeted designated fund levels from FY 2024-2025 through FY 2029-2030.



Fiscal Year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Designated Funds (Beg Bal)	\$72,791	\$72,790	\$72,790	\$72,790	\$72,791	\$72,791
Imported Water Revenue	154,800	155,736	164,061	172,500	181,448	190,315
Recycled Water Revenue	50,400	70,864	74,476	76,081	78,966	82,294
Other Revenues	27,711	3,631	3,131	3,131	2,131	1,731
<b>Total Revenues</b>	<b>\$232,911</b>	<b>\$230,231</b>	<b>\$241,668</b>	<b>\$251,712</b>	<b>\$262,545</b>	<b>\$274,340</b>
Water Purchases	\$130,014	\$125,935	\$134,181	\$141,226	\$148,716	\$156,046
Program Expenses	69,130	70,372	72,483	74,657	76,897	79,204
Net Debt Service	21,617	22,186	21,807	21,737	21,720	21,600
PAYGO/Draw on Reserves	12,151	11,738	13,197	14,091	15,212	17,490
<b>Total Expenses</b>	<b>\$232,912</b>	<b>\$230,231</b>	<b>\$241,668</b>	<b>\$251,711</b>	<b>\$262,545</b>	<b>\$274,340</b>
<b>Designated Funds (End Bal)</b>	<b>\$72,790</b>	<b>\$72,790</b>	<b>\$72,790</b>	<b>\$72,791</b>	<b>\$72,791</b>	<b>\$72,791</b>

# Summary of Financial Policies

West Basin's Board of Directors has approved a number of financial policies to effectively manage the agency. All financial policies and non-financial policies are maintained by West Basin through its Administrative Code and are reviewed periodically to ensure compliance with legal statutes and incorporate other considerations. All recommendations for new or revised policies are brought to the Board of Directors for consideration and/or adoption and require a Board resolution to record the change.

Listed below is a summary of the key financial policies that the Board and staff must comply with when conducting business of the district. A copy of West Basin's Administrative Code that reflects these financial policies can be found on the District's website.

## Annual Operating Budget Policies

- Annual budget is prepared under the direction of the General Manager.
- The budget is developed using the direction given by the Board of Directors through the Strategic Business Plan.
- A draft budget is to be presented to the Board within sixty days of the new fiscal year.
- The Board shall adopt a budget prior to commencing the next fiscal year.
- The General Manager will submit quarterly operating budget versus actual reports with explanation of significant variances.
- Adjustments to the Budget must be approved by the Board of Directors.

## Investment Policy

- Funds will be invested in compliance with the provisions of the California Government Code Section 53601 and any other applicable statutes that may potentially be more restrictive than the CGC.
- The investment criteria to be considered by the Treasurer is 1) safety of principal; 2) liquidity; and 3) return on investment –in that order
- Investments shall be diversified and, to the best extent possible, match its investments with cash flow requirements
- An annual appointment of Treasurer is required and the District may appoint a staff member
- The Treasurer shall submit a monthly report to the Secretary of the Board of Directors indicating investment by fund, institution, date of maturity, and amount of deposit, and shall provide the current market value of all securities with a maturity of more than twelve (12) months, rates of interest, and expected yield to maturity
- West Basin may engage the services of an external manager to assist staff in the management of the investment portfolio and to assist in trade execution.

## Designated Funds Policy

- Designated and undesignated funds can be used for any lawful purpose at the discretion of the Board of Directors.
- Policy will be reviewed annually to insure designated funds achieve an appropriate overall minimum target balance.
- Operating Liquidity Fund is for short-term or immediate purposes such as unplanned activities.
- Operating Contingency Fund provides protection against unforeseen expenses that cause actual expenses to exceed the budget.
- Capital Contingency Fund provides for unexpected cost increases/unanticipated capital projects.
- Rehabilitation & Replacement (R&R) Fund provides immediate resource for ongoing R&R of the system that is in excess of the amount included in the annual operating budget.
- Standby Charge Defeasance Fund is to repay outstanding debt that could eliminate the annual Standby Charge.
- System Expansion Fund provides for cash financing for future large-scale capital projects.
- Rate Stabilization Fund provides a resource to manage the level of water sales fluctuations from year-to-year.

## Procurement Policy

- Covers the purchase of professional and non-professional services as well as supplies, goods and equipment.
- A competitive process ensures that purchases are made at the lowest possible cost commensurate with acceptable quality.
- Provides for a local business enterprise incentive to encourage local business to bid on West Basin's procurement opportunities.
- Thresholds are established to determine if single source (<\$10,000), informal process (\$10,000-\$50,000) or a formal process (>\$50,000) should be followed.
- Critical repairs acquisitions are subject to the informal solicitation process and shall not exceed \$250,000 per each critical repair or critical acquisition.
- Cooperative agreements are allowed.

## Capitalization Policy

- Provides guidance for the capitalization and depreciation of assets to comply with the requirements of Governmental Accounting Standard Board Statement 34.
- Purchased or constructed assets will be reported at historical cost.
- Estimated useful life of an asset is determined using the Internal Revenue Tax Law requirements, general guidelines obtained from professional or industry organizations and information for comparable assets of other governments.
- Use the straight-line method with no salvage value for depreciating capital assets.

## Debt Management Policy

- Capital programs can be funded by debt.
- Long-term debt will not be used for operating and maintenance costs.
- Will maintain a debt coverage ratio consistent or greater than the legal of contractual requirements.
- Obtain the lowest cost of debt possible with the current ratings. • Final maturity of the debt will not exceed the useful life of the assets being financed.
- Current refundings shall target to produce net present value savings of at least 3% of the refunded par amount. The target for advance refundings is at least 5% of the refunded par amount of each maturity being refunded.
- Quarterly reporting will be made to the Board of Directors that addresses current debt portfolio, variable rate exposure, remarketing experience and other considerations.

## Standby Charge Policy

- The Standby Charge is considered annually for adoption by the Board.
- The Chief Financial Officer is the designated administrator and has day-to-day responsibility for managing and monitoring.
- Standby Charge proceedings follow California Government Code Section 54984.
- The Board may consider eliminating the Standby Charge if it determines that the original estimate of 70,000 to 100,000 AFY will be or has been met and all associated debt to meet those deliveries has been paid.
- Staff will provide an annual report to include the Surplus Net Revenue, an account summary of the Standby Charge Defeasance Fund, and an analysis comparing the balance of the Standby Charge Defeasance Fund to the remaining principal and any accrued interest or prepayment penalties.

## Disclosure Policy

- Potential investors in obligations must be provided with all “material” information relating to the offered obligation.
- When obligations are issued, the two central disclosure documents that are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”)
- The Chief Financial Officer and other relevant staff are responsible for reviewing and preparing or updating certain portions of the District Section of the OS
- All participants in the disclosure process are separately responsible for reviewing the entire OS
- The Chief Financial Officer shall schedule one or more meetings of the financing team and the underwriter of the obligation and the underwriter’s counsel to discuss the OS and the District Section
- The POS shall be provided to the Board of Directors in advance of approval to allow the Board of Directors to review the POS, ask questions, and make comments
- Periodic training for the staff involved in the preparation of the OS shall be coordinated by the Chief Financial Officer
- West Basin must comply with the specific requirements of each Continuing Disclosure Certificate
- The Chief Financial Officer shall be responsible for preparing and filing the annual reports and material event notices

## Balanced Budget

- The budget should be balanced with the current revenues equal to or greater than current expenses



# Performance Metrics

Performance metrics are data and calculations that businesses use to measure activities, behaviors, and capabilities within an organization in support a range of stakeholder needs from customers to the Board of Directors and employees. While they are traditionally finance-based and focus on the performance of the organization, metrics can also reflect performance against customer requirements, effective use of resources, and adherence to policy and reporting requirements.

West Basin continues to explore and identify key performance metrics that will provide meaningful information to the Board of Directors and staff, and that will help determine the success of the programs, services, and related resources that are funded within the budget.

Staff has also provided the accomplishments and strategies under the Operating Program Expenses and CIP section to reflect how the use of funds will benefit the agency. Performance metrics are reflected in each program budget and can be found in Sections: Operating Program Expense and Capital Improvement Program.



# BUDGET PROCESS AND TIMELINE



# Budget Process and Timeline

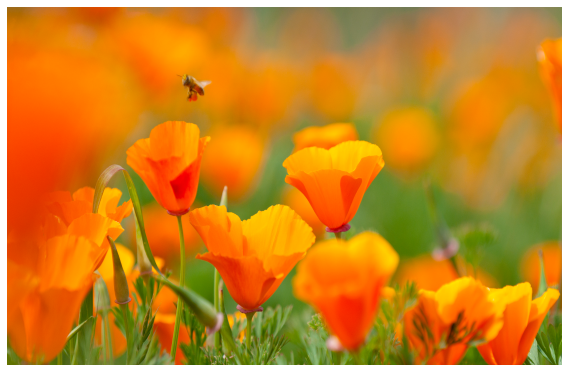
Public agencies develop budgets as a performance tool to measure accountability to their stakeholders. West Basin's budget is guided by the priorities, goals, and objectives established by the Board of Directors through its strategic planning process and, ultimately, the strategic business plan.

The strategic business plan provides direction for planning, budgeting, implementing, evaluating, and reporting. The strategic plan is considered a "living" document as it does not have a termination date, but it is constantly changing and evolving as are the District's needs.

The budget process for West Basin is designed to produce a document that is:

- A policy document that provides the rationale for the budget;
- A communication tool that effectively convey how the budget helps implementing the long-range goals and strategies;
- An operational guide representing the efforts to control operations and measure performance; and
- A long-term financial plan to guide West Basin's allocation of resources

KEY BUDGET DRIVERS & OTHER CONSIDERATIONS	ADDRESSED
Impact of water demand variability and rate structure	←
Inflation impact on expenses for operating programs	←
Renewal of Recycled Water Agreements	←
Funding future capital improvement projects	←



The budget is available for review to all the District's stakeholders, such as credit rating agencies, bond holders, and customers agencies. It contains a wide variety of information on West Basin's short-term and long-term strategic planning and financial policies, as well as the current and future fiscal stability.

The budget further demonstrates West Basin's commitment to fiscal responsibility and transparency of its operations. The budget shows how the agency will invest its revenues –derived from user fees and fixed revenue sources– to support its mission and programs.

The General Manager works closely with department managers to ensure the budget includes the financial requirements necessary to achieve the District's strategic goals and objectives. To ensure completion, the strategic goals are also incorporated into individual staff's performance evaluation and monthly reports to the board to reflect the commitment to meet the Board's directives.

As good practice, West Basin prepares, adopts, monitors, and reports budgeted information to the Board of Directors on a quarterly basis.

The Board adopts the annual operating budget by June 30<sup>th</sup> of each year. The budget can be adopted in one of three ways: 1) by motion, 2) by resolution, or 3) by ordinance. Historically, West Basin has adopted its budget by motion and will continue to adopt the budget in this manner due to the rule of "equal dignity". The rule of "equal dignity" requires an entity that takes action by motion, resolution, or ordinance to use the same method for any subsequent action.

### **Budget Basis**

West Basin is an independent special district of the State of California and operates as a single enterprise fund. An independent special district operates under a locally elected, independent Board of Directors. It is "independent" from other governments and is directly accountable to the people it serves. Because West Basin does not rely on public funds to operate and is independent from other governments, it adopts a flexible operating budget which is communicated to its customers and approved by its Board of Directors.

The enterprise fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific activity. The activities of the enterprise fund closely resemble those of businesses and are substantially financed by revenue derived from user charges.

With accrual basis accounting, an entity records all transactions when they occur regardless of when cash is received from a customer or paid to a vendor. Revenues are recognized when earned and expenses are recognized when incurred. Cash-basis accounting is an example of another basis of accounting. With cash-basis accounting, an entity records all transactions when cash actually changes hands, in other words, when a cash payment is received from a customer or paid out to a vendor.

The budget for West Basin is kept on an accrual basis, with the exception of its annual debt service. Debt service is shown on a cash basis to replicate how rating agencies view and calculate West Basin's debt coverage ratio. West Basin also maintains its financial records on an accrual basis. Both the budget and actual transactions are recorded based on a program activity focus. Personnel may work across departments to assist in matters that support the programmatic efforts. By focusing on program activities and not department activities, West Basin has been able to operate with a limited amount of staff in a highly efficient way.



## Budget Timeline for Fiscal Year 2024-2025

<u>Date</u>	<u>Key Activities</u>
April 6, 2024	Board Budget Workshop – Financial Overview & Proposed FY 2024-2025 West Basin Reliability Service Charge Rate
April 16, 2024	Submit a proposed Five-Year capital budget
April 18, 2024	Submit FY 2023-2024 year-end operating program projections
April 27, 2024	Board Budget Workshop – Revenue & Expenses
May 1, 2024	Customer Agency Workshop
May 15, 2024	Board Budget Workshop – Capital Improvement Program & Funding Options
May 30, 2024	Board Budget Workshop – Review of Budget Workshop 1-3 with updated numbers from Board feedback
June 7, 2024	Board Budget Workshop – Summary of FY 2024-2025 final proposal

### February

Department managers review staffing levels, submit justifications for any new positions and submit staff labor allocations. The Executive Team reviews position requests and a decision is made on which position(s) should be included in the proposed budget. Water sales projections are discussed by the department managers to aid in the development of water sales assumptions for both imported and recycled water sales. Program Managers review their current budget versus actual reports. Program managers submit their proposed operating budget for FY 2024-2025.

### April

The Engineering team meets with budget staff to review and gain an understanding of the Five-Year capital budget projects and funding. Budget staff updates its five-year projected operating model with the proposed operating and CIP budgets, along with water sales projections and current debt service. The budget team will present the first budget workshop to discuss the overview of the FY 2024-2025 budget drivers, anticipated revenues, expenses, and five-year forecast with the Board. Program managers submit their FY 2024-2025 year-end operating program projections. Budget staff hosts a second workshop to discuss follow-up items from the previous workshop as well as proposed expenses and proposed staffing.

### May

West Basin conducts a customer agency workshop to discuss its goals, the proposed budget, and water rates. Staff hosts the third and fourth workshops, and any changes requested by the Board and/or General Manager are incorporated and recapped.

### June

Staff presents final rates/charges, and the Board of Directors adopts the annual water rates, charges, and annual standby charge. The Board of Directors motions to adopt the operating budget for the next fiscal year beginning July 1<sup>st</sup>. Any changes requested by the Board and/or the General Manager are incorporated into the draft proposed budget, which is then presented at the Finance and Administration Committee.

### July

Program managers and budget staff submit budget text to explain and support program costs, water rates and charges, and other budgetary assumptions.

## **Budget Review**

West Basin's budget monitoring process begins shortly after the budget is adopted. Each month the program managers receive a budget versus actual report to review and assist them in monitoring costs. The Finance Department develops an executive-level budget versus actual report on a quarterly basis and presents it to the Board of Directors. Other financial reports are also presented monthly to keep the Board informed of water sales, recycled water operations, general expenditures, and cash position.

## **Amendments to the Budget**

The budget is amended when expenditures are anticipated to significantly exceed estimates. Budget amendments can also occur for expenditures seen as appropriate charges that were not anticipated in the budget process. Any amendments added to the original budget are brought to the Board of Directors through staff reports at the appropriate committee meeting. The Staff is to describe why, how much, and what program budget requires an amendment to the original budget. These approvals are discussed at both the appropriate committee and Board meetings and require a majority vote of the Board of Directors to be incorporated. Upon approval, staff updates the budget and financial system to reflect the approved change.



# SOURCE OF REVENUE



# Revenue Highlights

West Basin's revenue is generated from the sales of imported water, recycled water, collections from its Fixed Service Charge, Fixed Payments, Water Use Efficiency Income, Grants, and Interest Income.

The District's two primary sources of revenue are imported and recycled water sold to its customer agencies. Imported water sales represent 66% of all revenue sources for the Fiscal Year (FY) 2024-2025 and recycled water sales represent 21%. West Basin's annual budget for the current fiscal year is \$233 million.

The table below shows a summary of the FY 2024-2025 total revenue broken down by each respective source:

**Sources of Revenue for FY 2024-2025**

Revenue Category	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Projected	FY 2023-2024 Budget	FY 2024-25 Budget
Imported Water Sales	\$168,406,874	\$170,482,916	\$167,555,918	\$167,555,918	\$154,799,830
Recycled water revenue	29,623,623	43,273,892	46,866,144	46,866,144	50,399,701
West Basin Fixed Service Charge	6,572,328	6,312,275	6,185,899	6,185,899	7,069,266
Standby Revenue	10,009,110	6,179,217	5,879,000	5,879,000	5,751,000
Fixed Payment (Customer)	8,455,418	8,308,524	5,848,924	5,848,924	4,117,424
Investment Income	368,857	1,020,000	2,850,000	2,850,000	2,544,677
Grants	541,386	270,000	560,600	560,600	8,025,504
Monitoring revenue					5,700
O&M reimbursement (Customer)					198,761
Other Income	2,563,667	45,000	8,375,750	8,375,750	0
<b>Total Revenue</b>	<b>\$226,541,263</b>	<b>\$235,891,824</b>	<b>\$244,122,235</b>	<b>\$244,122,235</b>	<b>\$232,911,863</b>

# Revenue Highlights

## Imported Water Sales

West Basin is a wholesale water agency that purchases imported water from the Metropolitan Water District of Southern California (MWD) to supplement local supplies for retail use (municipal, commercial, and domestic) and groundwater replenishment purposes.

The acre-foot (AF) assumption for imported water deliveries is reviewed annually and is a key driver of the operating budget. The factors considered to determine budgeted AF sales are based on:

- 1. Historic water sales
- 2. Discussions with customers about their intended overall water management strategies and trends (groundwater extractions as well as imported and recycled water usage)
- 3. A comprehensive review of potential new recycled water sales from completed capital projects that would replace imported water
- 4. Capital projects within West Basin’s service area that may increase groundwater usage

Due to conservation efforts in the past years as well as drought messaging and water usage restrictions, imported water sales have declined in the previous two fiscal years. Because of this declining trend, West Basin reduced its budgeted sales for imported water by 12.09% with respect to FY 2023-2024 (from 91,000 to 80,000). The total imported water sales budgeted for FY 2024-2025 are \$155 million.

