



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 Draft 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 Draft 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: 2nd to 4th Drafts

Year-to-Year Changes



	Second Draft	Fourth Draft	Change
Retail Meter Rate	\$12.75	\$12.35	(-) \$0.40
Change from Current	\$0.35	(-) \$0.05	
Groundwater Customer Charge	\$604,936	\$599,115	(-) \$5,820
Change from Current	\$6,688	\$868	
Total Core Expenses	\$9,239,486	\$9,090,480	(-) \$149,006
Change from Current	\$212,178	\$63,172	
Total Core Revenue	\$9,257,071	\$8,994,275	(-) \$262,796
Change from Current	\$186,894	(-) \$75,907	

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Unfunded Reserve Balance

C7 – F7 = Budget Goal

2nd Draft = (+) \$19,6694th Draft = (-) \$93,333

	A	B	C	D	E	F
		# Days Cash	FY 2020-21 Target Reserve	FY 2019-20 Current Balance	FY 2019-20 Projected Year End Reclass to Reserves	FY 2019-20 Projected Reserve Balance
1	Designated Reserves					
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	0	444,186
5	Election Reserve	N/A	1,332,740	1,332,740	-	1,332,740
6	OPEB Reserve est. 9/2018	N/A	297,147	297,147	-	297,147
7	TOTALS		\$ 7,514,028	\$ 7,404,313	\$90,046	\$7,494,359

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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

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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 @ \$17,00 & FY20-21 @ \$32,000
- 🔹 **Staff Training & Development Expenses Should Be Reduced**
 - 🔹 Staff Training = (-) \$55,000
 - 🔹 FY19-20 @ \$25,00 & FY20-21 @ \$30,000
- 🔹 **Organization Memberships Should Be Cancelled**

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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 * 1.85 (CPI @ 3.07% - Mid-Range)

STUDIES & TRAINING

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

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MWDOC FY 2020-21 Budget



TOTAL OUTSIDE FUNDING

- 🔸 WUE & LRP Funding @ \$6,426,193 (71% of Core Budget)

BUILDING IMPROVEMENT & CAPITAL ACQUISITION

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

CalPERS UNFUNDED LIABILITY PAYMENT

- 🔸 \$207,000 (3rd of 10 years)

ELECTION RESERVE

- 🔸 Increased \$637,000
- 🔸 Five Divisions (4+1)

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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

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Questions and Discussion



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