

MWDOC FY 2024-25 BUDGET

1st Draft Budget

MWDOC Administration & Finance Committee Meeting

Municipal Water District of Orange County

02.14.2024



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Budget Presentation Agenda

- Budget Schedule
- Financial Perspective
- Metropolitan Rates
- MWDOC Budget Overview & Assumptions
- Department Key Priorities
- Items Not Incorporated in 1st Draft
- Discussion & Direction for 2nd Draft



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MWDOC FY 2024-25 Budget - Schedule

January 2024

- Year-End Projections & Conceptual Budget Review @ A&F Committee (1-10)
- Member Agency preliminary participation in Choice

February 2024

- First Draft Budget @ A&F Committee (2-14)
- Member Agency Managers Meeting (2-16)
- Initial Member Agency Choice Participation Confirmation (2-20)

March 2024

- Second Draft Budget @ A&F Committee (3-13)
- CHOICE Program Discussions
- Member Agency Managers Meeting (3-21)
- Member Agencies' submit formal Comments on Budget (3-29)

April 2024

- Elected Officials Meeting (4-10)
- Third Draft Budget & Member Agency comments presented @ A&F Committee Meeting (4-10)
- Board Approval of Final Budget & Rates (4-17)

June 2024

- Member Agencies Confirm Final Choice participation (6-14)

August 2024

- Reconciliation of FY 2023-24 WUE & Choice Programs

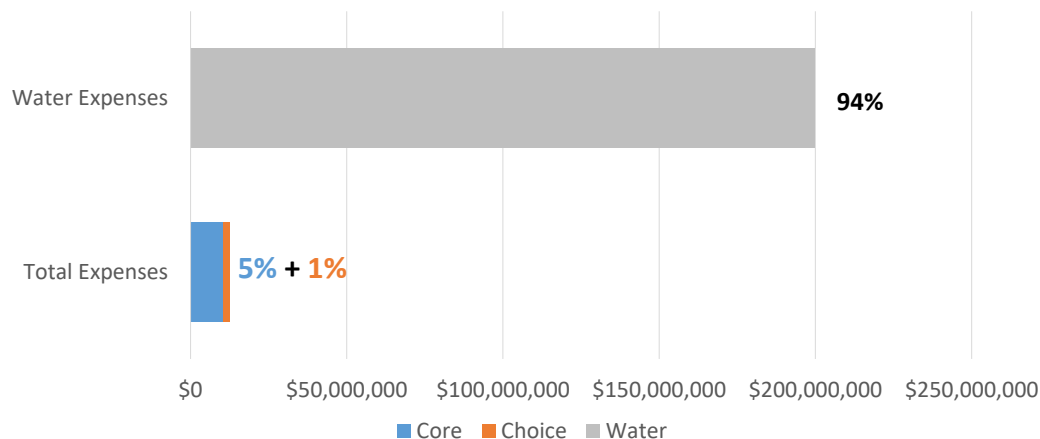
September 2024

- Revised Final Choice Budget @ A&F Committee (9-11)
- Board Approval of Revised Final FY 2024-25 Choice Budget (9-28)

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MWDOC Total Budget Summary


MWDOC FY 2024-25 BUDGET EXPENSES



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Proposed MET Key Budget Assumptions

NOTE: These are MET 1st Draft Proposed Rates and subject to change.



Fiscal Year	2024-25	2025-26
Overall increase January	13.0%	8.0%
Total Water Transactions*	1.44 MAF	1.44 MAF
State Water Project Allocation	51% / 49%	49% / 48%
Colorado River Aqueduct Diversions	830 TAF	845 TAF
Capital Investment Plan (CIP)	\$312 M	\$324 M
PAYGO (% of CIP)	40%	54%

* Includes water sales, exchanges, and wheeling



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Proposed MET Rates & Charges (subject to change)

