



Elected Officials Forum

MWDOC Elected Officials Forum

April 1, 2021



Tonight's Agenda

- 💧 Welcome
- 💧 Public Comment
- 💧 MWDOC Budget & Rate Study
 - 💧 Discussion
- 💧 Review of Conservation Framework & Call to Action
 - 💧 Discussion
- 💧 Water Supply Conditions & Reliability Activities
 - 💧 Discussion



**LOCAL
ELECTED
OFFICIALS**

MWDOC Budget & Rates

BUDGET PROCESS

- 💧 How Much & For What
- 🔥 Value & Mission
- 🌱 Transparent & Informative



RATE STUDY PROCESS

- 💧 Who Pays What Share
- 🔥 Allocation of Revenue Requirement
- 🌱 Legal & Equitable



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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
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 - Member Agency Formal Comments (3-26)
- April 2021
 - Elected Officials Meeting (4-1)
 - Third Draft Budget @ A&F Committee Meeting (4-19)
 - **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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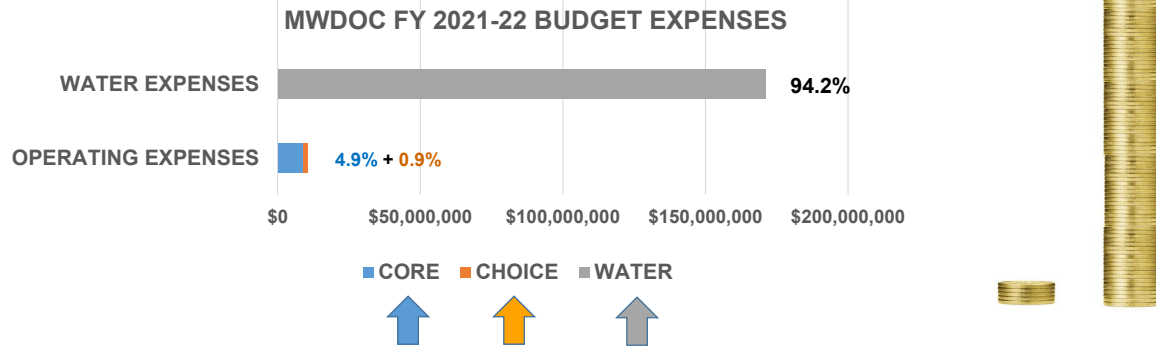
MWDOC Total Budget Summary



OC RATE INCREASE FINANCIAL IMPACTS

METROPOLITAN RATE INCREASE vs. MWDOC RATE INCREASE

16:1



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Metropolitan Rates & Assumptions



Fiscal Year Ending	Actual/Est.	Adopted	
	FY 20-21	2021	2022
Overall increase January	5.0%	3.0%	4.0%
Total Water Transactions*	(1.51 MAF)	1.60 MAF	1.60 MAF
State Water Project Allocation	20% & 5%	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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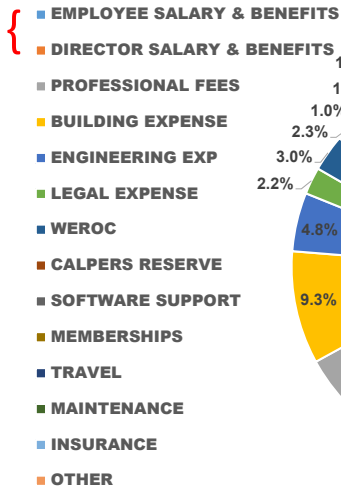
Core Expense by Line Item



Σ = 56.8%

Σ = 81.1%

Σ = 88.6%



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MWD OC FY 2021-22 Budget



EXPENSES

Core Expenses @ \$8,980,346 – YTY Decrease of 0.1% or \$11,183

REVENUES

Core Revenues @ \$8,929,123 – YTY Increase of 0.4% or \$35,007
(\$238,000 reduction in Interest Revenue)

RATES (2016 Rate Structure)

Fixed Meter Charge @ \$12.65 – YTY Increase of 3.7% or \$0.45 per retail meter
OCWD Contribution @ \$573,893 – YTY Decrease of 3.6% or \$21,430