The table below shows the comparison of imported water sales for the past two years and the budget for FY 2024-25.

Imported Water Sales	FY 2022-2023 Actual	FY 2023-2024 Projection	FY 2024-2025 Budget
AF Sold	94,995	93,819	86,050
Total Revenue	\$147 million	\$153 million	\$155 million

As seen in the table above the total revenue for imported water sales increased over the past two years and is projected to increase again for the current fiscal year. However, this increase does not reflect an increase in sales volume but an increase in rates corresponding to MWD’s base charge and West Basin’s Reliability Service Charge.

# Water Rates and Charges

## Imported Water Rates

West Basin's imported water rate is established based on MWD's rates and West Basin's Reliability Service Charge. Due to inflation and increases in operating and maintenance costs in the past two years, MWD and West Basin increased their rates to recover their service costs.

**West Basin and MWD rates for June 2023 to June 2025**

	Rate as of 06/30/2023	Rate as of 06/30/2024	Rate as of 06/30/2025
MWD Tier 1 Rate/AF	\$1,209	\$1,256	\$1,395
MWD RTS Rate/AF	121	146	201
WB Reliability Service Charge/AF	257	275	303
<b>West Basin Tier 1 Rate/AF</b>	<b>\$1,587</b>	<b>\$1,677</b>	<b>\$1,899</b>

MWD's Tier 1 Rate and RTS Rate are adopted by its Board of Directors every two years, according to their budgeting processes.

West Basin's Reliability Service Charge (RSC) is adopted by the District's Board of Directors on an annual basis and it is established based on the costs incurred by the agency in order to provide services to the community.

# Recycled Water Sales

In the early 1990s, West Basin began diversifying its water portfolio by piloting a brackish groundwater program and investing in a recycled water system (consisting of treatment facilities and distribution pipelines). Recycled water produced with this recycled water system was intended for use by industrial, commercial, and landscape irrigation sites.

Today, several metered connections have been installed throughout the southwestern portion of Los Angeles County with over 400 customers benefiting from this local resource.

West Basin’s recycled water facilities produce five different types of advanced treated recycled water for the refineries in its service area. Recycled water sales for FY 2024-2025 are estimated at 32,221 AF representing a projected total revenue of \$50 million.

The table below shows recycled water sales and revenue comparisons for the past two years and the current fiscal year budget.

Recycled Water Sales and Revenue Comparison

	FY2022-2023	FY2023-2024	2024-2025
	Actual	Projection	Budget
AF Sold	29,530	27,673	32,221
Total Revenue	\$30 million	\$38 million	\$50 million

The increase in recycled water sales from the amount projected in FY 2023-2024 to the amount budgeted for the current fiscal year (\$38 million to \$50 million, an equivalent to 31.58%) is due to increases in recycled water rates. High inflation along with a rise in the cost for chemicals and utilities in the past two years have caused for the cost of recycled water per AF to increase.

The table below shows recycled water costs per AF for the past two fiscal years and the budgeted amount for FY 2024-2025.

Average Recycled Water Rates

	FY 2022-2023	FY 2023-2024	FY 2024-2025
	Actual	Projection	Budget
Average Cost/AF	\$1,690	\$1,898	\$1,738

To compensate for the increase in recycled water production costs, West Basin makes periodic adjustments to its recycled water rates.

The table below reflects irrigation recycled water rates from FY 2022-2023 through FY 2024-2025.

	FY 2022-2023	FY2023-2024	FY 2024-2025
Inside Service area/AF	\$1,520	\$1,649	\$1,836
Outside Service area/AF	\$1,562	\$1,691	\$1,936

West Basin’s advance treated recycled water rates are established through agreements with refineries. These agreements include provisions for rate increases and specify the quantity and frequency at which these are applicable.





## West Basin Fixed Service Charge

As a public agency, West Basin takes an active role in policy-making initiatives in support of the District's strategic objectives, provides legislative support and, through its public outreach program, makes information, education and resources available to the local community. Funds for these activities come from the Fixed Service Charge.

The Fixed Service Charge is collected monthly West Basin's retail customers, will generate \$7 million and funds are allocated

### Fixed Service Charge

Agency Name	Annual Charge	Monthly Charge
California American Water Co.	\$63,369	\$5,281
California Water Service - Dominguez	1,408,224	117,352
California Water Service - Hawthorne	222,190	18,516
California Water Service - Hermosa Redondo	621,980	51,832
California Water Service - Palos Verdes	1,099,943	91,662
City of El Segundo	442,396	36,866
City of Inglewood	411,528	34,294
City of Lomita	130,323	10,860
City of Manhattan Beach	289,067	24,089
Golden State Water	1,323,452	110,288
L.A. Co. Water Works District No. 29	537,318	44,777
WRD - Dominguez Gap Barrier	519,476	43,290
<b>TOTAL</b>	<b>\$7,069,266</b>	<b>\$589,107</b>

## Fixed Payments

Provisions included in West Basin's agreements with its refinery customers allow the District to fund the construction of new recycled water infrastructure as well as major repair and replacement costs.

West Basin has agreements with Marathon Petroleum Corporation, Chevron Corporation and Torrance Refining Company for the delivery of recycled water to their local facilities, and anticipates receiving approximately \$4.1 million in fixed capital revenue charges during the current fiscal year.

Fiscal Year	FY 2024-2025
Marathon	<b>\$1,246,000</b>
TRWRF-Nitrification	229,510
TRWRF Boiler	262,410
Chevron Nitrification	168,300
Chevron Boiler Feed	2,211,204
<b>TOTAL FIXED PAYMENTS</b>	<b>\$4,117,424</b>

# Other Sources of Revenue

## Standby Revenue

In 1991, West Basin implemented the Standby Charge to offset costs associated to the debt service of the District’s water recycling program. The program’s goal was to produce 70,000 AF of recycled water per year using West Basin infrastructure.

In 2017 a class action lawsuit was filed contesting the validity of West Basin’s standby charge (*Los Angeles County Superior Court case No. BC684499, Rastegar v. West Basin*). An approved settlement was reached on April 1, 2022 which requires West Basin to:

- 1. Terminate standby charges for properties within West Hollywood on June 30, 2024, and
- 2. Phase out the Standby Charge by June 30, 2030 for all other members of the settlement class

Fiscal Year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Total Standby Revenue	\$5,751,000	\$7,631,947	\$7,631,947	\$7,631,947	\$7,631,947	\$7,631,947

Revenue originating from the collection of the Standby Charge for the current fiscal year is approximately \$5.8 million. Funds are collected through local tax levies.

## Investment Income

West Basin has adopted an investment policy following California Government Code 53600 et. seq. and engages the services of an investment management firm that oversees the District’s portfolio, keeps the District informed of current market conditions, reviews its investment policy and procedures, and implements any necessary changes to ensure the safety, liquidity and yield standards are met in accordance with the District’s strategic objectives. The estimated return on investment for FY 2024-2025 is 3.9% with the total investment income estimated at \$2.5 million.

## Grants

West Basin actively pursues opportunities for grant funding available from Federal, State and local agencies as well as from the Metropolitan Water District of Southern California, specifically. Funds received through grants are instrumental for the completion of new construction and maintenance projects, and for conservation, education and public outreach activities.

The table below summarizes grant funding to be received by West Basin during the FY 2024-2025.

Revenue Category	Total Projected Revenue
State Water Grant (PV Lateral)	\$2,100,000
DWR Grant (PV Lateral) Net of Admin Expenses	1,994,399
Cal Water (PV Lateral, budgeted in FY24, not received yet)	2,500,000
PV Golf Course (PV Lateral, budgeted in FY24, not received yet)	500,000
USBR-Grass Replacement	256,357
DWR-Grass Replacement	249,198
MWD and DWR Other Funding	425,550
<b>Total Projected Grants</b>	<b>\$8,025,504</b>

## Other Revenues

This category includes reimbursements to the District in the amount \$5,700 and \$198,761 for costs incurred on behalf its retail customers.

## USE OF FUNDS



# Use of Funds

West Basin maintains a single enterprise fund divided into four main expense categories:

1. Imported Water Purchases
2. Debt Service
3. Operating Expenses
4. Fund Available for CIP

A balanced budget is maintained between sources of revenues and uses of funds by placing the difference generated into West Basin's Designated Funds. The table below shows actual and projected expenses for the past three years along with comparative budgets that illustrate the trend of the various fund balances.

**Use of Funds for FY 2024-2025**

Fund Category	FY 2021-2022 Actual	FY 2022-2023 Actual	FY 2023-2024 Projected	FY 2023-2024 Budgeted	FY 2024-2025 Budgeted
<b>Imported Water Purchases</b>	\$144,540,408	\$125,519,365	\$130,835,883	\$140,878,600	\$130,014,430
<b>Debt Service</b>	22,134,981	21,078,289	20,903,900	20,903,900	21,616,922
<b>Operating Program Expenses</b>	52,112,066	61,177,053	63,616,046	71,831,354	69,129,670
<b>Fund Available for CIP</b>	7,753,808	18,766,556	1,651,731	10,508,381	12,150,841
<b>Total Fund Balance</b>	<b>\$226,541,263</b>	<b>\$226,541,263</b>	<b>\$217,007,560</b>	<b>\$244,122,235</b>	<b>\$232,911,863</b>



# Imported Water Purchases

West Basin purchases Tier 1 treated imported water exclusively from MWD and those purchases tie directly to its imported water sales.

West Basin's retail imported water sales have fluctuated over the last decade due to drought periods, climate change, and customer agencies' conservation measures to meet State-mandated targets. Over the past two years, residents within our service area took advantage of grass removal incentives and other conservation programs available through both the District and MWD thus permanently reducing future demand for retail water.

Although West Basin does not sell groundwater, many of our customer agencies have access to a groundwater supply, therefore the demand for potable water is changes every fiscal year.

## Imported Water Purchases

Fiscal Year	2020-2021 Actual	2021-2022 Actual	2022-2023 Actual	2023-2024 Projected	2024-2025 Budget
Imported Water Sales in AF	109,093	115,481	94,996	89,549	86,050

With this taken into consideration, West Basin budgeted for FY 2024-2025 based on estimated imported retail sales of 86,050 AF.

# Debt Service

In the early 1990s, West Basin's Board of Directors had the vision to drought-proof its service area by constructing treatment facilities and distribution pipelines to bring recycled water to industrial, commercial, and irrigation sites that were using imported potable water. West Basin reduced its reliance on imported water by selling recycled water to these customers. To fund the construction of the treatment facilities and distribution pipelines for the recycled water system, West Basin obtained federal and state grants, invested its own cash, and issued a variety of debt instruments including certificates of participation, revenue bonds, state loans, and commercial paper.

As of June 30, 2024, West Basin has approximately \$179 million in long-term debt outstanding.

Series Name	Commercial Paper Certificates	Clean Water State Revolving Fund Loan	Refunding Revenue Bonds 2016A	Refunding Revenue Bonds 2021A	Refunding Revenue Bonds 2022A	As of June 30, 2024
Original Issuance Amount	\$30,000,000	\$3,660,767	\$112,875,000	\$74,900,000	\$24,445,000	
Interest Range	Variable	1.00%	2.00%-5.00%	4.00-5.00%	5.00%	
Issue Date	Oct. 4, 2021	June 23, 2023	Oct. 27, 2016	June 22, 2021	Feb. 10, 2022	
Final Maturity	Oct. 18, 2024	Jan. 31, 2048	Aug. 1, 2036	Aug. 1, 2041	Aug. 1, 2029	
Lien	Subordinate	Senior	Senior	Senior	Senior	
<b>Outstanding Principal</b>	<b>\$0</b>	<b>\$3,660,767</b>	<b>\$85,195,000</b>	<b>\$67,670,000</b>	<b>\$22,025,000</b>	<b>\$178,550,767</b>
<b>Annual Principal &amp; Interest (FY 2023-2024)</b>	<b>\$100,800</b>	<b>-</b>	<b>\$10,297,000</b>	<b>\$6,924,350</b>	<b>\$3,581,750</b>	<b>\$20,903,900</b>
Current Rating	Moody's:P-1	Moody's:Aa2 / S&P: AA-	Moody's:Aa2 / S&P: AA-	Moody's:Aa2 / S&P: AA-	Moody's:Aa2 / S&P: AA-	

The table below shows West Basin’s debt payments through FY 2041-42, excluding the Commercial Paper Program and State Loan.

Debt Service Payment Schedule  
(Cash Basis)  
FY 2024-2025 thru FY 2041-2042

Refunding Revenue Bonds (Cash Basis)			
FY	Principal	Interest	Debt Service
2025	12,405,000	8,367,225	20,772,225
2026	13,205,000	7,726,975	20,931,975
2027	13,635,000	7,055,975	20,690,975
2028	14,390,000	6,355,350	20,745,350
2029	15,110,000	5,617,850	20,727,850
2030	15,865,000	4,843,475	20,708,475
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>\$174,890,000</b>	<b>\$56,891,175</b>	<b>\$231,781,175</b>

Over the next five years, West Basin anticipates several capital projects that will require the issuance of a state loan, utilization of a state grant, and drawing on its commercial paper line, in addition to expending PAYGO and reserve funds.

West Basin received a \$3.6 million loan from the State Revolving Fund for its Carson Phase II Expansion project in FY 2022-2023 and anticipates to receive an additional \$12 million for the same project in FY2024-2025.



# Operating Program Expenses

West Basin monitors operating expenses by categorizing them in the following functional budget groups:

1. Water Recycling Operations
2. Technical Planning
3. Water Policy and Resource Development
4. Public Information and Education
5. Water Use Efficiency
6. Purveyor Water Quality Monitoring Program
7. Overhead Program Costs

Overhead Program costs are allocated to the other operating program budgets.

Cost accounting is defined as the process of tracking, recording, and analyzing costs associated with the products or activities of an organization. As a single enterprise fund, each program budget has direct charges representing expenses for consultants, suppliers, utilities and/or any other justified, well-documented charges in addition to payroll and allocated costs.

Each operating program is described in further detail under the “Operating Program Expenses” section.

Expenses Category	Total	% of Total Expenses
Potable Water Pass-Through	\$130,014,430	55.8%
Recycled Water Costs	49,854,359	21.4%
West Basin Labor and Benefit	11,178,495	4.8%
Conservation Cost	1,178,700	0.5%
Public Information & Education	781,864	0.3%
Water Policy and Resources	437,400	0.2%
Technical Planning	325,000	0.1%
Monitoring	5,925	0.0%
Overhead Costs	5,367,927	2.3%
Debt Payments	21,616,922	9.3%
Fund Available for CIP	12,150,841	5.2%
<b>Total Expenses</b>	<b>\$232,911,863</b>	<b>100.0%</b>

## Salaries and Benefits

West Basin has a small workforce of fifty-two (52) full-time budgeted positions, plus eight (8) interns, working to accomplish its many critical goals and objectives.

The total costs for labor and benefits represent 4.8% of the operating budget for the current fiscal year.

West Basin provides merit increases to eligible employees on an annual basis. The merit increase covers adjustments for cost-of-living as well as adjustments based on employees' performance. The FY 2024-25 budget considers a 5.0% merit increase for District's staff.



West Basin's employee benefits package includes:

- Retirement – Classic - CalPERS 3% at 60 and Social Security (1).
- Retirement – Tier 2 - CalPERS 2% at 62 and Social Security (2).
- Health Insurance – Paid family coverage with expense reimbursement.
- Disability Insurance – Paid short-term and long-term insurance plans.
- Life Insurance – Up to \$150,000 based upon salary.
- Vacation – 10-20 days accrued annually, with credit for prior public service.
- Holidays – 14 paid holidays annually.
- Sick Leave – 12 days accrued annually.
- Tuition Reimbursement – \$9,000 per fiscal year for job-related coursework.
- Deferred Compensation – CalPERS 457 Deferred Compensation Plan (employee contribution; with no agency match).
- Supplemental Income Plan Loan – Made from employee's own CalPERS 457 Deferred Compensation Plan
- State Disability Insurance (paid by the employee)
- Fully paid Employee Assistance Program.

1. An employee is considered a "Classic" member of CALPERS if they were employed by West Basin before January 1, 2013, or was hired by West Basin after January 1, 2013, but was previously employed with an agency with CalPERS reciprocity, or who have less than a six-month break in service between employment in a CalPERS (or reciprocal) agency and West Basin, will be enrolled in the 3% @ 60 benefit formula with Social Security.
2. An employee is considered a "Tier 2" member if they become a new member of CalPERS for the first time on or after January 1, 2013 (and was not a member of another California public retirement system prior to that date) will be enrolled in the CalPERS 2% @ 62 benefit formula (with Social Security) in accordance with the Public Employees' Pension Reform Act of 2013 (PEPRA). New members will be required to pay at least 50% of the normal retirement cost.
3. West Basin offered the Other Post Employment Benefits (OPEB) to the eligible retirees. The total expected contribution for FY 2024-25 is \$502,673.

The organizational chart shows the budgeted fifty-two (52) full-time positions for West Basin.

