



WEST BASIN

Municipal Water District

*Fiscal Year 2025-2026
Proposed Budget Workshop # 4*

Special Board Meeting

June 6, 2025

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Workshop Agenda

1. Budget Workshop Schedule
2. FY 2025-26 Proposed Operating Expenses
3. FY 2025-26 Proposed Operating Revenues
4. Debt Payment Schedule
5. FY 2025-26 CIP Budget
6. FY 2025-26 Challenges and Opportunities
7. FY 2025-26 Proposed Reliability Service Charge, Potable and Recycled Water Rates
8. Cash Reserves
9. FY 2025-26 Consolidated Budget with Rate and CIP Funding Scenarios
10. Next Steps

FY 2025-2026 Proposed Budget Workshop Schedule

Date	Time	Topic
March 28, 2025	10:00 AM	Workshop #1: FY 2024-25 Financial Overview and Key Budget Drivers and FY 2025-26 Proposed Expenses
April 26, 2025	11:00 AM	Workshop #2: FY 2025-26 Proposed Detailed Budget Revenues, Expenses, and Rates
May 23, 2025	10:00 AM	Workshop #3: CIP, R&R and Funding Options
June 5, 2025	10:00 AM	Customer and Stakeholder Workshop
June 6, 2025	2:00 PM	Workshop #4: Proposed Budget Revenue, Expenses, CIP, R&R, Rates, and Funding Options
June 2025	TBD	Final Proposal: Budget, Rates & Charges



Proposed Budget Expenses and Revenue

Excludes MWD Pass-Through



FY 2025-26 Proposed Operating Expenses – By Program

Programs	FY 2024-25 Adopted Budget	FY 2025-26 Proposed Workshop #1	FY 2025-26 Proposed Workshop #2	FY 2025-26 Proposed Workshop #3	FY 2025-26 Proposed Workshop #4	FY 2025-26 Final Proposed Budget
West Basin Labor and Benefits	\$11,178,495	\$11,400,295	\$11,590,412	\$11,590,412	\$11,590,412	
Water Recycling Operations	\$49,854,332	\$49,246,454	\$47,124,400	\$47,124,400	\$47,124,400	
Technical Planning	\$979,284	\$1,004,453	\$1,886,530	\$686,456	\$686,456	
Water Use Efficiency	\$1,178,700	\$1,073,500	\$1,073,500	\$1,073,500	\$1,073,500	
Water Policy & Resources Development	\$437,400	\$890,000	\$860,000	\$810,000	\$810,000	
Public Information and Education	\$771,864	\$829,109	\$879,609	\$836,609	\$836,609	
Purveyor Water Quality Monitoring	\$5,925	\$12,434	\$10,600	\$10,600	\$10,600	
District Expenses - Other	\$1,249,820	\$2,003,732	\$1,140,880	\$1,110,880	\$1,110,880	
Board Service (includes all Director costs)	\$1,516,868	\$1,124,020	\$749,435	\$749,435	\$749,435	
Information Technology	\$1,629,501	\$742,248	\$1,781,849	\$1,781,849	\$1,781,849	
DLD Building	\$401,550	\$449,348	\$451,748	\$451,748	\$451,748	
Human Resources	\$244,550	\$178,370	\$162,820	\$162,820	\$162,820	
Finance and Procurement	\$199,100	\$250,770	\$311,458	\$311,458	\$311,458	
Total Expenses	\$69,647,389	\$69,204,733	\$68,023,241	\$66,700,167	\$66,700,167	

