

FY 25 Budget Workshop #1

May 2, 2024

FY 25 Budget Workshops

May 2 – Review FY 25 Water, Gas, and Sewer Fund Proposed Budgets, Projections, and Reserves

May 16 – Review FY 25 Water, Gas, and Sewer Fund Proposed Budgets, Projections, Reserves, and Rates

June 6 – Continue Review of FY 25 Proposed Budgets, Projections, Reserves, and Rates

Board Adoption FY 25 Budget and Rates

Budgetary Highlights

- ✓ Competitive wage increases to strengthen recruitment and retention
- ✓ Continued investment in critical infrastructure to ensure safe, reliable, and cost competitive delivery of water, natural gas, and sewer services
- ✓ Strategic initiatives to combat and mitigate effects of climate change



Financial Headwinds

- Labor Costs Increases
- Inflation
 - ENR Index increased ~25% over the last three years
- Conservation and demand reduction
- MWD and SCG increases
- Costs of climate change adaptation



Gas Fund

Gas Fund Operational History (\$000s)

	FY19	FY20	FY21	FY22	FY23
Revenue	121.3	103.5	113.7	149.1	182.0
Expenditures	120.0	93.0	102.7	149.9	187.9
Gain/(Loss)	1.3	10.5	11.0	(0.8)	(5.9)

FY 25 Gas Fund Highlights

- SoCalGas transmission rate increase
- Steady demand, but loss of industrial customers
- Meter Replacement Program
- AB 32
- CIP
- Elm

Proposed FY 25 Gas Fund Budget (\$000s)

	FY 24 ETC	FY 25 No Inc	FY 25 Prop Inc
Total Expenditures	135,283	161,746	161,746
Total Revenues	128,230	151,184	156,284
Fund Balance Gain/(Loss)	(7,053)	(10,562)	(5,462)

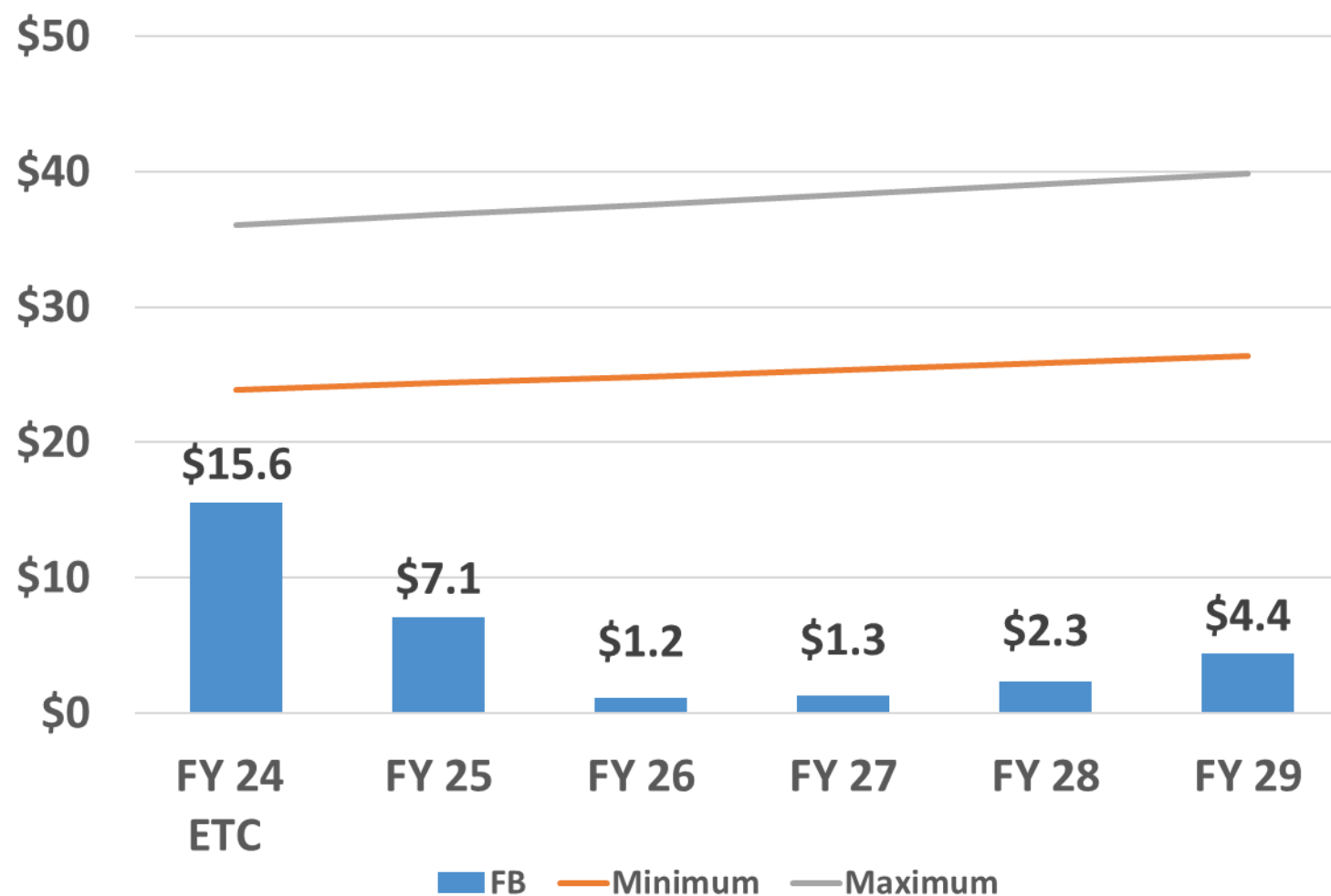
Proposed FY 25 Gas Fund Budget (\$000s)

