

Proposed Biennial Budget and Revenue Requirements, Fiscal Years 2018/19 and 2019/20; and Ten-Year Financial Forecast

Municipal Water District of Orange
County
March 7, 2018



Biennial Budget and Rates Process Has Several Objectives

- Support General Manager's Strategic Priorities
- Adopt a two-year budget, covering fiscal years 2018/19 and 2019/20
- Adopt rates and charges for calendar years 2019 and 2020
- Update ten-year forecast (Ten-Year Financial Forecast), including the biennial period

Overall Rate Increases Since 2011



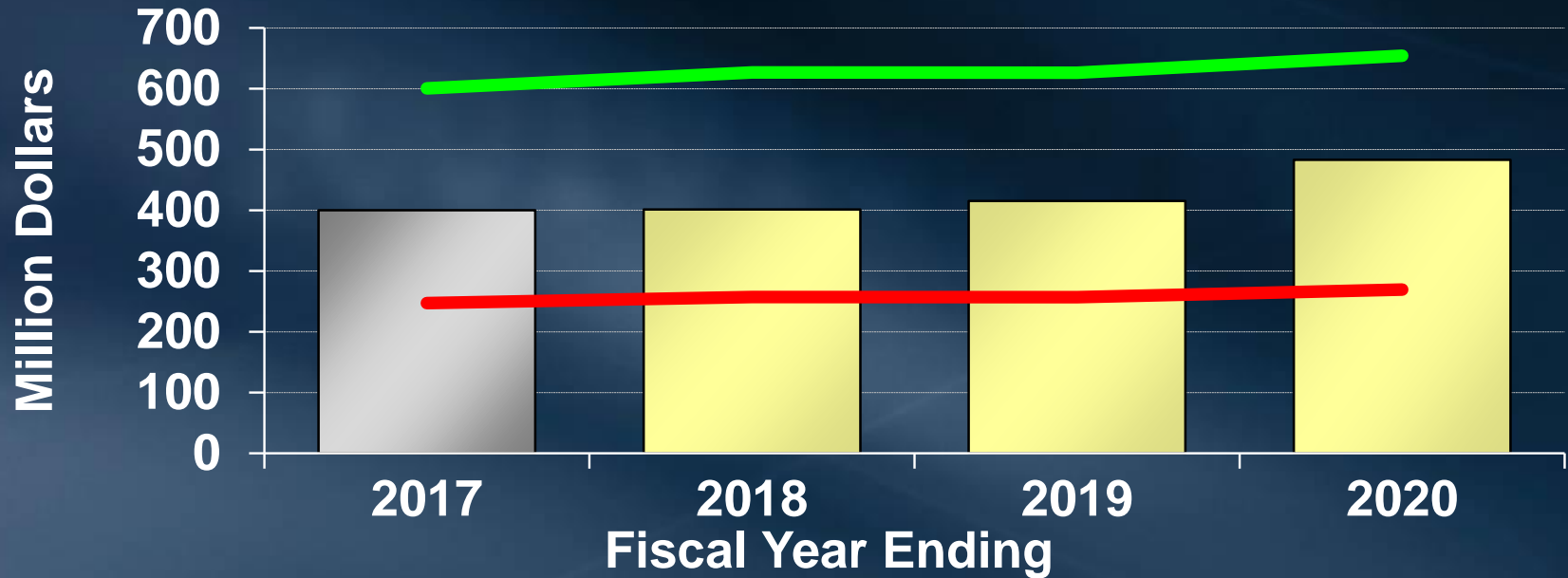
Important Underlying Assumptions

Fiscal Year Ending	2019	2020
Overall increase January 2019 & 2020	3.0%	3.0%
Total Water Sales and Exchanges	1.65 MAF	1.75 MAF
State Water Project Allocation	50%	50%
Colorado River Aqueduct Diversions	0.84 MAF	0.92 MAF
CIP Expenditures	\$200 M	\$200 M
PAYGO	\$120M	\$120M

Proposed Biennial Budget

Projected Rate Increases & Financial Metrics

■ Unrestricted Reserve — Target Reserve — Minimum Reserve



Overall Rate Inc.	4.0%	4.0%	3.0%	3.0%
Water Transactions (MAF)**	1.54	1.55	1.65	1.75
Rev. Bond Cvg	1.6	1.5	1.6	1.9
Fixed Chg Cvg	1.4	1.4	1.5	1.7
PAYGO, \$M	132	108	120	120

