MWDOC Fourth Draft Budget
Administration & Finance Committee
Municipal Water District of Orange County
05.13.2020

MWDOC FY 2020-21 Budget - Schedule

- November 2019 – MA Notification & Invitation
- December 2019 – Year-End & Reserve Projections
- January 2020 – Conceptual Budget @ A&F (1-8)
- February 2020
  - First Draft Budget @ A&F Committee (2-12)
  - Member Agency Managers Meeting (2-20)
- March 2020
  - Second Draft Budget @ A&F Committee (3-11)
  - Member Agency Managers Meeting (3-19)
- April 2020
  - Third Daft Budget @ A&F Committee (4-8)
  - Board Returns Budget to A&F (4-15)
  - Member Agency Managers Meeting (4-16)
  - Member Agency Managers Meeting (4-23)
  - Member Agency Managers Meeting (4-30)
- May 2020
  - Fourth Daft Budget @ A&F Committee (5-13)
  - Member Agency Managers Meeting (5-14)
  - Board Approval of Final Budget & Rates (5-20)
  - Member Agency Managers Meeting (5-21)
- June 2020
  - MAs 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)
### Budget Changes: 2\(^{nd}\) to 4\(^{th}\) Drafts

#### Year-to-Year Changes

<table>
<thead>
<tr>
<th></th>
<th>Second Draft</th>
<th>Fourth Draft</th>
<th>Change</th>
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<tbody>
<tr>
<td>Retail Meter Rate</td>
<td>$12.75</td>
<td>$12.35</td>
<td>(-) $0.40</td>
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<tr>
<td>Change from Current</td>
<td>$0.35</td>
<td>(-) $0.05</td>
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<td>Groundwater Customer Charge</td>
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<td>(-) $5,820</td>
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<td>Change from Current</td>
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<td>Total Core Expenses</td>
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<td>Change from Current</td>
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<td>Total Core Revenue</td>
<td>$9,257,071</td>
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<td>Change from Current</td>
<td>$186,894</td>
<td>(-) $75,907</td>
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### Unfunded Reserve Balance

**C7 – F7 = Budget Goal**

2\(^{nd}\) Draft = (+) $19,669

4\(^{th}\) Draft = (-) $93,333
Member Agency Manager Comments

- In general, the budget should be reduced
  - COVID-19 Employment Impacts
  - Impacts to Retail Customers Ability to Pay
  - Variable Reserve Status of Member Agencies
- The Hydraulic Model Project should be:
  - Cancelled,
  - Delayed as a Choice Project, or
  - Proceed as a Core Project with Cost Recovery Provisions
- MWDOC Reserves are Too Large and should be Used to Reduce Rates
  - Draw $500,000 to $1,000,000 from Reserves

Member Agency Manager Comments

- Travel & Conference Expenses Should Be Reduced
  - Staff & Board Travel & Registrations = (-) $141,007
    - FY19-20 @ $71,002 & FY20-21 @ $70,005
- Public Affairs & Social Media Expenses Should Be Reduced
  - Public Affairs Budget = (-) $49,000
    - FY19-20 @ $17,000 & FY20-21 @ $32,000
- Staff Training & Development Expenses Should Be Reduced
  - Staff Training = (-) $55,000
    - FY19-20 @ $25,000 & FY20-21 @ $30,000
- Organization Memberships Should Be Cancelled
MWDOC FY 2020-21 Budget

8 STAFF LEVELS & SALARY CONTRIBUTION POOL
8 No Increase in Full-time Staffing Level (33.0 FTE)
8 Salary Contribution Pool @ 5.68% of Salaries & Wages
8 CPI * 1.85 (CPI @ 3.07% - Mid-Range)

8 STUDIES & TRAINING
8 Triennial Benchmark Study ($36 k)
8 5-Year Rate Study ($82.5 k)
8 New Accounting System Software ($80 k)
8 Increase in Staff Development Training Offset by Decrease in Continuity Consultant ($32.5 k - $40 k)

MWDOC FY 2020-21 Budget

8 TOTAL OUTSIDE FUNDING
8 WUE & LRP Funding @ $6,426,193 (71% of Core Budget)

8 BUILDING IMPROVEMENT & CAPITAL ACQUISITION
8 Substantial Prior Year Carryover ($1.1 million & $347 k)

8 CalPERS UNFUNDED LIABILITY PAYMENT
8 $207,000 (3rd of 10 years)

8 ELECTION RESERVE
8 Increased $637,000
8 Five Divisions (4+1)
4th Draft Budget Changes

- Retail Meter Rate
  - Reduced by $0.05 from Current Rate
  - Reduced by $0.40 from 2nd Draft Budget

- Groundwater Customer Charge
  - Increased $868 from Current Rate
  - Reduced $5,820 from 2nd Draft Budget

- Core Revenue Requirement
  - Reduced by $92,638 from Current Budget
  - Reduced by $262,796 from 2nd Draft

- Core Expenses
  - Increased by $63,172 from Current Budget ($180,486 = Salaries/ Wages/Benefits)
  - Reduced by $149,006 from 2nd Draft

- Reserves – Total Flip of $113,002
  - Planned Budget Contribution of $19,669 in 2nd Draft
  - Planned Budget Draw of $96,205 (4th)
    - Reserve Balance $2,872 below target

Questions and Discussion