



**WEST BASIN MUNICIPAL WATER DISTRICT**  
17140 S. Avalon Blvd., Suite 210  
Carson, CA 90746

**AGENDA NO. 27**

**MAY 20, 2010 – Finance**

Smith (Chair), Dear

**JUNE 1, 2010 – Board Meeting**

Prepared by: Mary-Ann Rexroad

Submitted by: Margaret Moggia

Approved by: Rich Nagel

## ACTION CALENDAR

### FISCAL YEAR (FY) 2010-11 BUDGET UPDATE

#### SUMMARY:

On March 25, 2010, staff conducted a Budget Workshop with the Board of Directors to review and discuss the proposed Fiscal Year (FY) 2010-11 Budget and the related proposed rates and charges. In addition, at the Budget Workshop staff identified the budget objectives as follows:

- Achieve the targeted debt coverage;
- Present a responsible budget; and
- Address risks and plan for future budget implications.

Due to the uncertainty of the increases in the rates to be adopted by Metropolitan Water District (MWD) in April 2010, staff presented two options and their impact on West Basin Municipal Water District's (West Basin) proposed FY 2010-11 Budget. The first option presented assumed MWD would adopt an average increase of 12.4% in their rates and West Basin would increase its Reliability Surcharge \$11 per acre-feet (AF). The second option assumed MWD would adopt an average increase of 9.6% in their rates and West Basin would increase its Reliability Surcharge \$14/AF. Subsequent to the Budget Workshop, MWD adopted an average increase of 7.5% in their rates (effective January 1 for both 2011 and 2012).

Based on MWD's adopted rates, staff revised the FY 2010-11 Budget to reflect the lower than anticipated MWD rates. Because of the lower rates, staff included a \$14/AF increase in West Basin's Reliability Service charge. This increase in the Reliability Service Charge allows West Basin to achieve its targeted debt coverage of 1.30 and meet the other Budget objectives. In addition, staff incorporated the comments received from the Board during the Budget Workshop.

#### STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 4: Sound Financial & Resources Management – West Basin is committed to efficient business operations, financial planning and asset management.

#### FISCAL IMPACTS:

The FY 2010-11 Budget anticipates net revenues of approximately \$7.0 will be applied towards West Basin's Designated Funds and that the desired debt service coverage will be achieved.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on May 20, 2010 and recommended for approval at the June 1, 2010 Board meeting.

RECOMMENDED MOTION:

That the Board adopts the Fiscal Year 2010-11 Budget.

LIST OF EXHIBITS:

Exhibit "A" – Fiscal Year 2010-11 Budget

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