



MWD OC First Draft Budget

Administration & Finance Committee
Municipal Water District of Orange County
02.12.2020

1st Draft Budget Presentation

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MWDOC FY 2020-21 Budget - Schedule



- February 2020

- ➔ • First Draft Budget @ A&F Committee (2-12)
- Initial Member Agency Choice Participation Confirmation (2-20)
- Member Agency Managers Meeting (2-20)

- March 2020

- Second Draft Budget @ A&F Committee (3-11)
- CHOICE Program Discussions
- Member Agency Managers Meeting (3-19)
- Member Agency Formal Comments (3-27)

- April 2020

- Elected Officials Meeting (4-2)
- Third Draft Budget @ A&F Committee Meeting (4-8)
- Board Approval of Final Budget & Rates (4-15)



- June 2020

- Member Agencies Confirm Final Choice participation (6-12)

- August 2020

- Reconciliation of FY 2019-20 WUE & Choice Programs

- September 2020

- Revised Final Choice Budget @ A&F Committee (9-9)
- Board Approval of Revised Final Choice Budget (9-16)

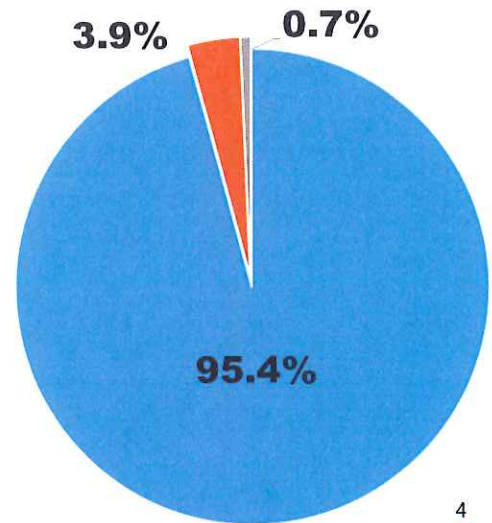
MWDOC Total Budget Summary



■ WATER SALES	\$224.2 Million
■ CORE EXPENSES	\$9.2 Million
■ CHOICE EXPENSES	\$1.5 Million

OC RATE INCREASE FINANCIAL IMPACTS

METROPOLITON RATE INCREASE
vs
MWDOC RATE INCREASE
24:1



MET Key Budget Assumptions



Fiscal Year Ending	Adopted	Proposed	
	2020	2021	2022
Overall increase January	3.0%	5.0%	5.0%
Total Water Transactions*	1.75 MAF	1.60 MAF	1.60 MAF
State Water Project Allocation	50%	50%	50%
Colorado River Aqueduct Diversions	0.92 MAF	0.745 MAF	0.733 MAF
Capital Investment Plan (CIP)	\$200 M	\$250 M	\$250 M
PAYGo (60% of CIP)	\$120 M	\$135 M	\$135 M



* Includes water sales, exchanges, and wheeling

Proposed MET Rates & Charges



Rates & Charges Effective Jan. 1	2020 (Current)	2021	% Change	2022	% Change
Tier 1 Supply Rate (\$/AF)	\$208	\$246	18%	\$247	0.4%
Tier 2 Supply Rate (\$/AF)	\$295	\$285	(3%)	\$285	0%
System Access Rate (\$/AF)	\$346	\$374	8%	\$397	6%
Water Stewardship Rate (\$/AF)	\$65	\$0	(100%)	\$0	0%
System Power Rate (\$/AF)	\$136	\$160	(18%)	\$170	6%
Full Service Untreated Volumetric Costs (\$/AF)					
Tier 1	\$755	\$780	3%	\$814	4%
Tier 2	\$842	\$817	(3%)	\$852	4%
Treatment Surcharge (\$/AF)	\$323	\$351	9%	\$369	5%
Full Service Treated Volumetric Costs (\$/AF)					
Tier 1	\$1,078	\$1,131	5%	\$1,183	5%
Tier 2	\$1,165	\$1,170	0.4%	\$1,221	4%
Readiness-to-Serve Charge (\$/M)	\$136	\$136	0%	\$144	6%
Capacity Charge (\$/cfs)	\$8,800	\$11,200	27%	\$12,500	12%
Overall Rate Increase			5.0%		5.0%



+\$25 & +\$34

+\$53 & +\$52

MWDOC FY 2020-21 Budget



6 RATES

- 6 Fixed Meter Charge @ \$12.75 – YTY Increase of 2.8% or \$0.35
- 6 OCWD Contribution @ \$604,204 – YTY Increase of 1.0% or \$5,956

6 REVENUES

- 6 Core Revenues @ \$9,239,956 – YTY Increase of 1.9% or \$169,778 (\$122,000 reduction in Interest Revenue)

6 EXPENSES

- 6 Core Expenses @ \$9,220,427 – YTY Increase of 2.1% or \$193,119

6 RESERVES


- 6 Budgeted Contribution of \$19,529 (\$140 below target)
- 6 Reserves Fully Funded
- 6 CalPERS Unfunded Liability Payment of \$207,000
- 6 Election Reserve (increased \$637,000)



Unfunded Reserve Balance

$$C7 - F7 = \$19,669$$

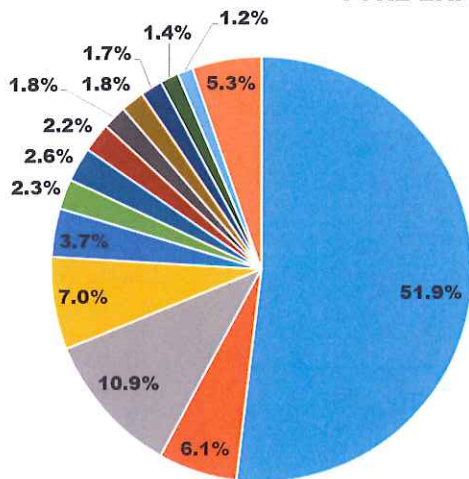


	A	B	C	D	E	F
					FY 2019-20 Projected Year End Reclass to Reserves	FY 2019-20 Projected Reserve Balance
1	Designated Reserves	# Days Cash	FY 2020-21 Target Reserve*	FY 2019-20 Current Balance		
2	General Operations	90-180	\$ 3,931,515	\$ 3,830,240	\$ 90,046	\$ 3,920,286
3	Grant & Project Cash Flow		1,500,000	1,500,000	-	1,500,000
4	Building Reserve	10-15	452,626	444,186	-	444,186
5	Election Reserve	N/A	1,332,740	1,332,740	-	1,332,740
6	OPEB Reserve est.9/2016	N/A	297,147	297,147	-	297,147
7	TOTALS		\$ 7,514,028	\$ 7,404,313	\$ 90,046	\$ 7,494,359

Core Expense by Line Item



CORE EXPENSES



- EMPLOYEE SALARY & BENEFITS } $\Sigma = 58.0\%$
- DIRECTOR SALARY & BENEFITS
- PROFESSIONAL FEES
- BUILDING EXPENSE
- ENGINEERING EXP } $\Sigma = 79.6\%$
- LEGAL EXPENSE
- WEROC
- CALPERS RESERVE } $\Sigma = 86.7\%$
- SOFTWARE SUPPORT
- MEMBERSHIPS
- TRAVEL
- MAINTENANCE
- INSURANCE
- OTHER

MWDOC FY 2020-21 Budget



STAFF LEVELS & SALARY CONTRIBUTION POOL

- No Increase in Full-time Staffing Level (33.0 FTE)
- Salary Contribution Pool @ 5.68% of Salaries & Wages
 - CPI = 3.07% - Mid-Range
 - CPI + (0.85 * CPI)

STUDIES & TRAINING

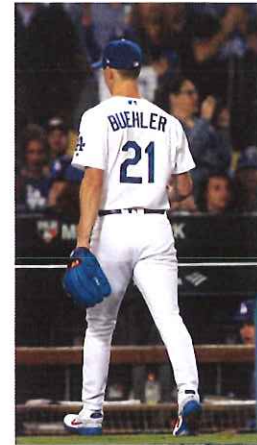
- Triennial Benchmark Study (\$36 k)
- 5-Year Rate Study (\$82.5 k)
- New Accounting System Software (\$80k)
- Increase in Staff Development Training Partially Offset by Decrease in Continuity Consultant (\$62.5 k - \$40 k)

TOTAL OUTSIDE FUNDING

- WUE & LRP Funding @ \$6,426,193

BUILDING IMPROVEMENT & CAPITAL ACQUISITION

- Substantial Prior Year Carryover (\$1.1 million & \$347 k)



