

FY 2024/25 REVISED BUDGET

Finance and Administration Committee Meeting
May 20, 2024



FY 2024/25 REVISED BUDGET



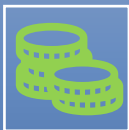
Seeking approval of FY 2024/25 Operating Budget spending plan



Consistent with the approved Cost of Service & Rate Study



Staffing at **252** (includes **9** part-time positions)



Funding for state mandates, strategic objectives and CIP

MAJOR COMPONENTS

Operating and Other Revenues

- Water Sales Revenues
- Property Taxes
- Grants
- Other Revenues

Operating Expenses

- General Operating Expenses
- Debt Service
- Pay-Go Capital (Funded by Revenues and Reserves)

OTHER COMPONENTS

Debt Funded CIP

- \$109.1 Million Plan (in FY 2024/25)

Capacity Fees

- Regional \$6.1 Million
- Retail \$0.6 Million

KEY ASSUMPTIONS

Revenue Projections from Cost of Service

- Projected account growth consistent with COS
- Assumes normal year for sales volumes

FY 2024/25 budget + current operating conditions = starting points

- Operating Expense increase due in part to Technology Updates, Professional Services, Energy Costs, Water Resources & Sustainability initiatives and Staffing

Includes a 6.5% revenue increase as outlined in the COS

- Reduced residential water sales by \$100k for the Pilot Ratepayer Assistance Program (second year)

No change in existing standard of service

BALANCED OPERATING BUDGET (IN MILLIONS)

	ADOPTED BUDGET FY 2023/24		PROJECTED 06/30/2024 FY 2023/24		ADOPTED BUDGET FY 2024/25		REVISED BUDGET FY 2024/25	
	Ins	Outs	Ins	Outs	Inflows	Outflows	Inflows	Outflows
Water Sales	\$ 98.0		\$ 94.6		\$105.1		\$105.5	
Property Tax	\$ 31.0		\$ 33.8		\$ 31.7		\$ 34.6	
Grants	\$ 11.6		\$ 5.2		\$ 10.1		\$ 4.5	
Reimbursements	\$ 6.9		\$ 3.7		\$ 3.5		\$ 2.7	
Misc. Revenue	\$ 6.4		\$ 5.1		\$ 6.6		\$ 6.5	
Facility/Retail Capacity Fees	\$ 1.6		\$ 6.6		\$ 1.9		\$ 6.7	
Operating Expenses		\$ 99.8		\$ 94.4		\$105.6		\$108.2
Debt Service		\$ 37.6		\$ 37.6		\$ 37.7		\$ 37.1
Pension Liability Expense		\$ -		\$ -		\$ -		\$ 1.3
Capital (Pay-Go)		\$ 18.1		\$ 17.2		\$ 15.8		\$ 13.9
	\$155.5	\$155.5	\$149.1	\$149.1	\$159.0	\$159.0	\$160.6	\$160.6

A balanced budget is a budget in which inflows equal or exceed outflows.

*Balance of Capital Pay-go plan will be funded from carryover and reserve funds, grants and retail capacity fees.

REVISED BUDGET REVENUE (IN MILLIONS)

	ADOPTED BUDGET FY 2023/24	PROJECTED 06/30/2024 FY 2023/24	ADOPTED BUDGET FY 2024/25	REVISED BUDGET FY 2024/25
Water Sales ¹	\$ 98.0	\$ 94.6	\$ 105.1	\$ 105.5
Property Tax	\$ 31.0	\$ 33.8	\$ 31.7	\$ 34.6
Grants & Reimbursements ²	\$ 18.5	\$ 8.9	\$ 13.6	\$ 7.2
Misc. Revenue ³	\$ 6.4	\$ 5.1	\$ 6.6	\$ 6.5
Facility/Retail Capacity Fees	\$ 1.6	\$ 6.6	\$ 1.9	\$ 6.7
	\$ 155.5	\$ 149.1	\$ 160.6	\$ 160.6

¹ Water Sales – Reflects 6.5% revenue increase as outlined in the COS

² Includes only grants related to O&M and CIP-Pay Go expenses.

² Settlement – Reimbursement for perchlorate remediation

³ Includes other revenues for Intersect Power (\$650K) and 6% increase in Communication Rental

REVISED BUDGET EXPENDITURES (IN MILLIONS)

	ADOPTED BUDGET FY 2023/24	PROJECTED 06/30/2024 FY 2023/24	ADOPTED BUDGET FY 2024/25	REVISED BUDGET FY 2024/25
Management	\$ 3.1	\$ 2.6	\$ 4.2	\$ 4.5
Finance, Administration & IT	\$ 24.0	\$ 24.0	\$ 25.8	\$ 24.3
Customer Care	\$ 3.1	\$ 3.2	\$ 3.1	\$ 3.4
Transmission & Distribution	\$ 11.2	\$ 11.3	\$ 11.4	\$ 11.6
Pumping Wells & Storage	\$ 17.5	\$ 16.4	\$ 18.8	\$ 19.2
Water Resources	\$ 11.3	\$ 8.7	\$ 11.7	\$ 13.4
Source of Supply	\$ 11.1	\$ 9.4	\$ 11.6	\$ 11.6
Water Quality, Treatment & Maintenance	\$ 14.1	\$ 14.2	\$ 15.3	\$ 16.2
Engineering Services	\$ 4.5	\$ 4.6	\$ 3.7	\$ 4.1
Debt Service	\$ 37.6	\$ 37.6	\$ 37.7	\$ 37.1
Pension Liability Expense	\$ -	\$ -	\$ -	\$ 1.3
Capital (Pay-Go)	\$ 18.1	\$ 17.2	\$ 15.8	\$ 13.9
	\$ 155.5	\$ 149.1	\$ 159.0	\$ 160.6

EXPENDITURE COMPARISON (IN MILLIONS)

Operating Expenses	APPROVED BUDGET FY 2024/25	REVISED BUDGET FY 2024/25	Difference	%
Management	\$ 4,210,276	\$ 4,480,076	\$ 269,801	6.41%
Finance, Administration & IT	25,773,077	24,297,847	(1,475,230)	-5.72%
Customer Care	3,143,402	3,433,737	290,335	9.24%
Transmission & Distribution	11,377,167	11,613,472	236,305	2.08%
Pumping Wells & Storage	18,763,365	19,166,558	403,193	2.15%
Water Resources	11,678,620	13,378,239	1,699,619	14.55%
Source of Supply	11,632,181	11,643,543	11,362	0.10%
Water Quality, Treatment & Maintenance	15,283,884	16,151,840	867,956	5.68%
Engineering Services	3,699,025	4,059,892	360,867	9.76%
Debt Service ¹	37,685,430	37,083,930	(601,500)	-1.60%
Pension Liability Expense	-	1,339,000	1,339,000	100.00%
Capital (Pay-Go)	15,757,834	13,944,142	(1,813,692)	-11.51%
Total Operating Expenses	\$ 159,004,262	\$ 160,592,276	\$ 1,588,013	1.0%

¹ Debt Service includes SBITA (GASB 96)

CAPITAL IMPROVEMENT PLAN



REVISED BUDGET CAPITAL IMPROVEMENT LIST

Capital Improvement Projects by Category	REVISED BUDGET FY 2024/25
CIP Pay-go	\$ 66,564,364
Admin & Tech	7,559,500
Appurtenance Improvements	710,000
Booster Station/Turnout Improvements	1,989,752
Capital Planning & Studies	6,615,000
Disinfection System Improvements	989,978
ESIPS Improvements	200,000
General Facility Improvements & Replacements	2,050,000
Laboratory Improvements	200,000
Meter & Meter Infrastructure Improvements	7,778,640
Pipelines & Pipeline Replacements	13,507,009
Recycled Water Improvements	700,000
RVIPS Improvements	1,105,000
Tanks & Tank Facility Improvements	8,376,000
Technology Improvements	321,485
Treatment Plant Improvements	2,265,000
Water Resources & Supply	3,625,000
Wellhead Treatment Improvements - PFAS	1,872,000
Wells & Well Facility Improvements	6,700,000
CIP Debt	\$ 109,094,974
ESFP Improvements	4,310,000
Pipelines & Pipeline Improvements	3,212,000
Pipelines & Pipeline Replacements	13,435,000
Recycled Water Improvements	10,000,000
RVTP Improvements	3,735,000
Tanks & Tank Facility Improvements	25,205,499
Treatment Plant Improvements	2,000,000
Wellhead Treatment Improvements-PFAS	38,437,000
Wells & Well Facility Improvements	8,760,475
Total CIP Projects	\$ 175,659,338

