

**MWDOC**  
**Draft Budget for FY 2010/11**

**Administrative & Finance Committee**  
**March 10, 2010**



# MWDOC Budget Objectives

- ✓ **Achieve a Balanced Budget**
- ✓ **Minimize expenditures**
- ✓ **Continue seeking cost reductions**
- ✓ **Use outside funding to cover costs where appropriate**
- ✓ **Maximize value of our services to each client agency**

# Key Cost Drivers for FY 2010/11

- **Economy**
- **Labor & Benefits**
  - 1% merit pool increase
- **Settlement of the North/South Dispute**
  - Impact of “Choice Model” if approved
  - Need for Consultants
- **Impact of Receiving Grants on District Costs**
- **Election expense**
- **Lower than average water sales due to Allocations**

# Proposed Cost Reductions

- **Number of Conferences for both Staff and Directors**
- **Legal Expenses**
- **District Memberships/Sponsorships**
- **Savings in Rents & Leases**
- **Office Supplies**
- **Employee Training Costs**
- **Engineering Services**
- **Postage/Mail Delivery**

# MWDOC Department Budgets

- **Key Departments**
  - **Goals & Objectives**
  - **Budget Highlights for FY 2010/11**

# Water Use Efficiency

## Goals & Objectives:

- **Conduct Water Savings Evaluations**
  - So. OC IRWMP Reserve Study
  - Sprinkler Nozzle Rebate Program
  - No. OC SmartTimers
- **Assist Client Agencies in evaluating and Selecting 20x2020 Compliance Options**
- **Maximize MWDOC's access to MET's Bridge-Year Water Use Efficiency Program**
- **Actively Participate in the Development of MET's Long-term Water Use Efficiency Program**

# Water Use Efficiency

- Acquire Local, State, Federal Grants
- Programs to date (as of Jan 2010) have generated 31,500 acre-feet of water saving annually

## Budget highlights:

- Decrease in Membership/Sponsorship cost of \$22,325
- Cost of Program Evaluations of \$240,000; per the Grant requirements; actual cost to MWDOC is \$110,000 with \$130,000 from grants

**Total Budget = \$751,630**

# Regional Planning

## Goals & Objectives:

- Continue development of the South Orange Coastal Ocean Desalination Project with the five participating agencies
- Working with the San Juan Basin Authority on groundwater modeling and sustainable yields for the long run
- Development of a MOU with over twenty water agencies for the negotiation with Poseidon Resources Corporation for a 56 MGD Ocean Desalination plant in Huntington Beach
- Continue water resource planning in the County such as regional demand projections, MET shutdowns, and system an supply reliability projections

# Regional Planning

## Budget highlights:

- Moving forward with the Budget Based Tiered Rate Structure with twelve participating agencies plus MWDOC
  - Includes a \$685,000 DWR Grant
- Began the process for developing MWDOC's 2010 Urban Water Management Plan
  - Includes funds for Consultant services of \$35,000 for MWDOC portion

Total Budget = \$562,393

CDR = \$38,000

# MET Issues & Special Projects

## Goals & Objectives:

- Assist Directors on MET issues
- Participate in key MET meetings and workgroups
  - Long Range Financial Plan
  - Integrated Resource Plan Update
  - MET's Regional Urban Water Management Plan
  - Review of MET's Water Supply Allocation Plan
- Work in collaboration with other Key MET member agencies
- Work closely with key MET staff

## Budget highlights:

- \$107,000 Consultant Services for MET Assistance

**Total Budget = \$612,071**



# Public & Governmental Affairs

## Staff Mission Statement:

“MWDOC Public Affairs Department will provide knowledge, expertise, superior customer service, and will achieve measurable results through a collaborative team orchestration.”

## Goals & Objectives:

- Provide Board support on outreach efforts
- Provide information to elected officials, the business community, community organizations and the public we serve.

# Public & Governmental Affairs

- Provide information and education utilizing best management practices, creative and collaborative delivery methods and to do so in a cost-effective manner.
- Working with our Client Agencies and the Three Cities, be the regional resource for all water-related issues, information and education within Orange County.
- Work collaboratively to meet the needs of our client agencies to enhance their outreach/public information and education efforts in a cost effective manner.