District Overhead: Other Memberships

	FY 2024-25 Adopted Budget	FY 2025-26 Proposed Budget	Variance Increase/(Decrease)
Alliance for Water Efficiency	\$1,600	\$1,600	-
American Water Works Association Membership	\$25,000	\$26,900	\$1,900
Association of California Water Agencies	\$32,000	\$37,200	\$5,200
Association of Women in Water	\$1,950	\$1,950	-
CalDesal	\$5,000	\$5,000	-
California African American Water Education Foundation	\$10,000	\$10,000	-
California Association of Sanitation Agencies	\$900	\$1,010	\$110
California Contract Cities Association	\$2,000	\$2,500	\$500
California Municipal Utilities Association	\$8,500	\$10,120	\$1,620
California Special Districts Association	\$8,500	\$9,800	\$1,300
California Water Efficiency Partnership	\$5,600	\$4,500	(\$1,100)
Los Angeles Council of Professional Black Engineers	\$2,000	\$2,000	-
Los Angeles County Business Federation (BizFed)	\$6,000	\$7,000	\$1,000
Southern California Water Coalition	\$25,000	\$25,000	-
Southwest Membrane Operators Association	\$360	\$400	\$40
The Urban Water Institute, Inc.	\$1,250	\$1,400	\$150
Water Education Foundation	\$4,700	\$5,000	\$300
WaterReuse Association	\$15,100	\$18,700	\$3,600
West Basin Water Association	\$500	\$500	-
YTD Expense	\$155,960		
Annual Budget	\$171,450	\$186,070	\$14,620
Available Budget	\$15,490		

District Overhead: Memberships – Chamber of Commerce

	FY 2024-25 Adopted Budget	FY 2025-26 Proposed Budget	Variance Increase (Decrease)
Chamber of Commerce (Within Service Area)			
Beverly Hills	\$925	\$1,075	\$150
Carson	\$425	\$425	
Culver City	\$400	\$400	
El Segundo	\$500	\$515	\$15
Gardena Valley	\$600	\$600	
Greater Los Angeles African-American	\$500	\$600	\$100
Harbor City / Harbor Gateway	\$175	\$175	
Hawthorne	\$500	\$575	\$75
Hermosa Beach	\$300	\$800	\$500
Inglewood / Airport Area	\$300	\$300	
LAX Coastal	\$360	\$395	\$35
Los Angeles Area	\$1,115	\$1,115	
Malibu	\$375	\$400	\$25
Manhattan Beach	\$650	\$685	\$35
Palos Verdes Peninsula	\$630	\$785	\$155
Redondo Beach	\$275	\$295	\$20
San Pedro	\$450	\$750	\$300
South Bay Association	\$1,500	\$1,500	
Topanga	\$100	\$100	
Torrance	\$500	\$525	\$25
West Hollywood	\$450	\$425	(\$25)
Subtotal	\$11,030	\$12,440	\$1,410
Chamber of Commerce (Outside Service Area)			
Santa Monica	\$410	\$470	\$60
Subtotal	\$410	\$470	\$60
Total	\$11,440	\$12,910	\$1,470

District Overhead: District Sponsorships

	FY 2024-25 Approved Sponsorships		
Urban Water Institute Annual Water Conference	\$3,000	FY 2025-26 Proposed Budget	Variance Increase (Decrease)
WaterReuse California Annual Conference	\$3,000		
WaterReuse Industrial Reuse Conference	\$2,000		
2024 Taste of Soul Family Festival	\$5,000		
Moonlight on the Marsh	\$1,500		
Climate Justice Conference	\$2,500		
Water Revolution Symposium	\$5,000		
2024 ACWA Fall Conference	\$6,500		
CCEA Annual Installation of Officers and Centennial Recognition Event	\$10,000		
SBCCOG 25th Annual General Assembly	\$2,500		
2025 Urban Water Institute Annual Sponsorship	\$3,000		
Southern California Water Coalition Quarterly Luncheon	\$3,000		
Power, Leadership and Influence of the Black Woman Luncheon	\$0		
2025 ACWA Spring Conference	\$1,500		
SWE-LA's Professional Development Conference	\$1,400		
WRD 15th Annual Groundwater Festival	\$3,000		
YTD Expense	\$52,900		
Annual Budget	\$55,000	\$55,000	-
Available Budget	\$2,100		