* Revenue Remainder and Water Rate Stabilization Fund

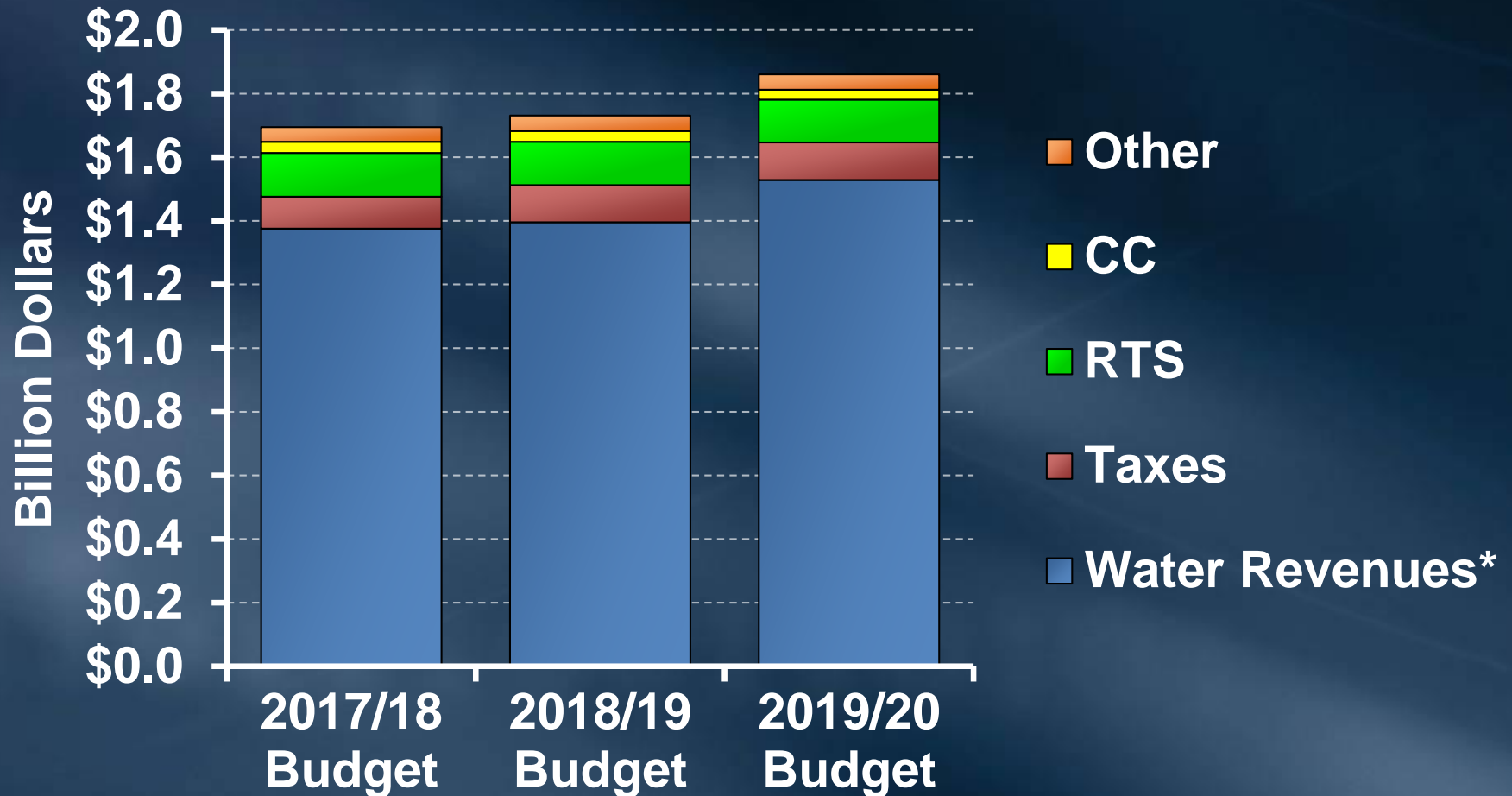
** Includes water sales, exchange and wheeling.

Estimated Full Service Costs and Charges

Rate Type		2018* Approved	2019* Estimated	% Increase (Decrease)	2020* Estimated	% Increase (Decrease)
Full Service Untreated Volumetric Cost (\$/AF)						
	Tier 1	\$695	\$731	5.2%	\$755	3.3%
	Tier 2	\$781	\$817	4.6%	\$842	3.1%
Full Service Treated Volumetric Cost (\$/AF)						
	Tier 1	\$1,015	\$1,050	3.4%	\$1,078	2.7%
	Tier 2	\$1,101	\$1,136	3.2%	\$1,165	2.6%
RTS Charge (\$M)		\$140	\$133	(5.0%)	\$136	2.3%
Capacity Charge (\$M)		\$37	\$31	(15.7%)	\$32	2.3%

