

Agenda Item: {{section.number}}H

May 19, 2025

TO: THE FINANCE COMMITTEE

Director Mike Gardner
Director Laura Roughton

FROM: Richard R. Aragon, Assistant General Manager/Chief Financial Officer

**ADOPT RESOLUTION 3354 APPROVING THE WESTERN RIVERSIDE COUNTY REGIONAL
WASTEWATER AUTHORITY FISCAL YEAR 2025-2026 BUDGET**

RECOMMENDATION:

Staff requests that the Finance Committee recommend the Board of Directors:

1. Adopt Resolution 3354 approving the Western Riverside County Regional Wastewater Authority's Fiscal Year 2025-2026 budget.

EXECUTIVE SUMMARY:

On April 17, 2025, the Western Riverside County Regional Wastewater Authority's Board of Directors adopted their budget for Fiscal Year 2025-2026. The budget must now be approved and ratified by the Authority's five member agencies.

BUDGET IMPACT:

Amounts in Western Riverside County Regional Wastewater Authority (WRCRWA)'s Fiscal Year 2025-2026 budget that affect Western Municipal Water District have been incorporated in the adopted Western Municipal Water District's Fiscal Year 2025-2026 operating and capital budgets. Western Water's share of WRCRWA's Fiscal Year 2025-2026 budget includes \$1,556,605 for operations, \$39,481 for debt service, and \$1,532,141 for capital expenditures, for a grand total of \$3,128,227. This grand total amount is \$650,933 more than the prior year and is due to \$110,191 increase in the operating budget and a \$540,742 increase in the capital budget, which includes \$513,087 unspent capital budget to be carried forward from Fiscal Year 2024-2025 to Fiscal Year 2025-2026.

DETAIL:

WRCRWA's Fiscal Year 2025-2026 budgeted operating expenses reflect a total increase of \$278,450 or 2.16%, compared with the prior year budget as shown in the first schedule below.

The increase is attributable to the following:

- Treatment System operating costs increased by \$70,730 or 0.65%, due to normal labor cost increases, facility maintenance cost increase for additional support needed and decrease in utility costs.
- Conveyance System operating costs decreased by \$65,940 or (15.33%), due to the reduction of staff hours relating to complete repairs.
- General and Administrative operating costs increase by \$273,660 or 16.77%. This increase is attributed to normal labor cost increases, additional staff hours needed for the recycled water business and capital project administration, as well as higher insurance premiums resulting from renewals, including a three-year pollution insurance policy.

WRCRWA's Fiscal Year 2025-2026 capital budget reflects a total increase of \$3,710,992 or 55.42%, compared with the prior year capital budget. The increase is attributable to the following:

- The pay-go capital budget increased by \$3,606,050 or 68.11%, which includes \$3,522,500 unspent capital budget to be carried forward from Fiscal Year 2024-2025 to Fiscal Year 2025-2026.
- The asset replacement reserve funding requirement increased by \$104,942 or 7.49% due to the asset replacement cost increases.

WRCRWA's Year-to-Year Budget Comparison				
	FY 2024-2025	FY 2025-2026	Difference (in dollars)	Increase (percentage)
Operating	\$ 12,894,044	\$ 13,172,494	\$ 278,450	2.16%
Debt Service	4,486,536	4,486,536	-	0.00%
Capital	6,695,538	10,406,530	3,710,992	55.42%
Total	\$ 24,076,118	\$ 28,065,560	\$ 3,989,442	16.57%
Western Water's Share of WRCRWA's Year-to-Year Budget Comparison				
	FY 2024-2025	FY 2025-2026	Difference (in dollars)	Increase (percentage)
Operating	\$ 1,446,414	\$ 1,556,605	\$ 110,191	7.62%
Debt Service	39,481	39,481	-	0.00%
Capital	991,399	1,532,141	540,742	54.54%
Total	\$ 2,477,294	\$ 3,128,227	\$ 650,933	26.28%

Reason for Action:

The Joint Powers Agreement establishing WRCRWA necessitates Western Water's Board of Directors approving the operating, debt service, and capital budgets.

Solution:

Adopt Resolution 3354 approving WRCRWA's Fiscal Year 2025-2026 Budget.

STRATEGIC PRIORITIES REFERENCE:

This action aligns with Western Water's Strategic Priority of Financial Stewardship.

PROPOSED DATE OF ACTION:

If approved by the Committee, this item is scheduled for consideration by the full Board of Directors at their meeting on June 18, 2025.

LEGAL COUNSEL REVIEW:

Not applicable.

Respectfully submitted by:

Richard R. Aragon, Assistant General Manager/Chief Financial Officer

Finance Committee Meeting

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Attachments:

1. Resolution 3354 Approving WRCRWA's Fiscal Year 2025-2026 Budget
2. Excerpts from WRCRWA's Fiscal Year 2025-2026 Budget