	FY 24 ETC	FY 25 Proposed
Gas Commodity Cost	36,273	44,453
Gas Transmission	3,500	3,500
Personal Services	30,349	35,334
O&M	10,726	10,563
CIP & Compliance	8,500	9,975
CIP Billable	5,000	6,100
GF Transfer	13,898	13,000
MOUs	13,717	14,266
AB32	13,320	24,556
Total Expenditures	135,283	161,746

Proposed FY 25 Gas Fund Budget (\$000s)

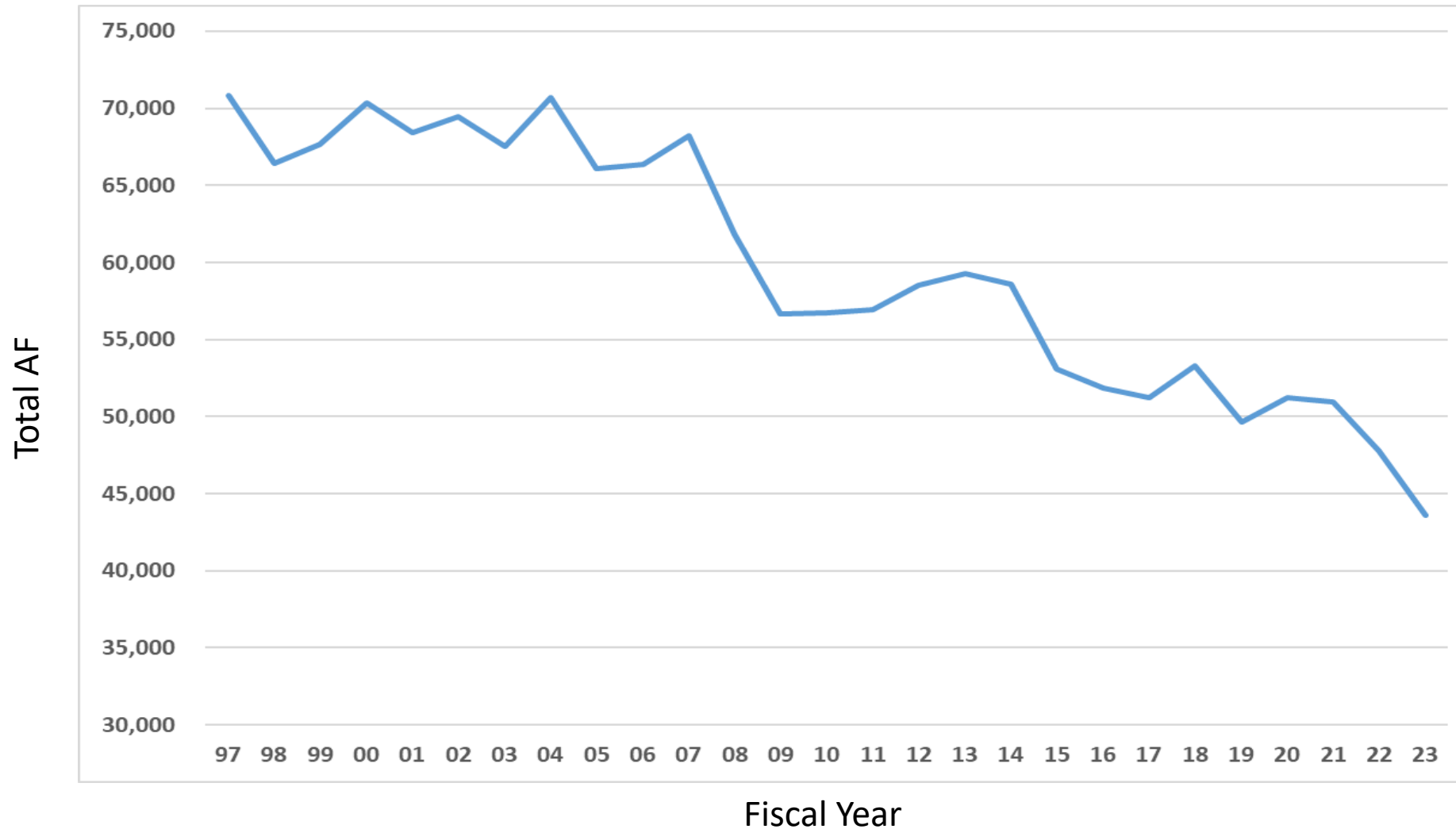
	FY 24 ETC	FY 25 Prop Inc
Gas Transmission Rev	50,006	56,107
Gas Commodity Pass-Through	36,273	44,453
Gas Service Fees & Pre-Pay	15,997	18,144
AB32	13,320	24,556
CIP Billable Revenue	6,000	6,100
MOUs	4,165	4,457
Misc Revenue	2,468	2,468
Total Revenue	128,230	156,284