FY 2025-26 Proposed Revenues – 5 Rate Scenarios

Category	0% Scenario #1	5% Scenario #2	6% Scenario #3	7% Scenario #4	8% Scenario #5
Recycled Water Sales	\$57,890,977	\$58,050,982	\$58,082,983	\$58,114,984	\$58,146,985
WB RSC from Potable water (80 AF)	\$24,785,400	\$26,012,400	\$26,257,800	\$26,503,200	\$26,748,600
Standby Revenue	\$7,631,947	\$7,631,947	\$7,631,947	\$7,631,947	\$7,631,947
Fixed Service Charge - Public Information and Education	\$4,765,954	\$4,765,954	\$4,765,954	\$4,765,954	\$4,765,954
Grants	\$358,500	\$358,500	\$358,500	\$358,500	\$358,500
Fixed Payment - Refineries	\$3,923,780	\$3,923,780	\$3,923,780	\$3,923,780	\$3,923,780
Investment Income	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
Fixed Service Charge - Water Policy	\$2,607,730	\$2,607,730	\$2,607,730	\$2,607,730	\$2,607,730
MWD Funding	\$308,500	\$308,500	\$308,500	\$308,500	\$308,500
Torrance O&M Reimbursement	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000
Purveyor Water Quality Monitoring	\$10,600	\$10,600	\$10,600	\$10,600	\$10,600
Total Revenue	\$103,481,388	\$104,868,393	\$105,145,794	\$105,423,195	\$105,700,596

Outstanding Debt Payment Schedule & Standby Revenue

FY 6/30	Clean Water State Revolving Fund Loan	2016A Refunding Revenue Bonds	2021A Refunding Revenue Bonds	2022A Refunding Revenue Bonds	Total	Standby Revenue
ORG Bal	\$15,747,592	\$112,875,000	\$74,900,000	\$24,445,000	\$227,967,592	
FY 26	\$733,750	\$10,440,750	\$9,847,100	\$974,250	\$21,995,850	\$7,631,947
FY 27	\$733,750	\$10,441,250	\$6,726,350	\$3,864,250	\$21,765,600	\$7,631,947
FY 28	\$733,750	\$10,435,500	\$4,574,850	\$6,094,750	\$21,838,850	\$7,631,947
FY 29	\$733,750	\$10,438,000	\$4,576,100	\$6,091,500	\$21,839,350	\$7,631,947
FY 30	\$733,750	\$10,432,500	\$4,577,350	\$6,095,250	\$21,838,850	\$7,631,947
FY 31	\$733,750	\$10,433,500	\$7,243,350	-	\$18,410,600	-
FY 32	\$733,750	\$10,429,750	\$7,245,600	-	\$18,409,100	-
FY 33	\$733,750	\$6,040,500	\$7,250,350	-	\$14,024,600	-
FY 34	\$733,750	\$6,049,000	\$7,251,850	-	\$14,034,600	-
FY 35	\$733,750	\$6,055,250	\$7,249,600	-	\$14,038,600	-
FY 36	\$733,750	\$6,058,750	\$7,253,100	-	\$14,045,600	-
FY 37	\$733,750	\$6,069,000	\$7,256,350	-	\$14,059,100	-
FY 38	\$733,750	-	\$1,508,600	-	\$2,242,350	-
FY 39	\$733,750	-	\$1,509,000	-	\$2,242,750	-
FY 40	\$733,750	-	\$1,507,400	-	\$2,241,150	-
FY 41	\$733,750	-	\$1,508,800	-	\$2,242,550	-
FY 42	\$733,750	-	\$1,508,000	-	\$2,241,750	-
FY 43	\$733,750	-	-	-	\$733,750	-
FY 44	\$733,750	-	-	-	\$733,750	-
FY 45	\$733,750	-	-	-	\$733,750	-
FY 46	\$733,750	-	-	-	\$733,750	-
FY 47	\$733,750	-	-	-	\$733,750	-
FY 48	\$733,750	-	-	-	\$733,750	-
FY 49	\$733,750	-	-	-	\$733,750	-
TOTAL	\$17,609,997	\$103,323,750	\$88,593,750	\$23,120,000	\$232,647,497	\$38,159,735

