



MWDOC FYE'24 BUDGET

First Draft Budget


MWDOC Administration & Finance Committee Meeting
Municipal Water District of Orange County
02.08.2023



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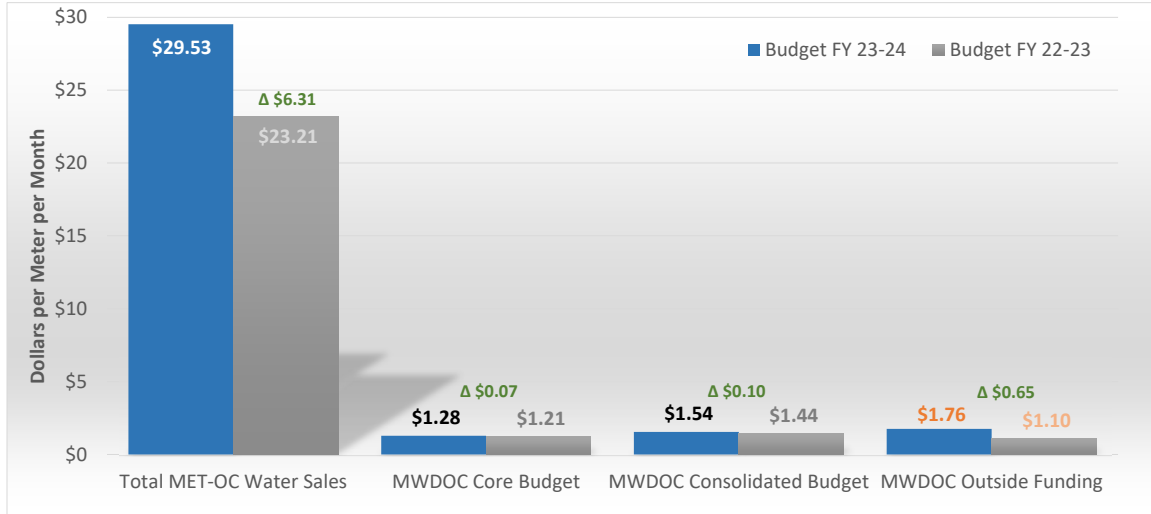
Budget Presentation Agenda

- Financial Perspective
- Budget Schedule
- Metropolitan Rates
- Budget Overview & Assumptions
- Department Key Priorities
- Items Not Incorporated
- Discussion & Direction



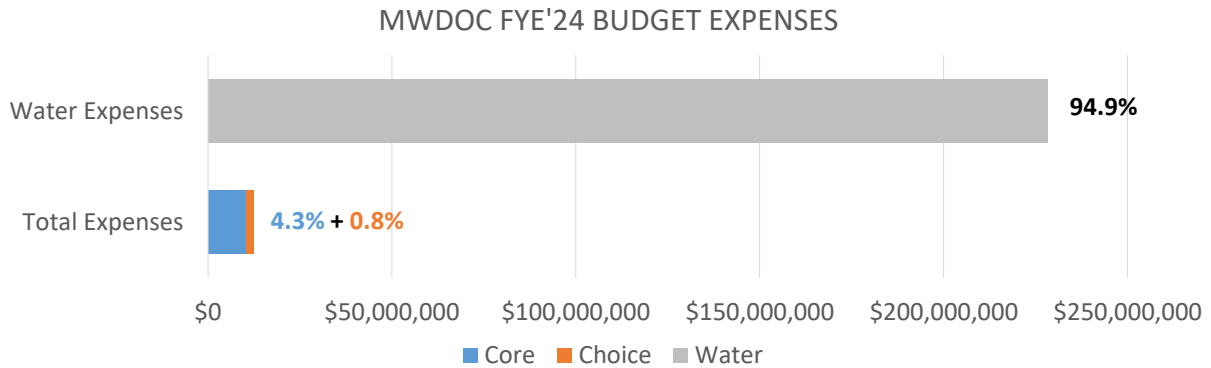
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MET and MWDOC Total Cost per Meter per Month FYE'24 (proposed)



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MWDOC Total Budget Summary



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MWDOC FYE'24 Budget - Schedule

January 2023

- Year-End Projections & Conceptual Budget Review @ A&F Committee (1-11)
- Member Agency preliminary participation in Choice

