



SUPER BUDGET MMXXIII



MWDOC FYE'23 BUDGET First Draft Budget

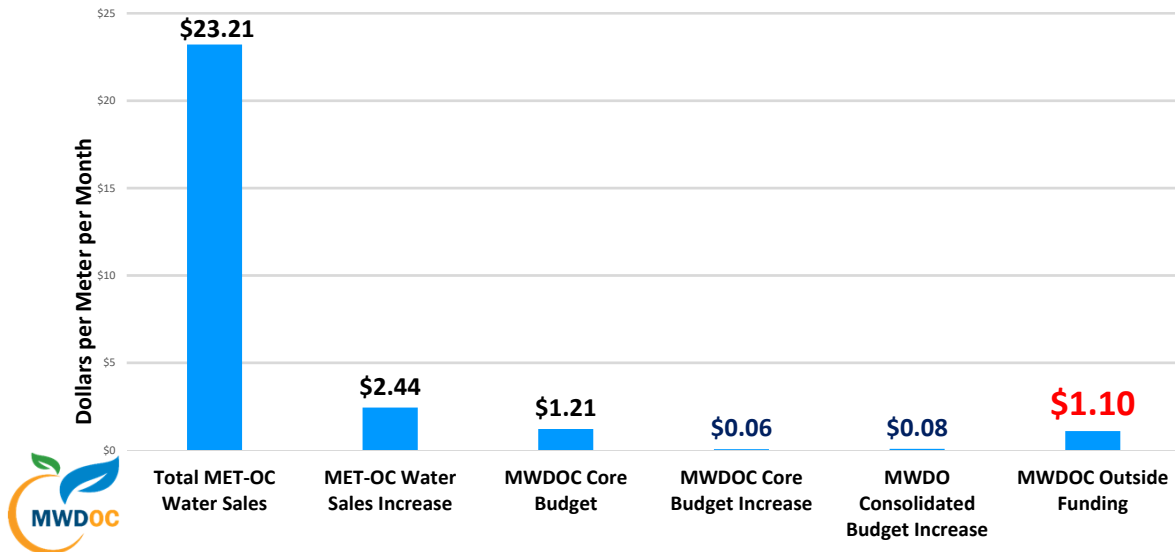
MWDOC Administration & Finance Committee Meeting
Municipal Water District of Orange County
02.09.2022

1st Draft Budget Presentation

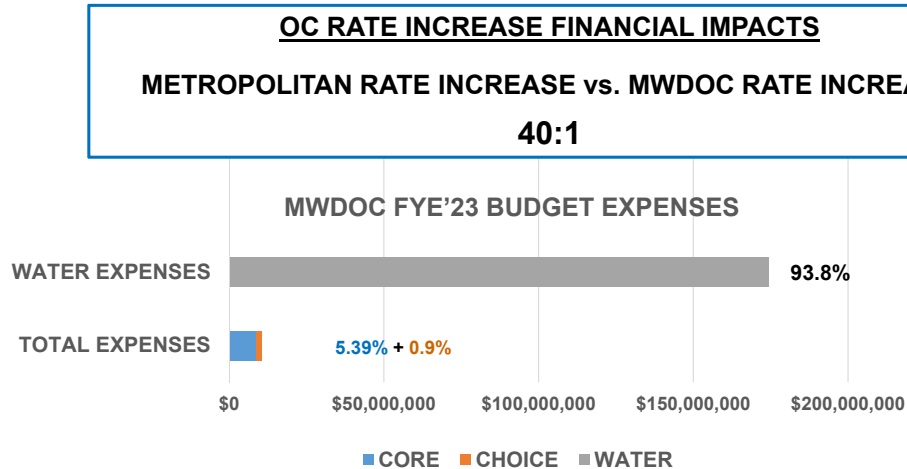
- 💧 Financial Perspective
- 💧 Budget Schedule
- 💧 Metropolitan Proposed Rates
- 💧 Reserve Policy & Targets
- 💧 Budget Overview & Assumptions
- 💧 Department Priorities
- 💧 Not Incorporated Items
- 💧 Discussion & Direction