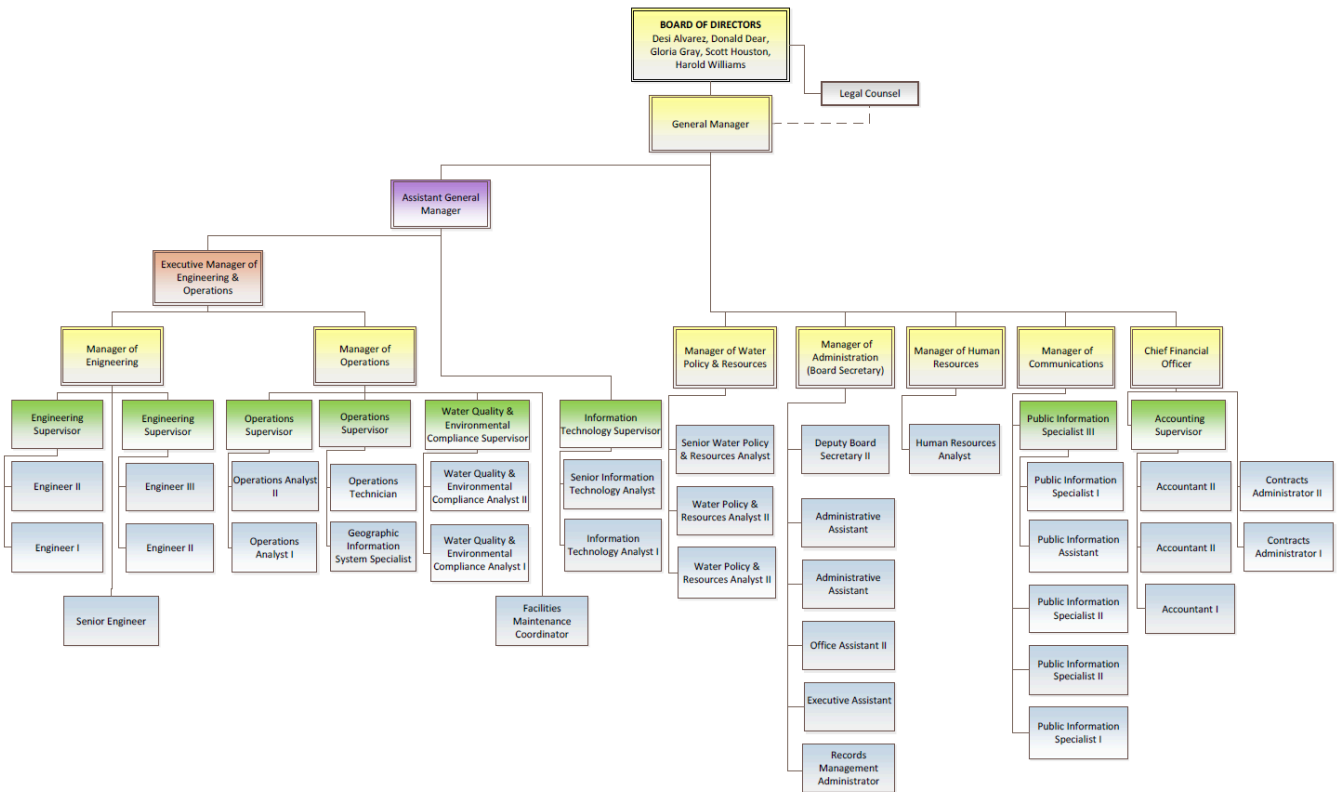
In the FY 2024-25 Budget, the number of approved positions will remain fifty-two (52) full-time employees.

West Basin restarted its internship program in FY 2021-22 after a year hiatus due to the COVID-19 pandemic. The internship program provides opportunities for growth and exposure for students attending local colleges. West Basin has budgeted for eight (8) interns in FY 2024-25 to support the various departments.

The following is a table showing the full-time positions in the department. The intern positions are not reflected in the table.

Summary of Personnel Positions by Department

Position	Actual FY 2022- 2023	Projected FY 2023- 2024	Approved Positions FY 2023- 2024	FY 2024- 2025	Change from FY 2023- 2024
Office of the General Manager	2	3	4	3	-1
Administrative Board Services	10	10	11	11	0
Engineering	8	7	8	8	0
Finance	6	7	6	7	1
Human Resources	2	2	2	2	0
Operations	10	10	10	10	0
Public Information & Education	5	7	7	7	0
Water Policy and Resource Development	4	5	4	4	0
<b>Total Budgeted Personnel</b>	<b>47</b>	<b>51</b>	<b>52</b>	<b>52</b>	<b>0</b>





# Funds Available for CIP: Capital Improvement Program

West Basin prioritizes work conducive to the achievement of its strategic objectives: Water Supply Reliability, Sound Financial and Resources Management, Water Quality, Customer Service and Environmental Stewardship.

The Capital Improvement Program is fundamental to these efforts as it creates and protects the infrastructure and equipment that allows the District to reach optimal productivity, accessibility and water quality levels, and to further support the expansion of West Basin’s recycled water customer base and the overall increase in demand for recycled water in the region. Detailed information on can be found under the “Supplemental Section” in the Capital Improvement Program.

Capital projects begin with a proposal presented to the Board of Directors. Once the Board has provided feedback and the project has been approved, feasibility studies are conducted, design estimates are prepared and construction contracts are drafted and entered. Progress reports are periodically presented to the Board.

West Basin funds capital projects through a combination of the current fiscal year’s “Fund Available for CIP” funds, cash reserves, funding received from grants and partnerships, customer contributions, customer fixed charges, the Commercial Paper Program, and the issuance of bonds.

The District anticipates FY 2024-2025 capital improvement expenditures at \$42 million, approximately, with \$12 million in funds coming from “Fund Available for CIP”.



## OPERATING PROGRAM EXPENSES



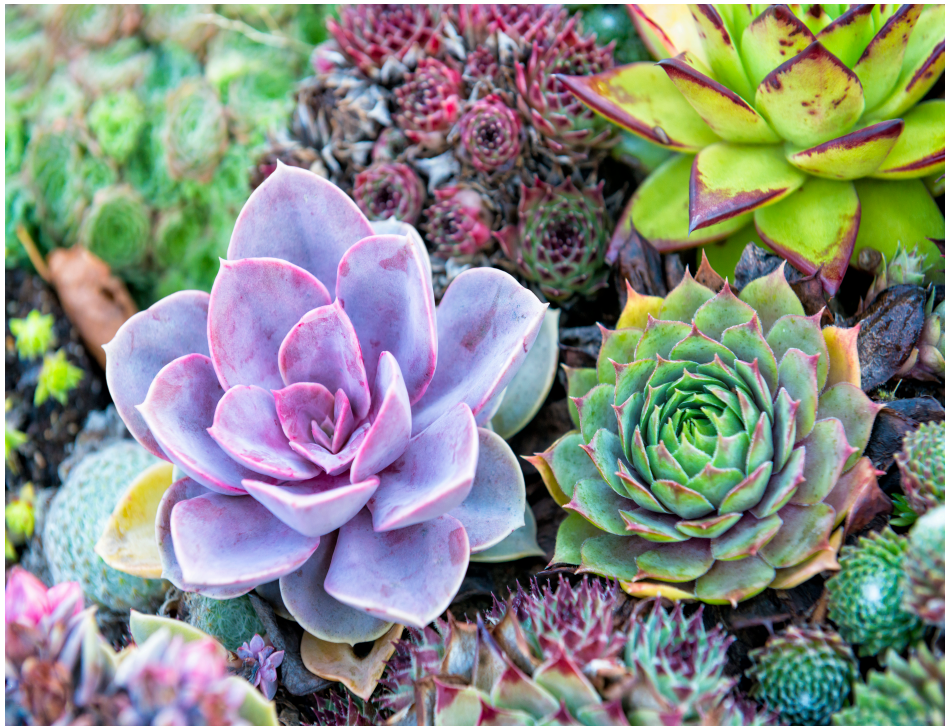


# Operating Program Expenses

West Basin's Operating Budget includes six (6) major programs:

1. Water Recycling Operations
2. Technical Planning
3. Water Policy and Resource Development
4. Public Information & Education
5. Water Efficiency Use
6. Purveyor Water Quality Monitoring
7. Overhead Program Costs

Each program budget is developed to achieve the goals and objectives for a single fiscal year.



# Water Recycling Operations

West Basin purchases secondary effluent from the City of Los Angeles' Hyperion Treatment Plant and treats the secondary effluent at the Edward C. Little Water Recycling Facility (ECLWRF) to meet recycled water Title 22 water recycling requirements before distributing the recycled water to its customers and satellite treatment facilities. The satellite treatment plants provide additional treatment for customers that require specific water quality for their business processes. West Basin produces five separate types of recycled water at four water recycling facilities.

West Basin's Fit for Purpose Recycled Waters:

1. Disinfected Tertiary Recycled Water: Secondary treated wastewater that has been filtered and disinfected for industrial and irrigation uses.
2. Nitrified Recycled Water: Disinfected Tertiary Recycled Water that has been nitrified to remove ammonia for industrial cooling towers.
3. Barrier Recycled Water: Secondary treated wastewater treated by ozone, microfiltration, reverse osmosis (RO) and disinfection (UV/peroxide treatment) for groundwater recharge.
4. Single Pass RO Water: Secondary treated wastewater treated by ozone, microfiltration, one pass of RO treatment for low-pressure boiler feed water.
5. Double Pass RO Water: Secondary treated wastewater treated by ozone, microfiltration, followed by two passes of RO treatment for high-pressure boiler feed water.

The Recycled Water Operations budget includes funds to administer, operate, and maintain all the recycled water facilities, regulatory efforts, and develop additional customers to use recycled water. West Basin started delivering recycled water in 1995 and continues to expand its facilities to increase this local resource. West Basin's recycled water system consists of:

- A pump station in the southwest corner of the Hyperion Treatment Plant to pump secondary effluent to the ECLWRF;
- The ECLWRF that treats water for use in Chevron refinery's high-pressure and low-pressure boilers, the West Coast Basin Barrier (Barrier), and disinfected tertiary water for irrigation, for other industrial users and to supply satellite treatment facilities;
- A satellite treatment plant in El Segundo that further treats disinfected tertiary water from the ECLWRF to produce nitrified water for Chevron refinery's cooling towers;
- A satellite treatment plant in Torrance that treats disinfected tertiary water to produce nitrified water for the Torrance Refining Company's cooling towers and includes a separate treatment train to produce boiler feed water for the Torrance Refining Company;
- A satellite treatment plant in Carson referred to as the Juanita Millender-McDonald Carson Regional Water Reclamation Plant (JMMCRWRP) that further treats disinfected tertiary water from the ECLWRF to produce nitrified water for Marathon's cooling towers and produce boiler feed water for Marathon;
- Three booster stations:
  - Torrance BPS (Torrance) – Add Chlorine and Elevate Pressure
  - Dominguez BPS (Carson) – Add Chlorine and Elevate Pressure
  - Honda BPS (Torrance) – Add Chlorine
- Over 100 miles of pipelines to deliver recycled water to our customers.

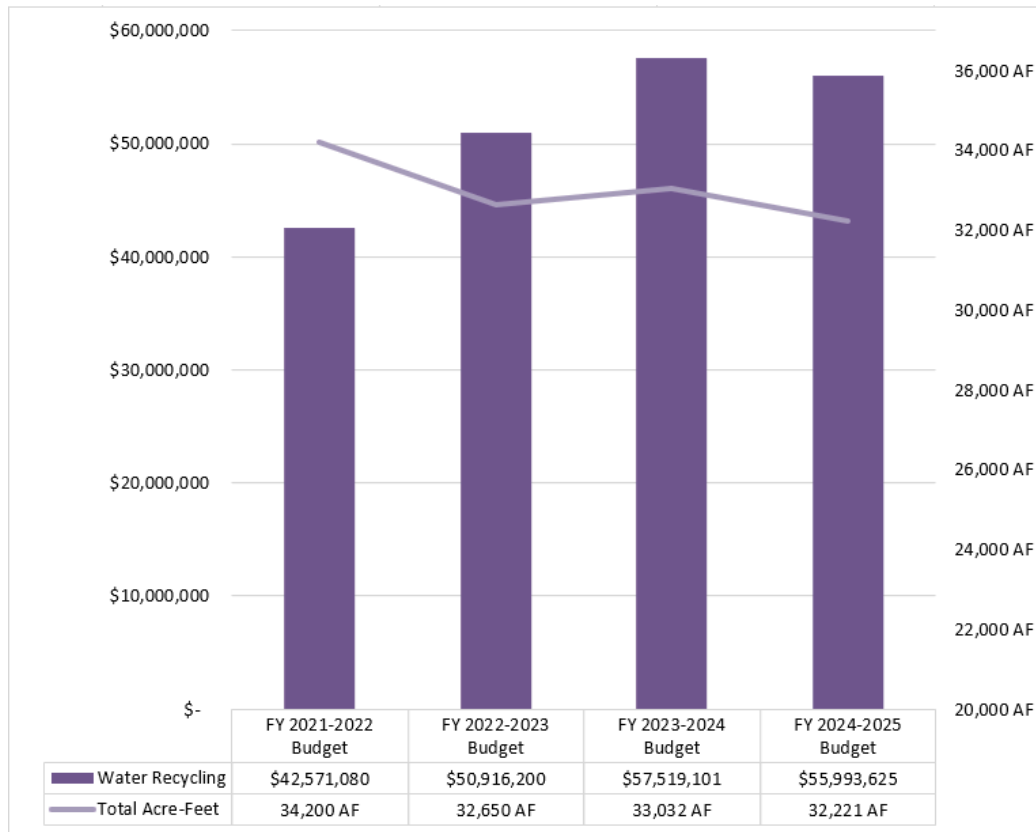
West Basin contracts with a third-party operator to operate and maintain the treatment facilities and a second third-party operator to operate and maintain the distribution system. West Basin staff manages the program, administers the operations and maintenance agreements, and oversees compliance with the various permits West Basin holds to enable it to produce and sell recycled water.

## Operating Water Recycling Budget

	FY 2022-2023	FY 2023-2024	FY 2023-2024	FY 2024-2025
	Actual	Projected	Budget	Budget
Labor and Benefits	\$4,627,647	\$3,705,493	\$3,664,630	\$3,912,473
Overhead Allocation	2,054,568	1,271,239	1,615,466	2,226,793
Chemicals	14,653,286	17,506,289	20,584,775	18,124,670
Consultants	422,874	580,275	677,105	768,925
Contract Operations	9,621,583	11,610,184	11,028,100	11,456,100
Facility Maintenance	3,187,555	5,821,574	4,562,815	5,255,241
Lab Services	523,786	606,533	680,193	874,843
Office Administration	486,353	463,992	370,861	544,230
Permits/Treatment Surcharge	152,190	238,188	220,606	287,200
Secondary Effluent	230,874	187,272	352,850	343,800
Software Licenses	19,058	83,000	138,600	90,000
Solids Management	2,203,159	2,110,645	2,434,000	2,520,650
Utilities	12,184,953	11,150,297	11,209,100	9,588,700
<b>Total Water Recycling</b>	<b>\$ 50,367,886</b>	<b>\$ 55,334,981</b>	<b>\$ 57,519,100</b>	<b>\$ 55,993,625</b>
<b>Total Acre-Feet</b>	<b>29,530 AF</b>	<b>29,931 AF</b>	<b>33,032 AF</b>	<b>33,221 AF</b>



## Water Recycling Operations Budget Trends



The Operations Department which is responsible for the operations of the ECLWRF and facilities projected slightly less recycled water sales in FY 2024-2025. Historically, sales to the local refineries have made up the largest percentage of West Basin's recycled water sales. To project the demands from the refineries, staff used the average sales for the 3 previous years and adjusts the amount for refinery planned turnarounds and construction that reduce demand.

Irrigation demands due to newer connections to large sports complexes are anticipated to rise slightly. This is expected to counter the trends in lower demand by overall reduction in landscape irrigation (conservation, artificial turf, etc).

Staff also works closely with LA County and WRD to anticipate the recycled water injection target for the West Coast Barrier and adjusts for any known work or project slow downs.

In addition to the impact from degraded influent source water quality, the aging infrastructure such as solids handling facilities, Title 22 filters, and microfiltration units, impacts production. West Basin is often required to utilize some potable water supplements to meet contract requirements and even compliance standards, impacting the bottom line. Staff is working with contract operators to optimize treatment in addition to increased maintenance on older equipment to keep recycled water production up.

As shown in the first tables in this section, supplies such as chemical purchases are one of the key components contributing to the increase in the water recycling operations budget. Chemicals are used throughout the treatment process for recycled water. A vigorous effort this past year to clean out filters, basins, solids clarifiers, etc in addition to jar testing for better chemical optimization has allowed for a slight reduction in chemical cost.



Any source influent water quality upsets will require use of more chemicals particularly ferric chloride, chlorine and cleaning chemicals which can impact cost. The staff has been updating the Board regularly these impacts as they occur.

Approximately one-fifth of the fiscal year budget is allocated to utilities, with a large majority being allocated to electricity expenses. West Basin experienced multiple price increases in electricity transmission and generation these past years. To optimize, West Basin continues to engage in a Direct Access program, an electrical supply service option to purchase electricity attributed to generation from an Electronic Service Provider (ESP), instead of the assigned local provider. By participating in the Direct Access program, West Basin was able to procure electricity at a fixed generation rate for three years, with an estimated savings of approximately 14% this next fiscal year.



## Strategic Goals and Objectives

Water Supply Reliability		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<i>Strategy 1.4: Increase supply diversification by promoting water recycling</i>	Maintain supply due to lack of needed capital equipment at treatment plant.	Work with stakeholders to look at recycled water alternative sources.
	Optimized chemical use through repairs and maintenance on system.	Maintain production during Operations contractual changes.
Sound Financial and Resource Management		
Strategic Business Plan	FY 2023- 2024 Accomplishments	FY 2024-2025 Strategies
<i>Strategy 2.1: Provide effective overall capital facility asset management through the application of industry best-practices</i>	Significant audit and optimization of CMMS to increase PM's and trend CM's.	Secure proper equipment and parts on hand and build ready to go tool box for fast repairs.
	Site organization and clean up of storage, supply cage and manuals to link with CMMS.	Continue and finalize audit of SOPs for facility operations.
<i>Strategy 2.2: Maintain facilities to manage and minimize risk of failure and liability exposure</i>	Risk and Resiliency analysis completed to call out vulnerabilities.	Update condition assessment for ECLWRF.
	Strategic clean out of solids processing facilities as result of 2021 upset to improve treatment processed.	Complete analyses on rehabilitation recommendations and remaining asset values of refinery onsite assets.
<i>Strategy 2.6: Operate cost-efficiently and effectively, with robust internal controls</i>	Monthly review meetings for cost and water quality dashboards to discuss optimization	Continue to explore ways to meet water quality standards due to process train facilities wear and tear.
	Created checklists and trackers to react quickly to breaks and outages	Improve new contract for best options to maximize value.

