



FY 2018-19 2nd Draft Budget

Administration & Finance Committee
Municipal Water District of Orange County

March 14, 2018



MWD OC FY 2018-19 Budget - Schedule



- February 2018
 - First Draft Budget @ A&F Committee (2-14)
 - Initial Member Agency Choice Participation Confirmation (2-15)
 - Member Agency Managers Meeting (2-22)
- March 2018
 - ➔ • Second Draft Budget @ A&F Committee (3-14)
 - CHOICE Program Discussions
 - Member Agency Managers Meeting (3-22)
 - Member Agency Formal Comments (3-28)
- April 2018
 - ➔ • Elected Officials Meeting (4-5)
 - Third Draft Budget @ A&F Committee Meeting (4-11)
 - ➔ • Board Approval of Final Budget & Rates (4-18)



- June 2018
 - Member Agencies Confirm Final Choice participation (6-15)
- August 2018
 - Reconciliation of FY 2017-18 WUE & Choice Programs
- September 2018
 - Revised Final Choice Budget @ A&F Committee (9-12)
 - Board Approval of Revised Final Choice Budget (9-19)

Unfunded Reserve Balance

C7 – F7 = \$28,368



	A	B	C	D	E	F
					FY 2017-18 Projected Year End Reclass to Reserves	FY 2018-19 Projected Reserve Balance
1	Designated Reserves	# Days Cash	FY 2018-19 Target Reserve*	FY 2017-18 Current Balance		
2	General Operations	90-180	\$ 3,377,754	3,156,569	\$ 221,185	\$ 3,377,754
3	Grant & Project Cash Flow		1,500,000	1,500,000	-	1,500,000
4	Building Reserve	10-15	406,479	350,407	27,704	378,111
5	Election Reserve	N/A	608,000	304,000	304,000	608,000
6	OPEB Reserve est.9/2016	N/A	209,006	209,006	-	209,006
7	TOTALS		\$ 6,101,239	\$ 5,519,982	\$ 552,889	\$ 6,072,871

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RATES

- Fixed Meter Charge @ \$12.25 – YTY Increase of 2.9% or \$0.35
- OCWD Contribution @ \$498,189 – YTY Increase of 6.5% or \$29,624

REVENUES

- Core Revenues @ \$8,588,195 – YTY Increase of 6.6% or \$530,796
(45% from interest)

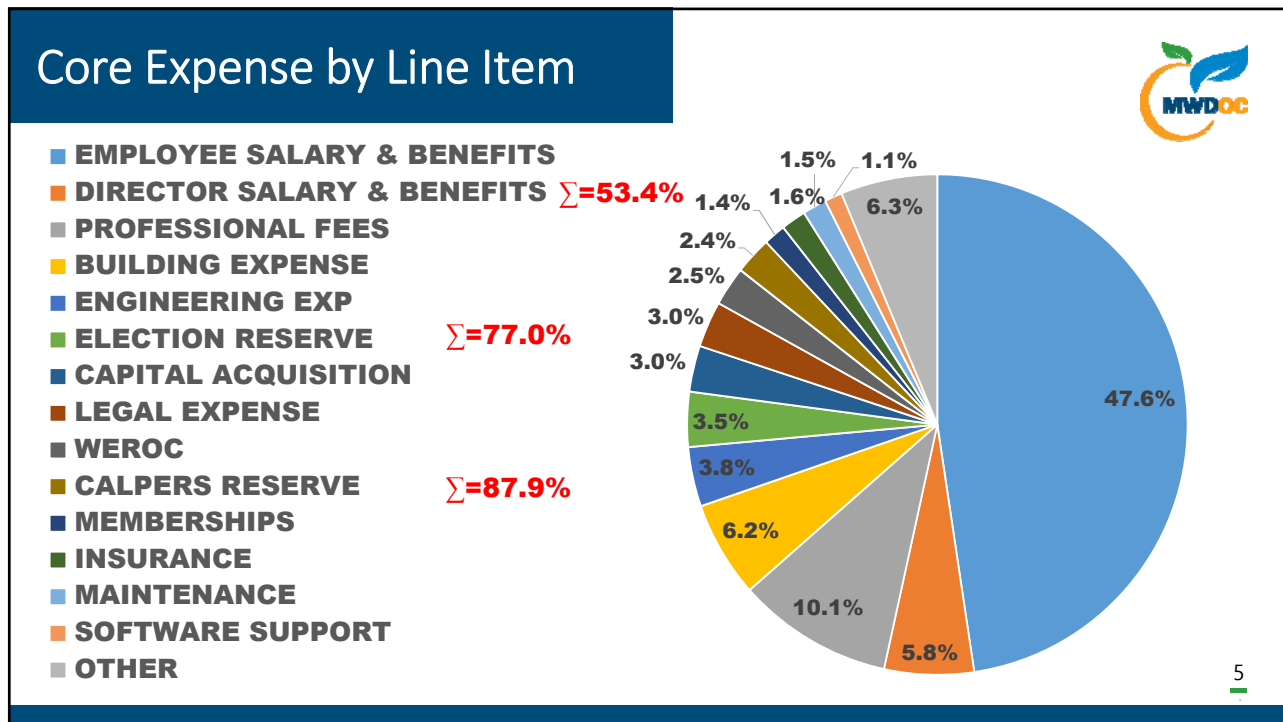
RESERVES

- Budgeted Contribution of \$15,295 (<\$28,368 to target)
- Reserves Fully Funded
- CalPERS Unfunded Liability Payment of \$207,000