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MWDOC FY 2021-22 Budget



- 💧 **STAFF LEVELS (MWDOC + WEROC)**
 - 💧 Total Staffing @ 38.32 FTE (-1.43 FTE)
 - 💧 Full-time Staffing Level @ 35.36 FTE (-0.36 FTE)
- 💧 **TOTAL OUTSIDE FUNDING**
 - 💧 WUE & LRP Funding @ \$6,754,840 (+ \$293,647)
- 💧 **BUILDING IMPROVEMENT & CAPITAL ACQUISITION**
 - 💧 Substantial Prior Year Carryover (\$466,919)
- 💧 **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 (-) **\$130,343 (23.1%)**
 - 💧 Miscellaneous Expense (-) **\$26,619 (25.8%)**



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WEROC South EOC Project



💧 WEROC SOUTH EMERGENCY OPERATIONS CENTER

- 💧 Existing EOC Renovation \$1,125,225
- 💧 New EOC Design & Construction
 - 💧 FY '21-'22: \$ 404,219
 - 💧 FY '22-'23: \$ 670,391
 - 💧 FY '23-'24: \$ 670,391
 - 💧 Total Cost Estimate \$1,745,000



- 💧 Partners & Grants
- 💧 Planning & Operations (P&O) Committee (April 5, 2021)

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OC Water Use Efficiency Potential & Opportunity Study



The past improvements in Water Use Efficiency have decreased the potential for future improvement.

What are the efficiency limits?
(consumption floor)

- ❖ Three primary study areas:
 - ❖ Remaining WUE gains & best opportunities in each water use customer sector
 - ❖ Unintended Consequences of new requirements
 - ❖ Compliance with the new Conservation Framework
 - ❖ Proposed reductions in Standards
 - Indoor/Outdoor/Water Loss (Objective)
 - Indoor: 55-52.5-50 GPCD
 - Friedman (AB 1434): 48-44-40 GPCD
- ❖ Absolute Potential & Attainable Potential (cost-effective limits)



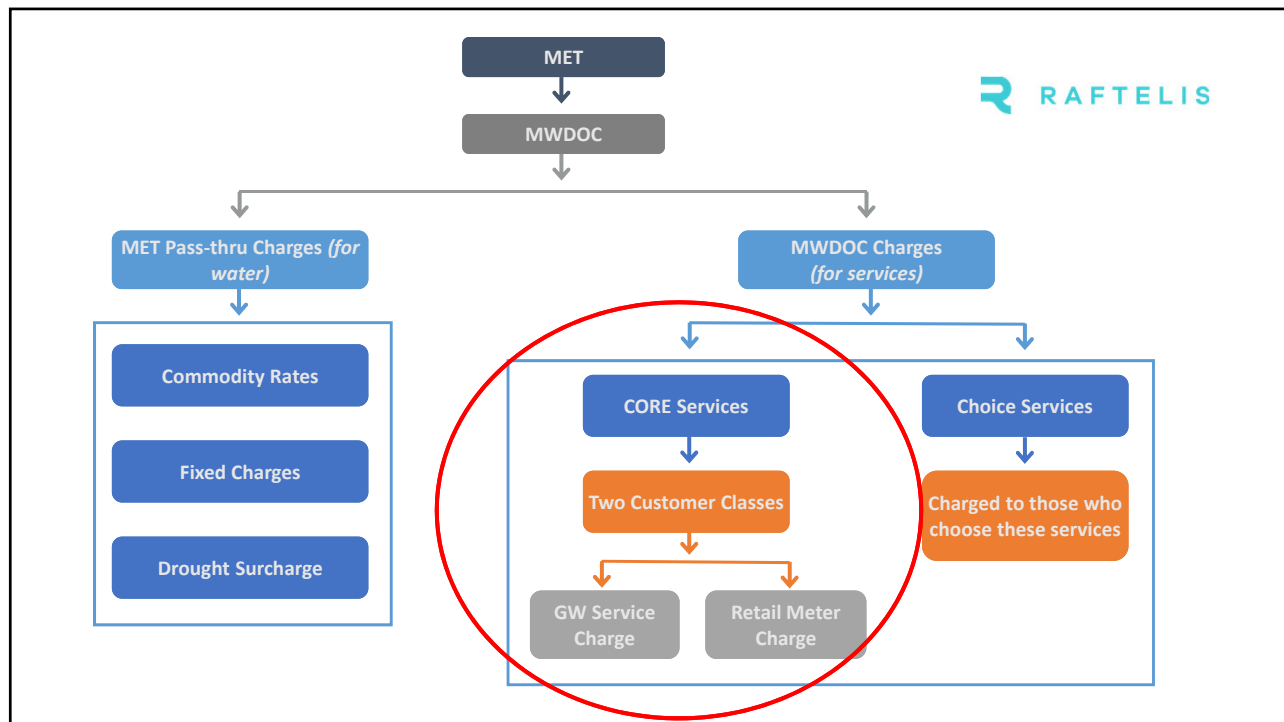
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MWD OC Rate Study