FY 2025-26 Proposed Capital Projects

Types of Capital Improvement Program	Essential Projects	Projects for Consideration	Projects With Outside Funding Source
New Infrastructure-Pipeline	\$511,494	-	\$330,292
R&R Facilities Specific*	\$13,283,875	\$1,102,024	\$6,048,605*
R&R Capital/Operational	\$2,593,412	-	\$1,077,062
Other Projects	\$1,398,766	-	-
Total	\$17,787,547	\$1,102,024	\$7,455,959

* Part of the funding has already been collected as part of two existing refinery agreements that makes up West Basin's current reserve balance

No. of projects: 37

Total FY 2025-26 CIP: \$26,345,530

FY 2025-26 Key Budget Challenges and Opportunities

Challenges

- FY 2022-23 and FY 2023-24 Shortfalls
- Tariffs – Unknown Fiscal Impact on Future Pricing
- Investment Revenue – Market Volatility
- Standby Charge - Sunset FYE 2030
- Inflation – Trending @ 2.8%, slight decrease from 3%
- Aging Recycled Water Program Treating Hyperion Source Water

Opportunities

- New Treatment Operator Contract
- Replenishing Cash Reserves
- Build CIP Reserves
- Avoid Use of Short-Term Commercial Paper Loan

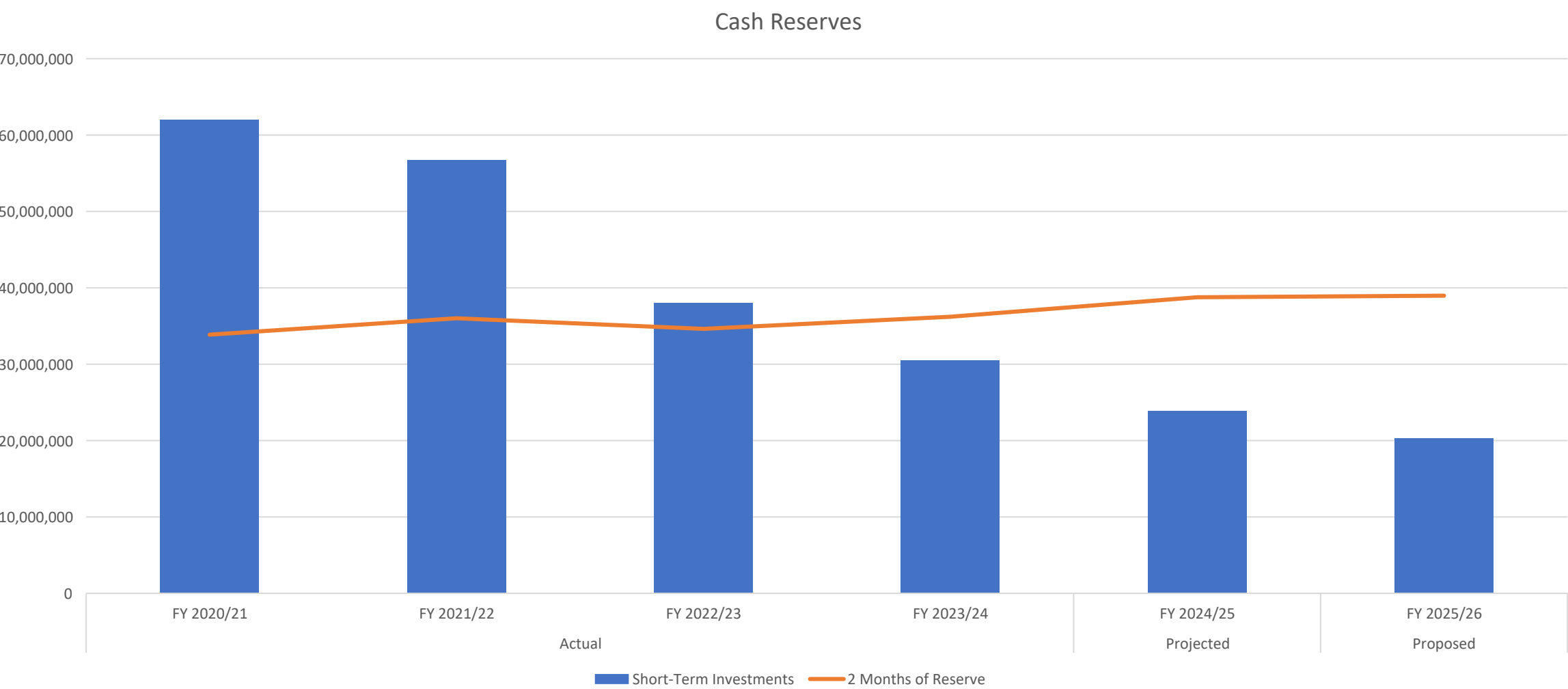
FY 2025-26 RSC & Potable Tier 1 Rates – 5 Rate Scenarios