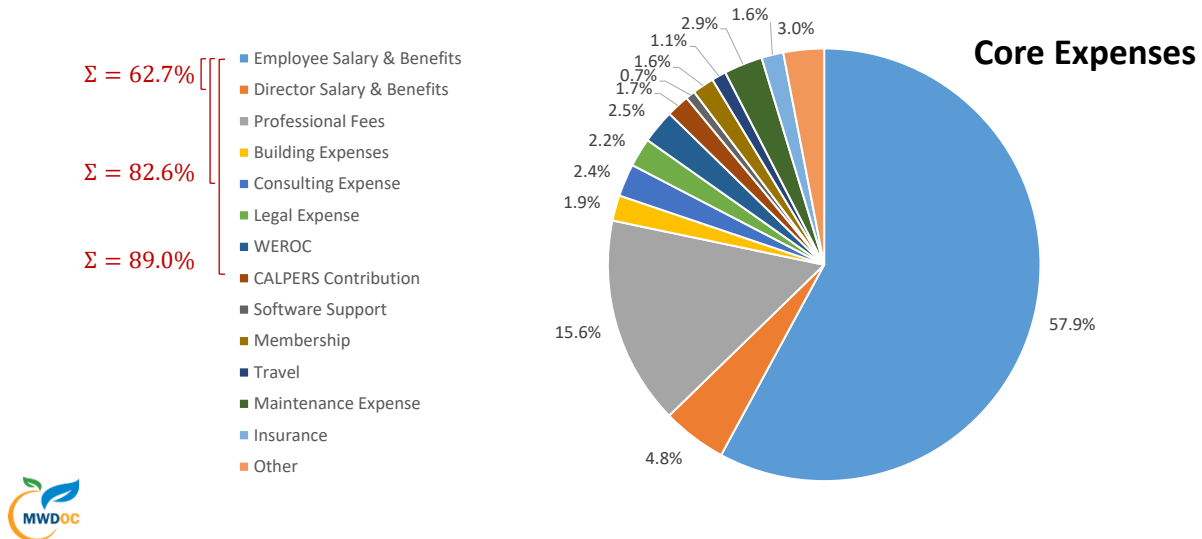
Rates & Charges Effective Jan. 1	2024 (Approved)	2025 (Proposed)	2026 (Proposed)
Supply Rate (\$/AF)	\$332	\$353	\$375
Tier 2 Supply Rate (\$/AF)	\$531	--	--
System Access Rate (\$/AF)	\$389	\$463 (19%)	\$491
System Power Rate (\$/AF)	\$182	\$190	\$203
Full Service Untreated Volumetric Costs (\$/AF)			
Tier 1	\$903	\$1,006	\$1,069
Tier 2	\$1,102	--	--
Treatment Surcharge (\$/AF)	\$353	\$459	\$518
Full Service Treated Volumetric Costs (\$/AF)			
Tier 1	\$1,256	\$1,465 (17%)	\$1,587
Tier 2	\$1,455	--	--
Readiness-to-Serve Charge (\$M)	\$167	\$167	\$185
Capacity Charge (\$/cfs)	\$11,200	\$10,800	\$12,800
Overall Rate Increase	5%	13%	8%

NOTE: On Nov. 14, 2023, the MET Staff proposes to not renew the 2014 Purchase Order, which will end on December 31, 2024. As a result, the Tier 2 rate is not included in the proposed rates and charges. Metropolitan can revisit Purchase Order commitments and structure as needed during the business model review through the CAMP4W process.



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MWDOC FY 2024-25 Core Expense by Line Item



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FY 2024-25 Department Priorities



Reliability & Engineering

- Lead & Copper Rule
- Supplemental Reliability Analysis of Water Supplies
- MET Shutdown Planning



Communications / Public Affairs

- Pilot MWDOC "Ambassador Program"
- 'Ricky Turns 50'



MET Issues & Policy

- MET Business Model and Long-Term Financial Plan
- CAMP4W



Governmental Affairs

- Legislation & Regulatory Leadership
- Grant tracking



Water Use Efficiency

- WUE & Water Loss Program Implementation
- Assist MA's in meeting their State Conservation Requirements



Administration & HR

- Education Initiatives
- Staff Development



WEROC

- Response Readiness
- Training, and Plan Development



Finance & IT

- IT Audit Implementation
- Software Upgrades

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MWDOC FY 2024-25 Budget Overview