# Public & Governmental Affairs

## Budget highlights:

- **Government Affairs**
  - Eliminated travel and miscellaneous expenses related to advocacy efforts
  - Identified reproduction expenses within the general administration budget specifically for advocacy efforts and separated these out to better track expenditures and manage costs

# Public & Governmental Affairs

- **Water Awareness**
  - Phase II of the website update would include video feeds, social media options and graphic enhancements to improve the flexibility
  - OC Water Camp has been eliminated
    - Will partner outreach efforts in conjunction with OCWD GWRS student tours which will result in a greater number of students served for staff time only.

# Public & Governmental Affairs

- **Water Awareness (cont'd)**
  - **Outreach for 2009-2010 resulted in:**
    - Discussed water with more than 17,000 people
    - Held joint press event with more than 500 in attendance
    - More than 2,000 O.C. Water Hero kits distributed
    - Distributed thousands of pieces of water-use efficiency literature and giveaway items
    - Provided information on California-Friendly plants, rebate information and simple ways to save water
    - Collected hundreds of contacts for MWDOC outreach database
    - Retail water demand down 8% (July- Jan, '10)

# Public & Governmental Affairs

- **Water Awareness (cont'd)**
  - **Water Allocation Outreach efforts for 2010-2011 do not include interns for summer outreach events**
  - **Program provides regional messaging with collaboration from Client Agencies**
  - **Current staffing levels are unable to support the number of event requests received**

# Public & Governmental Affairs

- **Water Awareness (cont'd)**
  - **Current requests for outreach include:**
    - **South Coast Plaza Spring Garden Show**
    - **Community water festivals;**
    - **Santa Margarita, City of Mission Viejo, City of Fountain Valley, etc..**
    - **Project Save Our Surf**
    - **Orange County Fair**
    - **U.S. Surf Open**
    - **Surfboards in the Sand**

# Public & Governmental Affairs

- **School Program**
  - **Printing of Ricki Books at a \$5,000 cost savings from last year.**
    - **Includes updated graphic design as needed**
  - **A cost savings from last year of \$3,750 from Project WET and anticipated prop replacements.**

Total Budgets:

Governmental Affairs = \$299,836

Water Awareness = \$296,147

School Program = \$302,843

# Finance & Information Technology

## Goals & Objectives:

- Ensure financial integrity and reliability through effective and efficient execution of financial stewardship responsibilities.
- Develop and maintain effective and efficient financial planning, reporting and centralized Information Technology support system in order to support other departments in achieving their programs objectives.
- Efficiently manage District investment portfolio with competitive yield investments where safety and liquidity will always remain as our top objectives.

# Finance & Information Technology

## Budget highlights:

- Complete the implementation of New Financial Management System by June 30th 2010.
  - Budgeted system enhancements at a cost of \$7,000 in 2010-11 for reporting and other customization improvements
- Information Technology expenditures are budgeted on an “as required” basis to sustain system reliability to keep employees productive.

Total Budgets:

Finance = \$462,526

IT = \$178,822

# WEROC

## Goals & Objectives:

- Remodel of both of the WEROC Emergency Operations Centers to provide coordinated and reliable emergency information for the county-based management and communications systems. This project includes the update of all emergency plans to reflect the newly remodeled system.
- Developing a mobile atlas map of the water and wastewater infrastructure so that it can be utilized in the field by responding entities.
- Writing the Orange County Regional Water Procurement and Distribution Plan for situations where large portions of the water system are damaged thus limiting water supplies.

# WEROC

- Leading an Orange County and San Diego County water task force to identify issues in preparing for the potential of a San Onofre Nuclear Generating Station (SONGS) incident. The group is coordinating with the utility, the two counties, the state and potential impacted water utilities.

## Budget highlights:

- Reduced on-going costs such as cleaning and telephones, by requesting lower rates from providers.
- Procured a homeland security grant for \$86,000 to offset rebuilding the WEROC emergency operations centers.
- Decreasing costs related to memberships and conferences.