February 2023

- First Draft Budget @ A&F Committee (2-8)
- Member Agency Managers Meeting (2-16)
- Initial Member Agency Choice Participation Confirmation (2-20)

March 2023

- Second Draft Budget @ A&F Committee (3-8)
- CHOICE Program Discussions
- Member Agency Managers Meeting (3-16)
- Member Agencies' submit formal Comments on Budget (3-24)

April 2023

- Elected Officials Meeting (4-6)
- Third Draft Budget & Member Agency comments presented @ A&F Committee Meeting (4-12)
- Board Approval of Final Budget & Rates (4-19)

June 2023

- Member Agencies Confirm Final Choice participation (6-9)

August 2023


- Reconciliation of FY 2022-23 WUE & Choice Programs

September 2023

- Revised Final Choice Budget @ A&F Committee (9-13)
- Board Approval of Revised Final Choice Budget (9-20)

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MET Key Budget Assumptions



Fiscal Year Ending	2023	2024
Overall increase January	5.0%	5.0%
Total Water Transactions*	1.59 MAF	1.54 MAF
State Water Project Allocation	15% / 40%	40% / 50%
Colorado River Aqueduct Diversions	1.007 MAF	0.923 MAF
Capital Investment Plan (CIP)	\$300 M	\$300 M
PAYGo (% of CIP)	45%	45%

* Includes water sales, exchanges, and wheeling

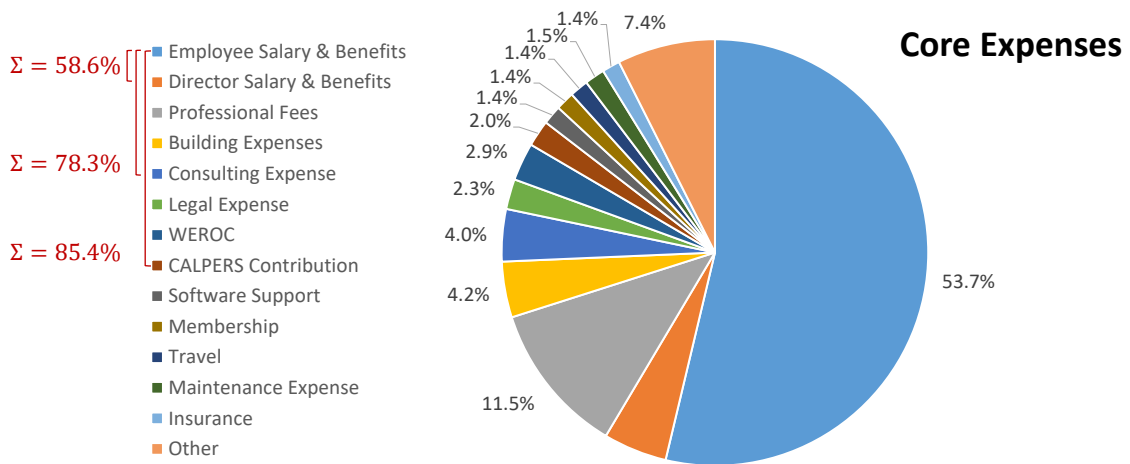
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Adopted MET Rates & Charges

Rates & Charges Effective Jan. 1	2023 (Current)	2024 (Approved)
Tier 1 Supply Rate (\$/AF)	\$321	\$332
Tier 2 Supply Rate (\$/AF)	\$530	\$531
System Access Rate (\$/AF)	\$368	\$389
Water Stewardship Rate (\$/AF)	\$0	\$0
System Power Rate (\$/AF)	\$166	\$182
Full Service Untreated Volumetric Costs (\$/AF)		
Tier 1	\$855	\$903
Tier 2	\$1,064	\$1,102
Treatment Surcharge (\$/AF)	\$354	\$353
Full Service Treated Volumetric Costs (\$/AF)		
Tier 1	\$1,209	\$1,256
Tier 2	\$1,418	\$1,455
Readiness-to-Serve Charge (\$M)	\$154	\$167
Capacity Charge (\$/cfs)	\$10,600	\$11,200
Overall Rate Increase	5%	5%

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FYE'24 Core Expense by Line Item