FISCAL YEAR (FY) 2024/25 - PAY-GO

Capital Improvement Projects By Category	Adopted Budget FY 2024/25	Revised Budget FY 2024/25
Admin & Tech	\$ 5,202,500	\$ 7,559,500
Appurtenance Improvements	410,000	710,000
Booster Station/Turnout Improvements	2,141,000	1,989,752
Capital Planning & Studies	5,922,404	6,615,000
Disinfection System Improvements	1,100,000	989,978
ESFP Improvements	1,955,000	-
ESIPS Improvements	100,000	200,000
General Facility Improvements & Replacements	100,000	2,050,000
Laboratory Improvements	125,000	200,000
Meter & Meter Infrastructure Improvements	2,700,000	7,778,640
Pipelines & Pipeline Improvements	2,275,000	-
Pipelines & Pipeline Replacements	11,957,500	13,507,009
Recycled Water Improvements	800,000	700,000
RVIPS Improvements	540,000	1,105,000
RVTP Improvements	2,693,000	-
Tanks & Tank Facility Improvements	4,332,000	8,376,000
Technology Improvements	300,000	321,485
Treatment Plant Improvements	290,000	2,265,000
Water Resources & Supply	4,910,400	3,625,000
Wellhead Treatment Improvements - PFAs	203,000	1,872,000
Wells & Well Facility Improvements	7,633,000	6,700,000
Total CIP Pay-Go	\$ 55,689,804	\$ 66,564,364

ENGINEERING CIP OVERVIEW - PAYGO

Capital Improvement Projects	Adopted Budget FY 2024/25	Revised Budget FY 2024/25
Saugus 3 & 4 Replacement Wells	\$4,458,000	\$5,400,000
Deane Tanks - Nimbus Deane Tank 2 for Sand Canyon Plaza	1,000,000	5,000,000
Vista Canyon Bridge Crossing	-	3,000,000
LARC Pipeline*	250,000	2,568,009
Smyth Drive Water Line Improvements	1,200,000	2,400,000
Deane Tank (One 2.08 MG Tank) @ Skyline Ranch	100,000	2,000,000
RVWTP Underground Storage Tank Replacement	290,000	1,765,000
External Agency Mandates – Pipeline Relocations	1,000,000	1,000,000
Well 206 & 207 Groundwater Treatment Improvements - PFAS	250,000	1,000,000
Total of other Projects Less than \$1M	8,202,500	8,287,000
Total Engineering Capital Projects - Pay-Go	\$16,450,500	\$32,420,009

VISTA CANYON PIPELINE ACROSS NEW BRIDGE

Construction

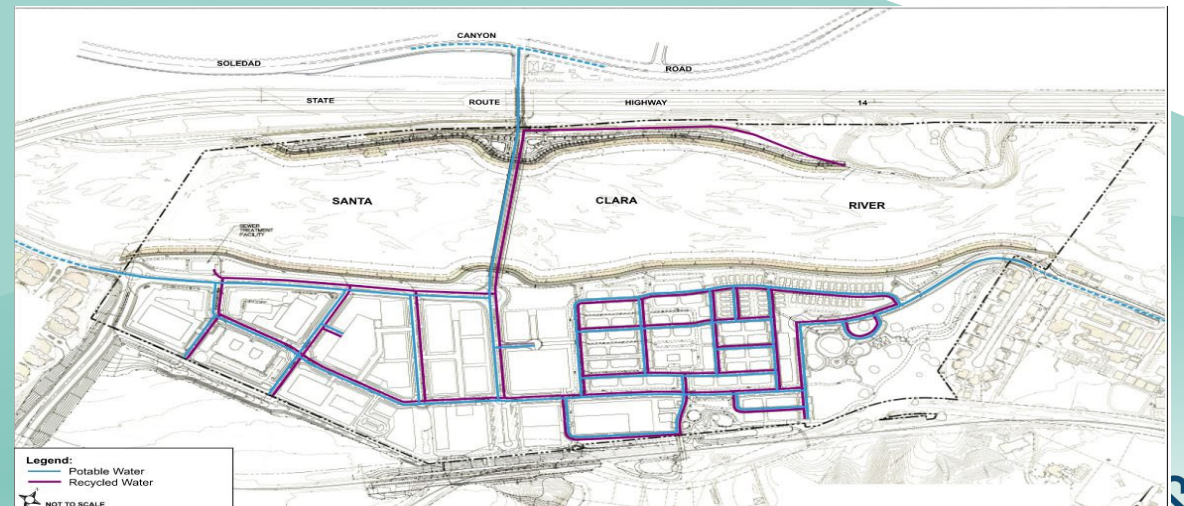
- Construction coordinated with City
- 900 feet of 16-inch Ductile Iron Pipe across Bridge
- 1,500 feet overall pipeline length to Soledad Canyon Road
- Open cell for future recycled water line

Funding

- Capacity Fee Credits from Developer
- Reimbursement Agreement with City

Benefits

- Water Supply Reliability



GROUNDWATER TREATMENT IMPROVEMENTS



Planning / Design

- Groundwater Treatment for Wells 206/207

DEANE ZONE IMPROVEMENTS

Construction

- 2.08 MG Tank @ Skyline Ranch
- 2.08 MG Tank for Sand Canyon Plaza (Debt)
- Pump Station @ Skyline Ranch
- Pump Station/Pipelines @ Sand Canyon Plaza (Debt)

Funding

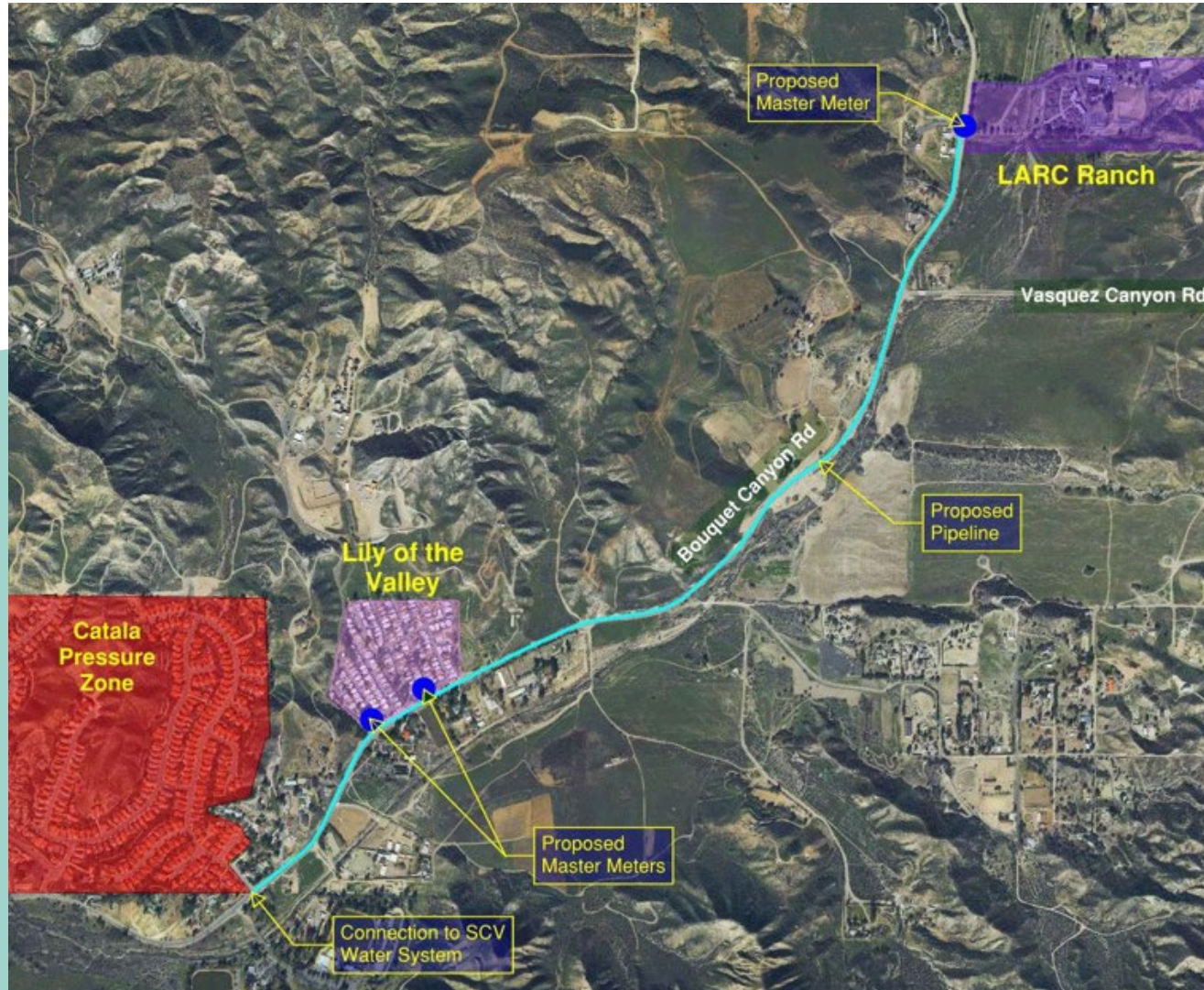
- Developer pays their fair share of facilities plus facility capacity fees
- Capacity Fees fund a portion of CIP for new system capacity

