



## MWDOC FY2021-22 Budget First Draft Budget

Administration & Finance Committee  
Municipal Water District of Orange County

02.10.2021



### 1<sup>st</sup> Draft Budget Presentation

- ◆ **Budget Schedule**
- ◆ **Metropolitan Rates**
- ◆ **MWDOC Total Budget**
- ◆ **FY 2020-21 Performance & Projections**
- ◆ **Reserve Targets & Balances**
- ◆ **Budget Overview & Assumptions**
- ◆ **CORE Budget Line Items**
- ◆ **Department Priorities**
- ◆ **Not Incorporated Items**
- ◆ **Discussion & Direction**



## MWDOC FY 2021-22 Budget - Schedule



- January 2021
  - Year-End Projections & Conceptual Budget Review @ A&F Committee (1-13)
  - Member Agency Managers Meeting (1-12)
- February 2021
  - ➔ • First Draft Budget @ A&F Committee (2-10)
  - Initial Member Agency Choice Participation Confirmation (2-22)
  - Member Agency Managers Meeting (2-18)
- March 2021
  - Second Draft Budget @ A&F Committee (3-21)
  - CHOICE Program Discussions
  - Member Agency Managers Meeting (3-18)
  - Member Agency Formal Comments (3-26)
- April 2021
  - Elected Officials Meeting (4-1)
  - Third Draft Budget @ A&F Committee Meeting (4-14)
  - Board Approval of Final Budget & Rates (4-21)
- June 2021
  - Member Agencies Confirm Final Choice participation (6-11)
- August 2021
  - Reconciliation of FY 2020-21 WUE & Choice Programs
- September 2021
  - Revised Final Choice Budget @ A&F Committee (9-8)
  - Board Approval of Revised Final Choice Budget (9-15)

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## MET Key Budget Assumptions



Fiscal Year Ending	Actual/Est.	Adopted	
	FY 20-21	2021	2022
Overall increase January	5.0%	5.0%	5.0%
Total Water Transactions*	(1.51 MAF)	1.60 MAF	1.60 MAF
State Water Project Allocation	20% & 10%	50%	50%
Colorado River Aqueduct Diversions	1.008 MAF	0.745 MAF	0.733 MAF
Capital Investment Plan (CIP)	\$305 M	\$250 M	\$250 M
PAYGo (60% of CIP)	55%	\$135 M	\$135 M

\* Includes water sales, exchanges, and wheeling

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# MET Rates & Charges



Rates & Charges Effective Jan. 1	2020 (Previous)	2021 (Current)	% 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%
<b>Full Service Untreated Volumetric Costs (\$/AF)</b>					
Tier 1	\$755	\$780	3%	\$814	4%
Tier 2	\$842	\$817	(3%)	\$852	4%
Treatment Surcharge (\$/AF)	\$323	\$351	9%	\$369	5%
<b>Full Service Treated Volumetric Costs (\$/AF)</b>					
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%
<b>Overall Rate Increase</b>			<b>5.0%</b>		<b>5.0%</b>



+\$25 & +\$34

+\$53 & +\$52

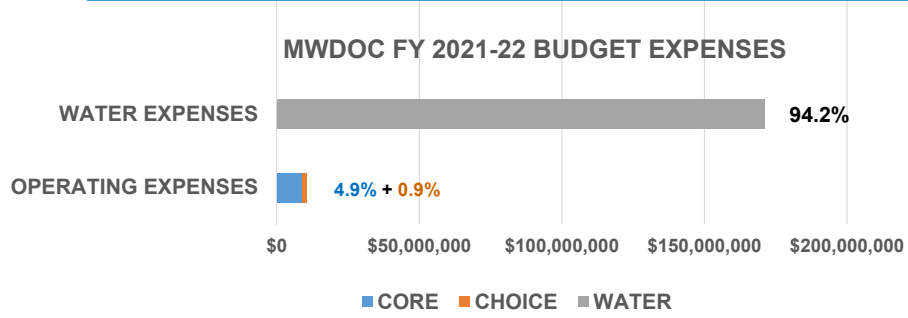


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# MWDOC Total Budget Summary



**OC RATE INCREASE FINANCIAL IMPACTS**  
**METROPOLITAN RATE INCREASE vs. MWDOC RATE INCREASE**  
**16:1**



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## MWDOC FY 2020-21 Budget Performance & Projections



### YEAR-END PROJECTIONS

- Based on Four Months of Actual Expenses & Revenues
- Projected Core Budget Variances
  - Net Core Budget Variance: (+) \$36,713 (0.4%)
    - Projected Revenues: (-) \$245,000
    - Projected Expenses: (-) \$281,713
  - Budgeted Draw on Reserves: \$97,413
  - Projected Draw on Reserves: \$60,700 ←



