1st Draft Budget
Administration & Finance Committee
Municipal Water District of Orange County
February 13, 2019

MWDOC FY 2019-20 Budget - Schedule

- February 2019
  - First Draft Budget @ A&F Committee (2-13)
  - Initial Member Agency Choice Participation Confirmation (2-15)
  - Member Agency Managers Meeting (2-21)
- March 2019
  - Second Draft Budget @ A&F Committee (3-13)
  - CHOICE Program Discussions
  - Member Agency Managers Meeting (3-21)
  - Member Agency Formal Comments (3-27)
- April 2019
  - Elected Officials Meeting (4-4)
  - Third Draft Budget @ A&F Committee Meeting (4-10)
  - Board Approval of Final Budget & Rates (4-17)
- June 2019
  - Member Agencies Confirm Final Choice participation (6-14)
- August 2019
  - Reconciliation of FY 2018-19 WUE & Choice Programs
- September 2019
  - Revised Final Choice Budget @ A&F Committee (9-11)
  - Board Approval of Revised Final Choice Budget (9-18)
# Reserve Balance & Budget Target

<table>
<thead>
<tr>
<th>Designated Reserves</th>
<th># Days Cash</th>
<th>FY 2019-20 Reserve Target</th>
<th>FY 2018-19 Current Balance</th>
<th>FY 2017-18 Projected Year End Reclass to Reserves</th>
<th>FY 2018-19 Projected Reserve Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Operations</td>
<td>90-180</td>
<td>$3,460,419</td>
<td>$3,341,910</td>
<td>$118,185</td>
<td>$3,460,419</td>
</tr>
<tr>
<td>Grant &amp; Project Cash Flow</td>
<td></td>
<td>1,500,000</td>
<td>1,500,000</td>
<td>-</td>
<td>1,500,000</td>
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<tr>
<td>Building Reserve</td>
<td>10-15</td>
<td>413,368</td>
<td>385,407</td>
<td>27,981</td>
<td>413,368</td>
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<tr>
<td>Election Reserve</td>
<td>N/A</td>
<td>696,000</td>
<td>608,000</td>
<td>88,000</td>
<td>696,000</td>
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<tr>
<td>OPEB Reserve est.9/2016</td>
<td>N/A</td>
<td>297,147</td>
<td>297,147</td>
<td>-</td>
<td>297,147</td>
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<tr>
<td>TOTALS</td>
<td></td>
<td>$6,366,934</td>
<td>$6,132,465</td>
<td>$234,469</td>
<td>$6,336,934</td>
</tr>
</tbody>
</table>

- **Need (C7-D7) = (-) $234,469**
- **Available Funds = $329,336**
- **Election (E5) = (+) $88,000**

**Target Budget Reserve Draw = $182,867**

**Proposed Budget Reserve Draw = $197,941**

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# MWDOC Total Budget Summary

- **WATER SALES**: 3.6%
- **CORE EXPENSES**: 0.7%
- **CHOICE EXPENSES**: 95.7%
**MWDOC FY 2019-20 Budget**

**RATES**
- Fixed Meter Charge @ $12.40 – Increase of $0.15 per retail meter
- OCWD Contribution @ $631,705 – Increase of $132,693

**REVENUES**
- Core Revenues @ $9,103,634 – Increase of 6.0% or $514,617 (37% from interest)

**RESERVES**
- Budgeted Draw of $197,941
- Reserves Essentially Fully Funded
- CalPERS Unfunded Liability Payment of $207,000 (2nd Year)

**EXPENSES**
- Core Expenses @ $9,301,575 – Increase of 8.2% or $707,280

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**Core Expense by Line Item**

- Employee Salary & Benefits: 3.6%
- Director Salary & Benefits: 1.0%
- Professional Fees: 1.0%
- Building Expense: 1.0%
- Engineering Expense: 1.2%
- WEROC: 1.5%
- CalPERS Reserve: 1.5%
- Legal Expense: 1.2%
- Travel: 2.9%
- Insurance: 9.3%
- Maintenance: 4.7%
- Memberships: 5.5%
- Software Support: 9.9%
- Election Reserve: 51.7%
- Other: 1.0%
### Budget Summary – FY 2019-20

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CORE Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation &amp; Benefits</td>
<td>$744,874</td>
<td>(2.5 FTE)</td>
</tr>
<tr>
<td>Building Expense</td>
<td>$336,504</td>
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<tr>
<td>Capital Acquisition</td>
<td>$&lt;247,224&gt;</td>
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<tr>
<td>Election Reserve Contribution</td>
<td>$&lt;216,000&gt;</td>
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<tr>
<td>WEROC</td>
<td>$&lt;244,279&gt;</td>
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</tr>
<tr>
<td><strong>Total CORE Operating Expenses:</strong></td>
<td>$9,301,575</td>
<td>$707,280 (8.2%)</td>
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<tr>
<td><strong>CORE Revenue:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Retail Meter Charge</td>
<td>$191,924</td>
<td></td>
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<tr>
<td>Groundwater Charge</td>
<td>$132,693</td>
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<tr>
<td>Interest Revenue</td>
<td>$190,000</td>
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<tr>
<td><strong>Total CORE Revenue:</strong></td>
<td>$9,103,634</td>
<td>$514,620 (6.0%)</td>
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### Compensation Pool FY 2018-19 Budget

1. **Job Classification Salary Ranges**
   - Annual CPI Adjustment (0.89%, 1.90%, 2.80%, 3.80%)(10-year average = 1.67%)
   - Triennial Comprehensive Baseline Survey

2. **Person Specific Salaries**
   - No COLA
   - Compensation Pool covers both Merit & Inflation
   - 1% Benefit Transfer (7-years completed last year)

3. **Annual Utility Comparison Survey**
   - Comparison of last 3-years indicates MWDOC lagging
     - 2.3% per year w/o 1% benefit transfer increment
     - 1.3% per year w/ 1% benefit transfer increment
   - FY2019-20 Comparison Data Incomplete – Likely range of 7.0% to 7.3%

4. **MWDOC Past Practice (10-years)**
   - Compensation Pool = CPI% + 0.85*CPI% (Mid-range inflation)(2.4%–4.7%)

5. **2018 CPI @ 3.8% - therefore: 3.8% + 0.85*3.8% = 7.03% Compensation Pool**
## Budget Summary – FY 2019-20

### CHOICE Operating Expenses:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,782,434</td>
<td>$505,652</td>
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<tr>
<td>Compensation &amp; Benefits</td>
<td>$156,201</td>
<td>(1.5 FTE)</td>
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<tr>
<td>Professional Fees</td>
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<tr>
<td>Capital Acquisition</td>
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<td>School Program</td>
<td>$191,533</td>
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<tr>
<td>Water Loss Control Shared Services</td>
<td>$278,757</td>
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## Discussion