Benefits of Participation

- Developer contributed land
- Developer conducted environmental review (CEQA)
- Economies of scale for design & construction
- Addresses deficiencies in existing system



LOS ANGELES RESIDENTIAL COMMUNITY (LARC) PIPELINE



Funding

- \$3.9M Grant for 8-inch pipeline
- \$1.5M FY24 for upsized to 12-inch pipeline for existing residents
- Capacity Fees for new residential meters

Construction

- 12-inch ductile iron pipeline extends 9,600 feet to LARC
- Master Meters will serve LARC & Lily of the Valley
- Onsite Pump Station at LARC

ENGINEERING & OPERATIONS - PAY-GO/DEBT PIPELINE IMPROVEMENTS AND REPLACEMENTS

Capital Improvement Projects	Adopted Budget FY 2024/25	Revised Budget FY 2024/25
Debt	\$20,039,000	\$16,647,000
Pipelines & Pipeline Rehabilitation Program	2,275,000	3,212,000
Castaic Conduit	8,080,000	3,000,000
Sand Canyon Sewer Line Relocation	1,056,000	2,500,000
Abdale Street, Maplebay Court & Beachgrove Court Water Line Improvements	1,400,000	2,000,000
Valencia Marketplace Pipeline Replacement	1,000,000	2,000,000
Pipeline Relocation Program	6,000,000	2,000,000
Total of other Pipeline Projects Less than \$1M	228,000	1,935,000
Pay-Go	\$ 4,632,500	\$ 13,507,009
Vista Canyon Bridge Crossing	-	3,000,000
LARC Pipeline*	250,000	2,568,009
Smyth Drive Water Line Improvements	1,200,000	2,400,000
External Agency Mandates - Pipeline Relocations	1,000,000	1,000,000
Total of other Pipeline Projects Less than \$1M	2,182,500	4,539,000
Total Pipeline Improvements and Replacements	\$24,671,500	\$ 30,154,009

* SCV Water portion for LARC is \$1.5M the remaining is covered by Retail Capacity Fees

PIPELINE IMPROVEMENTS & REPLACEMENTS

Planning/Design:

- RVTP Sewer
- Sand Canyon Sewer

Construction:

- Smyth Drive (PVC)
- Abdale St/Maplebay Ct/Beachgrove Ct
- Valencia Marketplace (PVC)
- McBean Pkwy (Henry Mayo Hospital) (ACP)
- Vasquez Pipeline (Trailer Park) (PVC/ACP)

Total miles of pipe = ~920



PIPELINE IMPROVEMENTS & REPLACEMENTS



TDOMS Projects

Design/Construction:

- Newhall Ave (Market to RxR)
- Vasquez Canyon/Gaspe Street
- Simay Lane
- Via Princesa/Weyehauser
- Wiley Elementary (Powell St)

Total miles of pipe = ~920





OPERATIONS CIP OVERVIEW

- Require limited engineering support
- Consist of several general categories, each with specific individual projects
- A portion of each budget is held for unforeseen failures and unexpected projects

OPERATIONS CIP OVERVIEW - PAY-GO

Capital Improvement Projects	Adopted Budget FY 2024/25	Revised Budget FY 2024/25
Meter & Meter Infrastructure Improvements & Replacements	\$2,700,000	\$7,778,640
Rio Vista Intake Pump Station Improvements	540,000	1,105,000
Booster Station Improvement and Replacement	750,000	1,039,752
Disinfection System Improvements & Replacements	1,100,000	989,978
Appurtenance Improvements	410,000	710,000
SCADA Improvements & Replacements	300,000	321,485
Earl Schmidt Intake Pump Station Improvements	100,000	200,000
Laboratory Improvements & Replacements	125,000	200,000
Total Operations Capital Projects - Pay-Go	\$3.595.000	\$12,344,855