### SIGNIFICANT ITEMS

- Election Expense (\$262k-\$333k/Division)
- Interest Revenue Shortfall
- Building Renovation Project & Carryovers

## Unfunded Reserve Balance

**C7 - F7 = (+) \$49,076**



	A	B	C	D	E	F
		# Days Cash	FY 2021-22 Target Reserve	FY 2020-21 Planned Reserve Balance	FY 2020-21 Projected Year End Reclass to Reserves	FY 2020-21 Projected Reserve Balance
<b>1</b>	<b>Designated Reserves</b>					
<b>2</b>	<b>General Operations</b>	90-180	\$ 3,727,775	\$ 3,738,505	\$ (60,700)	\$ 3,677,805
<b>3</b>	<b>Grant &amp; Project Cash Flow</b>		1,500,000	1,500,000	-	1,500,000
<b>4</b>	<b>Building Reserve</b>	10-15	435,648	436,542	-	436,542
<b>5</b>	<b>Election Reserve</b>	N/A	285,000	285,000	-	285,000
<b>6</b>	<b>OPEB Reserve est. 9/2018</b>	N/A	297,147	297,147	-	297,147
<b>7</b>	<b>TOTALS</b>		<b>\$ 6,245,570</b>	<b>\$ 6,257,194</b>	<b>\$ (60,700)</b>	<b>\$ 6,195,494</b>

## MWDOC FY 2021-22 Budget Overview & Assumptions



### 💧 SALARY CONTRIBUTION POOL

- 💧 FY 2021-22 Budget @ 3.64% of Salaries & Wages
  - 💧 CPI @ 1.64% (Low-Range)
  - 💧 FY 2020-21 @ 5.68% (CPI @ 3.07% - Middle-Range)

SALARY CONTRIBUTION POOL METHODOLOGY		
CPI Range		Pool Formula
High	≥ 4.7%	CPI + 4%
Medium	2.45% TO 4.7%	CPI + 85% CPI
Low	0% to 2.4%	CPI + 2%
Negative	≤ 0%	50% CPI + 2%



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## MWDOC FY 2021-22 Budget Overview & Assumptions



### 💧 BUDGET ASSUMPTIONS

- 💧 COVID-19 Major Impact through Calendar Year
  - 💧 Travel & Conference Expenses Largely Unchanged
- 💧 No New FTEs Proposed at this Stage
- 💧 Bulk of Building Remodel Construct & Expenses in FY 2020-21 and FY 2021-22
- 💧 No Contribution Needed to Election Reserve
- 💧 Interest Revenue Estimate Reduction

### 💧 RATE STUDY UNDERWAY



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## MWDOC FY 2021-22 Budget Overview



### RATES

- 🔸 Fixed Meter Charge @ \$12.60 – YTY Increase of 3.3% or \$0.40
- 🔸 OCWD Contribution @ \$571,251 – YTY Decrease of 4.0% or \$24,072

### REVENUES

- 🔸 Core Revenues @ \$8,894,338 – YTY Increase of 0.0% or \$222 (\$238,000 reduction in Interest Revenue)

### EXPENSES

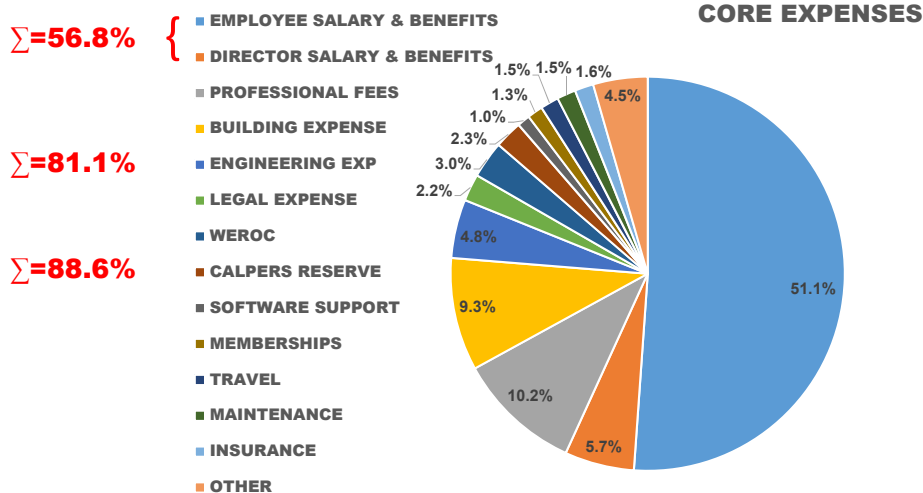
- 🔸 Core Expenses @ \$8,850,413 – YTY Decrease of 1.6% or \$141,116