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MWDOC FYE'24 Budget Overview & Assumptions

SALARY CONTRIBUTION POOL

- **FYE'24 Budget @ 11.45% of Salaries & Wages**
 - **CPI @ 7.45% (High-Range)**
 - FYE'23 Budget @ 7.1% of Salaries & Wages
 - CPI @ 3.84% (Medium-Range)

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

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MWDOC FYE'24 Budget Overview

RATES

- Fixed Meter Charge @ \$14.25 – YTY Increase of 3.5% or \$0.50
- OCWD Contribution @ \$385,340 – YTY Increase of 4.6% or \$17,535

REVENUES

- Core Revenues @ \$9,913,250 – YTY Increase of 5.1% or \$511,072
(\$173,439 increase in Interest Revenue)

OPERATING EXPENSES

- Core Expenses @ \$9,707,606 – YTY Increase of 8.9% or \$873,626

CHANGE IN STAFF LEVELS (MWDOC + WEROC)

- Full-time Staffing Level decrease (-1.48 FTE)
- Part-time Staffing Level increase (+4.29 FTE)
- Total Staffing net increase (+0.76 FTE)

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MWDOC FYE'24 Budget Overview (cont.)

EXPENSE CATEGORY YTY CHANGES

- Staff & Director Salaries & Benefits (+) \$384,784 (6.3%)
- Professional Fees (+) \$179,850 (16.4%)
- Contribution to Election Reserve (+) \$80,272 (21.1%)
- Miscellaneous Expense due to reclass of expenses (+) \$67,180 (46.7%)
- Insurance Expense (+) \$42,976 (23.4%)
- Maintenance Expense (+) \$24,460 (13.4%)

TOTAL OUTSIDE WUE FUNDING

@ \$13,605,720 (+) 5,060,446 (159%)

INITIAL CHOICE YTY EXPENSES

@ \$2,022,516 (+) \$264,564 (13.1%)

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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'24 Department Priorities

KEY DISTRICT PRIORITIES

- Supplemental Reliability Analysis of Water Supplies
- Emergency Use of East OC Feeder #2 and MET Shutdown Planning
- MET Business Model, Long-Term Financial Plan, and IRP Implementation Plan
- MET Drought Resilience Planning
- WUE & Water Loss Program Implementation
- WEROC Response Readiness, Training, Primary EOC, & Plan Development
- Legislation & Regulatory Leadership
- Education Initiatives & Media Engagement
- Performance Management
- IT Audit Implementation & Software Upgrades

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Items Not Incorporated

ADDITIONAL RESOURCES

- Addition of one (1) FTE to the Public Affairs Department
- Addition of an IT Consultant to support and co-manage IT

WUE REGULATORY COMPLIANCE ASSISTANCE

- Hire and manage a consultant that will be made available to member agencies to develop CII Best Management Implementation Plans as required by SB 606 and AB 1668, the new water use efficiency framework. These services will be available as a **Choice** service funded by agencies accessing these services.



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Updates in Next Draft

Budget Refinements

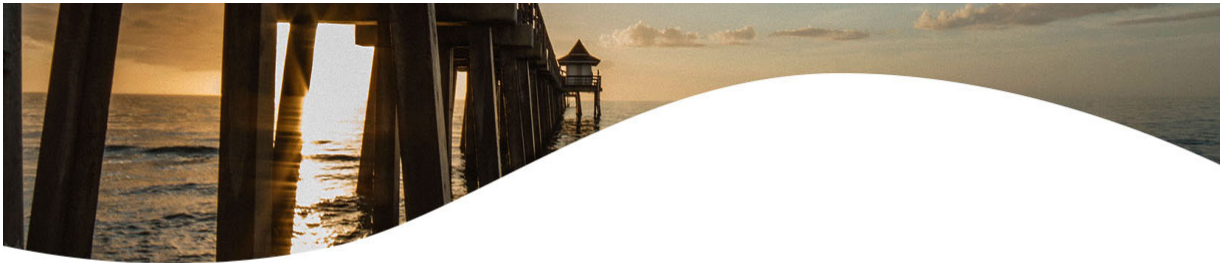
- Water Sales projection
- Local Resources Program incentive projection

Per Board Direction

- Additions of any items not incorporated in Draft 1



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