RATES

- Fixed Meter Charge @ \$14.75 – YTY Increase of 3.5% or \$0.50
- OCWD Contribution @ \$405,463 – YTY Increase of 5.67% or \$21,766

REVENUES

- Core Revenues @ \$10,808,241 – YTY Increase of 9.0% or \$895,879 (\$738,960 increase in Interest Revenue)

OPERATING EXPENSES

- Core Expenses @ \$10,895,399 – YTY Increase of 5.6% or \$578,500

CHANGE IN STAFF LEVELS (MWDOC + WEROC)

- Part-time Staffing level decrease (-0.71 FTE)
- Full-time Staffing level decrease (-0.57 FTE)

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MWDOC FY 2024-25 Budget Overview (cont.)

EXPENSE CATEGORY Y-T-Y CHANGE HIGHLIGHTS

- Staff Salaries & Benefits (+) \$347,819 (5.2%)
- Director Salaries & Benefits (+) \$84,401 (17.0%)
- Software Support (-) \$72,170 (-46.1%)
- Maintenance Expense (+) \$166,820 (91.7%)
- Contribution to Election Reserve (+) \$212,622 (37.8%)

TOTAL OUTSIDE WUE FUNDING

@ 10,818,400 (-) \$2,787,320 (-20.5%)

INITIAL CHOICE Y-T-Y EXPENSES

@ 1,983,504 (-) \$43,478 (-2.1%)

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Budget Assumption – Salary Merit Pool

Objectives of the Salary Pool Formula

- Guide for Budget Assumption
- Formula seeks to keep up with labor market conditions & retain our talented workforce

MWDOC does not provide a Cost-of-Living Adjustment (COLA) for employee salary increase

- Salary increase are solely merit basis

MWDOC conducts an annual survey from water agencies for comparison

- Currently compiling water agency data and will present in April
- Historically, our formula has compared very well with other water agencies



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Budget Assumptions – Salary Merit Pool

SALARY CONTRIBUTION MERIT POOL FOR FY 2024-25

- CPI @ 3.50% (Moderate)
- Budget Assumption @ 6.48% of Salaries & Wages

COMPENSATION POOL CPI RANGES & FORMULAS		
Category	CPI Range	Formula
Negative	< 0%	2% + (CPI x 0.5)
Low	0% to 2.4%	2% + CPI
Moderate	2.4% to 4.7%	CPI x 1.85
High	> 4.7%	4% + CPI

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Items Not Incorporated in 1st Draft

Additional Resources

- Addition of one part-time (0.5 FTE) employee to the Finance Department to assist with accounting WUE Choice programs. Due to the increase needs of financial management and assistance related to the Choice program, this employee will be funded through the Choice Program.

Pilot MWDOC “Ambassador Program”

- As prescribed by the Board Strategic Priorities, the creation of an MWDOC Water Ambassador Program will aim to empower key stakeholders with knowledge and tools to become champions of water stewardship and sustainability in their communities.

CA Water for All

- Contribution of funds for a second year to the “CA Water for All” legislative and advocacy campaign (stemming from the Solve the Water Crisis coalition).



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Items Not Incorporated in 1st Draft (cont.)

CA Data Collaborative

- Participation in the CA Data Collaborative, a non-profit organization which focuses on using technology and data analytics tools to enhance a water saving effort, help meet upcoming state conservation regulations, and improve reliability planning.

Environmentally Friendly Diversion Pilot

- Participation in the pilot project to adapt subsurface diversion technology to water diversions in the Delta without harming the Delta ecosystem nor endangered fish. This is contingent upon other partners’ participation.

New WUE Shared Services

- Advanced Metering Infrastructure (AMI) One-on-one Technical Assistance and Grant Funding Assistance for installation
- CII Best Management Plan (BMP) Implementation Plans and Customer Classification



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Updates to include in 2nd Draft

A&F Committee and Board Direction

- 2nd Draft Budget Items and Assumptions
- Items Not Incorporated in 1st Draft
 - Additional (0.5 FTE) for Finance Department
 - Pilot MWDOC “Ambassador Program”
 - CA Water for All
 - CA Data Collaborative
 - Environmentally Friendly Diversion Pilot
 - New WUE Shared Service

Budget Refinements



- