



FY 2019-20

1st Draft Budget

Administration & Finance Committee
Municipal Water District of Orange County

February 13, 2019



MWD OC 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

- ➡ **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

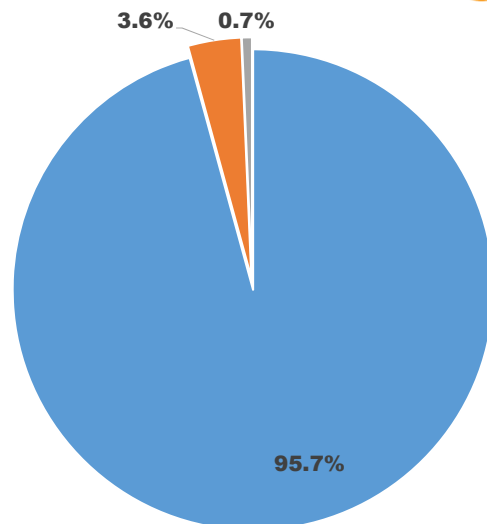
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	Designated Reserves	# Days Cash	FY 2019-20 Reserve Target	FY 2018-19 Current Balance	FY 2017-18 Projected Year End Reclass to Reserves	FY 2018-19 Projected Reserve Balance
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2	General Operations	90-180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

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MWDOC Total Budget Summary



- WATER SALES
- CORE EXPENSES
- CHOICE EXPENSES



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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)

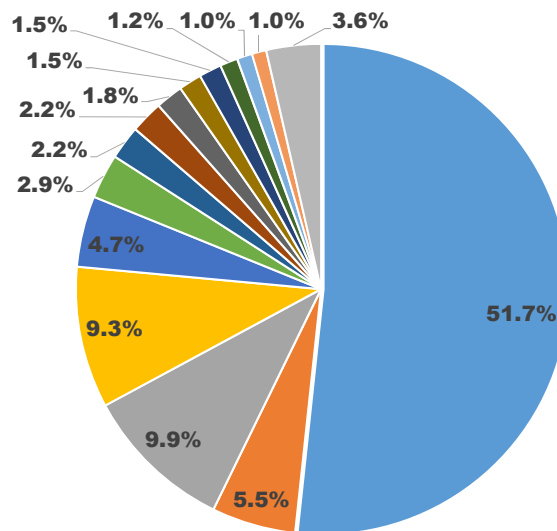
EXPENSES

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

Core Expense by Line Item



- EMPLOYEE SALARY & BENEFITS
- DIRECTOR SALARY & BENEFITS
- PROFESSIONAL FEES
- BUILDING EXPENSE
- ENGINEERING EXP
- WEROC
- CALPERS RESERVE
- LEGAL EXPENSE
- TRAVEL
- INSURANCE
- MAINTENANCE
- MEMBERSHIPS
- SOFTWARE SUPPORT
- ELECTION RESERVE
- OTHER



Budget Summary – FY 2019-20

CORE



CORE Operating Expenses:	\$ 9,301,575	\$ 707,280	(8.2%)
Compensation & Benefits		\$ 744,874	(2.5 FTE)
Building Expense		\$ 336,504	
Capital Acquisition		\$ <247,224>	
Election Reserve Contribution		\$ <216,000>	
WEROC		\$ <244,279>	
CORE Revenue:	\$ 9,103,634	\$ 514,620	(6.0%)
Retail Meter Charge		\$ 191,924	
Groundwater Charge		\$ 132,693	
Interest Revenue		\$ 190,000	

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Compensation Pool FY 2018-19 Budget



- ▢ **Job Classification Salary Ranges**
 - ▢ Annual CPI Adjustment (0.89%, 1.90%, 2.80%, 3.80%)(10-year average = 1.67%)
 - ▢ Triennial Comprehensive Baseline Survey
- ▢ **Person Specific Salaries**
 - ▢ No COLA
 - ▢ Compensation Pool covers both Merit & Inflation
 - ▢ 1% Benefit Transfer (7-years completed last year)
- ▢ **Annual Utility Comparison Survey**
 - ▢ Comparison of last 3-years indicates MWD OC 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%
- ▢ **MWD OC Past Practice (10-years)**
 - ▢ Compensation Pool = CPI% + 0.85*CPI% (Mid-range inflation)(2.4%-4.7%)
- ▢ **2018 CPI @ 3.8% - therefore: $3.8\% + 0.85 \times 3.8\% = 7.03\%$ Compensation Pool**

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Budget Summary – FY 2019-20

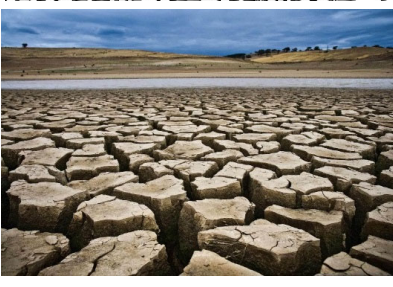
CHOICE



CHOICE Operating Expenses:

	\$ 1,782,434	\$ 505,652	(39.6%)
Compensation & Benefits		\$ 156,201	(1.5 FTE)
Professional Fees		\$ 184,125	
Capital Acquisition		\$ 70,180	
School Program		\$ 191,533	
Water Loss Control Shared Services		\$ 278,757	

Discussion





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