* Rates and Charges Effective January 1st

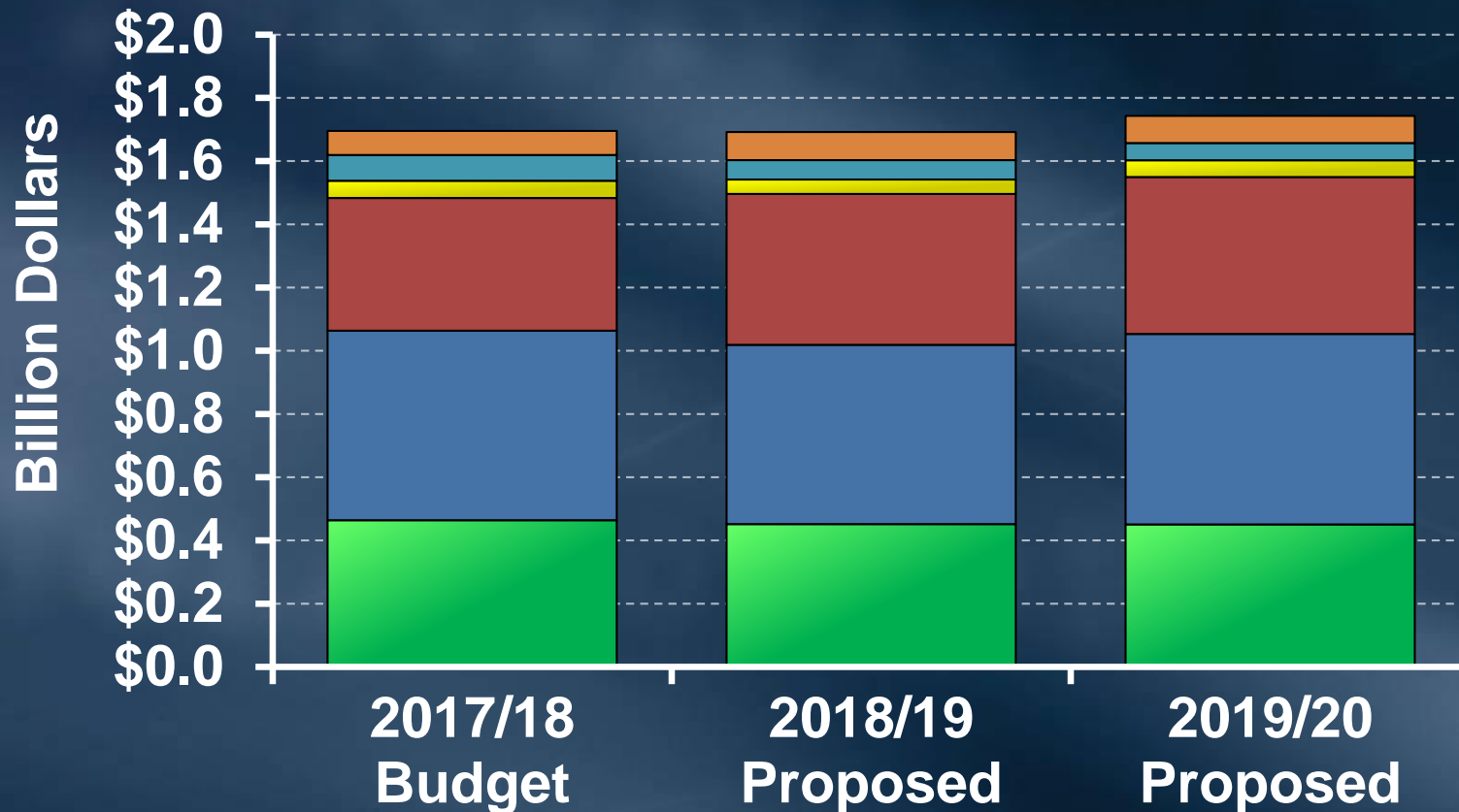
Revenue Trend



* Includes revenues from water sales and exchange

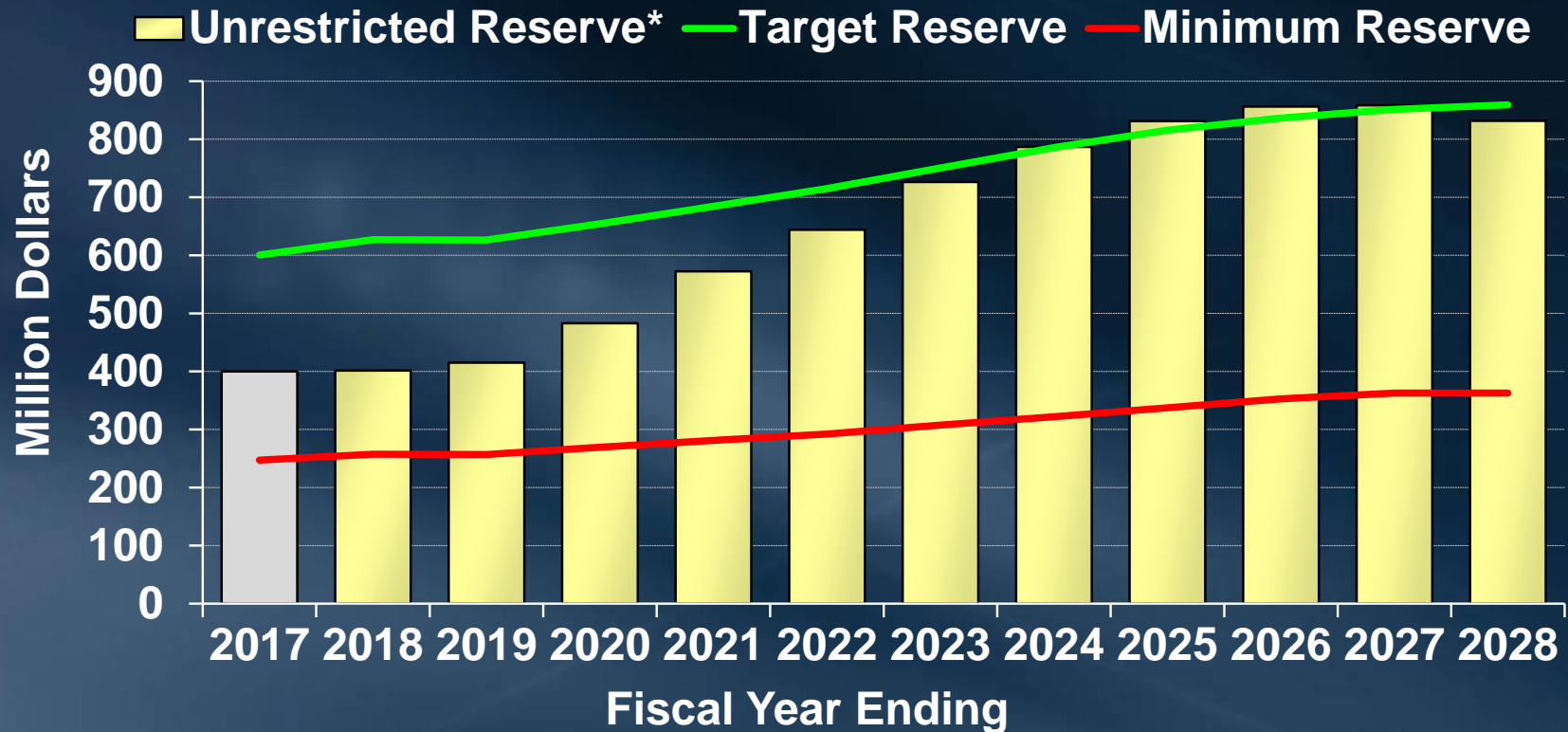
Expenditure Trend

- Demand Management
- Colorado River Power
- State Water Contract
- Supply Programs
- O&M
- Capital Financing



Ten-Year Financial Forecast

Projected Rate Increases & Financial Metrics

