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**ORANGE COUNTY WATER DISTRICT**  
ORANGE COUNTY'S GROUNDWATER AUTHORITY

January 11, 2022

Mr. Robert J. Hunter  
General Manager  
Municipal Water District of Orange County  
18700 Ward Street  
Fountain Valley CA 92708

SUBJECT: Fiscal Year (FY) 2022-23 Budget Preparation

Dear Mr. Hunter:

The Municipal Water District of Orange County (MWDOC) is in the process of preparing its FY 2022-23 (Fiscal Year Ending 2023, FYE'23) budget and will discuss this issue at the Administration and Finance (A&F) Committee on January 12, 2022.

The budget staff report to the Committee has a section on "Projected Reserve Fund Balances". The Orange County Water District (OCWD or District) would like to provide the following comments on this subject for your Committee's consideration:

1. The staff report states that "...the FYE'23 budget does not plan to fully fund the reserves to the full target levels but is designed to reach the anticipated target level over two years.". It further states there is a projected \$919,741 unfunded total reserve balance, which implies this amount will be added to the reserves over the next 2 budgets but does not indicate the amount recommended for the next year's budget.
2. The District has requested over the last several years that the MWDOC Board engage in discussions with its Member Agencies regarding the MWDOC reserve policy. These requests have been ignored and OCWD asks that the MWDOC reserves remain at current levels until these discussions take place.

We ask that these comments be considered and included in future budget meetings and that this letter be forwarded to your Board prior to tomorrow's Committee meeting.

Thank you for your consideration.

Sincerely,

Michael R. Markus, P.E., D.WRE, BCEE, F.ASCE  
General Manager

Cc OCWD Board of Directors  
OCWD Groundwater Producers