Total Budget: = \$183,490  
(MWDIOC Share = \$90,359)



# Administrative Services

## Goals & Objectives:

- To maintain all official District documents and records, compile and prepare Board and Committee agendas and minutes to ensure compliance with all applicable rules and regulations.
- To manage all human resources programs, including policy development and management, employee training, recruitments, ensure compliance with state and federal mandates, administer benefits and insurance programs, manage compensation and retirement programs and coordinate general personnel administration.
- Responsible for the District's safety and risk management program (includes insurance).

Total Budget: Admin/Board = \$949,067  
General = \$457,951  
Personnel = \$192,864  
Overhead = \$823,783



# Administrative Services

## Budget highlights:

- Reduction in conference attendance for both Staff and Directors
- Reduction in Postage/Mail Delivery Expenses
- Propose purchase of District Telephone System (equipment and services becoming difficult due to aging system)
- Use of consultant assistance on District's Deferred Compensation and Pension Plans
- More employees in Tuition Reimbursement Program
- Reduction in office & equipment maintenance costs
- Budgeted \$150,000 contribution towards election reserve

# Grant Funding

- MWDOC has secured about \$17 million this year, bringing the total grant funding for the last nine years to over \$106 million
- Active Grants this year:
  - \$1.5 million from the CA Dept of Water Resources (DWR)
  - \$900,000 from MET's Water Use Efficiency programs
  - \$848,000 in Federal Funding for Ocean Desalination Efforts
  - \$685,000 from DWR for Budget Based Tiered Rates for MWOC Client Agencies
  - \$641,000 from DWR for water conservation education and outreach with OCWD
  - \$425,925 from CALFED for the Hotel Water Use Reduction Program

# Grant Funding

- **Active Grants this year (Cont'd):**
  - **\$371,650 from CALFED for Industrial Process Water Use Reduction Program**
  - **\$113,900 from NRCS Landscape Surveys and Irrigation Equipment Installation Verification program**
  - **New NRCS Grant for \$140,000 for Smartimer and other programs**
  - **\$85,000 from the County of Orange Emergency Management Bureau for a Homeland Security Preparedness to fund a remodel of both WEROC Emergency Operation Centers**