MET and MWDOC Total Cost per Meter per Month FYE'23 (proposed)



MWDOC Total Budget Summary



MWDOC FYE'23 Budget - Schedule



- January 2022
 - Year-End Projections & Conceptual Budget Review @ A&F Committee (1-12)
 - Member Agency Managers Meeting (1-20)
- February 2022
 - First Draft Budget @ A&F Committee (2-9)
 - Initial Member Agency Choice Participation Confirmation (2-21)
 - Member Agency Managers Meeting (2-17)
- March 2022
 - Second Draft Budget @ A&F Committee (3-9)
 - CHOICE Program Discussions
 - Member Agency Managers Meeting (3-17)
 - Member Agency Formal Comments (3-25)
- April 2022
 - Elected Officials Meeting (4-7)
 - Third Draft Budget @ A&F Committee Meeting (4-13)
 - Board Approval of Final Budget & Rates (4-20)
- June 2022
 - Member Agencies Confirm Final Choice participation (6-10)
- August 2022
 - Reconciliation of FY 2020-21 WUE & Choice Programs
- September/October 2022
 - Revised Final Choice Budget @ A&F Committee
 - Board Approval of Revised Final Choice Budget

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MET Key Budget Assumptions



	Approved	Proposed	
Fiscal Year Ending	2022	2023	2024
Overall increase January	4.0%	8.0%	8.0%
Total Water Transactions*	1.6 MAF)	1.59 MAF	1.54 MAF
State Water Project Allocation	50%	25%/40%	40%/50%
Colorado River Aqueduct Diversions	0.733 MAF	1.007 MAF	0.923 MAF
Capital Investment Plan (CIP)	\$250 M	\$300 M	\$300 M
PAYGo (% of CIP)	55%	45%	45%

* Includes water sales, exchanges, and wheeling

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MET Rates & Charges



Rates & Charges Effective Jan. 1	2022 (Current)	2023 (Proposed)	% Change	2024 (Proposed)	% Change
Tier 1 Supply Rate (\$/AF)	\$243	\$328	35%	\$348	6%
Tier 2 Supply Rate (\$/AF)	\$285	\$532	87%	\$538	1%
System Access Rate (\$/AF)	\$389	\$373	(4%)	\$416	12%
Water Stewardship Rate (\$/AF)	\$0	\$0	0%	\$0	0%
System Power Rate (\$/AF)	\$167	\$187	12%	\$188	1%
Full Service Untreated Volumetric Costs (\$/AF)					
Tier 1	\$799	\$888	11%	\$952	7%
Tier 2	\$841	\$1,092	30%	\$1,142	5%
Treatment Surcharge (\$/AF)	\$344	\$364	6%	\$370	2%
Full Service Treated Volumetric Costs (\$/AF)					
Tier 1	\$1,143	\$1,252	10%	\$1,322	6%
Tier 2	\$1,185	\$1,456	23%	\$1,512	4%
Readiness-to-Serve Charge (\$/M)	\$140	\$145	4%	\$183	26%
Capacity Charge (\$/cfs)	\$12,200	\$10,700	(12%)	\$11,700	9%
Overall Rate Increase			8.0%		8.0%



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MWD OC FYE'23 Reserve Policy & Targets



RESERVE POLICY DISCUSSIONS

- Facilitated Member Agency Discussion Project
 - All Member Agencies
 - Both Governance & Management Interviews
 - Specific Issue on Questionnaire
- Third-Party Policy Review
- Budget Process



RESERVE TARGET CALCULATION PRESENTATION

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Year-to-Year Reserve Target Adjustment

Table A – Page 104 of 208



	A	B	C	D
1	Designated Reserves	FYE'22 Target Reserve	Adjustment Factor	FYE'23 Target Reserve
2	General Operations	\$3,727,775	# Days Cash	\$ 3,751,085
3	Grant & Project Cash Flow	1,500,000		1,500,000
4	Building Reserve	435,648	# Days Cash	437,590
5	Election Reserve	362,406	Cycle	762,406
6	OPEB Reserve est. 9/2018	297,147	Actuarial	297,147
7	TOTALS	\$ 6,322,976		\$ 6,748,228