A&F Committee Meeting

February 10, 2021



MWD OC Rate History



- 💧 **Property Tax Base**
- 💧 **Hybrid Rate Structures**
 - 💧 Tax + Volumetric (Variable)
 - 💧 Meter Charge (Fixed) + Volumetric (Variable)
- 💧 **2011 Settlement Agreement**
 - 💧 5-year transition to 100% Fixed Rate – retail meters
- 💧 **Prop 26 Legal Issue**
 - 💧 OCWD receives service but has no retail meters
 - 💧 2016 Rate Study
 - 💧 Legal & Equitable Goals



2016 MWDOC Rate Methodology



Step 1 – Groundwater Customer Charge

- OCWD has no retail water meters
- Allocate Core cost of 2 MWDOC departments by 10-year average % of MWDOC water sales
- Allocate 1/26th of remaining costs

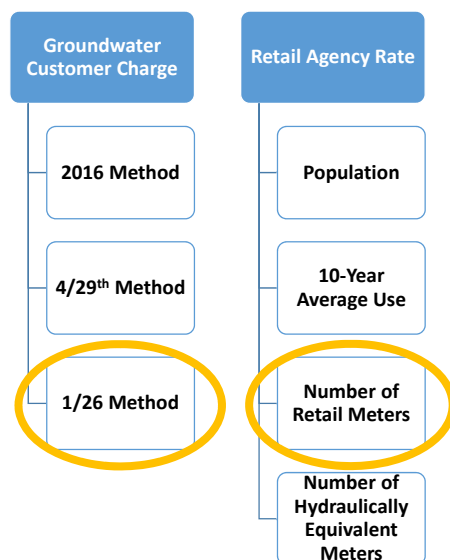


Step 2 – Retail Agency Rate

- Allocate remaining Core costs to retail agencies according to the number of retail water meters

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2021 MWDOC Rate Study Options



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2021 Proposed Rate Methodology



Step 1 – Groundwater Customer Charge

- OCWD has no retail water meters
- ~~Allocate Core cost of 2 MWDOC departments by 10-year average % of MWDOC water sales~~
- Allocate 1/26th of ~~remaining~~ costs



Step 2 – Retail Agency Rate

- Allocate remaining Core costs to retail agencies according to the number of retail water meters

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MWDOC FY 2021-22 Budget



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REVENUES

- Core Revenues @ \$8,929,123 – YTY Increase of 0.4% or \$35,007 (\$238,000 reduction in Interest Revenue)

RATES (2016 Rate Structure)

- Fixed Meter Charge @ \$12.65 – YTY Increase of 3.7% or \$0.45 per retail meter
- OCWD Contribution @ \$573,893 – YTY Decrease of 3.6% or \$21,430

RATES (2021 Proposed Rate Structure)

- Fixed Meter Charge @ \$13.00 – YTY Increase of 6.6% or \$0.80 per retail meter
- OCWD Contribution @ \$335,385 – YTY Decrease of 43.7% or \$259,939



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Elected Officials Forum

MWDOC Budget & Rate Study Discussion