FY 2020-21 Department Priorities



8 Departments

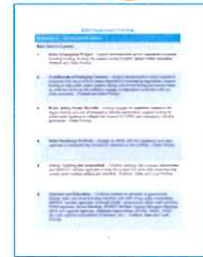
66 Total Priorities

- 41 Near-Term
- 25 Mid-Term

P&O – 1/6/20

A&F – 1/8/20

Exec Cmte – 1/16/20



MWDOC Mission Statement



To provide reliable, high-quality supplies
from MWD and other sources
to meet present and future needs,
at an equitable and economic cost,
and to promote water use efficiency
for all of Orange County

VALUE

MISSION







BENEFITS

MET REGION ORANGE COUNTY RATEPAYERS MEMBER AGENCIES

FY 2020-21 Department Priorities



Reliability Planning & Engineering (Pgs. 56-59 of 163)

-  Extended Shutdown Facilitation
-  Local Supply Integration & Reliability
 -  Poseidon, Doheny, San Juan & Carson Projects
-  Demand Forecast
-  Emergency Use of East Orange County Feeder #2
-  Water Reliability

MET Issues & Water Policy (Pgs. 59-61 of 163)

-  Integrated Resource Plan Update
-  MET Rate Assessment
-  Urban Water Management Plans
-  MWD OC-MET Delegation Support
-  Imported Supply Activities (Delta Conveyance, CA Water Resilience Portfolio, Colorado River Lower Basin Interim Guidelines)



FY 2020-21 Department Priorities



Water Use Efficiency (Pgs. 61-63 of 163)

- Legislative, Regulatory & Policy leadership
- Water Savings Incentive & Recycled Water Retro Programs
- Rebate Programs: Turf Removal, Spray-to-Drip & Landscape Design & Maintenance
- Water Loss Control Shared Services
 - Technical Assistance
 - Leak Detection
 - Meter Testing

WEROC (Pgs. 63-64 of 163)

- America's Water Infrastructure Act (AWIA)
- Enhance Response Readiness
- Cyber Security Communication
- PSPS Coordination



FY 2020-21 Department Priorities



Public Affairs (Pgs. 65-67 of 163)

-  Communication Tools
-  Expand Audience/Partnerships
-  Member Agency Support
-  Education Programs – Environmental Literacy

Government Affairs (Pgs. 67-69 of 163)

-  Delta Conveyance Project
-  Program & Project Funding Advocacy
-  Wildfire & PSPS Legislation
-  Low Income Rate Assistance (LIRA) Program & SB200



FY 2020-21 Department Priorities

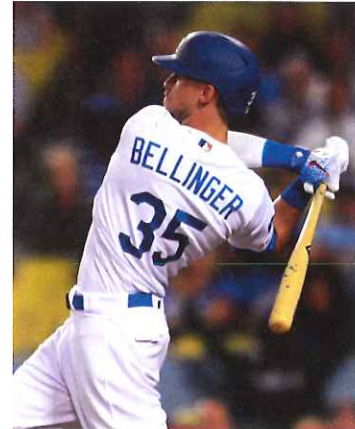


Administrative Department (Pgs. 69-70 of 163)

-  Performance Management Process
-  Staff Development Program
-  Succession Planning
-  Building Improvements & Remodel

Finance & IT (Pgs. 70-71 of 163)

-  New Accounting Software Implementation
-  Succession Planning
-  IT System Security & Testing
-  Technology Upgrades



Not Incorporated Items

Pgs. 72/73 of 163



NEW ORGANIZATIONAL MEMBERSHIPS (\$5,000)

- California Environmental Literacy Initiative (\$2,500)
- Department of Water Resources Education Committee (\$2,500)

NEW CONFERENCES/MEETINGS (\$22,145)

- AWWA Sustainable Water Management (\$4,350 - Water Loss Program)
- California Environmental Literacy Initiative (\$3,000 - Public Affairs)
- CalPERS (\$800 - Administration)
- California Municipal Association (CMUA) – Capital Days (\$995 - Government Affairs)
- CMUA – Annual Conference (\$1,400 - Government Affairs)
- DWR Education Committee (\$1,500 - Public Affairs)
- Liebert Cassidy Whitmore – Public Sector Conference (\$1,400 - Administration)
- Public Relations Society of America (\$8,700 - Public Affairs)



SPONSORSHIP OF SCIENCE FAIR (\$3,000)

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Discussion & Direction

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