MWD Water Rate/AF	7/1/2025 - 12/31/2025 0% - Scenario #1	7/1/2025 - 12/31/2025 5% - Scenario #2	7/1/2025 - 12/31/2025 6% - Scenario #3	7/1/2025 - 12/31/2025 7% - Scenario #4	7/1/2025 - 12/31/2025 8% - Scenario #5
Tier 1	\$1,395	\$1,395	\$1,395	\$1,395	\$1,395
RTS	\$201	\$201	\$201	\$201	\$201
Total MWD Water Rate/AF	1,596	1,596	1,596	1,596	1,596
WB RSC Increase %	0%	5%	5%	7%	8%
West Basin RSC/AF	\$303	\$318	\$321	\$324	\$327
WB Tier 1 Rate/AF	\$1,899	\$1,914	\$1,917	\$1,920	\$1,923
MWD Water Rate/AF	1/1/2026 - 06/30/2026 0% - Scenario #1	1/1/2026 - 06/30/2026 5% - Scenario #2	1/1/2026 - 06/30/2026 6% - Scenario #3	1/1/2026 - 06/30/2026 7% - Scenario #4	1/1/2026 - 06/30/2026 8% - Scenario #5
Tier 1	\$1,528	\$1,528	\$1,528	\$1,528	\$1,528
RTS	\$214	\$214	\$214	\$214	\$214
Total MWD Water Rate/AF	\$1,742	\$1,742	\$1,742	\$1,742	\$1,742
WB RSC Increase %	0%	5%	5%	7%	8%
West Basin RSC/AF	\$303	\$318	\$321	\$324	\$327
WB Tier 1 Rate/AF	\$2,045	\$2,060	\$2,063	\$2,066	\$2,069
Total RSC Revenue	\$24,785,400	\$26,012,400	\$26,257,800	\$26,503,200	\$26,748,600

FY 2025-26 Recycled Water Rates - 5 Rate Scenarios

Recycled Irrigation	0% Scenario #1	5% Scenario #2	6% Scenario #3	7% Scenario #4	8% Scenario #5
Inside Service Area (Non-Tiered)	\$2,009	\$2,024	\$2,027	\$2,030	\$2,033
Outside Service Area (Tiered Rate)	\$2,109	\$2,124	\$2,127	\$2,130	\$2,133