Gas Fund Proposed Forecast

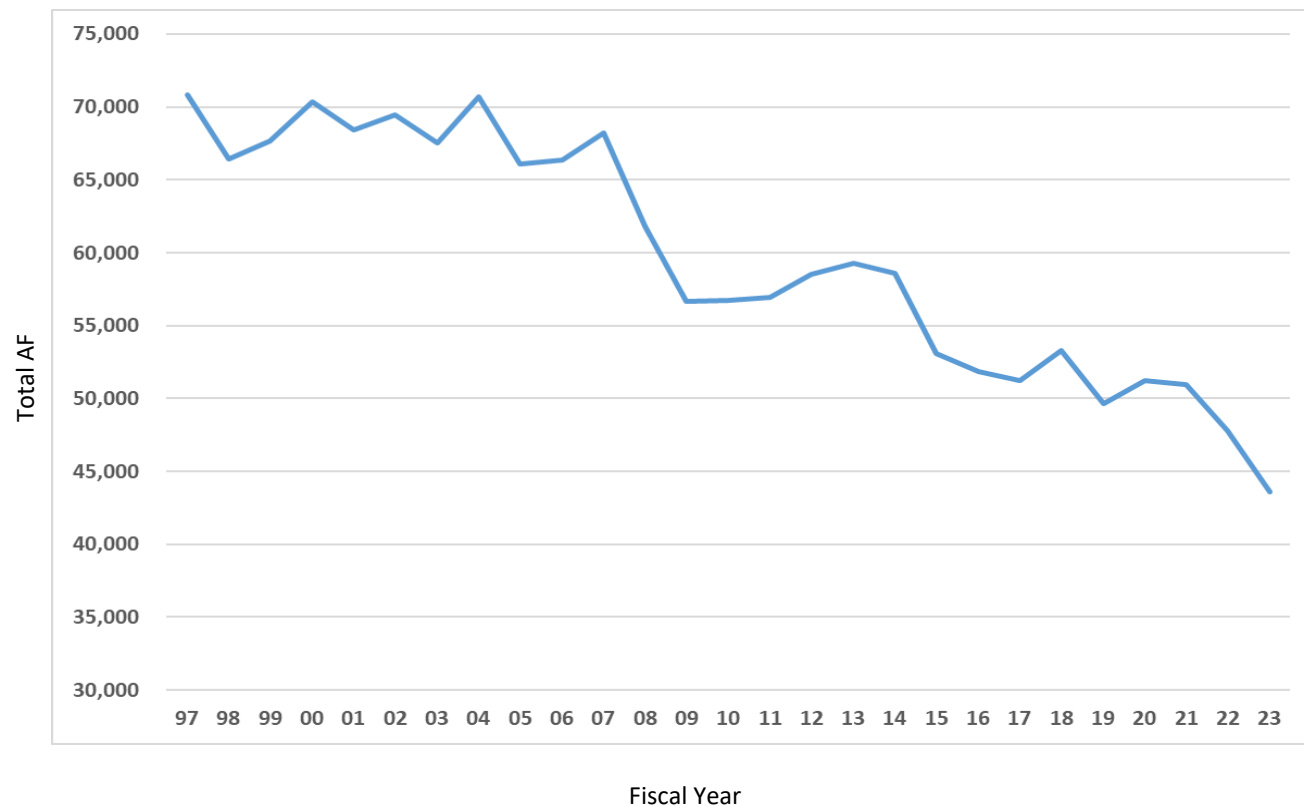


Water Fund

Historical Water Consumption



Water Consumption



- Water use decreases and rates rise
- If not for decreased water use
 - Costs would be much higher
 - Water would be much scarcer
- Recent drought – historic, unprecedented
 - No allocation of imported supply
- Reliability and certainty are benefits

Water Supplies

(In Acre Feet)	FY 21 Actuals	FY 22 Actuals	FY 23 Actuals	<i>FY 24 Est</i>
Customer Demand	50,973	47,770	43,599	45,828
Pumped	29,556	22,922	23,890	21,931
Contract Pumped (Lakewood)	2,342	2,583	2,399	1,991
Purchased	19,075	22,265	17,310	21,906

Proposed FY 25 Water Fund Budget (\$000s)

	FY 24 ETC	FY 25 No Inc	FY 25 Prop Inc
Total Expenditures	160,472	179,776	179,776
Total Revenues	160,732	177,921	189,832
Fund Balance Gain/(Loss)	259	(1,856)	10,056

Proposed FY 25 Water Fund Budget (\$000s)

	FY 24 ETC	FY 25 Proposed
Personal Services	37,933	38,461
CIP	34,149	50,000
O&M	45,473	45,021
Water Purchases	31,867	32,300
Debt Service	7,231	8,434
Vehicles	1,719	3,459
GF Transfer	2,100	2,100
Total Expenditures	160,472	179,776