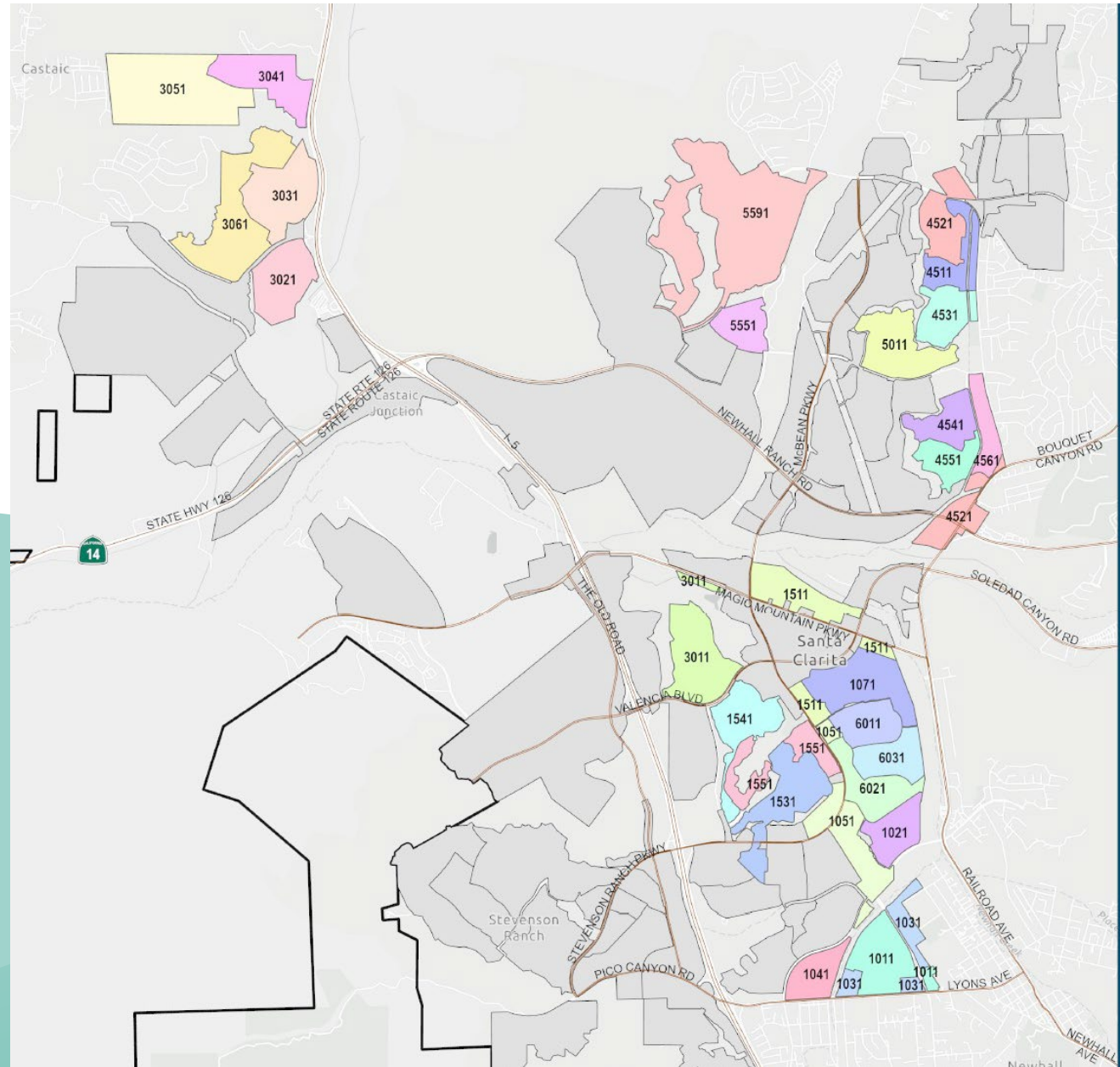
METER IMPROVEMENTS & REPLACEMENTS

Meter Replacement Criteria

- Age
- Volume
- Read Style

AMI Target Areas

- Grant proposed area – ~12,000
- General replacements – ~800



ADMINISTRATION, TECHNOLOGY & FLEET - PAYGO

Capital Improvement Projects	Adopted Budget FY 2024/25	Revised Budget FY 2024/25
Technology Improvements and Replacements	\$3,710,000	\$4,609,500
Equipment and Vehicle Resilience Improvements	1,900,000	2,000,000
Office Improvements - Various	1,250,000	2,950,000
Total Administration, Technology & Fleet - Pay-Go	\$ 6,860,000	\$ 9,559,500

WATER RESOURCES - PAY-GO

Capital Improvement Projects	Adopted Budget FY 2024/25	Revised Budget FY 2024/25
BVRRB Storage and Recovery Program	\$ 3,400,000	\$3,400,000
Deep Monitoring Wells (GSA)	2,500,000	1,300,000
Battery Energy Storage Project - Rio Vista Water Treatment Plan	-	1,200,000
Devil's Den Property Solar Project	100,000	100,000
Invasive Species Management Program	279,575	-
New Water Banking Program (AVEK/Mid Valley/Rosedale)	750,000	250,000
Pinetree Recharge Facility Project – Planning and Design	-	500,000
Recycled Water Program Phase II, 2D - West Ranch Customer Conversion	500,000	700,000
Resiliency Water Master Plan Implementation	1,025,000	1,065,000
Sites Reservoir	900,000	900,000
Solar Array Improvements and Replacements Program	150,000	150,000
Update Water Conservation and Education Garden	2,000,000	2,000,000
Water Demand Factor Software Development	75,000	75,000
WaterSMART Targets Software Development	100,000	100,000
Yuba Accord Water	1,217,829	500,000
Total Water Resources - Pay-Go	\$ 12,997,404	\$12,240,000

FY2024/2025 - DEBT FUNDED

Capital Improvement Projects by Category	Adopted Budget FY 2024/25	Revised Budget FY 2024/25
Capital Planning & Studies	\$ 1,700,000	\$ -
ESFP Improvements	-	4,310,000
Pipelines & Pipeline Improvements	-	3,212,000
Pipelines & Pipeline Replacements	8,955,000	13,453,000
Recycled Water Improvements	10,101,000	10,000,000
RVTP Improvements	-	3,735,000
Tanks & Tank Facility Improvements	33,650,000	25,205,499
Treatment Plant Improvements	550,000	2,000,000
Wellhead Treatment Improvements	11,588,000	-
Wellhead Treatment Improvements-PFAS	25,135,000	38,437,000
Wells & Well Facility Improvements	1,100,000	8,760,475
Total CIP Debt Funded	\$ 92,779,000	\$ 109,094,974

OPERATIONS CIP OVERVIEW - DEBT

Capital Improvement Projects	Adopted Budget FY 2024/25	Revised Budget FY 2024/25
Earl Schmidt Filtration Plant Improvements	\$1,755,000	\$4,310,000
Wells & Well Facility Improvement Program	675,000	4,057,475
Rio Vista Treatment Plant Improvements	2,495,000	3,735,000
Pipelines & Pipeline Rehabilitation Program	2,275,000	3,212,000
Tanks & Storage Facility Improvement Program	1,700,000	2,005,499
Total Operations Capital Projects - Debt	\$8,900,000	\$17,319,974



STORAGE TANK IMPROVEMENTS & REPLACEMENTS

111* Total Storage Structures

*Includes RW, clear wells, concrete reservoir and plant water tank

Improvement Criteria

- 3 – 5 Year Inspections

Key Projects

- Ridge Route
- Briardale
- Placerita Cyn 1



WELL IMPROVEMENTS & REPLACEMENTS

55* Total Wells

*Includes inactive, standby, non-potable

Well Rehabilitation Criteria

- Specific capacity
- Production
- Age
- PFAS Treatment

Key Projects

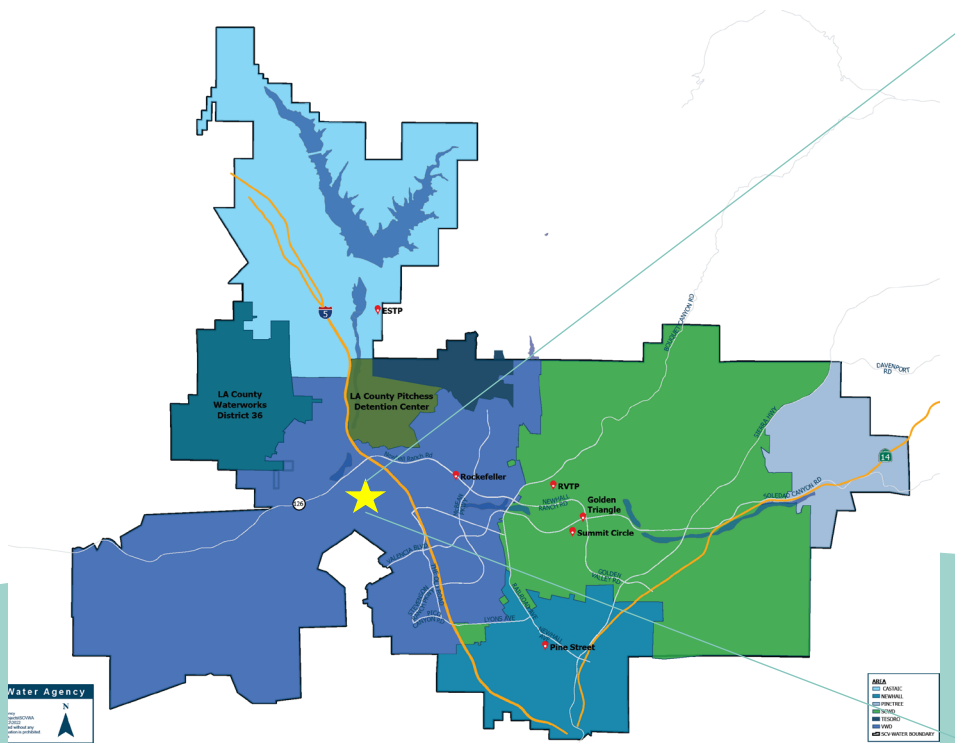
- Saugus 1
- Saugus 2
- Guida

ENGINEERING & WATER RESOURCES CIP – DEBT

Capital Improvement Projects	Adopted Budget FY 2024/25	Revised Budget FY 2024/25
Additional Wells (T7, U4, U6) (includes S1&S2 Wells VOC Treatment & Flexextend)	\$10,000,000	\$16,700,000
Backcountry (fka Magic Mountain) Reservoir	23,260,000	13,200,000
Well 205 (Perchlorate)	8,750,000	11,000,000
Backcountry (fka Magic Mountain) Pump Station	9,340,000	10,000,000
Recycled Water Program Phase II, 2C - South End Backbone Reach 1	7,500,000	7,500,000
S Wells (S6, S7 and S8)	11,200,000	6,750,000
Well 201 VOC Groundwater Treatment Improvements	2,838,000	4,603,000
Castaic Conduit	8,080,000	3,000,000
Sand Canyon Sewer Line Relocation	1,056,000	2,500,000

ENGINEERING & WATER RESOURCES CIP - DEBT (CONT'D)

