



MWD OC FY2021-22 Budget Third Draft Budget

Administration & Finance Committee
Municipal Water District of Orange County

04.19.2021

MWD OC 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 (4-19)
 - 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)

MWDOC FY 2021-22 Budget Assumptions & Changes



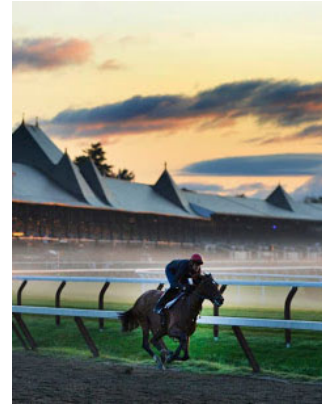
BUDGET ASSUMPTIONS

- 🔸 COVID-19 Major Impact through Calendar Year
 - 🔹 Travel & Conference Expenses Largely Unchanged
- 🔸 No New FTEs Proposed
- 🔸 Bulk of Building Remodel Construct & Expenses in FY 2020-21 and FY 2021-22
- 🔸 Interest Revenue Estimate Reduction

2021 RATE STUDY - A&F RECOMMENDATION

3rd DRAFT BUDGET CHANGES

- 🔸 South EOC Project – 1st Year funding from Reserves
- 🔸 Minor Adjustments (< \$34k)



3

MWDOC FY 2021-22 Rate Summary



RATES – 2016 Structure

- 🔸 Fixed Meter Charge @ \$12.65
 - 🔹 YTY Increase of 3.7% or \$0.45
- 🔸 OCWD Contribution @ \$573,430
 - 🔹 YTY Decrease of 3.6% or \$21,430

RATES – 2021 Structure

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



4

MWDOC FY 2021-22 Budget Overview



REVENUES

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



EXPENSES

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

5

MWDOC FY 2021-22 Budget



STAFF LEVELS (MWDOC + WEROC)

- Total Staffing @ 38.32 FTE (-1.38 FTE)
- Full-time Staffing Level @ 35.36 FTE (-0.36 FTE)

EXPENSE CATEGORY YTY CHANGES

- Staff & Director Salaries & Benefits (+) \$96,296 (1.81%)
- Engineering Expense (+) \$40,000 (11.8%)
- Maintenance Expense (+) \$21,980 (16.7%)
- Professional Fees (-) \$130,343 (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)



6

MWDOC FY 2021-22 Budget Assumptions & Changes



💧 SALARY CONTRIBUTION POOL

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

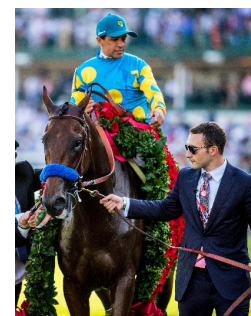
7

New Comment Letters



💧 SMWD Letter (March 19, 2021)

- 💧 OC Water Use Efficiency Potential & Opportunity Study
 - 💧 Engage with MA & Metropolitan Staff
- 💧 South Emergency Operations Center
 - 💧 Supports use of reserves
- 💧 Remove Public Affairs Video Series
- 💧 MWDOC Reserve Policy
 - 💧 Supports policy review



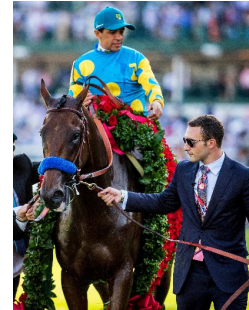
All 5 Member Agency Comment Letters & MWDOC Responses Included With Budget

8

New Comment Letters



- ◊ OCWD Letter (April 5, 2021)
 - ◊ South EOC Questions/Comments
 - ◊ MWDOC P&O Committee should select Option #3 and not proceed with the project
 - ◊ If the project moves forward then continue the decision pending an independent financial review
 - ◊ If the MWDOC Board approves the project then fund it entirely from MWDOC reserves.



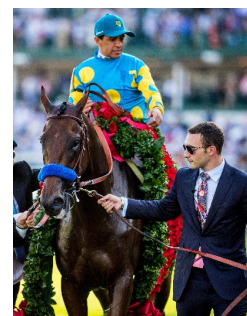
All 5 Member Agency Comment Letters & MWDOC Responses Included With Budget

9

New Comment Letters



- ◊ OCWD Letter (April 12, 2021)
 - ◊ South EOC Recommendations
 - ◊ Soft Cost Estimate needs and additional contingency amount (Brady & Associates @ 35%)
 - ◊ Prefabricated steel building estimate seems reasonable but items appear missing (i.e., concrete slab, interior walls, drop ceiling & emergency generator)
 - ◊ Not apparent why building size increased from existing 2,400 sq. ft. to 3,800 sq. ft.



All 5 Member Agency Comment Letters & MWDOC Responses Included With Budget

10

Newly Incorporated Items



WEROC SOUTH EMERGENCY OPERATIONS CENTER

New EOC Design & Construction

FY '21-'22:	\$ 404,219
FY '22-'23:	\$ 670,391
<u>FY '23-'24:</u>	<u>\$ 670,391</u>
Total Cost Estimate	\$1,745,000

Existing EOC Renovation \$1,125,225

Grants & Partners

Project Alternatives



11



Questions and Discussion



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