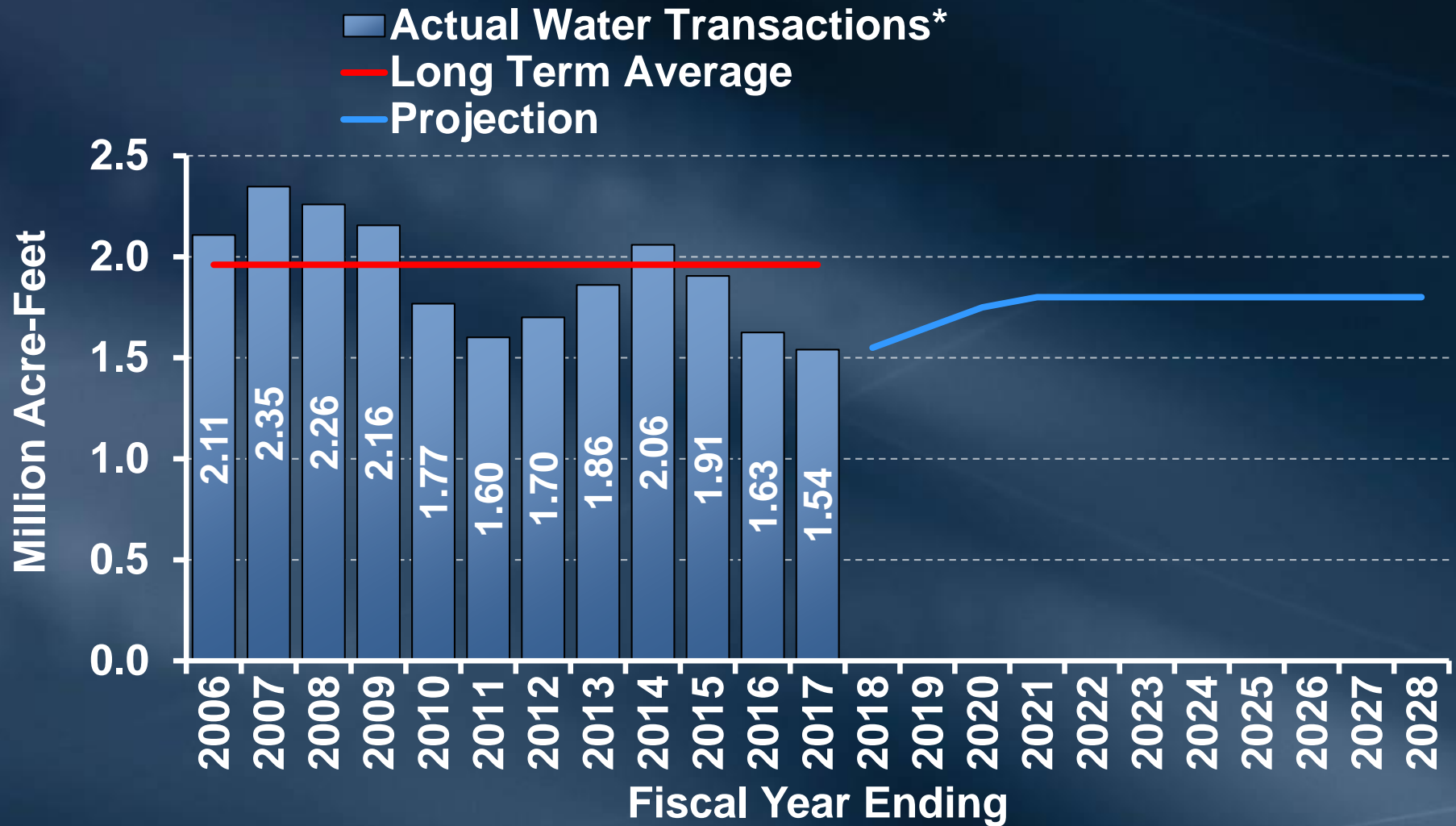


Overall Rate Inc.	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Water Transactions (MAF)**	1.54	1.55	1.65	1.75	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Rev. Bond Cvg	1.6	1.5	1.6	1.9	2.1	2.1	2.1	2.1	2.2	2.1	2.2	2.2
Fixed Chg Cvg	1.4	1.4	1.5	1.7	1.9	1.8	1.7	1.6	1.6	1.5	1.4	1.3
PAYGO, \$M	132	108	120	120	150	150	150	154	158	162	167	171