### RESERVES

- 🔸 Budgeted Contribution of \$43,925 (\$5,151 below target)
- 🔸 Reserves Fully Funded
- 🔸 CalPERS Unfunded Liability Payment of \$207,000
- 🔸 Election Reserve – No Contribution (estimated carryover of \$285,000)



## Core Expense by Line Item



# MWDOC FY 2021-22 Budget



- ◆ **STAFF LEVELS (MWDOC + WEROC)**
  - ◆ Total Staffing @ 37.83 FTE (-1.92 FTE)
  - ◆ Full-time Staffing Level @ 35.36 FTE (-0.36 FTE)
  
- ◆ **EXPENSE CATEGORY YTY CHANGES**
  - ◆ Staff & Director Salaries & Benefits (+) \$51,641 (1.0%)
  - ◆ Engineering Expense (+) \$40,000 (11.8%)
  - ◆ Maintenance Expense (+) \$21,980 (16.7%)
  - ◆ Professional Fees (-) \$230,343 (23.1%)
  - ◆ Miscellaneous Expense (-) \$26,619 (25.8%)
  
- ◆ **TOTAL OUTSIDE FUNDING**
  - ◆ WUE & LRP Funding @ \$6,754,840 (+ \$293,647)
  
- ◆ **BUILDING IMPROVEMENT & CAPITAL ACQUISITION**
  - ◆ Substantial Prior Year Carryover (\$466,919)



# MWDOC Mission Statement



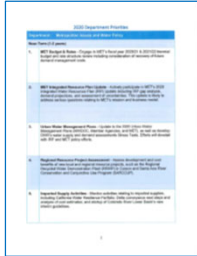
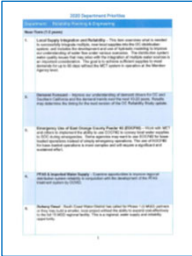
To provide reliable, high-quality supplies from MWD and other sources to meet present and future needs, at an equitable and economic cost, and to promote water use efficiency for all of Orange County

- ◆ Reliability
- ◆ Water Quality
- ◆ Multiple Sources
- ◆ Future Needs
- ◆ Equity & Affordability
- ◆ Water Use Efficiency
- ◆ Regional Perspective

**VALUE      MISSION      BENEFITS**

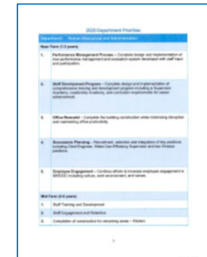
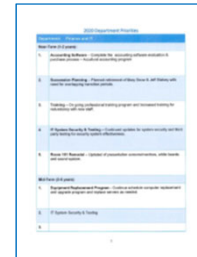
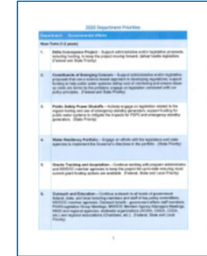
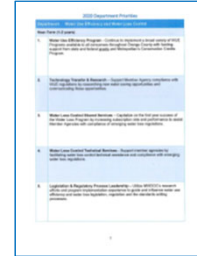
**MET REGION    ORANGE COUNTY    RATEPAYERS    MEMBER AGENCIES**

## Department Priorities & Progress



**8 Departments**  
**95 Total Priorities**  
 • 60 Near-Term  
 • 35 Mid-Term

**Committee Presentations**



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## Not Incorporated Items



### 🔹 TECHNICAL RESOURCES – BAY DELTA & COLO RIVER

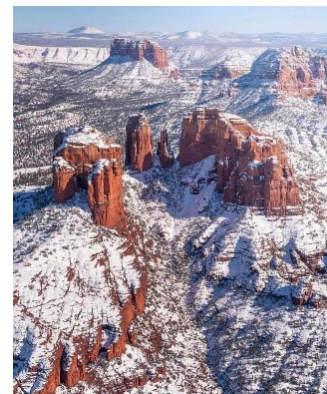
- 🔹 Contract Technical Assistance
- 🔹 Technical Staff Hire
- 🔹 Eliminate Current Staff Functions

### 🔹 WEROC SOUTH EMERGENCY OPERATIONS CENTER

- 🔹 New EOC: \$480k - \$780k – Structure
- 🔹 Existing EOC:
  - 🔹 Design & Engineering: \$52k - \$63k
  - 🔹 Construction: \$542k - \$642k
- 🔹 Partners & Grants

### 🔹 MWDOC RATE STUDY

- 🔹 Zero Sum Process
  - 🔹 Allocation between Member Agencies



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# Questions and Discussion



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