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Current & Projected Reserve Balances

Table B – Page 105 of 208



	A	B	C	D
1	Designated Reserves	FYE'22 Beginning Reserve Balances	FYE'22 Projected Year End Reclass to Reserves	FYE'22 Projected Ending Reserve Balances
2	General Operations	\$3,738,505	\$ 12,580	\$ 3,751,085
3	Grant & Project Cash Flow	1,500,000	-	1,500,000
4	Building Reserve	436,542	(436,542)	-
5	Election Reserve	461,678	74,104	535,782
6	OPEB Reserve est. 9/2018	297,147	-	297,147
7	TOTALS	\$ 6,433,872	\$ (349,858)	\$ 6,084,014

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FYE'23 Budget Reserve Funding Goal

Table C – Page 106 of 208



		Table A	Table B	(A – B)
1	Designated Reserves	FYE'23 Target Reserve	FYE'22 Projected Ending Reserve Balances	FYE'23 Budget Reserve Funding Goal
2	General Operations	\$3,751,085	\$ 3,751,085	\$ -
3	Grant & Project Cash Flow	1,500,000	1,500,000	-
4	Building Reserve	437,590	-	437,590
5	Election Reserve	762,406	535,782	226,624
6	OPEB Reserve est. 9/2018	297,147	297,147	-
7	TOTALS	\$ 6,748,228	\$ 6,084,014	\$ 664,214

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FYE'23 Budget Reserve Funding Level

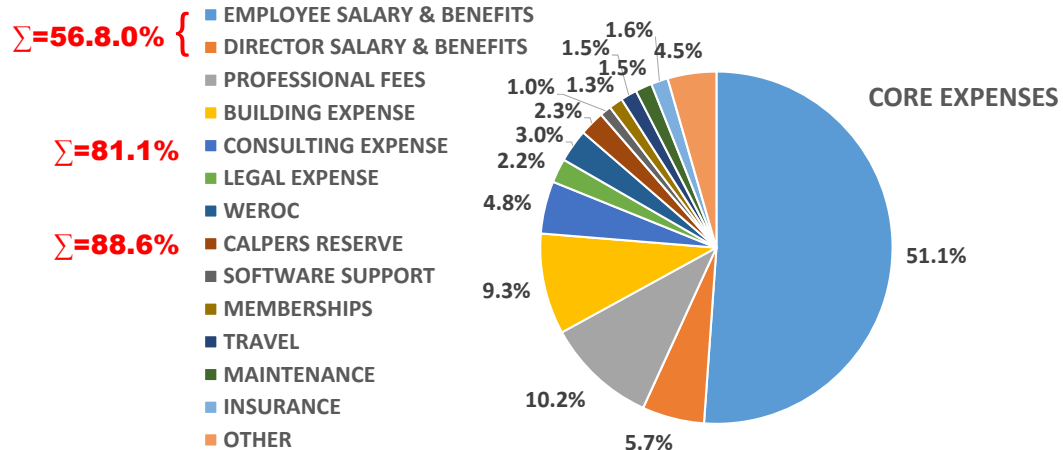


Of the \$6,748,228 FYE'23 Reserve Target, the budget is projected to bring the reserves to \$6,373,699 leaving a shortfall of \$374,529

		A	B
1	FYE'23 Budget Reserve Funding Goal		\$ 664,214
2	Election Reserve Funding	300,728	
3	Building Reserve Funding	437,590	
4	Planned Draw from Reserves	(448,633)	
5	Net Reserve Contribution		289,685
6	FYE'23 Unfunded Balance to Fully Fund Reserve Target		\$ 374,529

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FYE'23 Core Expense by Line Item



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MWD OC FYE'23 Budget Overview & Assumptions



SALARY CONTRIBUTION POOL

FYE'23 Budget @ 7.10% of Salaries & Wages

CPI @ 3.84% (Medium-Range)

FYE'22 @ 3.64% & 1.64% (Low-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 FYE'23 Budget Overview



RATES

- Fixed Meter Charge @ \$13.75 – YTY Increase of 5.8% or \$0.75
- OCWD Contribution @ \$367,469 – YTY Increase of 9.6% or \$32,084

REVENUES

- Core Revenues @ \$9,401,841 – YTY Increase of 5.5% or \$486,224 (\$74,029 reduction in Interest Revenue)

OPERATING EXPENSES

- Core Expenses @ \$8,826,669 – YTY Increase of 3.0% or \$257,297

RESERVES

- CalPERS Unfunded Liability Payment of \$207,000
- Planned budget draw of \$448,633
- Reserve Targets Not Fully Funded (- \$374,529)
- Election Reserve funding = \$300,782
- Building Reserve funding = \$437,590



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MWDOC FYE'23 Budget



STAFF LEVELS (MWDOC + WEROC)

- Total Staffing @ 39.63 FTE (+1.31 FTE)
- Full-time Staffing Level @ 33.66 FTE (+1.41 FTE)
- Core Staffing @ 31.83 FTE (-0.14 FTE)
- Choice Staffing @ 7.80 FTE (+1.45 FTE)

EXPENSE CATEGORY YTY CHANGES

- Staff & Director Salaries & Benefits (+) \$223,092 (4.1%)
- Software Support & Expense (+) \$65,813 (79.7%)
- Professional Fees (+) \$47,616 (5.5%)
- WEROC Expense (+) \$35,944 (13.8%)
- Outside Consulting (+) \$30,000 (7.9%)
- Computers & Equipment (+) \$20,500 (87.4%)

TOTAL OUTSIDE FUNDING

- WUE & LRP Funding @ \$14,053,268 (+) \$7,298,428 (108%)

BUILDING IMPROVEMENT & CAPITAL ACQUISITION

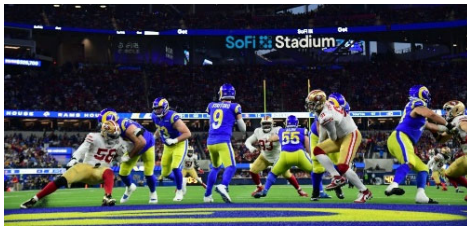
- @ \$322,600 (-) \$853,548 (72.6%)



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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

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FYE'23 Department Priorities

💧 DEPARTMENT GOALS - ATTACHMENT D

💧 MAJOR PROJECTS

- 💧 Emergency Use of East OC Feeder #2 – Pilot Project
- 💧 MET Shutdown Planning
- 💧 MET Business Model & Long Term Financial Planning
- 💧 MET Post IRP Implementation Plan
- 💧 Colorado River & SWP Delta Conveyance Activities
- 💧 WUE & Water Loss Program Implementation
- 💧 WEROC Response Readiness, Training, Primary EOC
- 💧 Legislation & Regulatory Leadership
- 💧 Speakers Bureau & Education Initiatives
- 💧 Performance Management
- 💧 IT Audit Implementation & Software Upgrades



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Not Incorporated Items



SAWPA FUNDING REQUEST

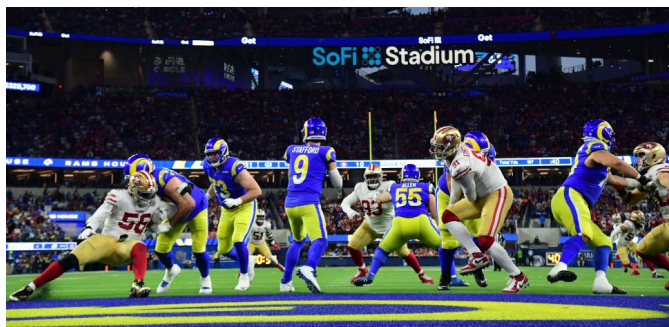
- 🔥 Santa Ana Watershed Modification Pilot Program
- 🔥 Total of \$20,000 - Four Year Program
- 🔥 Request Letter in Attachment C

WEROC PRIMARY EMERGENCY OPERATIONS CENTER

- 🔥 FYE'22 includes funding through design and costing
- 🔥 FYE'23 budget does not include any construction funding
- 🔥 Partners & Grants



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