* Revenue Remainder and Water Rate Stabilization Fund

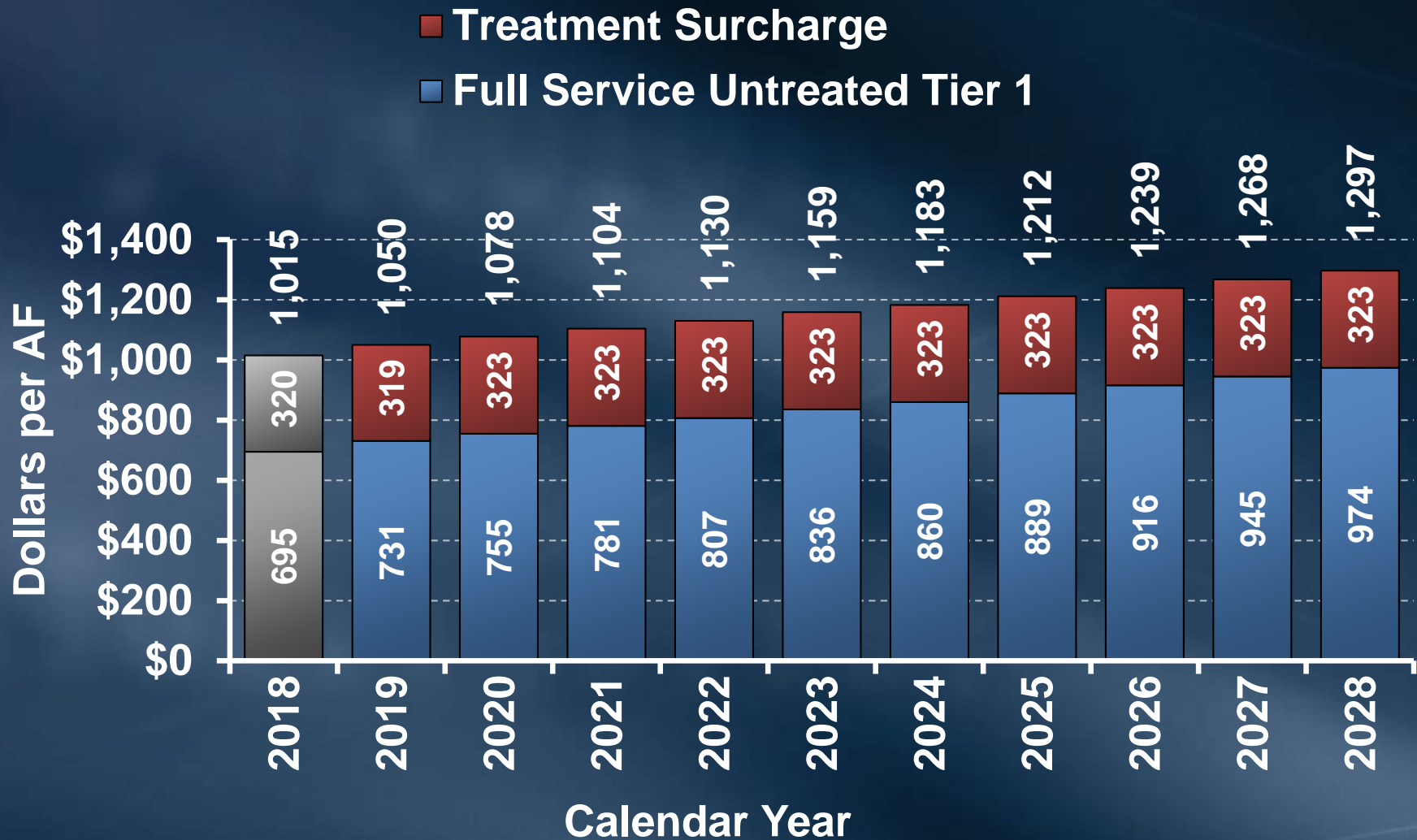
** Includes water sales, exchange and wheeling