Water Quality		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
Strategy 3.1: <i>Achieve and maintain recycled water client satisfaction</i>	Implemented UCMR5 support for Purveyors.	Begin UCMR5 support for WB Purveyors.
	Connected numerous high profile projects including expedited regulator approval.	Recycled water supervisor training in person with new process for commitment by users.
Strategy 3.3: <i>Meet permit and contractual water quality requirements</i>	Updated T22 Engineering report per regulator request.	
	Obtained two new Brine permit renewals.	Evaluate laboratory needs and requirements for contract versus in house sampling under new contract.
	Authored the Anti-Degradation report to ensure recycled water pipeline approvals	Complete all required special studies per both Brine permits for the RWQCB.

Customer Service		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
Strategy 4.2: <i>Ensure recycled water client and customer agency satisfaction</i>		Promptly respond to recycled water customer issues and concerns.
	Promptly responded to recycled water customer issues and concerns.	Assist with new recycled water connections and modifications as needed.
	Repaired half a dozen major leaks with limited service interruptions	Implement strategic customer site inspection process, recycled water site communication, and recycled water user training.

## Performance Metrics

Metric	FY 2022-2023 Actual	FY 2023-2024 Projected	FY 2023-2024 Target	FY 2024-2025 Target
Improve Recycled Water O&M Cost per Unit	\$1,707/AF	\$1,849/AF	\$1,741/AF	\$1,738/AF
Meet all regulatory and environmental permit requirements	100%	100%	100%	100%

# Technical Planning

The Technical Planning program was formed to provide strategic long-term planning of projects, in support of West Basin's mission, and its Water for Tomorrow program goals:

- Protecting the District's existing water supply
- Diversifying and augmenting the supply portfolio; and
- Innovating to prepare for the future

The Technical Planning program is responsible for the development of multi-disciplinary and complex evaluations, and the delivery of technical studies associated with the District's water supply systems.

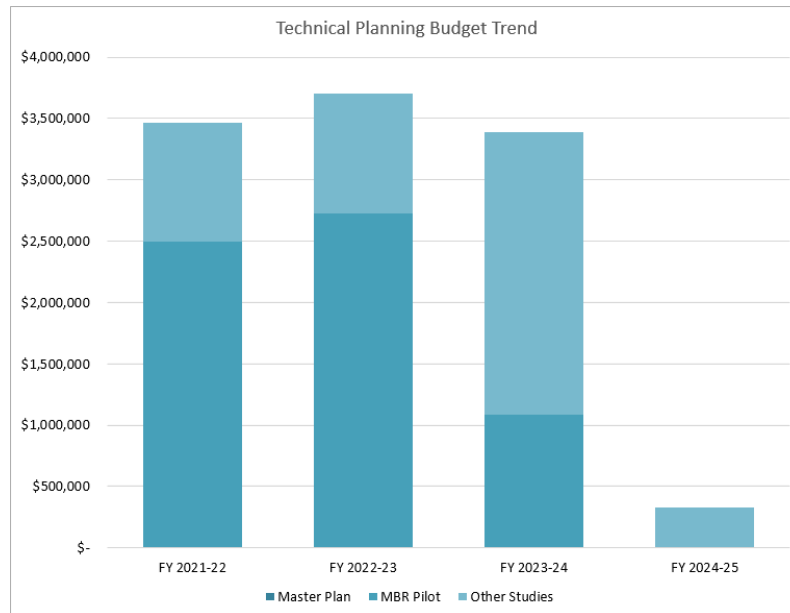
## Fiscal Year 2024-2025 Budget Objectives

1. Strengthen and expand collaborative efforts with regional partners to define the future of West Basin's Recycled Water Program, promoting sustainable water resource management and long-term regional integration
2. Conduct a comprehensive analysis of the cost of service study
3. Identify and prioritize bulk chemical storage tanks needing replacement before failures occur
4. Continue emergency response planning efforts in collaboration of contract operations and regional stakeholders
5. Develop a Climate Change Effects Vulnerability Assessment and Mitigation Plan (Climate Change Plan) which is required to obtain the National Pollutant Discharge Elimination System (NPDES) permits for brine discharge
6. Assist with the development of an updated Salt and Nutrient Management Plan (SNMP) and Anti-degradation Plan for the Central Basin and West Coast Basin

## Technical Planning Operating Budget

	FY 2022-2023 Actuals	FY 2023-2024 Projected	FY 2023-2024 Budget	FY 2024-2025 Budget
Labor and Benefits	\$ 420,391	\$ 442,000	\$ 1,314,026	\$ 447,140
Overhead	186,802	238,000	511,991	207,333
Technical Planning	70,211	236,009	3,389,381	325,000
<b>Total Technical Planning</b>	<b>\$ 677,404</b>	<b>\$ 916,009</b>	<b>\$ 5,215,398</b>	<b>\$ 979,473</b>

## Budget Trend



The Technical Planning program's six main objectives for FY 2024-2025 are further described below:

### 1. The Future of West Basin's Recycled Water Program – (8 Potential Studies)

West Basin's existing system is geographically positioned between the emerging water reuse programs that aim to greatly expand recycled water use in the region (Los Angeles' Hyperion 2035/Operation Next, and MWD/LACSD's Pure Water Southern California Programs). West Basin has infrastructure that can convey product water from these programs, and provide options for additional groundwater injection, expediting groundwater replenishment in support of the Water Replenishment District's (WRD) WIN-4-ALL Program goals. By strengthening collaborations with regional partners, West Basin aims to promote long-term regional integration. West Basin has identified the following potential feasibility studies that can be kicked off with regional participation and funding:

- *Backup Potable Water Connection Feasibility Study*

As part of the Pure Water Southern California program, MWD would deliver advanced treated recycled water (ATRW) to West Basin's recycled water distribution system to meet (a) existing and future recycled water needs and (b) groundwater replenishment demands. In times of peak flow and source water supply interruptions, it will be necessary to supplement the system with potable water to maintain continuous customer service. This study would evaluate and compare potable water options at the source, along the distribution system, and/or at West Basin's treatment facilities.

- *Pure Water SoCal Interconnection Pipeline Feasibility Study*

As part of the Pure Water Southern California program, MWD is proposing to construct a new 84-inch diameter pipeline to convey ATRW from Los Angeles County's Joint Water Pollution Control Plant to San Gabriel Canyon Spreading Grounds and other nearby facilities. In partnership with West Basin, a new turnout structure and pipeline would be constructed to deliver advanced treated recycled water (ATRW) to West Basin's recycled water distribution system. This study would evaluate alternative pipeline alignments and system configurations.

- *Existing Distribution Pipeline Condition / Rehab Assessment*

West Basin's future recycled water program could include the introduction of higher-quality recycled water into its existing distribution system for the purpose of expanding groundwater replenishment. An assessment is proposed to determine whether the condition of the pipelines and the need for pipe cleaning or rehabilitation work in certain areas of the distribution system prior to the introduction of the advanced treated recycled water.

- *JMMCRWRP Reconfiguration Feasibility Study*

The purpose of the feasibility study is to identify the opportunities and needs to reconfigure JMMCRWRP when introducing a new higher-quality source of water from MWD's Pure Water Southern California program and/or advanced treated water from Los Angeles' Operation Next Project.

- *West Coast Basin IPR Feasibility Study*

WRD is planning to expand groundwater replenishment in the West Coast Basin with the installation of new injection wells. West Basin has a distribution system that could be used to convey water to these new injection wells. WRD, West Basin, and other stakeholders may partner to prepare a feasibility study that would assess (a) needed improvements to West Basin's existing system to inject additional ATRW to the groundwater basin, as well as (b) the needed improvements for retail water agencies to boost groundwater extraction capability.

- *ECLWRF / CNTP Reconfiguration Feasibility Study*

This feasibility study would evaluate the potential reconfiguration of Edward C. Little Water Recycling Facility (ECLWRF) and the Chevron Nitrification Treatment Plant (CNTP), to support West Basin's future recycled water program. This program may result in ECLWRF receiving a different type of feed water and/or solely serving advanced treated recycled water (ATRW).

- *Regional Recycled Water Hydraulic Analysis*

A preliminary hydraulic analysis of West Basin's recycled water distribution network has been conducted to evaluate system performance and identify phased system improvements associated with receiving treated water from (a) MWD's Pure Water Southern California and (b) City of Los Angeles' Operation NEXT programs. The second phase of the hydraulic analysis would be required to verify final configuration of the regional systems.

- *Hyperion MBR Pilot Study*

In 2018, West Basin entered into a three-way agreement with LADWP and LASAN to design/build a pilot MBR system. The goal is for the city to produce higher quality effluent water, which is the source water for West Basin's recycled water system.

The FY 2024-2025 budget considers West Basin's staff time in support of the above efforts on a partial basis only. This budget does not account for the full cost of the above potential studies and excludes all associated consulting fees.

## 2. Cost of Service Study (ongoing)

West Basin is conducting a comprehensive cost of service analysis for all types of water produced. This study is vital for ensuring costs are equitably allocated to all recycled water customers. The study will help analyze recycled water rates, and the potential impacts of increased source water costs on each customer agency. Study findings will help with the development of new agreements with current customers.

## 3. Bulk Chemical Storage Condition Assessments

West Basin will conduct condition assessments on bulk chemical storage tanks at multiple sites. The assessments will help identify tanks nearing the end of its useful life and in need of replacement. Tank replacement projects will be prioritized and executed as part of West Basin's capital improvement program.



#### 4. Emergency Response Planning (ongoing)

West Basin continues efforts to update its Emergency Response Plan. The objective is to document proper responses for all types of incidents, natural or man-made, that could threaten life, property, or the environment.

#### 5. Climate Change Plan (ongoing)

West Basin is in the process of developing a Climate Change Effects Vulnerability Assessment and Mitigation Plan (Climate Change Plan), in accordance with the latest guidelines and requirements set forth by the Los Angeles Regional Water Quality Control Board (LARWQB) with respect to National Pollutant Discharge Elimination System (NPDES) permitting.

#### 6. Salt and Nutrient Management Plan Support

West Basin will collaborate with regional stakeholders to support the Water Replenishment District (WRD) in developing an updated Salt and Nutrient Management Plan (SNMP) and an Anti-degradation Plan for both Central and West Coast Basins. This effort will ensure compliance with the State Water Resources Control Board's Recycled Water Policy.

### Strategic Goals and Objectives

Water Supply Reliability		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
Strategy 1.3: Increase supply diversification by promoting groundwater development		Assist WRD with the development of an updated Central Basin and West Coast Basin Salt and Nutrient Management Plan (SNMP) and Anti-degradation Plan.
Strategy 1.4: Increase supply diversification by promoting water recycling	In partnership with MWD, a hydraulic analysis was prepared to evaluate West Basin system performance under different recycled water supply scenarios from MWD's Pure Water Southern California program.	Strengthen and expand collaborative efforts with regional partners, which may include the initiation of additional studies that will help define the Future of West Basin's Recycled Water Program, promote sustainable water resource management.
Sound Financial and Resource Management		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
Strategy 2.2: Maintain facilities to manage and minimize risk of failure and liability exposure	West Basin completed a Risk and Resilience assessment of its system. The assessment provides a foundation for continuing Emergency Response Planning efforts.	Complete the West Basin Emergency Response Plan.  Identify and prioritize bulk chemical storage tanks needing replacement before failures occur.  Develop a Climate Change Effects Vulnerability Assessment and Mitigation Plan (Climate Change Plan) mandated to obtain the National Pollutant Discharge Elimination System (NPDES) permits for brine discharge.
Strategy 2.3: Develop partnerships with public and private entities to facilitate capital asset development and implementation	West Basin executed multiple agreement amendments with a refinery customer. The amendments included updated cost recovery provisions.	Continue to negotiate recycled water agreements/ amendments with refinery customers, addressing funding needs for rehabilitation replacement projects
Strategy 2.6: Operate cost-efficiently and effectively, with robust internal controls	Made progress on the Cost of Service Study with the development of Capital and Operating cost allocation models.	Complete Cost of Service Study

Water Quality		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<i>Strategy 3.2:</i> <i>Increase control over source water quality</i>		Continue support the MBR pilot study leased by LASAN, as needed.

## Performance Metrics

Metric	FY 2022-2023 Actual	FY 2023-2024 Projected	FY 2023-2024 Target	FY 2024-2025 Target
Strengthen and expand collaborative efforts with regional partners to define the Future of West Basin's Recycled Water Program, promoting sustainable water resource management and long-term regional integration	In Progress	In Progress	In Progress	In Progress
Recycled Water Program Support the City of Los Angeles with the Completion of the MBR Pilot Study	In Progress	In Progress	In Progress	In Progress
Emergency Response Planning	In Progress	In Progress	RRA Complete	To Complete
Prepare Prioritized list of chemical tank replacement	In Progress	In Progress	In Progress	To Complete
Prepare Cost of Service Study	N/A	Substantially Complete	In Progress	To Complete
Develop a Climate Change Effects Vulnerability Assessment and Mitigation Plan (Climate Change Plan)	N/A	N/A	In Progress	To Complete
Salt and Nutrient Management Plan Support	N/A	N/A	In Progress	To Complete

# Water Policy and Resource Development

The Water Policy and Resources Development budget supports various activities including, but not limited to, performing analyses and preparing reports related to long term water reliability and regional water demand; pursuing state and federal grants to ensure West Basin's programs and projects are cost-effective; providing technical and other support to retail customer agencies; tracking and reporting on West Basin's water supply portfolio; implementing local, state and federal legislative and regulatory advocacy efforts; implementing the district's water bottle filling station grant program, and participating in industry organizations. In addition, this budget includes efforts to support Metropolitan's activities to ensure local and industry-related water policies, programs, and projects are favorable to West Basin, its customer agencies, and service territory as well as the Southern California region. This department produces an annual water use report, annual water supply and demand assessment, and develops the District's Urban Water Management Plan and Water Shortage Contingency Plan. Water Policy staff also play a leadership role in working with the District's retail agencies to comply with the state's adopted conservation regulations. Lastly, this budget includes funding for participating in Integrated Regional Water Management planning activities on behalf of the West Basin service area, and as a member of the Greater Los Angeles County planning area.

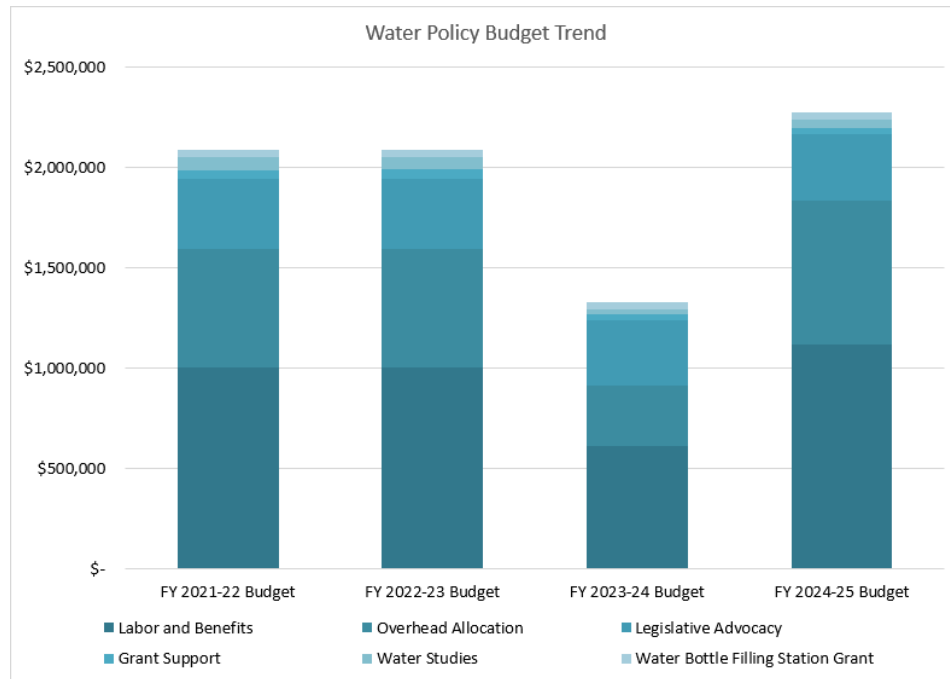
## Fiscal Year 2024-2025 Budget Objectives:

- Assist customer agencies with water use objective planning and implementation
- Work with customer agencies to educate CII customers about the state ban on irrigating non-functional turf areas.
- Pursue funding opportunities for water conservation, infrastructure, and other capital projects.
- Develop and submit Annual Water Supply and Demand Analysis Report.
- Research and analyze legislative proposals with potential impact on West Basin, customer agencies, and the service area at large.
- Develop legislative outreach strategies in coordination with state and federal advocacy teams to educate elected officials about West Basin's role going forward in local supply reliability through recycled water investments, including system expansions and/or optimization, and increased replenishment activities.
- Provide local organizations, including municipalities and schools, with funding to install indoor and outdoor water bottle filling stations.
- Produce Fiscal Year 2023-2024 Water Use Report that highlights the tremendous efforts of the region to reduce water use in response to ongoing drought conditions.

## Water Policy and Resources Development Operating Budget

	FY 2022-2023 Actuals	FY 2023-2024 Projected	FY2023-2024 Budget	FY 2024-2025 Budget
Labor and Benefits	\$ 1,180,462	\$ 1,046,510	\$ 780,367	\$ 1,117,850
Overhead Allocation	544,407	521,044	480,651	719,306
Consultants	321,796	301,330	380,400	400,400
Water Bottle Filling Stations	31,000	21,000	35,000	35,000
Office Administration	1,920	1,337	-	2,000
<b>Total Water Resource Planning</b>	<b>\$ 2,079,585</b>	<b>\$ 1,891,221</b>	<b>\$ 1,676,418</b>	<b>\$ 2,274,556</b>

## Budget Trend



West Basin staff will focus their efforts on five key areas in the upcoming fiscal year.

Staff is budgeting \$325,400 to maintain its active state and federal advocacy efforts, focusing on identifying funding opportunities, tracking and analyzing legislative proposals with potential impacts on West Basin, coordinating advocacy efforts, holding meetings with state and federal elected officials, and adopting official positions on priority legislation. This work is able to be accomplished in large part by coordinating with West Basin's state (Niemela Pappas Associates) and federal (Van Scoyoc Associates) advocacy teams, who work hard year-round to represent the best interests of the District.