Cash Reserves



FY 2025-26 Proposed Consolidated Budget – With 5 Rate Scenarios

Category	0% Scenario #1	5% Scenario #2	6% Scenario #3	7% Scenario #4	8% Scenario #5
REVENUES					
Operating Revenues	\$90,060,661	\$91,447,666	\$91,725,067	\$92,002,468	\$92,279,869
Investment Income	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
Other Revenue	\$12,320,727	\$12,320,727	\$12,320,727	\$12,320,727	\$12,320,727
Total Revenues	\$103,481,388	\$104,868,393	\$105,145,794	\$105,423,195	\$105,700,596
EXPENSES					
Operating Expenses	\$50,541,565	\$50,541,565	\$50,541,565	\$50,541,565	\$50,541,565
Salaries and Benefits	\$11,590,412	\$11,590,412	\$11,590,412	\$11,590,412	\$11,590,412
Overhead	\$4,568,190	\$4,568,190	\$4,568,190	\$4,568,190	\$4,568,190
Debt Service	\$21,995,850	\$21,995,850	\$21,995,850	\$21,995,850	\$21,995,850
Total Expenses	\$88,696,017	\$88,696,017	\$88,696,017	\$88,696,017	\$88,696,017
Net Operating Revenue/PAYGO	\$14,785,371	\$16,172,376	\$16,449,777	\$16,727,178	\$17,004,579
CAPITAL IMPROVEMENT PROGRAM (CIP)					
Rehabilitation and Repair (R&R)	\$24,104,977	\$24,104,977	\$24,104,977	\$24,104,977	\$24,104,977
New Capital Improvement Programs (CIP)	\$2,240,553	\$2,240,553	\$2,240,553	\$2,240,553	\$2,240,553
Total Capital Improvement Programs (CIP)	\$26,345,530	\$26,345,530	\$26,345,530	\$26,345,530	\$26,345,530
Less: Net Operating Margin/PAYGO	\$14,785,371	\$16,172,376	\$16,449,777	\$16,727,178	\$17,004,579
Less: Grants, Refineries, & Other Funds	\$7,455,959	\$7,455,959	\$7,455,959	\$7,455,959	\$7,455,959
Less: Cash Reserves	\$3,000,000	\$2,717,195	\$2,439,794	\$2,162,393	\$1,884,992
Less: Commercial Paper	\$1,104,200	-	-	-	-
Net	-	-	-	-	-
TOTAL EXPENDITURES	\$115,041,547	\$115,041,547	\$115,041,547	\$115,041,547	\$115,041,547

FY 2025-26 Proposed Consolidated Budget – 0% Scenario #1

Category	0% Scenario #1
Total Revenues (A)	\$103,481,388
Total Expenses (w/Debt Service) (B)	(\$88,696,017)
Net Operating Revenue/PAYGO (Equals A-B)	\$14,785,371
Capital Improvement Program (CIP)	\$26,345,530
Less: Net Operating Margin/PAYGO (C)	(\$14,785,371)
Less: Grants, Refineries, and Other Sources (D)	(\$7,455,959)
Less: Cash Reserves (E)	(\$3,000,000)
Less: Commercial Paper (F)	(\$1,104,200)
Total (CIP-C-D-E-F)	\$0
Debt Ratio	1.67

- ☒ Capital Improvement Projects
- ☒ Debt Coverage 1.50 or Better
- ☐ No Commercial Paper
- ☐ Contribute to Standby Reserves
- ☐ Reduces Impact on Cash Reserves
- ☐ Replenish Cash Reserves

FY 2025-26 Proposed Consolidated Budget – 5% Scenario #2

Category	5% Scenario #2
Total Revenues (A)	\$104,868,393
Total Expenses (w/Debt Service) (B)	(\$88,696,017)
Net Operating Revenue/PAYGO (Equals A-B)	\$16,172,376
Capital Improvement Program (CIP)	\$26,345,530
Less: Net Operating Margin/PAYGO (C)	(\$16,172,376)
Less: Grants, Refineries, and Other Sources (D)	(\$7,455,959)
Less: Cash Reserves (E)	(\$2,717,195)
Less: Commercial Paper (F)	\$0
Total (CIP-C-D-E-F)	\$0
Debt Ratio	1.74