Capital Improvement Projects	Adopted Budget FY 2024/25	Revised Budget FY 2024/25
E Wells (E-14, E-15, E-16, E-17) Treatment	\$985,000	\$2,491,000
Abdale Street, Maplebay Court & Beachgrove Court Water Line Improvements	1,400,000	2,000,000
Newhall (fka Saugus) Wells (N11, N12, N13) Groundwater Treatment Improvements	550,000	2,000,000
Pipeline Relocation Program	6,000,000	2,000,000
Valencia Marketplace Pipeline Replacement	1,000,000	2,000,000
Recycled Water Pump Station PS-1 Upgrades	1,200,000	1,350,000
Total of other Projects Less than \$1M	5,764,400	4,681,000
Total Engineering & Water Resources Capital Projects - Debt	\$89,923,400	\$91,775,000



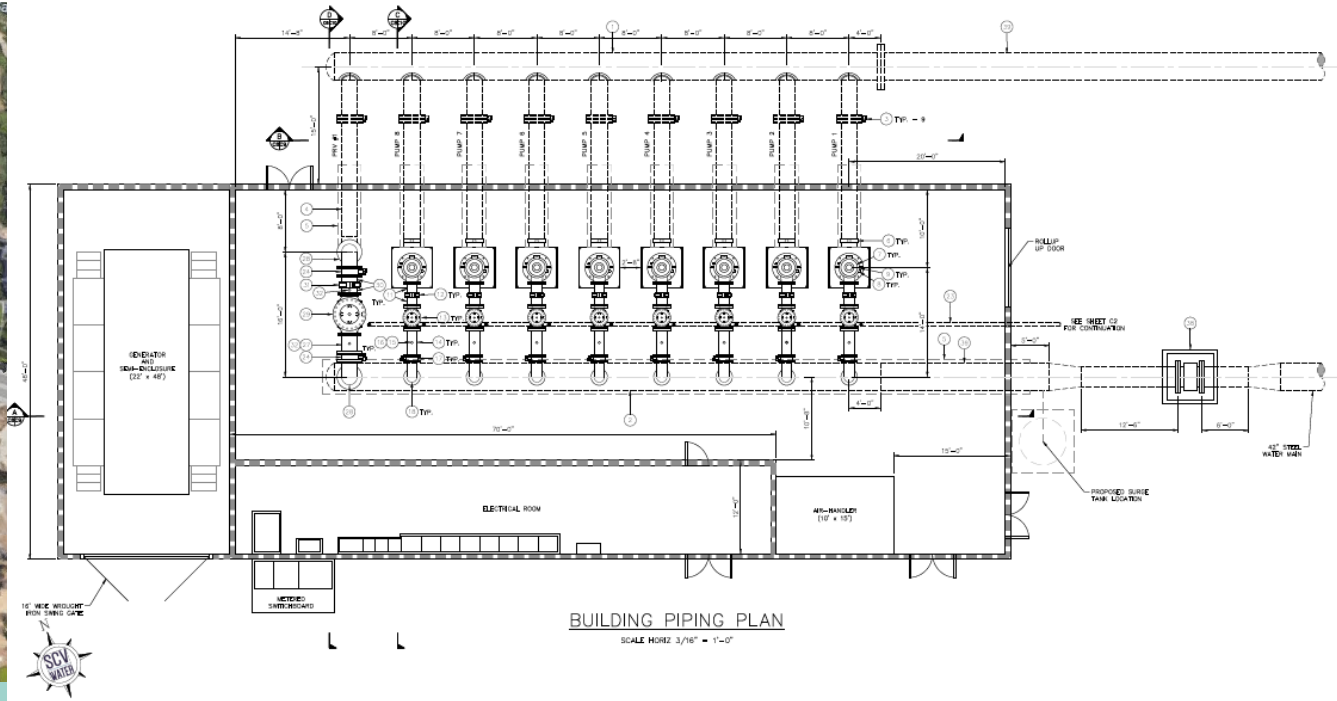
BACKCOUNTRY (FKA MAGIC MOUNTAIN) RESERVOIR

Design and Construction

- Construct large storage reservoir at the western portion of Agency service area
- Facilities designed to maintain appropriate residuals and turn over water

Project Details

- Construction of a concrete Reservoir with a nominal capacity of 9 MG (Operational Volume 7.73 MG)
- Reservoir mixers and residual management system



BACKCOUNTRY (FKA MAGIC MOUNTAIN) PUMP STATION

Design and Construction

- Construct Pump Station and Pipelines to distribute and water to Zone I and Zone IIA-N

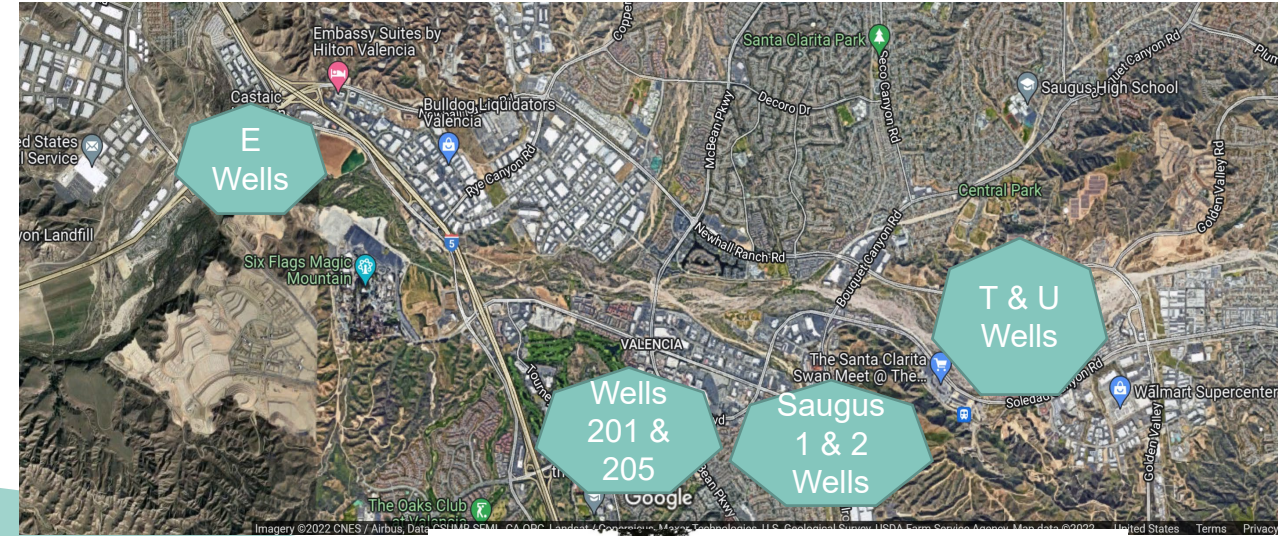
Project Details

- Construction of a 24,000 gpm Pump Station
- Pump station primary function to flow water east to west toward Backcountry Reservoir
- Design will also include provisions to flow water west to east

GROUNDWATER TREATMENT IMPROVEMENTS

Construction

- Well 201
- Well 205
- T7, U4, U6 Wells PFAS Treatment and Saugus 1 and 2 Wells VOC Treatment



Planning and Design

- S Wells
- E Wells
- Newhall Wells (N11, N12, N13)
- North Oaks Wells, Sierra Well, Clark Well, Wells 206/207, W9, W10, & D



Well 201 Groundwater Treatment

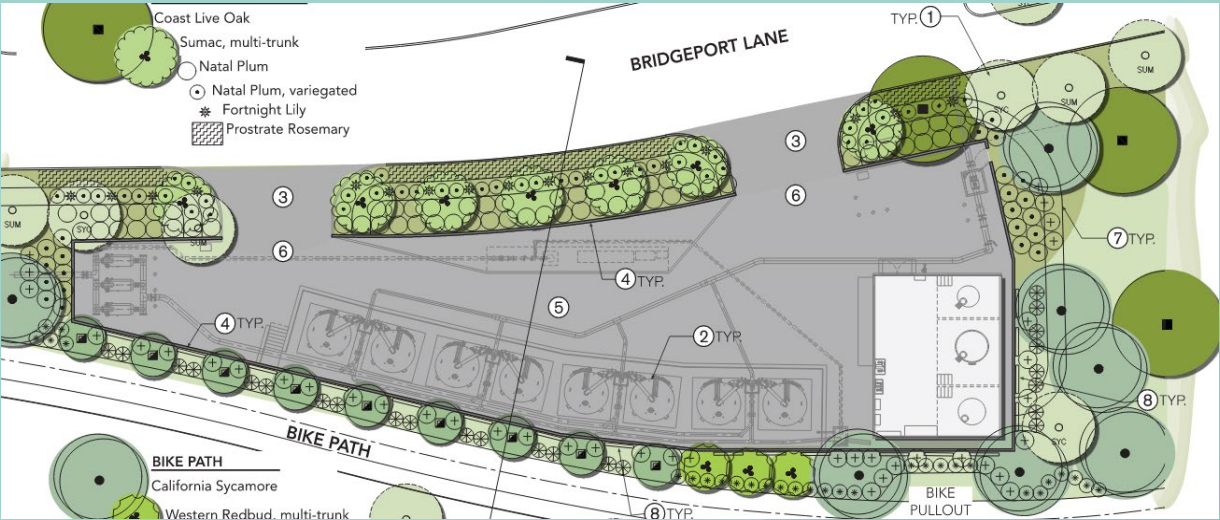
GROUNDWATER TREATMENT IMPROVEMENTS

Project Details

- Construct treatment facilities for various Wells.
- Well 201 production up to 3,225 AFY
- Well 205 production up to 4,350 AFY
- Wells T7,U4,U6 restore production up to 5,500* AFY
- **Total production of approximately 13,075 AFY**