**Total Grants:**

**Local Resources Program = \$13.5 M**

**Other Grants = \$3.5M**



# Budget Summary

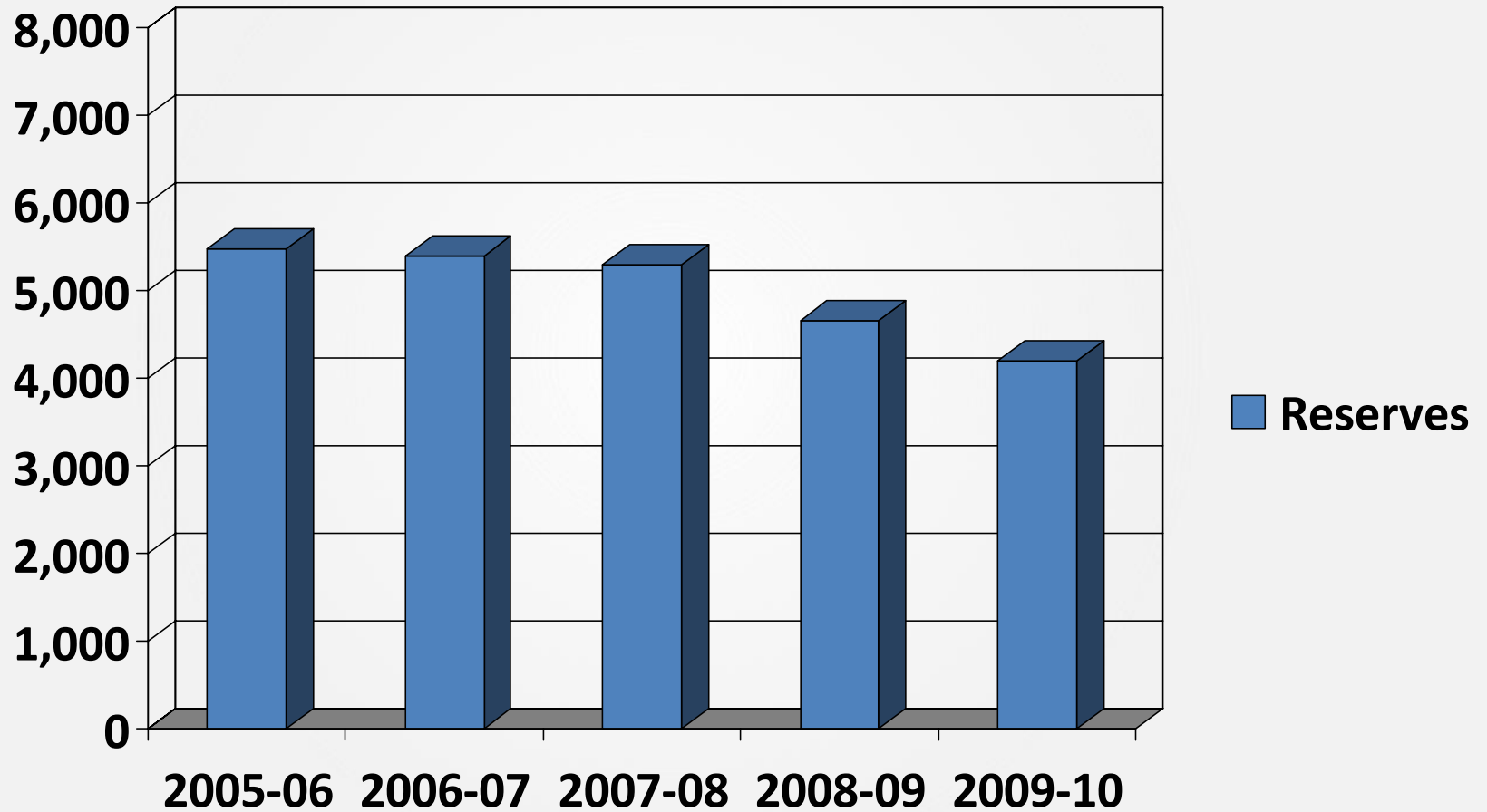
	FY2009/10 Adopted Budget	FY 2009/10 Projected Actuals	FY 2010/11 Proposed Budget	Variance to Projected Actuals
<b>Total Operating Expenses</b>	<b>\$5,965,244</b>	<b>\$5,942,910</b>	<b>\$6,018,292</b>	<b>\$75,381</b>
<b>Total Revenue (Assumes Option 1 Rate Scenario)</b>	<b>\$5,385,965</b>	<b>\$5,475,199</b>	<b>\$6,168,483</b>	<b>\$693,284</b>
<b>Reserves Transfer to (From)</b>	<b>(\$579,280)</b>	<b>(\$467,711)</b>	<b>\$150,191</b>	<b>\$617,903</b>

**Choice budget format not completed yet**

# MWDOC Proposed Rates & Charges

- **Option 1** - Balanced Budget with increases in both the fixed and variable rate components
  - Increase the Retail Service connection by \$1.00/per meter
  - Increase the Incremental Rate by \$1.00/per AF
- **Option 2** – Balanced Budget with partial increases in both the fixed and variable rate components and draw on reserves

# MWDOC Reserves



# MWDOC Rate History

Fiscal year	Water Increment (per Acre-foot)	Retail Connection (per meter)
2005-06	6.50	5.50
2006-07	6.50	5.50
2007-08	6.50	5.50
2008-09	6.50	5.50
2009-10	6.50	5.50
2010-11	7.50	6.50

Choice budget format not completed yet;  
move to 80% on fixed not included yet

# Next Steps

## March 2010

- Present Draft Budget to the MWDOC Admin & Finance Committee March 10
- Send a revised detailed Draft Budget to MWDOC Client Agencies and Board to receive input prior to Final Budget

## April 2010

- MET schedule to declare on Allocations
- MET takes action on its Budget and Rates
- MWDOC solicit formal comments from Client Agencies on the Budget and Rates

# Next Steps

## May 2010

- **Presents Final Budget to the MWDOC Admin & Finance Committee and Board for approval**
  - **Budget Resolution**
  - **Rate Resolution**