Staff is budgeting a decrease from \$45,000 in FY 2022-2023 to \$30,000 in FY 2023-2024 to support costs associated with grant applications and grant-seeking efforts, which could benefit from the assistance of a grant consultant/expert.

In FY 2021-2022, staff initiated development of a retail agency toolkit to support customer agency efforts to understand and comply with state water use objectives. The Water Policy department is budgeting \$10,000 to develop resources that can help customer agencies in their planning and implementation efforts for meeting upcoming water use objectives and CII performance measure requirements laid down by the state's regulatory bodies.

Since 2017, West Basin has budgeted \$35,000 each fiscal year for the Water Bottle Filing sponsorship program. This program helps to encourage the use of refillable reusable bottles, in an effort to reduce plastic waste. The funds will be available to public facilities within the service area to provide safe and reliable tap water.

Beginning in 2022, urban water retailers were required to develop and submit annual water supply and demand assessments on an annual basis. Staff is budgeting \$15,000 for consultant support that will be needed to develop the district's 2024 assessment, which will be due on or before July 1, 2024.

## Strategic Goals and Objectives

Water Supply Reliability		
Strategic Business Plan	FY 2023-2024 Accomplishment	FY 2024-2025 Strategies
<i>Strategy 1.1: Prepare and periodically update water supply plans</i>	Provided monthly reports on retail imported water use, groundwater use, and overall potable water production for customer agencies.	Develop and produce the FY 2023-24 Annual Water Use Report.
	Continued to implement shortage response actions, including communication protocols, as a result of West Basin's Level 3 Shortage.	Continue to evaluate Level 3 Shortage conditions in light of water supply conditions, Metropolitan actions, and state regulations.
	Developed and submitted 2023-2024 Annual Water Supply and Demand Assessment by July 1, 2024 deadline.	Develop and submit 2024-2025 Annual Water Supply and Demand Assessment by California statutory deadline.
<i>Strategy 1.3: Increase supply diversification by promoting groundwater development</i>	Collaborated with the Water Replenishment District to share data and analysis on regional water demand, in order to identify opportunities to increase groundwater pumping while maintaining healthy groundwater basins through groundwater replenishment.	Continue to collaborate with WRD on programs and projects of common interest that will expand groundwater pumping activities in the West Coast Basin.
	Served as an active participant in monthly West Basin Water Association meetings to discuss basin issues with WRD and local groundwater pumping agencies.	Identify additional government and industrial stakeholders to further promote groundwater use.
	Participated in the 2024 National Groundwater Awareness Week.	Continue to participate in various industry groundwater awareness events and initiatives.
	Worked with retail pumpers to improve understanding of current pumping activities and to receive updates on current and upcoming groundwater-related projects.	Continue to track and analyze groundwater pumping data and trends to support understanding of the region's water supply portfolio and overall supply reliability.
	Updated groundwater use and annual pumping allocation analysis to highlight available basin capacity and opportunities for customer agencies to increase pumping volumes in the future.	Explore opportunities to update groundwater use and annual pumping allocation data to highlight available basin capacity and opportunities for customer agencies to increase pumping volumes in the future.
<i>Strategy 1.4: Increase supply diversification by promoting water recycling</i>	Promoted the importance of recycled water to legislative offices, community groups, members of the public, and other stakeholders, with a focus on explaining the needs to invest in aging facilities like the ECL Facility.	Continue to engage and support water industry partners and legislative and regulatory advocacy groups to promote the adoption, use, and funding of recycled water.

Sound Financial and Resource Management		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<p><i>Strategy 2.3: Develop partnerships with public and private entities to facilitate capital asset development and implementation</i></p>	<p>Maintained leadership role in the Los Angeles County Integrated Regional Management Program, including administration on behalf of the Region, and of its financial resources.</p>	<p>Continue leadership role in the Greater Los Angeles County Integrated Regional Water Management Program, including administration on behalf of the Region, and of its financial resources.</p>
	<p>Partnered with multiple community and civic organizations, including school districts, to maximize utilization of available sponsorships for Water Bottle Filling Station installation projects.</p>	<p>Continue to partner with community and civic organizations, as well as school districts, to maximize the utilization of available sponsorship funds for Water Bottle Filling Station installation projects.</p>
<p><i>Strategy 2.6: Operate cost-efficiently and effectively, with robust internal controls</i></p>	<p>Coordinated efforts to apply for various local, state and federal project funding opportunities for West Basin's programs and projects; advocated for increased state and bond funding for local water supply development projects and appropriations funding for conservation and infrastructure projects.</p>	<p>Pursue additional state and federal project funding for West Basin's programs and projects, including low interest state revolving fund loans, increased state and bond funding for local water supply development, and specific project appropriations for conservation and construction projects.</p>
	<p>Developed grant proposal for \$3.3 million in state funds that would allow the district to offer new and expanded water conservation programs, implement strategic outreach and education on non-functional turf in CII areas, and conduct valuable market research to support the above programs.</p>	<p>Work with federal delegation, USBR, and US Army Corps to seek federal funding opportunities that are available following passage of the Infrastructure Investment and Jobs Act and the Inflation Reduction Act.</p>
	<p>Worked with state lobbyist and coalition partners to include recycled water, conservation, and groundwater funding amounts in state budget, climate bond proposals, and infrastructure funding programs.</p>	<p>Work with federal delegation to identify West Basin capital projects that could qualify for future congressionally-directed funding opportunities (i.e. - Earmarks).</p>
	<p>Worked with USACE staff to secure an additional \$1 million for Harbor South Bay recycled water projects in Carson and Gardena.</p>	<p>Continue to work with state advocacy team and coalition partners to include recycled water, conservation, and groundwater funding amounts in state budget, water bond proposals, and infrastructure funding programs.</p>

## Performance Metrics

Metric	FY 2022-2023 Actual	FY 2023-2024 Projected	FY 2023-2024 Target	FY 2024-2025 Target
Disperse Budgeted Water Bottle Filling Stations Sponsorship Funds	89%	60%	100%	100%



# Public Information and Education

The District continues to share timely, accurate information about West Basin's water supplies and programs to drive awareness of District operations and participation in its programs. Additionally, public information and education efforts increase awareness of West Basin's mission and values.

## Public Information

West Basin implements an array of communication and community relations programs so that West Basin is considered a valuable utility among key stakeholders. Audiences include community and environmental groups, educators and students, municipalities, chambers of commerce and business leaders, elected officials (city, county, state, and federal) and water retailers. By offering free, general public education programs such as water recycling facility tours, presentations, workshops and water-themed events, as well as marketing the District's water use efficiency programs, West Basin provides value to community members in the service area.

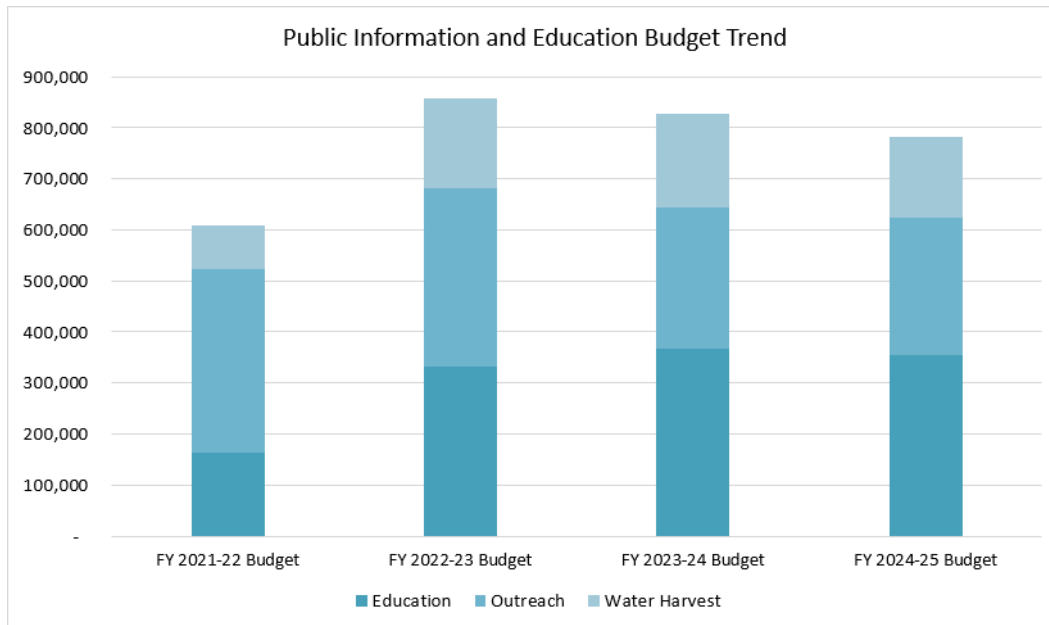
## Education

School education programs engage students, grades 3 through 12, in learning about water conservation, water use efficiency, water supplies, and environmental stewardship. These programs are offered to public and private school students in the service area. They include classroom presentations, field trips, water conservation kits, and an annual conservation-themed art contest.

## Public Information and Education Operating Budget

	FY 2022-2023 Actuals	FY 2023-2024 Projected	FY 2023-2024 Budget	FY 2024-2025 Budget
Labor and Benefits	\$ 2,608,981	\$ 2,041,800	\$ 2,633,726	\$ 2,459,269
Overhead Allocation	1,419,328	901,205	1,399,267	1,553,577
Consultants	75,556	234,089	170,000	175,400
Advertising	56,726	25,980	130,500	90,000
Program Supplies	91,942	128,978	157,500	126,500
Sponsorship	9,718	1,050	18,500	18,500
Non-Professional Services	248,567	73,188	207,500	232,700
Office Administration	103,709	104,762	142,800	138,764
<b>Total Public Information and Education</b>	<b>\$ 4,614,527</b>	<b>\$ 3,511,052</b>	<b>\$ 4,859,793</b>	<b>\$ 4,794,710</b>

## Budget Trend



## Strategic Goals and Objectives

Water Supply Reliability		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<p><i>Strategy 1.2:</i> Increase supply diversification by promoting conservation</p>		<p>Drive participation in grass replacement and other water use efficiency incentive programs;</p> <p>Emphasize the need for ongoing drought preparedness and resiliency in messaging;</p> <p>Drive awareness of the newly adopted Making Conservation a California Way of Life regulations.</p>
Sound Financial and Resource Management		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<p><i>Strategy 2.8:</i> Recruit and hire qualified candidates to fill all West Basin positions</p>	<p>Hosted the Water Industry Career Night educational event to connect the new generation to the water workforce.</p>	<p>Drive communications and outreach regarding career opportunities in the water industry building on outreach and education programs.</p>

Customer Service		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
Strategy 4.1: Build Community Trust		Increase understanding of West Basin's operations through quality stakeholder engagement and communication.
Strategy 4.4: Promote outreach and education programs	Reevaluate and optimize community engagement operations and reporting.	Maintain and evaluate existing programs including: facility tours, speakers bureau, classes (in-person and virtual), community events and sponsorships for the general public; and K12 facility tours, in-class assemblies, and select partnerships.
Strategy 4.5: Engage small and/or local businesses in the procurement of services	Pursued market research to fully understand, define and reach respective audiences/targets for the various water use efficiency programs.  Reevaluated current/active partnerships and potential for new or expanded relationships.	Support procurement staff in communications and outreach regarding bid opportunities for the vendor and business community.
Environmental Stewardship		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
Strategy 5.2: Continue to gain environmental community support for West Basin programs	Pursued eco-friendly promotional items and utilized existing promotional items for outreach  Ensure printing needs in line with demand.	Re-engage through enhanced District communiques and outreach, especially in regard to conservation and water recycling program evolution.

## Performance Metrics

Metrics	FY 2023-2024 Actuals	FY 2023-2024 Projected	FY 2023-2024 Targets	FY 2024-2025 Targets
Facility Tours	29	22	22	25
Speakers Bureau Presentations	21	24	24	20
District Water Education Classes	8	5	5	6
District Festival	1	1	1	1
Community Events	67	60	60	60
School Facility Tours/ Student #	96 / 3,999	90 / 5,400	90 / 5,400	90 / 3,150
School Assembly Presentations/ Student #	8 / 731	24 / 1,800	24 / 1,800	15 / 1,125
School Art Contest Lessons/ Student #	32 / 868	24 / 720	24 / 720	20 / 600
Art Contest Submissions	651	450	450	400

# Water Use Efficiency

The Water Use Efficiency Program is an essential strategy for West Basin to reduce potable water demand, increase local water resiliency, and provide local programs that support its water retailers and cities. The program budget represents the staffing and direct costs to deliver devices, educate customers, and demonstrate water efficiency benefits to service area residents, businesses and public sites. West Basin's success in offering programs and services that support water-efficient lifestyles is obtained through collaboration with our customer water agencies, our cities, non-profit groups, joint power authorities, service groups, non-governmental organizations, vendors, community leaders, and other stakeholders.

West Basin utilizes guidance from the Urban Water Management Plan and the Water Efficiency Data Study, along with other data-driven reports, to identify opportunities for water efficiency programs. West Basin staff also apply for federal, state, and local grant funding opportunities to offset West Basin's costs and increase the cost-effectiveness of its programs. The funding partnerships that West Basin has developed with the federal, state, and local agencies help West Basin to provide greater value to rate payers in the West Basin service area.

West Basin continues to participate in the Metropolitan Water District (MWD) Member Agency Administered (MAA) funding program, whereby West Basin is allocated \$258,500 per year to utilize, or \$517,000 for a 2-year period for developing water use efficiency programs that deliver both conservation devices and education to West Basin's service area.

## **Fiscal Year 2024-2025 Budget Objectives:**

- Support West Basin's on-going partnership with the South Bay Cities Council of Governments (SBCCOG). The SBCCOG is instrumental in supporting West Basin's programs by providing additional promotion, outreach and assistance.
- Continue the District's new Parkway Beautification Landscape Pilot Program that provides qualifying residents from underserved communities with a free climate appropriate parkway.
- Continue the Grass Replacement + Program by providing an increased rebate incentive of \$5 per square foot for residents in priority areas.
- Continue the District's \$3 per square foot Grass Replacement rebate to advance the adoption of drought-tolerant, climate-appropriate landscapes.
- Support Public Agency Grass Replacement projects by continuing to offer landscape design assistance services for potential projects considered by city, school, and city staff.
- Provide up to 1,500 free rain barrels to residents to conserve water and reduce storm water run-off.
- Implement the new IRWMP grant funded Drought Resiliency Water Conservation Program in partnership with the Las Virgenes Municipal Water District and the Los Angeles County Waterworks District #29. Program to provide various resources and outdoor landscape devices.

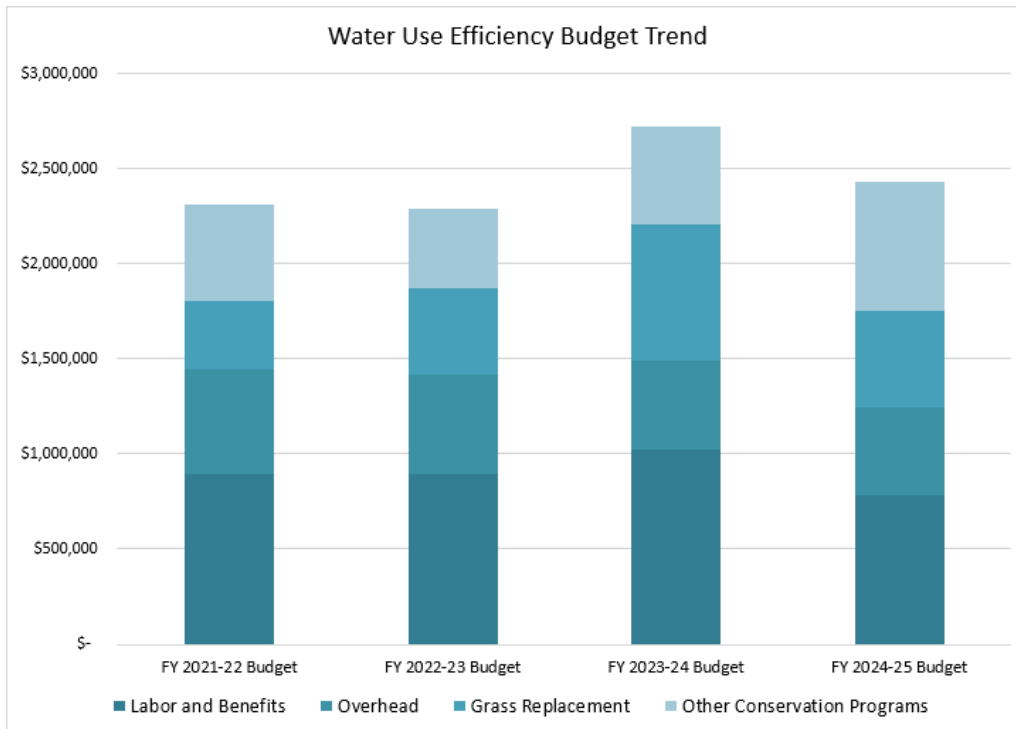


- Develop a program that focusses on provided resources and services to the Commercial, Industrial, and Institutional or (CII) sector. New state water conservation regulations will this sector to implement Best Management Practices or (BMP's), therefore West Basin has an opportunity to assist its water retailers by providing support services.
- Implement one Firescaping class in the Malibu/Topanga area and one in the Palos Verdes Peninsula area.
- Provide several short virtual West Basin Chats throughout the year to help residents understand the Grass Replacement rebate process and how to apply.

## Water Use Efficiency Operating Budget

	FY 2022-2023 Actuals	FY 2023-2024 Projected	FY2023-2024 Budget	FY 2024-2025 Budget
Labor and Benefits	\$ 1,175,144	\$ 750,000	\$ 1,020,907	\$ 782,495
Overhead	538,546	254,000	468,448	466,073
Consultants	661,134	824,020	1,198,100	1,035,700
Program Supplies	52,113	102,893	107,000	107,000
Office Administration	92	5,770	6,000	6,000
Non-Professional	26,628	15,000	50,000	30,000
<b>Total Water Use Efficiency</b>	<b>\$ 2,453,657</b>	<b>\$ 1,951,683</b>	<b>\$ 2,850,455</b>	<b>\$ 2,427,268</b>

## Water Use Efficiency Budget Trend



## Strategic Goals and Objectives

Water Supply Reliability		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<i>Strategy 1.2: Increase supply diversification by promoting water use efficiency</i>	Distributed 1,500 rain barrels through 6 free rain barrel distribution events. Worked with local high schools and non-profit groups to implement the events.	Distribute 1,500 rain barrels through various free events. Rotate events throughout the various cities and work with local high schools and non-profits groups to distribute the rain barrels.
	Added an additional \$1 per square foot grass replacement rebate to Metropolitan's \$2 per square foot rebate and managed the program activity across the service area.	Continue to implement and promote West Basin's additional funding to the Grass Replacement rebate. West Basin received approval from USBR to continue the grant through June 30, 2025.
	Implemented the pilot phase of the Grass Replacement + program providing 35 free residential landscape design packages, free drought-tolerant trees, and an increased \$5 per square foot rebate incentive.	West Basin completed the 35 landscape design packages, and will continue providing the free trees and the \$5 per square foot rebate through FY 2024-2025.
	Launched and implemented a total of 6 West Basin Chats to help promote the grass replacement rebate program and broaden engagement opportunities with residents.	West Basin will provide short quarterly West Basin webinar chats to assist residents with applying for the grass replacement rebate.
	Participated in MWD's Municipal Leak Detection Program.	Continue to participate in MWD's Municipal Leak Detection Program.
Sound Financial and Resource Management		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<i>Strategy 2.6: Operate cost-efficiently and effectively, with robust internal controls</i>	Allocated \$270,000 from Metropolitan for locally administered programs. Utilized 99% of the funding in FY 2023-2024.	Allocated \$258,500 from Metropolitan for locally administered programs. The goal is to utilize 100% of the funding to help fund West Basin's water efficiency programs and to offset West Basin's costs.
	Utilize USBR grant agreement to add an additional \$1 per square foot to MWD's \$2, for a total of \$3 per ft.	Extended grant in order to continue providing the additional grant funding in FY 2024-2025.
	Utilize DWR grant to add an additional \$3 ft to MWD's \$2 ft, for a total of a \$5 per ft rebate to underserved priority communities.	Extend grant agreement with DWR in order to continue providing higher incentive to underserved areas.
	Partnered with Las Virgenes MWD and L.A. County Waterworks to implement a new grant project in the NSMB area. Partners were awarded a \$1.3M grant.	West Basin to hire the Project Manager to promote and implement the project. West Basin to be reimbursed 100% by the grant for the cost of the Project Manager.



Customer Service		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<i>Strategy 4.4: Promote outreach and education programs</i>	Promoted West Basin's programs at community events and webinars in partnership with the South Bay Environmental Services Center.	Continue working with the South Bay Environmental Services Center to promote West Basin's programs.
	Supported West Basin's retail customer agencies in complying with state mandates and new standards for water use efficiency.	Implement regular meetings to update the local cities and water retailers on the upcoming water use objective regulations and local programs and resources.
	Continue promoting MWD's California Friendly Landscape Training Webinars to the public.	Partners with the Water Replenishment District (WRD) to provide five (5) free "In-Person" California Friendly Landscape Training Classes.
	Provided several West Basin educational Grass Replacement webinar chats.	Continue providing regular West Basin Grass Replacement webinar chats.
	Served as a subject matter expert for potential future projects across the service area focusing on water efficiency.	Serve as a subject matter expert for potential future projects across the service area focusing on water efficiency.
		Develop Commercial, Industrial, and Institutional resources that would assist the local water retailers and cities to understand the new water conservation requirements as part of the state's new water use objectives.

Environmental Stewardship		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<i>Strategy 5.2: Continue to gain environmental community support for West Basin programs</i>	Maintained strong relationships with city staff that help promote the implementation of new Grass Replacement projects in public agency landscapes.	Continue maintaining strong relationships with city staff.
	Participated in the monthly South Bay Environmental Services Center (SBESC) Partners' Meeting.	Continue outreach to gain environmental and community support in the development and implementation of our water efficiency programs.
	Continued outreach to gain environmental and community support in the development and implementation of our water efficiency programs.	Continue outreach efforts with the environmental community.
	Partnered with various cities, agencies, and non-profit groups in the distribution of water efficiency devices and promotion of educational webinars provided through the Water Lab series.	Continue partnering with various cities, agencies, and non-profit groups in the distribution of water efficiency devices and promotion of educational webinars provided through the Water Lab series.
	Participate in the Malibu Area Conservation Coalition (MACC) Committee Meeting and represent West Basin.	Continue participating in the Malibu Area Conservation Coalition or (MACC).

## Performance Metrics

Metric	FY 2022-2023	FY 2023-2024	FY 2023-2024	FY 2024-2025
	Actual	Projected	Target	Target
Distribute 1,500 Rain Barrels	1,500	1,500	1,500	1,500
Secure 25% Outside Funding for Conservation Programs	36%	25%	25%	25%
Remove up to 266,000 square feet of grass through Grass Replacement Rebate Program (Residential, Commercial, Public Agency)	86,409	266,000	450,000	266,000
Implement 5 Water Use Efficiency Classes / Webinars	5	6	6	7
Host 2 Firescaping classes	2	2	2	2
(1) SoCalGas Partnership Program - Target 100 homes	200	50	50	
(2) Parkway Beautification Landscape Program - Target is to construct 25 Parkways each year				25
(1) Program ended in FY 2023-2024				
2) New program beginning in FY 2024-2025				

# Purveyor Water Quality Monitoring Program

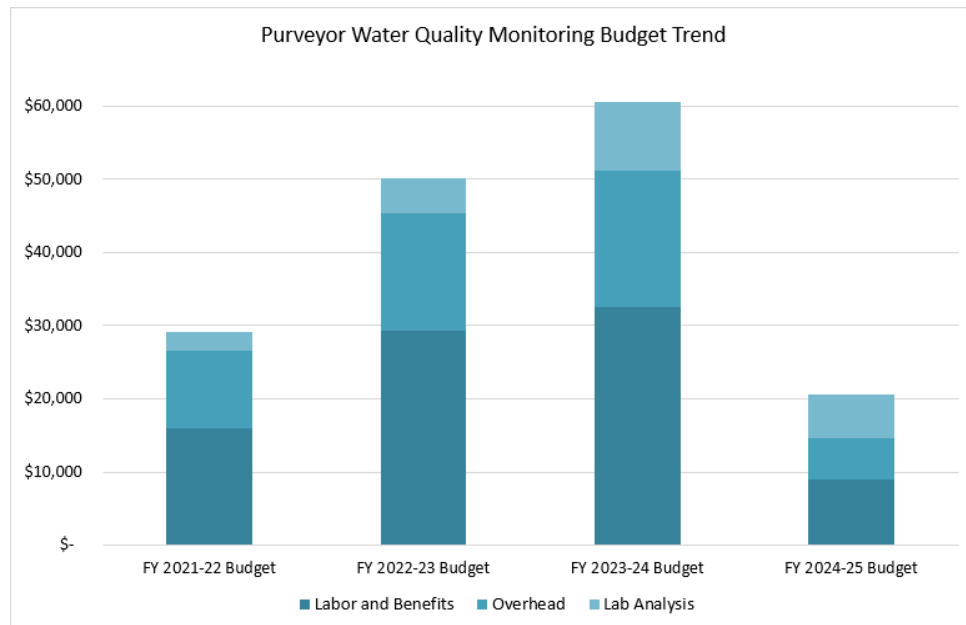
West Basin administers the Water Quality Monitoring Program for two of its potable water purveyors – city of Manhattan Beach and city of Inglewood. The program is designed for West Basin staff to assist our water purveyors in complying with California's Title 22 regulations for drinking water and with the Federal Safe Drinking Water Act regulations. Regular program activities include compliance sample scheduling, contracting wellhead sampling, contracting laboratory analytical services, reviewing water quality data for compliance, maintaining water quality databases, providing water quality data and relevant regulatory information distributed from Metropolitan Water District (MWD) or other agencies. On an annual basis, the program produces the Consumer Confidence Reports (CCR) using water quality data from both surface water (MWD) and groundwater (city wells). The Unregulated Contaminant Monitoring Rule (UCMR) program is also managed under the Purveyor Program. Additional activities under the UCMR program include providing informational updates and training about the program and its targeted analytes, coordinating monitoring and reviewing results, and approving data within the EPA's Central Data Exchange website. The final component of the Program is the production of the triennial Public Health Goals (PHG) report using water quality data from the previous three years.



## Purveyor Water Quality Monitoring Operating Budget

	FY 2022-2023 Actuals	FY 2023-2024 Projected	FY 2023-2024 Budget	FY 2024-2025 Budget
Monitoring Program	\$1,160	\$1,100	\$9,348	\$5,925
Labor and Benefits	\$35,002	\$7,000	\$32,521	\$8,943
Overhead	\$18,515	\$3,000	\$18,633	\$5,696
<b>Total Title 22 Monitoring</b>	<b>\$54,677</b>	<b>\$11,100</b>	<b>\$60,502</b>	<b>\$20,564</b>

## Budget Trends



## Strategic Goals and Objectives

Water Quality		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<i>Strategy 3.3: Meet permit and contractual water quality requirements</i>	Completed all water quality sampling, scheduling, and analyses required to comply with Federal Safe Drinking Water Act and California Title 22 Drinking Water regulations such as analyses of all inorganic, organic compounds, and radioactive compounds through coordination with laboratories, participating retailers, and regulators.	Complete all water quality sampling, scheduling, and analyses required to comply with Federal Safe Drinking Water Act and California Title 22 Drinking Water regulations such as analyses of all inorganic, organic compounds, and radioactive compounds through coordination with laboratories, participating retailers, and regulators.
	Completed annual CCR for participating retailers as required by the Department of Drinking Water for public water systems.	Complete annual CCR for participating retailers as required by the Department of Drinking Water for public water systems.
	Finalized monitoring schedules and coordinate sampling. Review and approve data once posted to EPA website.	Finalize monitoring schedules and coordinate sampling. Review and approve data once posted to EPA website.

Environmental Stewardship		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<i>Strategy 4.2: Ensure client and customer agency satisfaction</i>		Work with purveyors to plan sampling and reporting required by the EPA for the UCMR 5 program.
	Worked with purveyors to plan sampling and reporting required by the EPA for the UCMR 5 program.	Review and approve data once posted to the EPA website.
	Reviewed and approved data once posted to the EPA website.	Engage purveyors with relevant webinars or workshops.
	Engaged purveyors with relevant webinars or workshops.	Use water quality data to produce the triennial Public Health Goal report for participating retailers and submit to cities for review and presentation to city governments.
	Drafted a budget and send to cities to confirm interest in program participation (quarterly wellhead sampling, CCR assistance, and management of the UCMR 5 program).	Draft a budget and send to cities to confirm interest in program participation (quarterly wellhead sampling, consumer confidence report assistance, and management of the UCMR 5 program).

## Performance Metrics

Metric	FY 2022-2023 Actual	FY 2023-2024 Projected	FY 2023-2024 Target	FY 2024-2025 Target
Bill purveyors on Time	100%	100%	100%	100%
Complete annual CCR and send to Cities	100%	100%	100%	100%
Prepare quarterly monitoring schedule for cities	100%	100%	100%	100%
Begin UCMR 5 Program Implementation	n/a	100%	100%	100%
Complete Triennial Public Health Goal Report and send to cities	n/a	n/a	n/a	100%

# Overhead Program Costs

West Basin's Administrative Services, Board Services, Finance and Contracts, Human Resources departments, Information Technology, and building maintenance costs are classified as overhead costs. Each overhead cost is budgeted individually and discussed with the West Basin Board during the annual budget workshops. However, the overhead costs are not shown on West Basin's Financial Statements as an individual line item. Instead, the total overhead costs are allocated to each operating program monthly. Overhead costs are not allocated to West Basin's Capital Improvement program per the Governmental Accounting Standard Board (GFOA)'s recommendation

## Overhead Operating Budget

	FY 2022-2023 Actuals	FY 2023-2024 Projected	FY 2023-2024 Budget	FY 2024-2025 Budget
<b>Administration</b>	\$2,681,091	\$997,873	\$1,079,200	\$1,150,820
<b>Board Services</b>	1,233,537	442,740	654,000	1,516,868
<b>Building</b>	412,595	386,316	407,400	401,550
<b>Finance &amp; Contracts</b>	260,406	170,246	247,200	235,300
<b>Human Resources</b>	172,309	123,725	235,000	244,550
<b>Information Technology</b>	-	1,353,830	1,637,600	1,629,501
<b>Total Overhead</b>	<b>\$4,759,938</b>	<b>\$3,474,730</b>	<b>\$4,309,900</b>	<b>\$5,178,589</b>

## Administration and Board Services

The Administration and Board Service Department provides support to the Board and General Manager. This department manages West Basin's records management, memberships and sponsorships, and all activities related to the West Basin Board.

	FY 2023-2024 Budget	FY 2024-2025 Budget
Director Costs	\$480,000	\$554,268
Election Costs	-	800,000
Professional Services	150,000	120,000
Office Administration	417,7000	451,970
Legal Services	360,000	360,000
LAFCO Share	80,000	80,000
Memberships	165,000	171,450
Sponsorships (Directors)	75,000	75,000
Sponsorships	55,000	55,000
<b>Total</b>	<b>\$ 1,782,700</b>	<b>\$ 2,667,688</b>

The total increase in budget from FY 2023-24 to FY 2024-25 is largely due to the election costs as there are two seats of the Board for Division 3 and Division 5 which are up for election in FY 2024-25. Each West Basin's Board Director is elected to serve a 4-year term.

## Donald L. Dear Building

The Donald L. Dear Building (West Basin's Headquarters Building) budget includes the cost to operate, repair, and maintain the building and the parking lot and the purchase and replacement of small equipment.

	FY 2023-2024 Budget	FY 2024-2025 Budget
Utilities	\$159,300	\$180,550
Facility Maintenance	85,000	62,600
Non-Professional Services	162,500	158,400
Office Administration	600	-
<b>Total</b>	<b>\$407,400</b>	<b>\$401,550</b>

- Non-professional services include security services, janitorial and landscape services.
- Increase in utility costs is due to an increase in unit pricing of utility. In addition, per the new state law business and residents are required to have a compost dumpster.



## Human Resources

The Human Resources Department manages West Basin's recruitment, employee salary, benefit and retirement plans, employment legal issues, and employee development training programs. In addition, the department is responsible for the oversight of risk management and safety of the West Basin facilities.

	FY 2023-2024 Budget	FY 2024-2025 Budget
Professional Services	\$188,250	\$125,000
Legal Services	40,000	20,000
Advertising	20,000	23,000
Office Administration	76,750	76,550
<b>Total</b>	<b>\$325,000</b>	<b>\$244,550</b>

- Class and Compensation Study to evaluate the entire West Basin's Salary structure for each full-time position.
- Continue to develop Workforce development by attending various college and workforce fairs.
- Focus on Essential Employment Development Training.

## Finance and Contracts

The Finance and Contracts team manages the West Basin's budget, accounts payable, accounts receivable, water billing, financial audit and reporting, and procurement of goods and services for the entire district.

	FY 2023-2024 Budget	FY 2024-2025 Budget
Professional Services	\$ 186,640	\$ 149,790
Legal (Bond Counsel)	25,000	26,200
Office Administration	35,560	59,310
<b>Total</b>	<b>\$ 247,200</b>	<b>\$235,300</b>

- Professional Services costs include the costs for the bond counsel and financial advisor services. West Basin uses outside consultants to help with debt insurance and assistance in long-range financial plans.

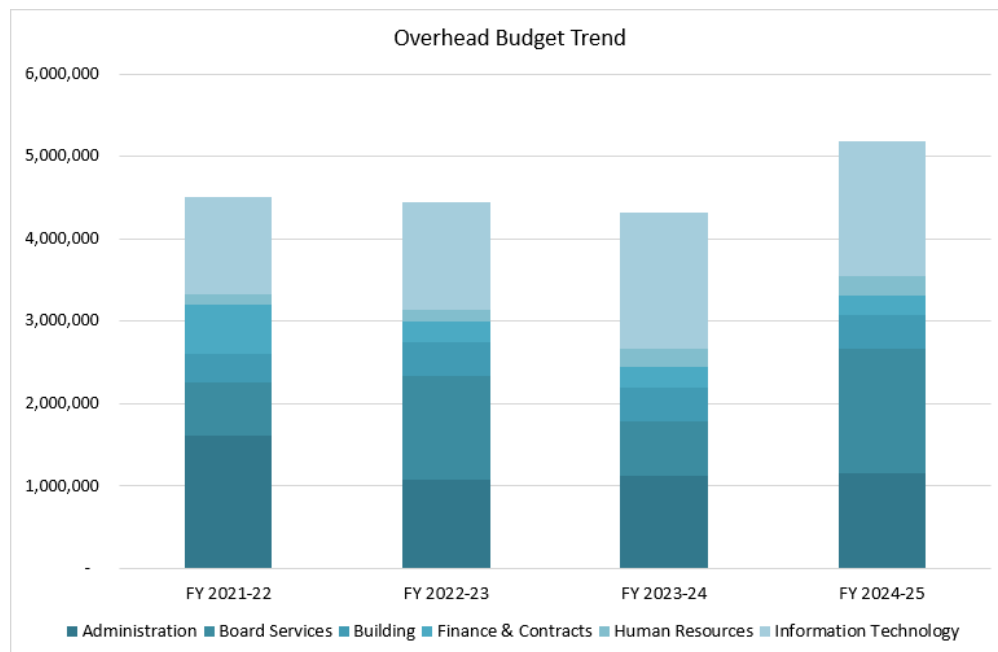
## Information Technology

Information Technology manages West Basin's IT infrastructure, IT equipment purchases, IT equipment repair and maintenance, desktop support, software upgrades, and the implementation of new IT systems for each department.

	FY 2023-2024 Budget	FY 2024-2025 Budget
Professional Services	\$465,000	\$367,000
Equipment/Supplies	105,000	109,000
Software Licenses	817,700	1,008,501
Office Administration	249,900	145,000
<b>Total</b>	<b>\$ 1,637,600</b>	<b>\$ 1,629,501</b>

- Increase in software licenses due to additional software implementation from the previous year and rise in renewal cost.
- Office administration costs include telecommunication costs and lease expenses for District hardware.
- Professional services required to assist with software implementations and to create customized reports for departments.