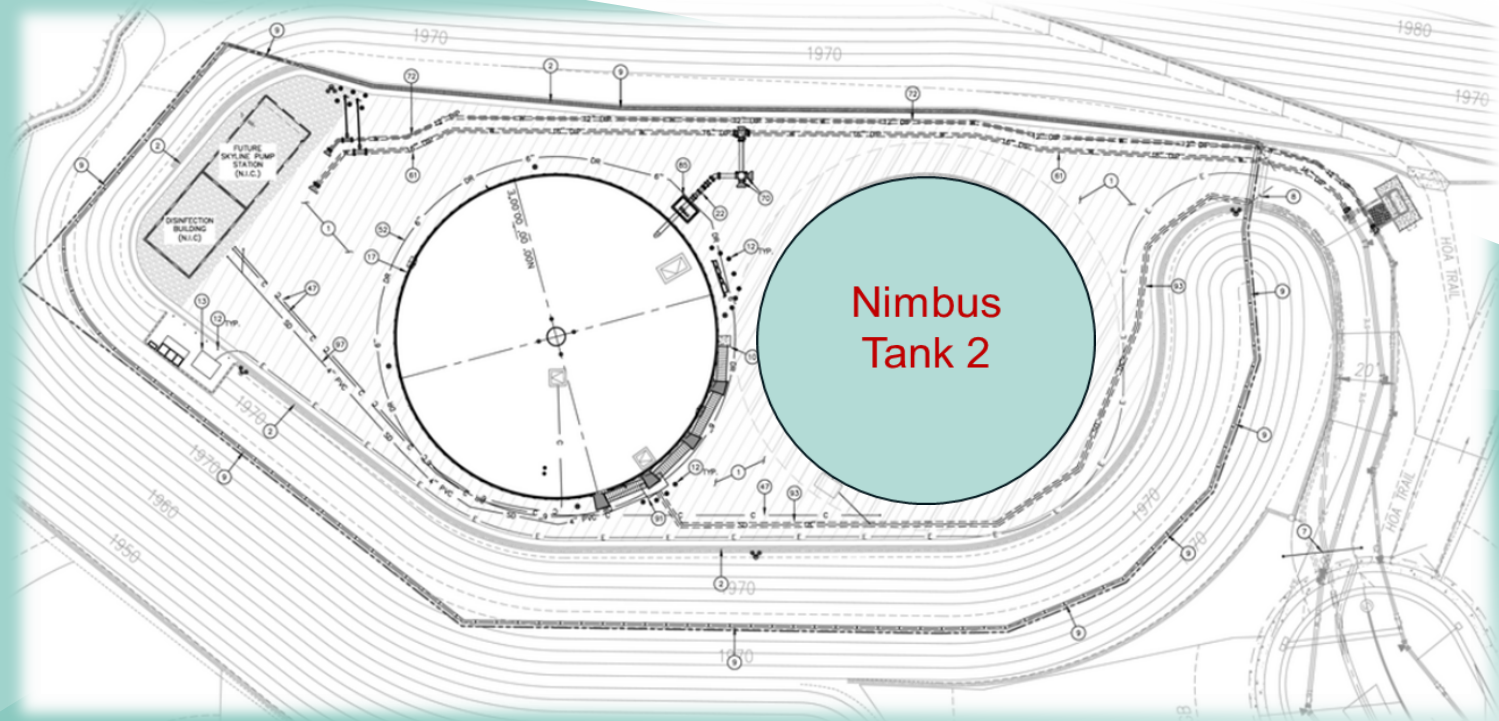
T&U PFAS & Saugus 1 and 2 VOC Treatment



S Wells PFAS Treatment

NIMBUS DEANE ZONE TANK 2 SAND CANYON PLAZA

- 2nd 2.08 MG Prestressed Concrete Tank
- Sand Canyon Plaza Developer pays their fair share of facilities plus facility capacity fees
- Capacity Fees fund a portion of CIP for new system capacity



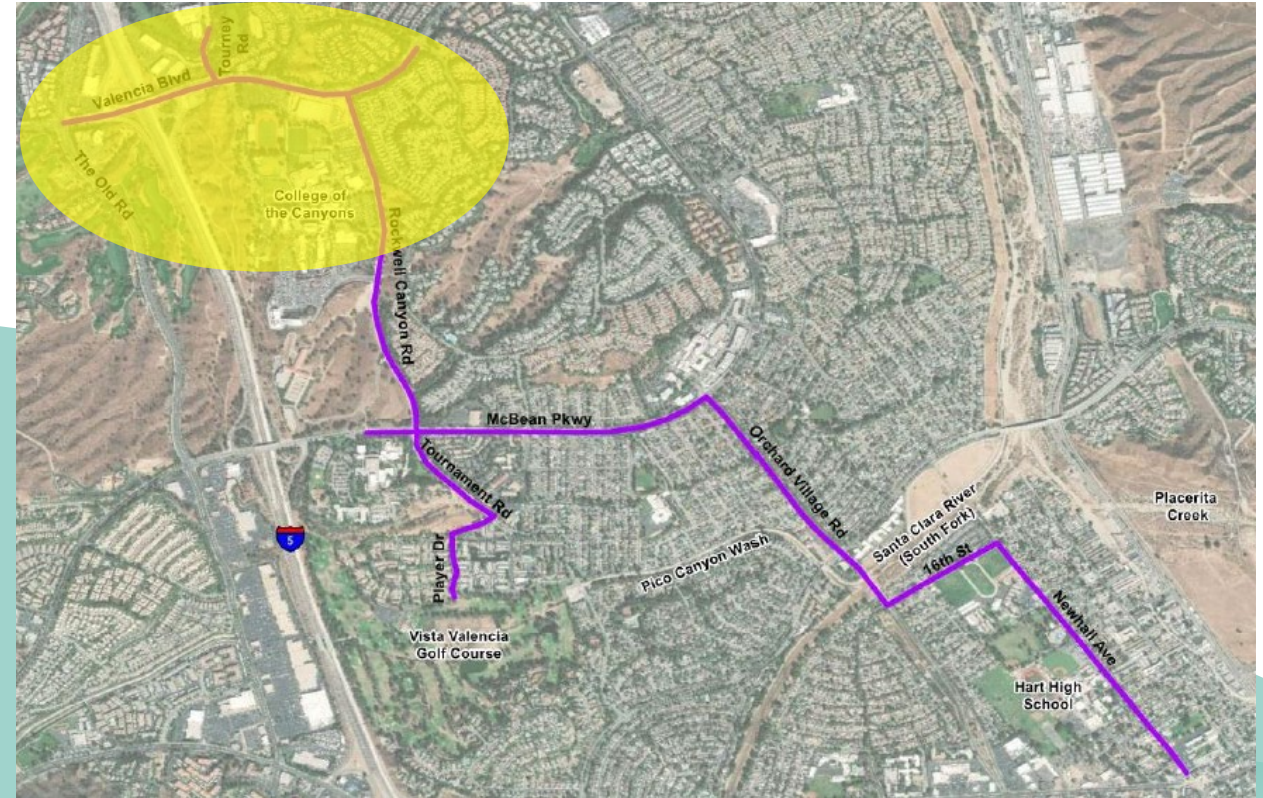
RECYCLED WATER IMPROVEMENTS

Design and Construction

- Upgrade the existing recycled water electrical components at the Valencia Water Reclamation Plant
- Expand the recycled water system to the College of the Canyons.