- ☒ Capital Improvement Projects
- ☒ Debt Coverage 1.50 or Better
- ☒ No Commercial Paper
- ☐ Contribute to Standby Reserves
- ☐ Reduces Impact on Cash Reserves
- ☐ Replenish Cash Reserves

FY 2025-26 Proposed Consolidated Budget – 6% Scenario #3

Category	6% Scenario #3
Total Revenues (A)	\$105,145,794
Total Expenses (w/Debt Service) (B)	(\$88,696,017)
Net Operating Revenue/PAYGO (Equals A-B)	\$16,449,777
Capital Improvement Program (CIP)	\$26,345,530
Less: Net Operating Margin/PAYGO (C)	(\$16,449,777)
Less: Grants, Refineries, and Other Sources (D)	(\$7,455,959)
Less: Cash Reserves (E)	(\$2,439,794)
Less: Commercial Paper (F)	\$0
Total (CIP-C-D-E-F)	\$0
Debt Ratio	1.75

- ☒ Capital Improvement Projects
- ☒ Debt Coverage 1.50 or Better
- ☒ No Commercial Paper
- ☐ Contribute to Standby Reserves
- ☒ Reduces Impact on Cash Reserves
- ☐ Replenish Cash Reserves

FY 2025-26 Proposed Consolidated Budget – 7% Scenario #4

Category	7% Scenario #4
Total Revenues (A)	\$105,423,195
Total Expenses (w/Debt Service) (B)	(\$88,696,017)
Net Operating Revenue/PAYGO (Equals A-B)	\$16,727,178
Capital Improvement Program (CIP)	\$26,345,530
Less: Net Operating Margin/PAYGO (C)	(\$16,727,178)
Less: Grants, Refineries, and Other Sources (D)	(\$7,455,959)
Less: Cash Reserves (E)	(\$2,162,393)
Less: Commercial Paper (F)	\$0
Total (CIP-C-D-E-F)	\$0
Debt Ratio	1.76

- ☒ Capital Improvement Projects
- ☒ Debt Coverage 1.50 or Better
- ☒ No Commercial Paper
- ☐ Contribute to Standby Reserves
- ☒ Reduces Impact on Cash Reserves
- ☐ Replenish Cash Reserves

FY 2025-26 Proposed Consolidated Budget – 8% Scenario #5

Category	8% Scenario #5
Total Revenues (A)	\$105,700,596
Total Expenses (w/Debt Service) (B)	(\$88,696,017)
Net Operating Revenue/PAYGO (Equals A-B)	\$17,004,579
Capital Improvement Program (CIP)	\$26,345,530
Less: Net Operating Margin/PAYGO (C)	(\$17,004,579)
Less: Grants, Refineries, and Other Sources (D)	(\$7,455,959)
Less: Cash Reserves (E)	(\$1,884,992)
Less: Commercial Paper (F)	\$0
Total (CIP-C-D-E-F)	\$0
Debt Ratio	1.77

- ☒ Capital Improvement Projects
- ☒ Debt Coverage 1.50 or Better
- ☒ No Commercial Paper
- ☐ Contribute to Standby Reserves
- ☒ Reduces Impact on Cash Reserves
- ☐ Replenish Cash Reserves



Next Steps

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FY 2025-2026 Proposed Budget Workshop Schedule

Date	Time	Topic
March 28, 2025	10:00 AM	Workshop #1: FY 2024-25 Financial Overview and Key Budget Drivers and FY 2025-26 Proposed Expenses
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May 23, 2025	10:00 AM	Workshop #3: CIP, R&R and Funding Options
June 5, 2025	10:00 AM	Customer and Stakeholder Workshop
June 6, 2025	2:00 PM	Workshop #4: Proposed Budget Revenue, Expenses, CIP, R&R, Rates, and Funding Options
June 2025	TBD	Final Proposal: Budget, Rates & Charges