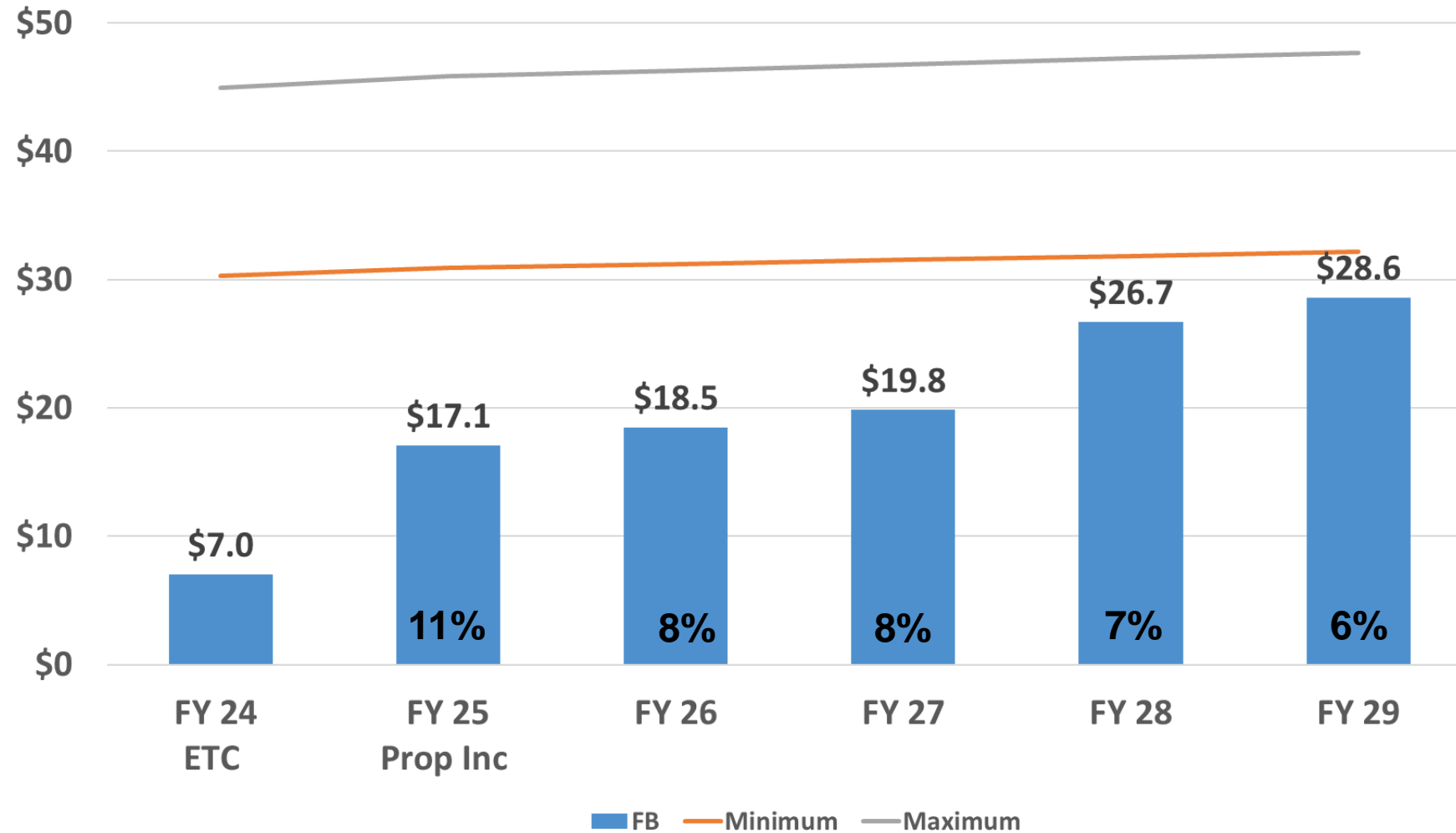
Proposed FY 25 Water Fund Budget (\$000s)

With an 11% increase

	FY 24 ETC	FY 25 Prop Inc
Potable Water Sales	115,280	126,681
Reclaimed Water Sales	4,641	5,151
Misc Revenue	15,750	13,935
Debt Proceeds	20,500	34,500
Reimb CIP	4,562	9,566
Total Revenues	160,732	189,832



Water Fund Forecast



Sewer Fund

Proposed FY 25 Sewer Fund Budget (\$000s)

	FY 24 ETC	FY 25 No Inc	FY 25 Prop Inc
Total Expenditures	22,359	32,559	32,559
Total Revenues	21,380	24,606	26,050
Fund Balance Gain/(Loss)	(979)	(7,953)	(6,509)

Proposed FY 25 Sewer Fund Budget (\$000s)