The following graph shows the variability of the Overhead program budget from FY 2021-2022 through FY 2024-2025.



The total Overhead Budget costs will be allocated to all of West Basin's operating programs as shown below:

Program Budget	FY 2024-2025 Overhead Allocation
Recycled Water Operations	\$2,226,793
Public Information and Education	1,553,577
Water Use Efficiency / Conservation	466,073
Technical Planning	207,144
Water Policy and Resources Development	719,306
Water Quality Monitoring Program	5,696
<b>Total Overhead Costs</b>	<b>\$5,178,589</b>

## Strategic Goals and Objectives

Sound Financial and Resource Management		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
<i>Strategy 2.1: Provide effective overall capital facility asset management through the application of industry best-practices</i>	Conducted a cost-of-service study to determine the cost of providing the different services utilizing industry accepted practices for the classification and allocation of cost for potable and recycled water.	Complete and implement the cost-of-service study.
<i>Strategy 2.6: Operate cost-efficiently and effectively, with robust internal controls</i>	Collaborated with IT to implement an automated accounts payable system, and an budgeting software tool.	Collaborated with IT to implement a new water billing system.
<i>Strategy 2.8: Recruit and hire qualified candidates to fill all West Basin positions</i>	Collaborated with outside sources to develop effective DEIA program.  Participated in college/university job fairs and other university sponsored events to boost student interest and diversity in recruitment efforts.	Further collaborate with outside sources to develop effective DEIA program.  Continue to participate in college/university job fairs and other university sponsored events to boost student interest and diversity in recruitment efforts.
<i>Strategy 2.9: Manage and reward performance</i>	Distributed annual Employee Benefit Statements to ensure employee awareness of their covered benefits.  Secured Board approval of West Basin's updated Salary Schedule in compliance with CalPERS regulations.	Distribute, receive and record 100% Annual Employee Performance Evaluations for all employees.  Distribute annual Employee Benefit Statements to ensure employee awareness of their covered benefits.  Conduct Class and Compensation assessment.
<i>Strategy 2.10: Develop a formal plan for workforce retention, training, and succession planning</i>	Conducted mandatory staff Safety Meetings in accordance with West Basin's Injury/Illness Prevention Program.  Maintain employee Training and Tracking log.  Successfully secured a Wellness Grant through ACWA JPIA to assist in West Basin's health and wellness initiatives for its employees.  Secured Board resolution of applicable amendments made to the Human Resources Section of the Administrative Code.	Continually keep Executive Management Team and staff updated on Suggestion Box feedback and comments. In addition, address Suggestion Box feedback with staff to include potential resolutions.  Continue efforts in the creation and implementation of the District's Diversity, Equity and Inclusion Committee/Team.  Keep management abreast of the Team's recommendations and discussions on a continuous basis.  Conduct CPR/AED training for staff.

Customer Service		
Strategic Business Plan	FY 2023-2024 Accomplishments	FY 2024-2025 Strategies
Strategy 4.3: Support the Board in maintaining a Strategic Business Plan		Issue an RFP to hire a consultant to assist the Board in updating its Strategic Business Plan
	Considered opportunities to partner with local community business organizations to increase awareness of our projects	Create a form and process to capture Small and Local Subcontractor spend.
Strategy 4.5: Engage small and/or local businesses in the procurement of services	Staff attended various vendor outreach events within the Los Angeles County to promote the Districts small and local business procurement opportunities.	Create a strategy to better capture small business status.

## Performance Metrics

Metric	FY 2022-2023 Actual	FY 2023-2024 Projected	FY 2023-2024 Target	FY 2024-2025 Target
On-time submission of annual bond disclosure	100%	100%	100%	100%
Investment Benchmark – meet or exceed ICE BofA 1-3 Yr US Treasury Index	Exceeded	Meet	Meet	Meet
Maintain AA credit rating from Moody's and Standard & Poor's	Aa2/AA-	Aa2/AA-	Aa2/AA-	Aa2/AA-
Achieve internal all-in Debt Coverage target of 1.75	1.32	1.27	1.50	1.56
Have 100% submittal of Performance evaluations	100%	100%	100%	100%
Conduct and Present on the Annual District Diversity Report	Met	Met	Meet	Meet
Achieve Board directed goal for overall spend with Small and or Local Businesses	20%	10%	10%	10%

## ACRONYMS AND GLOSSARY



# Acronyms

**AB** – Assembly Bill

**ACWA/JPIA** – Association of California Water Agencies/Joint Powers Insurance Authority

**AF** – Acre-Foot

**AFY** – Acre-Foot per Year

**CFS** – Cubic Feet per Second

**CIP** – Capital Improvement Program

**CPI** – Consumer Price Index

**CWSC** – California Water Service Company

**CY** – Calendar Year

**DWR** – Department of Water Resources

**ECLWRF** – Edward C. Little Water Recycling Facility

**EPA** – Environmental Protection Agency

**FTE** – Full-Time Equivalent

**FY** – Fiscal Year

**GAAP** – Generally Accepted Accounting Principles

**GASB** – Government Accounting Standards Board

**GFOA** – Government Finance Officers Association

**HPBF** – High Pressure Boiler Feed

**JMMCRWRF** – Juanita Millender-McDonald Carson Regional Water Recycling Facility

**LADWP** – Los Angeles Department of Water and Power

**LASAN** – Los Angeles Sanitation District

**LPBF** – Low Pressure Boiler Feed

**LRP** – Local Resources Program

**LRFP** – Long Range Financial Plan

**MBR** – Membrane Bioreactor

**MF** – Microfiltration

**MGD** – Million Gallons per Day

**MWD** – Metropolitan Water District of Southern California

**OPEB** – Other Post-Employment Benefits

**OS** – Official Statement

**PARS** – Public Agency Retirement System

**PAYGO** – Pay-As-You-Go

**POS** – Preliminary Official Statement

**POTS** – Plain Old Telephone Service

**R&D** – Research and Development

**R&R** – Rehabilitation and Replacement

**RCS** – Reliability Service Charge

**RO** – Reverse Osmosis

**RTS** – Readiness-To-Serve

**RWMP** – Recycled Water Master Plan

**SB** – Senate Bill

**SRF** – State Revolving Fund

**UCMR** – Unregulated Contaminant Monitoring Rule

**UWMP** – Urban Water Management Plan

**USBR** – United States Bureau of Reclamation

**WRD** – Water Replenishment District



# Glossary

**Appropriation** – Authorization of funds restricting expenditure to a designated purpose within a specified time frame.

**Accrual Basis** – The basis of accounting under which transactions are recognized when they occur, regardless of timing of cash receipts and disbursements.

**Acre-Foot** – A unit of measure equivalent to 325,900 gallons of water that meets the need of two average families, in and around the home, for one year.

**Adjustable Rate Revenue Certificates of Participation** – Tax-exempt government variable rate securities used to finance capital costs.

**AFY** – Acre-Foot per Year

**Annual Comprehensive Financial Report** – An annual report intended to provide interested parties a broad financial outlook of West Basin.

**Annual Tier 1 Maximum** – An annual set amount of non-interruptible water an agency may purchase at a preferred rate.

**Audit** – Typically a review of financial reports or performance activity (such as of an agency or program) to determine conformity or compliance with applicable laws, regulation and/or standards.

**Balanced Budget** - A balanced budget occurs when the total sum of money a government collects in a year is equal to the amount it spends on goods, services, and debt interest.

**Barrier Water** – Imported or recycled water that is injected into wells to prevent seawater intrusion into the groundwater.

**Bonds** – A debt security issued by a government to support government spending and obligations.

**Bond Fund** – Restricted funds used to pay for capital expenditures.

**Brackish Water** – A mixture of seawater and freshwater.

**Budget** – A balanced financial plan for a specified period of time.

**California Public Employees Retirement System** – An agency in the California executive branch that manages public employees' pension and health benefits.

**California Water Service Company** - The largest investor-owned American water utility west of the Mississippi River and the third largest in the country. Formed in 1926, the San Jose-based company serves 460,000 customers through 26 Customer and Operations Centers throughout the state.

**Capacity Charge** – A charge to recover the cost of providing peak capacity within the distribution system.

**Capital Expenditure** – Costs incurred that will derive a future benefit and include the acquisition or upgrade of land, equipment or facilities.

**Capital Improvement Program** – A multi-year plan identifying capital projects to be funded during the planning period.

**Certificate of Participation** – a type of financing where an investor purchases a share of the lease revenues of a program rather than the bond being secured by those revenues.

**Cubic feet per second** – Unit of measure used to determine volume of water flowing through meters.

**Colorado River Aqueduct** – The 242 mile-long water conveyance system built by Metropolitan Water District to carry water from the Colorado River to its Southern California services area.

**Consumer-Price-Index** - A measurement of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

**COVID-19** - a mild to severe respiratory illness that is caused by a **coronavirus** (*Severe acute respiratory syndrome coronavirus 2* of the genus *Betacoronavirus*), is transmitted chiefly by contact with infectious material (such as respiratory droplets) or with objects or surfaces contaminated by the causative virus, and is characterized especially by fever, cough, and shortness of breath and may progress to pneumonia and respiratory failure.

**Debt Limit** - The legal maximum debt permitted a municipal, state, or national government.

**Defeasance** – A provision that voids a bond or loan when the borrower sets aside cash or bonds sufficient enough to service the borrower's debt.

**Debt Coverage** – The ratio of annual net income to annual debt service.

**Debt Service** - Principal and interest payments on bonds or other debt instruments used to finance capital facilities.

**Department of Water Resources** – DWR operates and maintains the State Water Project, including the California Aqueduct. The department also provides dam safety and flood control services, assists local water districts in water management and conservation activities, promotes recreational opportunities, and plans for future statewide water needs.

**Designated Funds** – Unrestricted funds that can be used for any lawful purpose at the discretion of the Board of Directors.

**Disinfected Tertiary Recycled Water** - Secondary treated wastewater that has been filtered and disinfected for industrial and irrigation uses.

**Double Pass Reverse Osmosis Water** - Secondary treated wastewater pretreated by ozone and microfiltration, followed by two passes of RO treatment for high pressure boiler feed water

**Edward C. Little Water Recycling Facility** – The main water recycling plant in El Segundo, California that began operations in 1995.

**Effluent** – Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

**Enterprise Fund** – An entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity.

**Environmental Protection Agency** – An independent executive agency of the United States Federal government tasked with environmental protection matters.

**Financial Policies** – Document approved by the Board of Directors that identifies parameters through which West Basin operates and provides a standard in which fiscal performance can be reviewed.

**Fiscal Year** – The time frame in which the budget applies, this is the period of July 1 through June 30.

**Fixed Service Charge** – A fixed fee collected from customers to recover the cost of providing services.

**Full-Time Equivalent** – An employee that normally works 40 hours per week and receives full benefits.

**Fund** – Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, including all related liabilities and residual equities or balances, with changes segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance** – Represents the difference between assets and liabilities.

**General Fund** – Unrestricted funds used to pay for general or operating expenditures.

**Government Accounting Standards Board** – The source of generally accepted accounting principles used by State and Local governments in the United States of America.

**Groundwater** – Water that has percolated into natural, underground aquifers; water in the ground, not water collected on the surface.

**Imported Water** – Water imported by MWD through the Colorado River Aqueduct system and from Northern California.

**Integrated Regional Water Management Plan** A plan prepared by a Regional Water Management Group pursuant to the Department of Water Resources' IRWMP Program. The plan describes how integrated planning is the effective management of resources through collaboration of efforts and cooperation of various entities. The integration of multiple water management strategies via multipurpose projects creates opportunities to meet regional water resource needs, efficiently use fiscal resources, and provide the public with tangible community benefits.

**Irrigation** – Applying water to crops, lawns, or other plants using pumps, pipes, hoses, sprinklers, etc.

**Juanita Millender-McDonald Carson Regional Water Recycling Facility** – A satellite recycling plant in Carson, California.

**LIBOR** – The London Interbank Offered Rate is the average interest rate estimated by leading banks in London that they would be charged if borrowing from other banks.

**Local Resources Program** - A program offered by MWD that provides financial assistance to member agencies and local water purveyors who make beneficial use of treated wastewater.

**Metropolitan Water District of Southern California** – MWD is one of the world's largest water agencies. It imports almost 60% of the water used by more than 15 million people in Southern California, including San Diego County. This water is wholesaled to Metropolitan's 26 member agencies. MWD is governed by a 37-member Board of Directors representing its member agencies.

**Metropolitan's Tier 1 Supply Rate** – Recovers the cost of maintaining a reliable amount of supply.

**Metropolitan's Tier 2 Supply Rate** – Set at MWD's cost of developing additional supply to encourage efficient use of local resources.

**Metropolitan's Treatment Surcharge** – Recovers the costs of treating imported water.

**Metropolitan's System Access Rate** – Recovers a portion of the costs associated with the delivery of supplies.

**Metropolitan's System Power Rate** – Recovers MWD's power costs for pumping supplies to Southern California.

**Metropolitan's Water Stewardship Rate** – Recovers the costs of MWD's financial commitment to conservation, water recycling, groundwater clean-up and other local resource management programs.

**Microfiltration** – A membrane filtration process in which water passes through small pores of the micro-filtration membrane, accumulating particles on its surface. Periodically, flow is reversed to remove the debris.

**Moody's** – One of the nationally recognized statistical-rating organizations.

**Nitrified Water** - Disinfected Tertiary Recycled Water that has been nitrified to remove ammonia for industrial cooling towers.

**Non-Interruptible Water** – The treated firm water supply that is available year-round.

**Official Statement** – A legal statement which serves as the prospectus for a municipal bond. It is a disclosure of the finances surrounding the issue of the municipal bond, and is prepared by the local or state government and its legal counsel. It also indicates how investors in the bonds will be repaid.

**Overhead** – Indirect expenses to support the general operations of West Basin.

**Pay-As-You-Go** – The practice of funding construction expenditures from current operating revenues in-lieu of using debt proceeds.

**Potable** – Drinkable water. Conversely, non-potable means non-drinkable.

**Public Agency Retirement System** – A retirement plan established to provide benefits to Board of Directors that meets certain minimum requirements.

**Readiness-To-Serve Charge** – A charge designed to provide firm revenue for Capital Investment Plan debt service to meet the reliability and quality needs of existing users.

**Recycled Water** – Tertiary treated water that cannot be used for domestic purposes and must meet appropriate federal, state, and local laws and regulations.

**Refunding Revenue Bonds** – A bond that retires another bond before the first bond matures. Refunding bonds may be issued for a number of reasons, but mainly to reduce the cost of funding as a result of lower interest rates.

**Reliability Service Charge** – West Basin's charge to cover the cost of its programs and services.

**Restricted Funds** – Funds restricted by a third party, by law, regulation or contractual obligation.

**Revenue Certificates of Participation** – Tax-exempt government securities used to finance capital costs related to construction or acquisition and may not be used to finance ongoing operating costs.

**Reverse Osmosis** - A filtration process that forces water through membranes that contain microscopic holes, removing microorganisms, organic chemicals and inorganic chemicals, producing very pure water.

**Seawater Intrusion** – The movement of salt water into a body of fresh water. It can occur through surface water or groundwater basins.

**Single Pass Reverse Osmosis Water** - Secondary treated wastewater pretreated by ozone and microfiltration, followed by one pass of RO treatment for low-pressure boiler feed water.

**Standby Charges** – An annual charge paid by property owners to fund West Basin’s debt service obligation on the West Basin Water Recycling Facilities.

**Standards & Poor’s** - One of the nationally recognized statistical-rating organizations.

**State Revolving Fund Loan** – a fund administered by a state for the purpose of providing low-interest loans for investment in water and sanitation infrastructure.

**State Water Project** – An aqueduct system that delivers water from Northern California to Central and Southern California.

**Teleworking** - the use of home computers, telephones, etc, to enable a person to work from home while maintaining contact with colleagues, customers, or a central office. Also called: telecommuting

**Title 22** - A section of California Code of Regulations pertaining to various aspects of drinking water and recycled water standards.

**Treated Sewer water** – is a type of wastewater that has been treated to remove contaminants and is an effluent that is suitable for discharge to the surrounding environment or an intended reuse application.

**Unrestricted Funds** – Funds not restricted by a third party, by law, regulation or by contractual obligation.

**Urban Water Management Plan** – A report prepared by a water purveyor to ensure the appropriate level of reliability of water service sufficient to meet the needs of its various categories of customers during normal, single dry or multiple dry years. The California Water Management Planning Act of 1983, as amended, requires urban water suppliers to develop an UWMP every five years in the years ending in zero and five.

**Water Reclamation** – Wastewater treatment making the water suitable for beneficial reuse, such as landscape irrigation. Also called water recycling.

**Water Replenishment District** - WRD manages groundwater for nearly four million residents in 43 cities of Southern Los Angeles County. The 420 square mile service area uses about 250,000 acre-feet of groundwater per year, which equates to nearly 40% of the total demand for water. The WRD ensures that a reliable supply of high-quality groundwater is available through its clean water projects, water supply programs, and effective management principles.

**Water Use Efficiency** – the best tool for stretching water supplies without making unnecessary investments in infrastructure, shifting available water resources or negatively impacting the environment.

# APPENDIX





# Capital Improvement Program CIP

## 1. Capital Expenditures

Capital expenditures are defined as funds used to acquire, upgrade, and maintain physical assets. West Basin's capital assets include land, buildings, building improvements, furniture, machinery and equipment, water treatment plants, pump stations, capacity rights, distribution systems, and all other tangible, intangible, donated, leased assets and subscription-based information technology arrangements.

To be considered for capitalization, an asset must meet the requirements below:

- To be acquired (purchased, constructed, donated, or leased)
- To be used in operations as opposed to investment or sale
- To have an economic minimum useful life of at least three (3) years, or to extend the economic minimum useful life of an existing asset by at least three (3) years
- The cost of each asset or component unit of the asset must be greater than or equal to \$10,000

## 2. Process to identify funded projects

West Basin owns several recycled water plants and provides five (5) different types of recycled water to our service area. The CIP budget is developed based on a master plan and other planning-level studies, as well as input from the Board, executive team, department managers, and various project managers and system operators throughout the organization.

### Initial Project Prioritization

West Basin's long-term master planning efforts aim to identify capital projects that support the following objectives:

1. Safety
2. Customer Experience
3. Reliability
4. Compliance and Stewardship
5. Schedule
6. Cost Savings

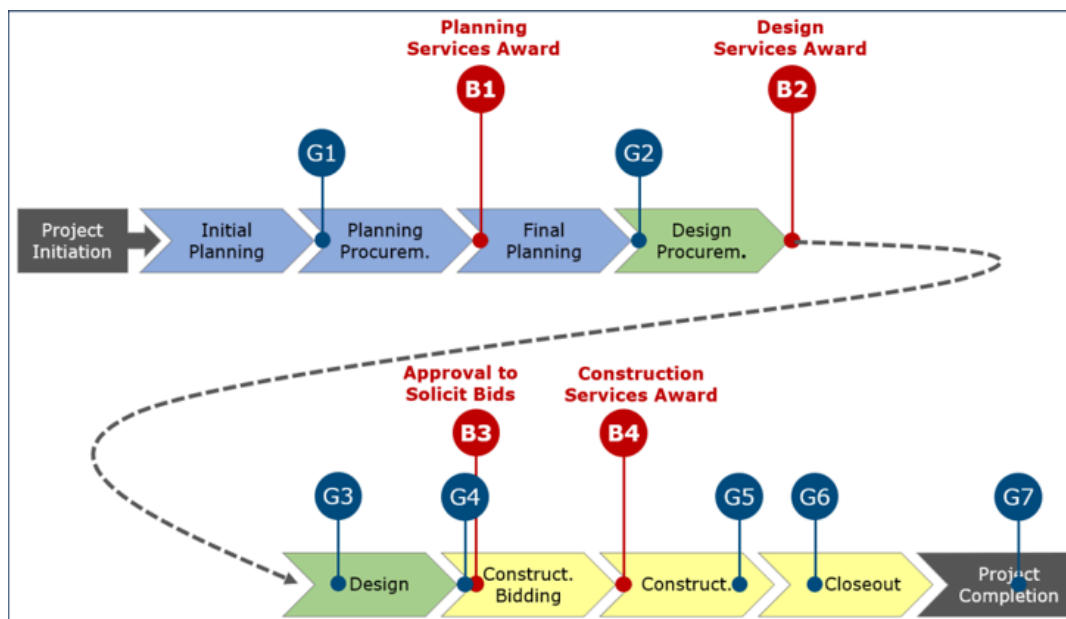
## Annual Considerations and Updates

West Basin staff re-evaluates District capital projects annually as part of this CIP budget development. The CIP projects are recommended by the staff to the Board of Directors (Board) based on newly available information (e.g., recently completed planning studies, new data analyses), current assets conditions, available funding opportunities, regulatory and/or permit requirements, the District's contractual commitments, and cash reserve level.

In addition, capital projects are reviewed throughout the fiscal year via a Stage Gate process, in which multiple departments and stakeholders are engaged in developing and recalibrating ongoing projects. Stakeholders for the Stage Gate process may include West Basin's Executive Management Team, Managers, various internal departments, the Contract Plant Operator, and Contract Distribution System Operator. Stage gates break up projects into a series of stages with gates between them, where a decision is made as to whether the project can move to the next stage.

The Stage Gate process provides several opportunities for input and feedback on the scope and cost of the project from the Board and other stakeholders as the project develops from the preliminary design report (PDR) through the construction stage. Figure 7 below illustrates West Basin's Stage Gate process.

The Board will be involved in four key decision touchpoints in the project development process, the Planning Services Award (B1), the Design Services Award (B2), the Approval to Solicit Bids (B3), and the Construction Services Award (B4). The Stage Gate process will provide the Board with the most up-to-date project implementation and project cost information.



## Board Workshops & Feedback

To engage the Board and customers, West Basin staff presented the proposed Fiscal Year 2024-2025 CIP budget in several Budget Workshops held between April 2024 and June 2024. During these workshops, staff discussed the Current CIP Projects that will continue through fiscal year 2024-2025, as well as other CIP Projects currently in consideration with the Board.

### 3. CIP Project Summary

West Basin's CIP includes three components: 1) New Infrastructure projects, 2) Rehabilitation & Replacement (R&R) projects, and 3) Other projects, and is designed to support the District's strategic business plan objectives.

#### 1. New Infrastructure:

Projects that call for the construction of new recycled water infrastructure and equipment to increase recycled water use. Such projects may call for the expansion of the distribution system, the construction of new lateral pipelines, and the establishment of new customer connections. It may also include projects that increase the capacity and improve the reliability of the existing recycled water facilities by installing new treatment systems. Certain New Infrastructure projects may also address water quality and regulatory requirements with new technologies, unit processes, or equipment.

#### 2. Rehabilitation and Replacement:

Phase 1 construction of West Basin's recycled water treatment and distribution systems was completed in 1995. With aging infrastructure, the R&R of existing facilities and equipment is critical to maintaining the District's production capacity, achieving its water quality goals, meeting contractual commitments, and extending the useful life of existing treatment infrastructure. West Basin periodically conducts equipment assessments of its recycled water facilities to determine the condition of the equipment and develop R&R project plans. The R&R projects are continuously prioritized, planned, and implemented by West Basin to maintain service to existing customers. R&R projects also enhance recycled water processes in response to changed asset and water quality conditions, restore lost recycled water system capacity, and realize cost savings by efficiently operating upgraded equipment.

#### 3. Other Projects:

This component includes capital projects that support West Basin's efforts in exploring other local water supply sources, maintaining existing building assets, and implementing necessary Information Technology (IT) related upgrades.

### 4. Fiscal Year 2024-2025 CIP Budget

The proposed FY 2024-2025 CIP budget of **\$42,349,109** includes current, and other prioritized projects that require some external funding. A detailed breakdown of the FY 2024-2025 CIP budget is included in Table 1 (Current Projects) and Table 2 (Potential Projects with External Funding). A CIP funding summary is presented in Table 3 (CIP Funding Summary FY 2024-2025).



**Table 1. Current Projects**

Name	Estimated Total Cost of the Project (Past, Present, Future)	FY 2024-2025 Budget	Funding for FY 2024-2025		
			Funding from Refineries	Funding from Others	District Funding
New Infrastructure - Treatment Assets					
JMMCRWRP Phase II Expansion Project	\$ 33,346,736	\$ 650,109	\$ 36,510		\$ 613,599
New Infrastructure - Customer Development Pipelines & Laterals					
Palos Verdes Recycled	\$16,971,241	\$ 2,565,749	-	\$1,836,189	\$729,560
Mills Park Recycled Water Lateral	\$1,145,325	\$ 24,282	-	-	24,282
North Gardena Recycled Water Lateral	\$1,289,736	\$ 30,405	-	-	30,405
South Bay I-405 Auxiliary Lanes	\$720,620	\$ 379,575	-	-	379,575
R&R Projects					
ECLWRF Solids Handling Improvement	\$21,030,798	\$ 14,555,061	\$ 1,824,047	-	\$ 12,731,013
ECLWRF Title 22 Filter R&R	\$10,678,105	\$ 1,605,776	\$ 70,426	-	\$ 1,535,350
Distributed Control System Backbone Replacement (Phase I)	\$11,893,778	\$ 6,380,090	\$ 441,338	-	\$ 5,938,752
ECLWRF Barrier Basin & Pump Station Rehabilitation	\$14,569,219	\$ 27,852	-	-	\$ 27,852
ECLWRF Disinfected Tertiary Product Pumps & VFDs Rehabilitation	\$9,143,368	\$ 30,960	-	-	\$ 30,960
ECLWRF Bulk Chemical Storage	\$15,623,732	\$46,835	-	-	\$46,835
ECLWRF Fire Protection System Improvement	\$490,358	\$417,005	-	-	\$417,005
CNTP Bulk Chemical Storage	\$2,698,744	\$1,467,876	-	-	\$1,467,876
JMMCRWRP Bulk Chemical Storage	\$3,361,743	\$571,782	-	-	\$571,782
JMMCRWRP Site Improvement	\$285,937	\$285,937	-	-	\$285,937
Capital Asset R&R*	\$33,229,399	\$5,37,974	\$891,335	-	\$4,456,639
Other Projects*	\$1,176,396	\$970,841	-	-	\$970,841
Subtotal	\$177,655,234	\$35,358,109	\$3,263,656	\$1,836,189	\$30,258,263

**Table 2. Potential Projects with External Funding**

Name	Estimated Total Cost of the Project (Past, Present, Future)	FY 2024- 2025 Budget	Funding for FY 2024-2025		
			Funding from Refineries	Funding from Others	District Funding
New Infrastructure - Customer Development Pipelines & Laterals					
Torrance Gateway Phase 3 RW Meter Services	\$ 65,155	\$ 36,162	-	\$ 36,162	-
Carson Street Recycled Water Connection	\$ 321,798	\$80,502	-	\$ 80,502	-
R&R Projects					
ECLWRF RO Pretreatment	\$ 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	\$ 5,090,522	\$ 1,686,571	\$ 1,545,028	-	\$ 141,543
TRWRP Sulfuric Acid Chemical Containment R&R	\$ 1,794,456	\$1,209,919	\$ 815,792	-	\$ 394,127
TRWRP Nitrified Product Water Tank Rehabilitation	\$ 4,840,709	\$ 1,426,823	\$ 1,426,823	-	-
TRWRP Retaining Wall and Backflow Preventer Replacement	\$ 948,466	\$ 753,107	\$ 753,107	-	-
TRWRP Bulk Chemical Storage Improvements	\$ 3,709,659	\$ 237,316	\$ 235,748	-	\$ 1,568
TRWRP MF Replacement Project - Feasibility Study Phase	\$ 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	\$ 41,844,930	\$ 6,991,002	\$ 5,548,498	\$ 116,664	\$ 1,325,837

**Table 3. CIP Funding Summary FY 2024-2025**

Projects	Estimated Total Cost of the Project (Past, Present, Future)	FY 2024-2025 Budget	Funding from		
			Refineries	Others	District
Current	\$ 177,655,234	\$ 35,358,109	\$ 3,263,656	\$ 1,836,189	\$ 30,258,263
Potential with External Funding	\$ 41,844,930	\$ 6,991,001	\$ 5,548,498	\$ 116,664	\$ 1,325,836
<b>Total FY 2024-2025</b>	<b>\$ 219,500,164</b>	<b>\$ 42,349,110</b>	<b>\$ 8,812,154</b>	<b>\$ 1,952,853</b>	<b>\$ 31,584,099</b>

## 5. Five Year CIP Budget

A summary of the 5-year estimated capital expenditures is shown in Table 4 (5-year CIP Expenditure Projections). The 5-year estimated expenditure includes current and potential projects that will require external funding. To effectively prioritize, sequence, and plan for near-term capital projects, a more detailed 5-year forecast of CIP expenditures and funds is developed and updated annually as part of West Basin’s budgeting process.

**Table 4. 5-year CIP Expenditure Projections**

Category	FY 2024-2025	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029
New Infrastructure-Treatment	\$650,109				
New Infrastructure-Customer Development Laterals and Pipelines	\$3,116,674	\$2,878,882	\$22,106		
Rehab and Replacement	\$37,611,484	\$37,069,886	\$33,447,198	\$34,663,550	\$25,240,586
Other Projects	\$970,841				
<b>Total</b>	<b>\$42,349,109</b>	<b>\$39,948,768</b>	<b>\$33,469,303</b>	<b>\$34,663,550</b>	<b>\$25,240,586</b>

Major projects from each CIP category are described in more detail below. A complete list of the proposed 5-year CIP Projects is provided in Attachment A.

### New Infrastructure - Treatment Assets

- *JMMCRWRP Phase II Expansion Project*: This project includes the installation of a new custom-engineered microfiltration system (CEMF), new carbon dioxide storage and dosing system, and potable water back up system for critical water supplies. The project is currently in the construction phase and will be completed during the first half of FY 2024-2025.



## New Infrastructure - Customer Development Pipeline and Laterals

- Palos Verdes Recycled Water Pipeline Project: This project includes the installation of approximately 3.5 miles of pipe, as well as the installation of a pump station in the City of Torrance. The Project will deliver 240 acre-feet of recycled water to the cities of Palos Verdes Estates and Torrance. Users include parks, schools, medians and a golf course.
- Mills Park Recycled Water Pipeline: The Project is located in the City of Carson and will deliver 35 acre-feet per year of recycled water to Mills Park and Curtiss Middle School for landscape irrigation. The Project will install approximately 3,000 feet of new pipeline.
- The North Gardena Recycled Water Lateral: This is a project located in the City of Gardena that will serve recycled water through 3,700 feet of new pipeline to deliver approximately 24 acre-feet per year of recycled water to Peary Middle School and Mas Fukai Park.
- South Bay I-405 Auxiliary Lanes: This project aims to encase the 42-inch recycled water transmission main in the vicinity of Marine Avenue and I-405 freeway. This project is in response to the proposed I-405 bridge expansion by Caltrans, in collaboration with Metro.

## Rehabilitation and Replacement Projects/Programs

- ECLWRF Solids handling Improvement: This project will rehabilitate the solids handling system at the Edward C. Little Water Recycling Facility (ECLWRF), upgrading and replacing all obsolete components of the system. The project is currently in design phase with construction projected to start in Fall of 2024.
- ECLWRF Title 22 Filters R&R: This Project will include the replacement of failing Title 22 filter underdrains for Filters 3, 4, and 6, restoration of concrete surfaces, concrete crack repair, concrete trough coating, and replacement of filter appurtenances within those filter basins. Work on the remaining eight (8) Title 22 filters will be performed in future fiscal years.
- Distributed Control System Improvements (Phase I and II): The project's objective is the installation of a new Distributed Control System (DCS) in each of West Basin facilities. This will involve replacing and upgrading all defunct and obsolete controllers, and creating a modern, future-proof Supervisory Control and Data Acquisition (SCADA) system run from ECLWRF. Phase 1 of this project will replace the backbone systems over the next two fiscal years. Phase 2 will replace obsolete process equipment in future fiscal years.
- ECLWRF Barrier Basin & Pump Station Rehabilitation: Based on a condition assessment, rehabilitation of the basin and pump station serving the Barrier system is required and will be prioritized into three phases that will be performed in the next 5 years. Phase 1 will replace motor control centers #1, #2 and pumps #1, #2, #3; Phase 2 will renew basin and pump basin structure; and Phase 3 will replace motor control center #3; pumps #4, #5, #6; variable frequency drive #6; switchboard; manifold.
- ECLWRF Disinfected Tertiary Product Pumps & VFDs Rehabilitation: This project will rehabilitate product water pumps and variable frequency drives (VFDs) for the disinfected tertiary water (Title 22 recycled water) system. This project is split into two phases. Failed components will be replaced, with a comprehensive rehabilitation program of the product pumps and VFDs to follow in future fiscal years.
- ECLWRF Bulk Chemical Storage Improvements: This project will replace bulk chemical storage tanks and ancillary equipment at ECLWRF. The replacement of storage tanks is a multi-year effort that will be implemented in the next 5 years.

- ECLWRF Fire Protection System Improvement: Due to the number of challenges with the existing system, this project will replace components of the fire alarm and suppression system to have a non-proprietary fire protection system.
- CNTP Bulk Chemical Storage Improvements: The project will replace the bulk chemical storage tanks and ancillary equipment at the Chevron Nitrification Satellite Plant (CNTP). The replacement of storage tanks is a multi-year effort that will be implemented in the next 5 years.
- JMMCRWRP Bulk Chemical Storage: The project will replace the aging chemical storage structures and appurtenances at the Juanita Millender-McDonald Carson Regional Water Recycling Plant (JMMCRWRP). The replacement of storage tanks is a multi-year effort that will be implemented in the next 5 years.
- Ops RO Membrane Replacement: This budgetary CIP line-item accounts for the regular replacement of the reverse osmosis (RO) membranes in advanced water treatment processes. The replacement of membranes would continue through future fiscal years.
- Ops Facility R&R: This budgetary CIP line-item accounts for the repair, rehabilitation, or replacement of critical treatment facility components identified and prioritized during each fiscal year.

**Other projects:**

- DLD Elevator Modernization: This project calls for the rehabilitation of both elevators at the Donald L. Dear (DLD) Building, the District's administrative offices in the city of Carson.
- IT CIP Projects: This budgetary CIP line-item accounts for technical replacements and upgrades to maintain and improve West Basin functions.

Estimated 5-year CIP funding options are shown in Table 6 (CIP Funding Options in Millions).

## 6. CIP Funding Options in Millions

Funding Source	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
PAYGO	\$31	\$10	\$10	\$10	\$10
Government Loan	\$12	\$4	-	-	-
Grant	\$7		-		-
Other Parties	\$11	\$13.4	\$7.8	\$14.1	-
Cash Reserve	\$13	\$6	\$5	-	\$12.8
Debt	-	\$6.6	\$10.7	\$10.5	\$2.2
<b>Total</b>	<b>\$42</b>	<b>\$40</b>	<b>\$33</b>	<b>\$35</b>	<b>\$25</b>

1. PAYGO: Also known as Pay-As-You-Go. PAYGO funds capital improvement projects from the current fiscal year's net operating revenue.
2. Cash Reserve: Represents Unrestricted funds that can be used for any lawful purpose at the discretion of the Board of Directors.
3. Other Parties: An agency may receive funding from third parties, including customers, regional partners, or through public-private-partnerships. This may include projects that are completed by a developer who transfers project assets at its completion to the District.
4. Grants: The District may receive capital grants from federal or state agencies, including the Bureau of Reclamation or the United States Army Corps of Engineers (USACE).
5. Government Loans: Examples are the California State Water Resources Control Board (SWRCB) State Revolving Fund Low-Interest Loans, or the loans issued through the United States Environmental Protection Agency (EPA) referred to as the Water Infrastructure Finance and Innovation Act (WIFIA).
6. Debt: Municipal Bond and Letter of Credit, a public agency may issue short-term or long-term debt through the general market, private placement, direct purchase arrangements, or interim financing.



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