Water Transactions*

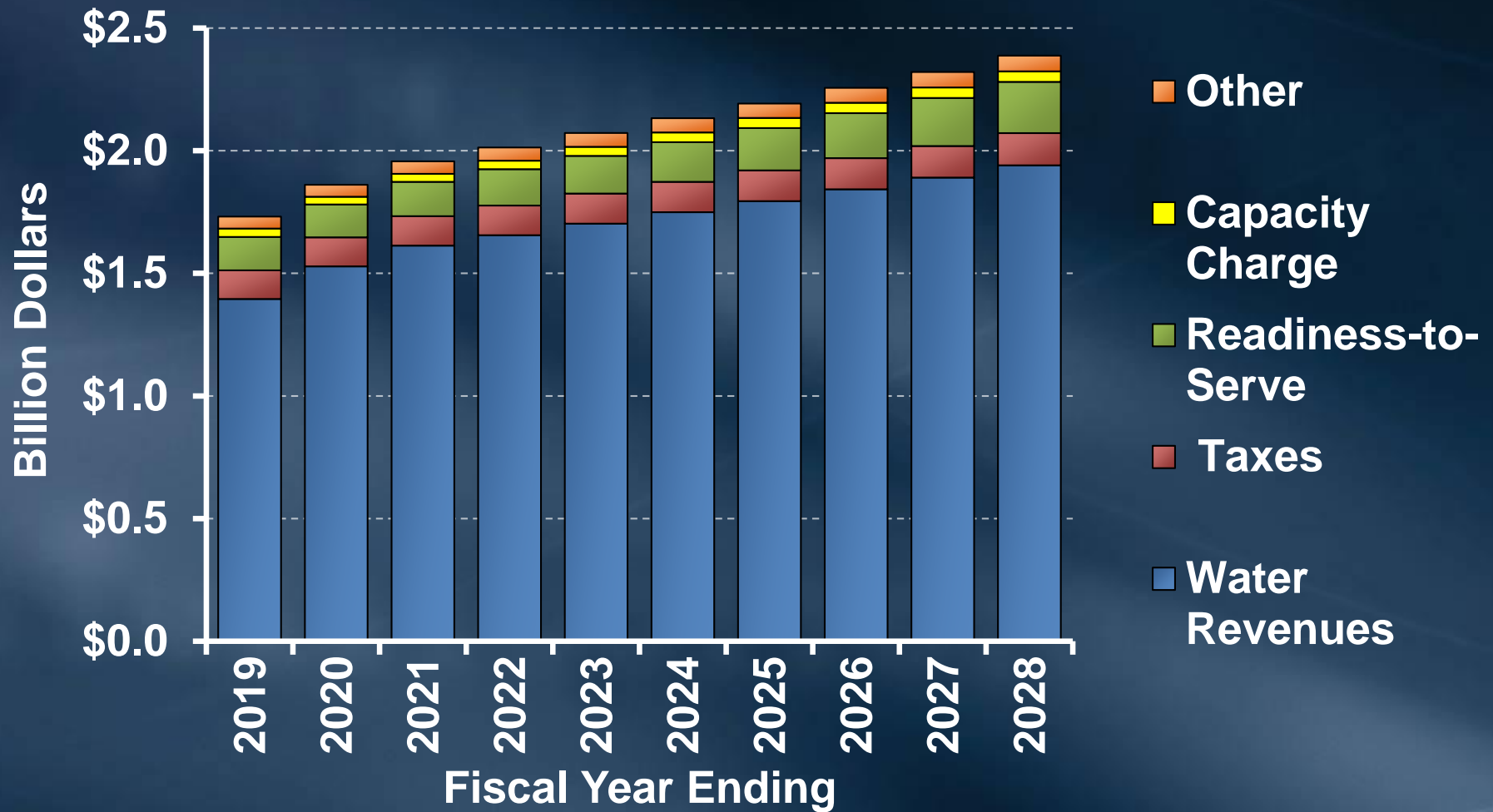


* Includes water sales, exchange and wheeling

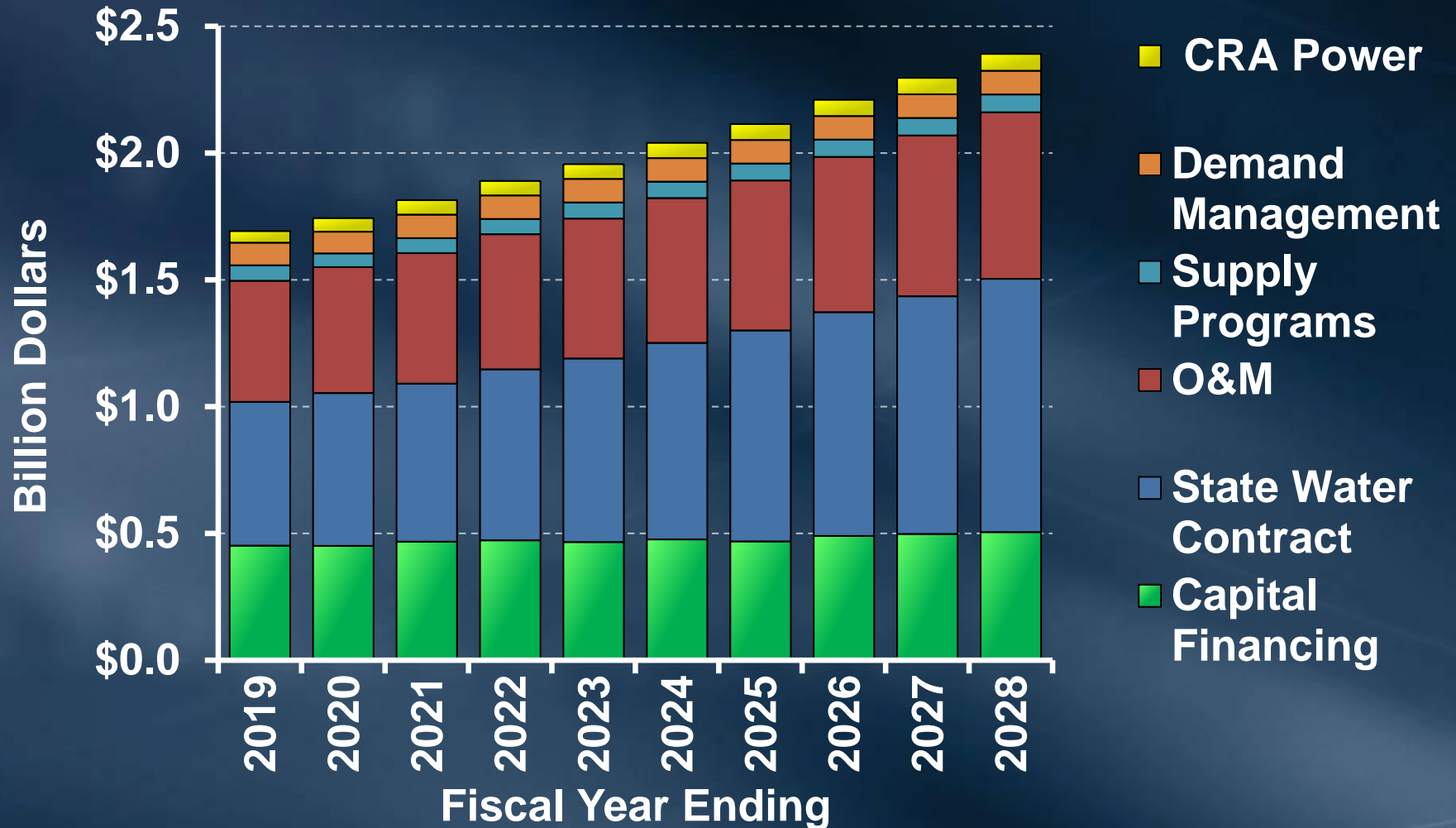
Projected Volumetric Rates



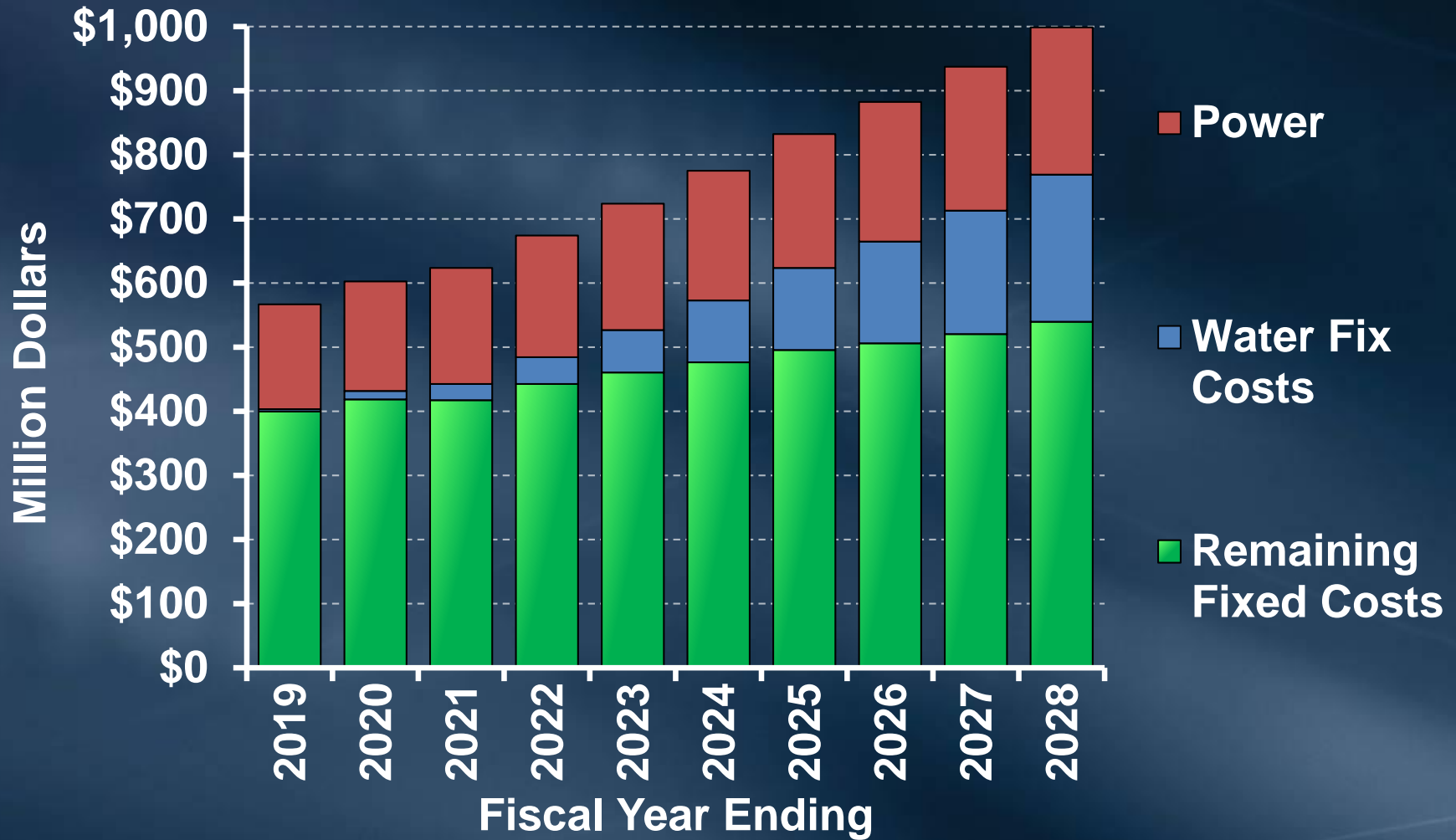
Revenue Forecast



Expenditure Forecast



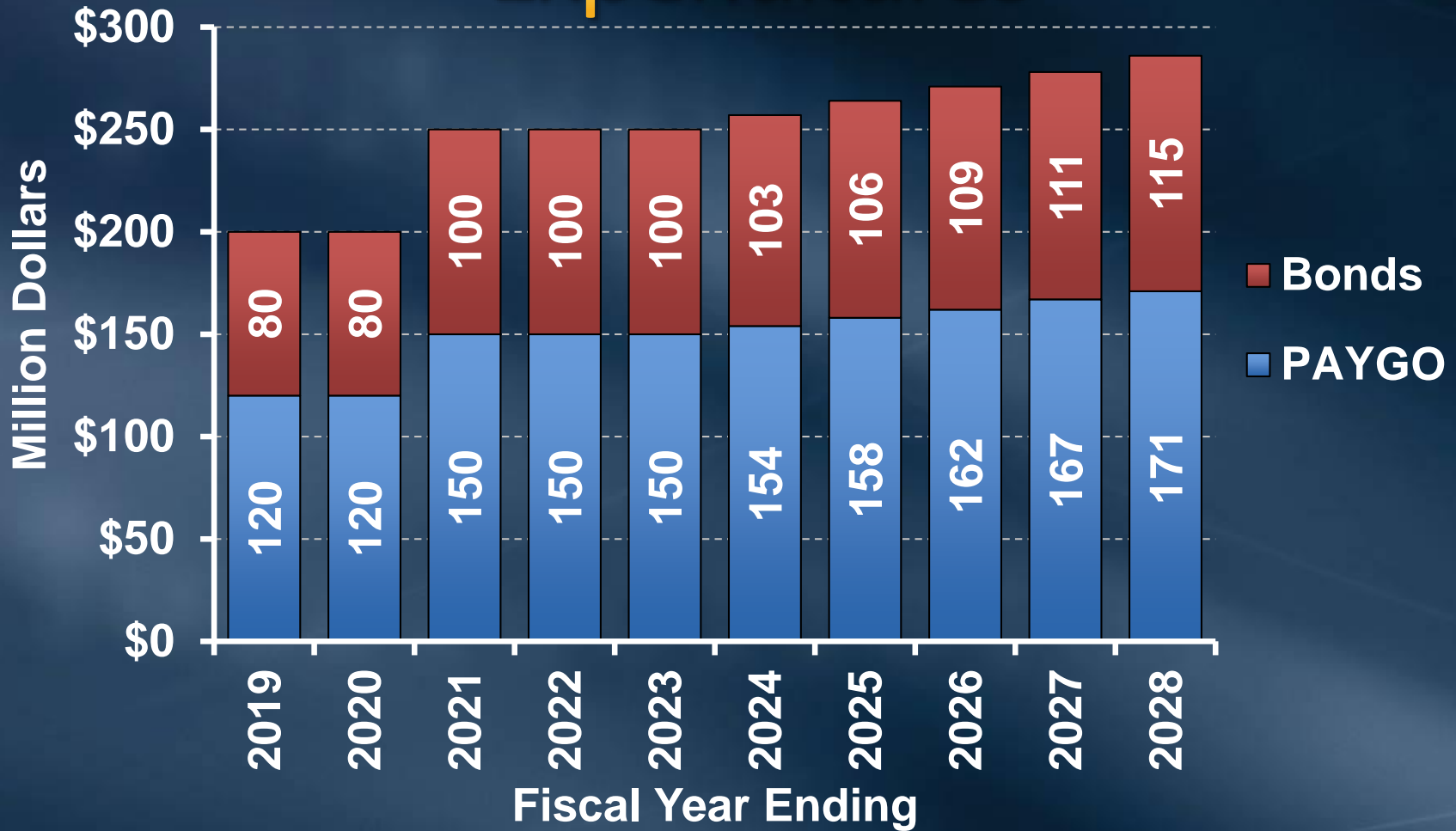
SWC Forecast



Demand Management



Capital Investment Plan Expenditures



Next Steps

February 12, 2018 F&I Committee, Workshop #1

February 27, 2018 F&I Committee, Workshop #2

March 12, 2018 F&I Committee, Workshop #3

March 13, 2018 Public Hearings on estimated water rates and charges and maintaining the AV tax rate

March 27, 2018 F&I Committee, Workshop #4: if needed

April 9, 2018 F&I Committee: Recommended Biennial Budget, Calendar Year rates and charges, and Ten-Year Financial Forecast; Workshop #5, if needed

April 10, 2018 Board Actions regarding Biennial Budget, Calendar Year rates and charges, and Ten-Year Financial Forecast