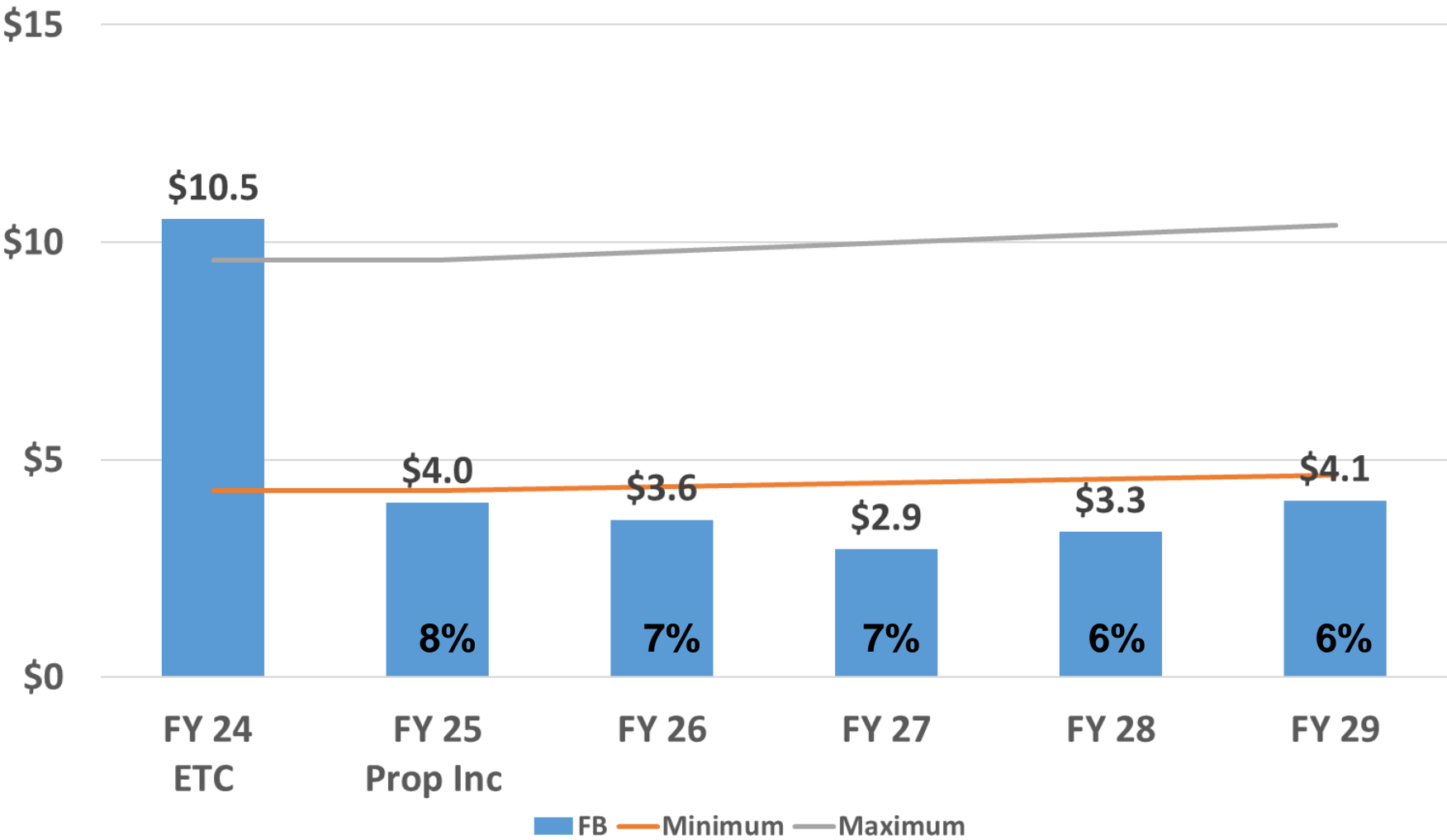
	FY 24 ETC	FY 25 Proposed
Personal Services	7,470	7,783
O&M	8,978	10,171
CIP	3,750	12,444
GF Transfer	2,161	2,161
Total Expenditures	22,359	32,559

Proposed FY 25 Sewer Fund Budget (\$000s)

With an 8% rate increase

	FY 24 ETC	FY 25 Prop Inc
Daily Service Charge	12,382	13,372
Volumetric Sales	5,668	6,121
Sewer Capacity Charge	2,200	2,200
Misc Revenue	1,130	4,357
Total Revenues	21,380	26,050

Sewer Fund Forecast



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