EXPENSES

- Core Expenses @ \$8,575,900 – YTY Increase of 4.7% or \$377,031

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Budget Summary – FY 2018-19 CONSOLIDATED

Change 1st to 2nd

Total Expenses:	\$ 217,193,202	- \$ 16,394
Water Purchases:	\$ 205,393,716	No Change
Operating Expenses:		
CORE	\$ 8,572,900	- \$ 16,203
CHOICE	\$ 1,276,781	- \$ 464
CONSOLIDATED	\$ 9,849,681	- \$ 16,668
Revenue	\$ 9,864,976	- \$ 1,289
Reserves	\$ 15,295	\$ 15,379
FY2017-18 Rates		
Connection Charge	\$ 12.25/meter	No Change
Groundwater Charge	\$ 498,189	- \$ 825

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1st to 2nd Draft Budget Changes



- ◊ **UCI Water Research Center**
 - ◊ Removed \$50,000 expense from core budget (Acct. 7250 - CDR)
- ◊ **Southern California Water Coalition Outreach Program**
 - ◊ Added \$30,000 expense to core budget (Professional Fees)
- ◊ **Grant Writing Contract**
 - ◊ Added \$36,000 expense to core budget (Professional Fees)
- ◊ **Association of Metropolitan Water Agencies (AMWA)**
 - ◊ Removed \$21,600 expense in core budget (Membership & Employee Travel)
- ◊ **Salaries & Benefits**
 - ◊ Reduced \$7,337 in core budget to reflect revised current expenses
- ◊ **Miscellaneous Minor Adjustments**
 - ◊ Net total budget reduction from additional minor adjustments of \$3,731

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Specific Committee Discussion Items

- ◊ Middle School Water Education Program (\$35-45k)
- ◊ One-Day College Education/Career Event (\$5k)
- ◊ Participation in UCI Water Research Center (\$30-50k)
- ◊ Southern California Water Coalition WaterFix Outreach Program (\$30k–included 2nd Draft Budget)
- ◊ District Participation Costs (Exhibit D - pg. 98)
- ◊ Registration & Travel Costs
 - ◊ Staff (Exhibit E - pg. 100)
 - ◊ Board (Exhibit F - pg. 101)

Each \$0.05 Rate Increase = \$37,500 = 0.4% Rate Increase



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MET Key Budget Assumptions



Fiscal Year Ending	Adopted	Proposed	
	2018	2019	2020
Overall increase January	4.0%	3.0%	3.0%
Total Water Transactions*	1.70 MAF	1.65 MAF	1.75 MAF
State Water Project Allocation	50%	50%	50%
Colorado River Aqueduct Diversions	1.04 MAF	0.84 MAF	0.92 MAF
Capital Investment Plan (CIP)	\$200 M	\$200 M	\$200 M
PAYGo (60% of CIP)	\$120 M	\$120 M	\$120 M



* Includes water sales, exchanges, and wheeling

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Proposed MET Rates & Charges



Rates & Charges Effective Jan. 1	2018 (Current)	2019	% Change	2020	% Change
Tier 1 Supply Rate (\$/AF)	\$209	\$209	0%	\$208	0.5%
Tier 2 Supply Rate (\$/AF)	\$295	\$295	0%	\$295	0.0%
System Access Rate (\$/AF)	\$299	\$326	9.0%	\$346	6.1%
Water Stewardship Rate (\$/AF)	\$55	\$69	25.5%	\$65	(5.8%)
System Power Rate (\$/AF)	\$132	\$127	(3.8%)	\$136	7.1%
Full Service Untreated Volumetric Costs (\$/AF)					
Tier 1	\$695	\$731	5.2%	\$755	3.3%
Tier 2	\$781	\$817	4.6%	\$842	3.1%
Treatment Surcharge (\$/AF)	\$320	\$319	(0.3%)	\$323	1.3%
Full Service Treated Volumetric Costs (\$/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%
Readiness-to-Serve Charge (\$/M)	\$140	\$133	(5.0%)	\$136	2.3%
Capacity Charge (\$/cfs)	\$8,700	\$8,600	(1.1%)	\$8,800	2.3%
Overall Rate Increase			3.0%		3.0%

+\$36 & +\$24

+\$35 & +\$28

Discussion