Project Details

- Install recycled water pipelines from Valencia Boulevard and The Old Road Intersection to the College of the Canyons (highlighted in yellow).



SAUGUS WELLS 3 & 4

Construction

- New Wells drilled in the Saugus Formation
- These wells are replacing other wells impacted by PFAS
- Saugus Well # 3 is completed
- Currently reaming borehole for Saugus Well #4.

Project Details

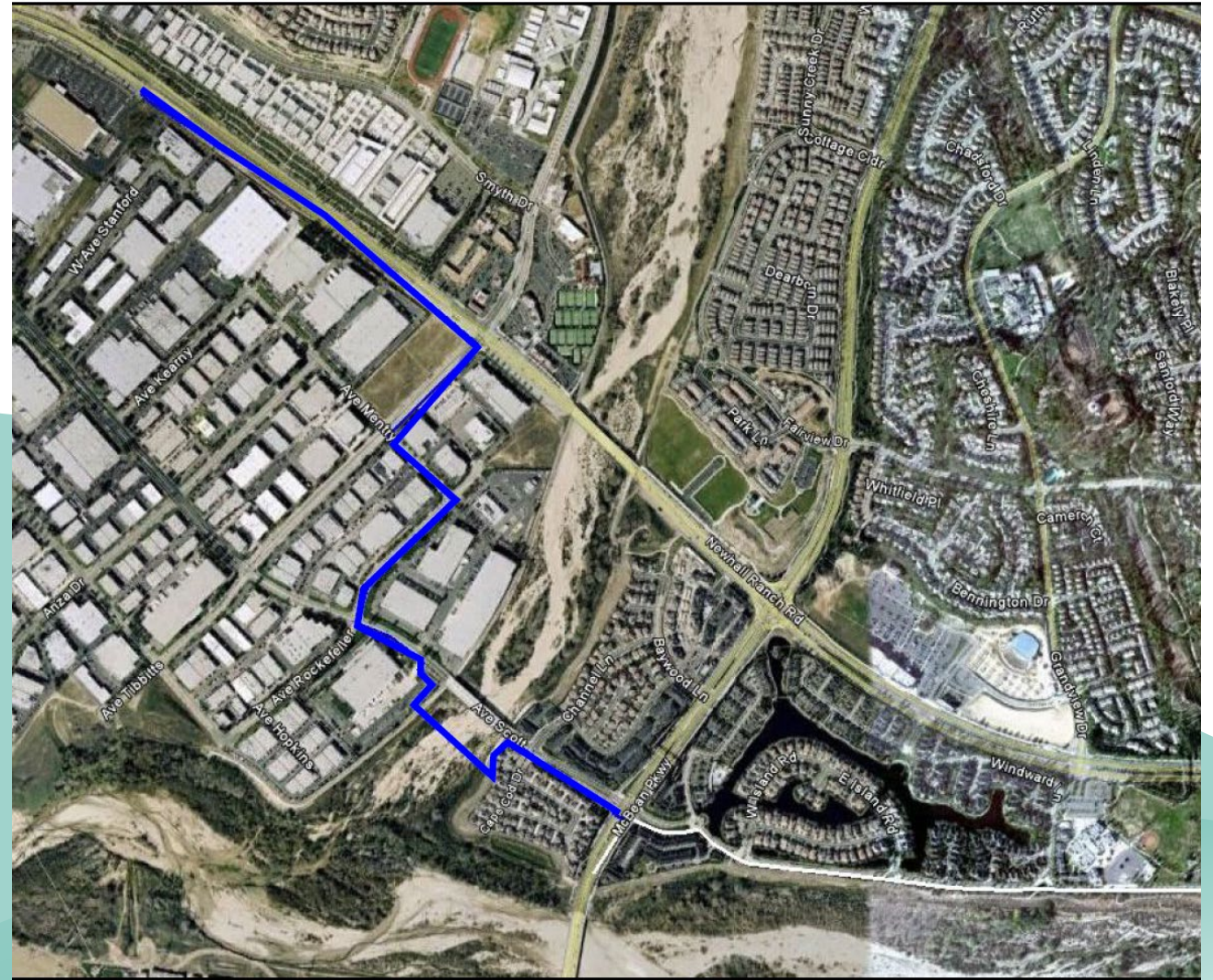
- Drilling New wells estimated at 2,000 gpm each
- Total of approximately 6,500 AFY
- Associated pipelines installation



CASTAIC CONDUIT PIPELINE

Design and Construction

- Construct approximately 7,958 feet of 54-inch diameter Castaic Conduit Pipeline along Newhall Ranch Road, Avenue Tibbitts, Avenue Mentry, Avenue Rockefeller, Avenue Scott, and McBean Parkway.



Castaic Conduit Pipeline Alignment

RVWTP UNDERGROUND STORAGE TANK REPLACEMENT

Construction

- Replace existing underground storage tank that provides diesel fuel storage for the standby generator at the Rio Vista Water Treatment Plant (RVWTP). Construction will be completed October 2024

Project Details

- Existing underground storage tank in-service for about 25 years and industry average lifespan is 20 years.
- Remove existing 8,000-gallon underground storage tank and install new above ground 8,000-gallon diesel fuel storage tank
- Provide temporary fuel during construction to keep the standby generator operational

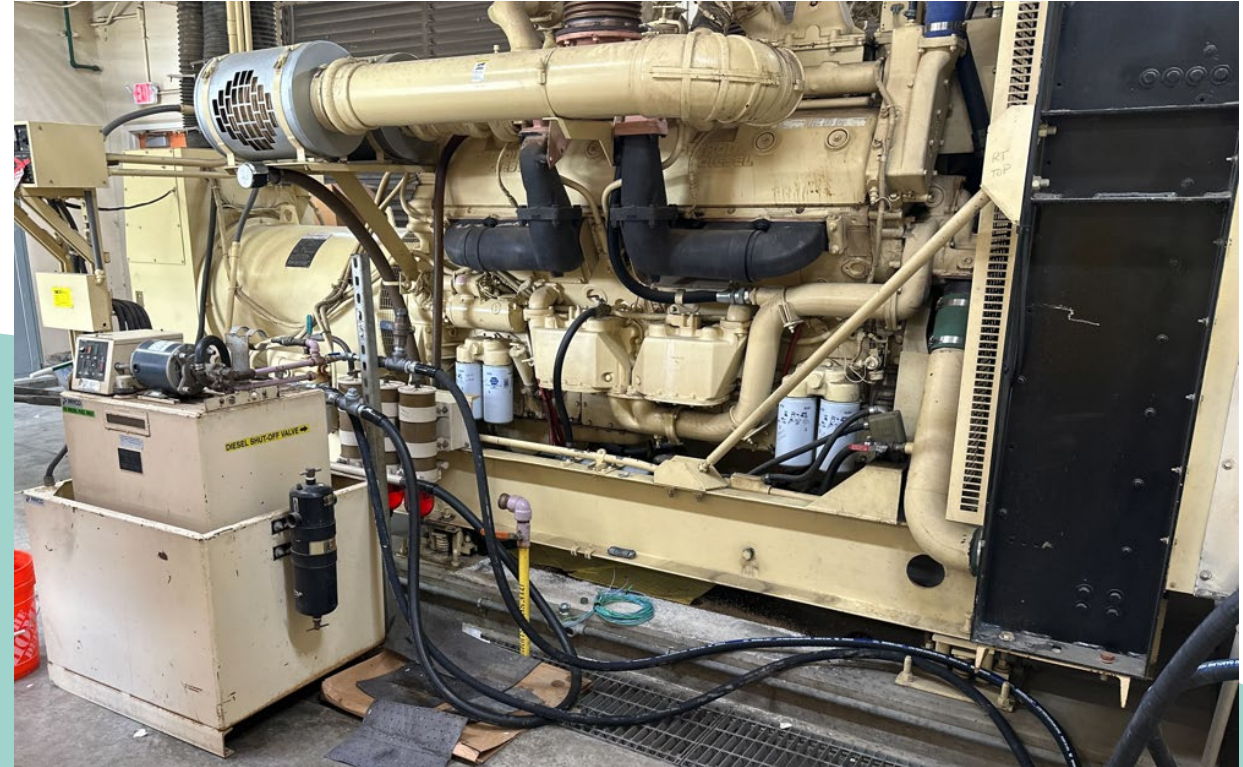


Photo (above): Generator day tank temporarily relocated to avoid timely and unplanned emergency generator outages

WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT (WIFIA) LOAN PROGRAM

- 60+ Projects
- 10-year Master Agreement
- \$720.9 million WIFIA Eligible Projects
 - \$353.2 million WIFIA Funded (49%)
 - \$367.7 million Agency Funded (51%)
- Flexibility in Debt Service structure
- Flexible repayment terms

What is WIFIA?

Designed to accelerate investments through long-term, low-cost loans to deliver critical water projects across the country.



TOTAL CAPITAL PROJECTS FUNDING SOURCES

FY 2024/25 Funding Sources	CIP Pay-go	CIP Debt	Total
Operating Revenues	\$ 10,317,470	\$ -	\$ 10,317,470
Available Funds/ Carryover	38,281,308	-	38,281,308
Retail Capacity Fees	5,947,707	-	5,947,707
Bond Proceeds	-	29,956,000	29,956,000
WIFIA Loan or Reserves	-	54,739,112	54,739,112
SWRCB Loan	-	10,000,000	10,000,000
Grants	3,626,672	14,399,862	18,026,534
Reserves	8,391,208	-	8,391,208
	\$ 66,564,364	\$ 109,094,974	\$ 175,659,338

FY 2024/25 CAPITAL PLAN FUNDING (PAY-GO)

	ADOPTED BUDGET FY 2024/25	REVISED BUDGET FY 2024/25
Revenues*	\$ 159,004,262	\$ 160,592,276
Expenses	\$(105,560,998)	\$(109,564,204)
Debt Service	\$ (37,685,430)	\$ (37,083,930)
Transfer - Other Fund**	\$ 30,958,559	\$ 14,338,915
Carryover Funds (Prior Year)	\$ 8,973,410	\$ 38,281,308
Total CIP Pay-go	\$ 55,689,803	\$ 66,564,363
Total CIP Pay-go	\$ 55,689,804	\$ 66,564,363
Transfer - Other Fund**	\$ (2,527,656)	\$ (14,338,915)
Carryover Funds (Prior Year)	\$ (37,404,314)	\$ (38,281,308)
Funded by Rates/Other Rev	\$ 15,757,834	\$ 13,944,142

*Included current year Facility / Retail Capacity Fee Revenues

**Transfer in from Retail Capacity Fee Fund and Reserves (Revised FY 25 - \$5.9 million Capacity Fees and \$8.4 million of Reserves)

FY 2024/25 CAPITAL PLAN FUNDING (DEBT)

	ADOPTED BUDGET FY 2023/24	PROJECTED 06/30/2024 FY 2023/24	REVISED BUDGET FY 2024/25
Fund Balance, Beginning	\$ 18,071,470	\$ -	\$ 50,436,274
REVENUES			
Bond Proceeds	75,000,000	75,000,000	-
SWRCB Loan		-	10,000,000
WIFIA Loan		-	54,739,112
Grant Reimbursements	-	3,074	14,399,862
Investment Revenues	375,000	1,859,668	788,204
Total Revenues	\$ 75,375,000	\$ 76,862,742	\$ 79,927,178

EXPENDITURES			
Capital Projects	(41,981,000)	(26,426,468)	(109,094,974)
Total Expenditures	\$ (41,981,000)	\$ (26,426,468)	\$ (109,094,974)

Available Fund Balance, Ending	\$ 51,465,470	\$ 50,436,274	\$ 21,268,478
---------------------------------------	----------------------	----------------------	----------------------

FY 2024/25 RESERVE BALANCE

RESERVES	Adopted Budget FY2024-25	Revised Budget FY2024-25	Use of Reserves	FY 2024-25 Year-End Reserve Balance
Capital	\$18,479,826	\$18,479,826	\$(8,391,208)	\$10,088,618
Emergency/Disaster	34,704,985	36,034,259	-	36,034,259
Operating	47,094,716	48,213,085	-	48,213,085
Revenue Rate Stabilization	20,748,086	20,748,086	-	20,748,086
Water Supply Reliability	6,000,000	6,000,000	-	6,000,000
Total Reserves	\$ 127,027,613	\$129,475,256	\$(8,391,208)	\$ 121,084,048

PROFORMA - UNRESTRICTED CASH POSITION

	ADOPTED BUDGET FY 2024/25	REVISED BUDGET FY 2024/25
Beginning Fund Balance	\$ 136,001,023	\$ 167,756,563
Reserves	(96,069,054)	(121,084,048)
Net Available	\$ 39,931,969	\$ 46,672,514
Revenues		
Water Sales	\$ 105,130,713	\$ 105,530,713
Property Tax	31,676,548	34,630,270
Facility/Retail Capacity Fees	1,948,800	6,700,000
Grants	10,111,300	4,516,672
Reimbursements	3,517,000	2,699,778
Misc Revenue	6,619,900	6,514,842
Expenses	(105,560,997)	(109,564,204)
Debt Services	(37,685,430)	(37,083,930)
CIP Pay-go w/CF Offset	(55,689,804)	(60,616,657)
Available Fund Balance EOY	\$ -	\$ -

FIVE-YEAR FORECAST (FY 2026 – FY 2030)

Projected Water Sales Revenue Increase *	9.0%	9.0%	9.0%	5.0%	5.0%
	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Operating Revenues	\$ 165,187,518	\$ 176,537,924	\$ 188,732,867	\$ 198,358,580	\$ 210,667,809
Operating Expenses	(114,237,270)	(123,561,683)	(129,569,124)	(139,609,473)	(146,189,960)
Debt Service	(37,142,844)	(37,633,711)	(38,187,286)	(32,275,386)	(32,263,003)
Capital Pay Go (Rates & Other Revenues)	\$ 13,807,404	\$ 15,342,530	\$ 20,976,458	\$ 26,473,721	\$ 32,214,846
Debt Service Coverage Ratio	1.37	1.41	1.55	1.82	2.00
<i>* Water rates increase may vary based on the Cost of Service and Rate Study</i>					
Capital Pay Go (Rates, Other Revenues & Reserves)	\$ 39,134,284	\$ 27,441,731	\$ 18,390,321	\$ 14,989,885	\$ 14,865,298
Utilization of / Transfer to Reserves	\$ (25,326,880)	\$ (12,099,201)	\$ 2,586,137	\$ 11,483,836	\$ 17,349,548
Reserve Balance	\$ 95,757,168	\$ 83,657,967	\$ 86,244,104	\$ 97,727,940	\$ 115,077,488
Reserve Policy Target	\$ 143,520,951	\$ 142,954,577	\$ 146,114,901	\$ 152,302,156	\$ 158,416,521
Reserve Policy Surplus / (Deficit)	\$ (47,763,783)	\$ (59,296,610)	\$ (59,870,797)	\$ (54,574,216)	\$ (43,339,033)
% Reserve Policy Funded	67%	59%	59%	64%	73%

IN SUMMARY

Balanced Budget (use of reserves)

Utilization of adopted Cost of Service Study

- 6.5% Revenue Increase FY 2024/25

11 New Positions

No change in existing standard of service

- Consistent with the Strategic Plan
 - *Groundwater Management Act*
 - *Water Resiliency Initiative*
 - *Technology Improvements*
 - *Tanks and Pipelines Replacements*
 - *PFAS Treatment*
- WIFIA Loan

STRATEGIC PLAN NEXUS

This revised budget supports SCV Water’s Strategic Plan **Goal E:** “Financial Resiliency: Maintain a long-range, transparent and well-planned financial condition, resulting in current and future users receiving fair and equitable rates and charges,” specifically **Strategy E.2:** “Increase focus on forward-looking financial information.”

RECOMMENDATION

That the Finance and Administration Committee recommends the Board of Directors to approve a resolution revising the FY 2024/25 budget.

The background features a blurred image of a desk with a blue Casio calculator, a laptop keyboard, and a stack of US dollar bills. A large, semi-transparent blue wave graphic overlays the bottom half of the image.

QUESTIONS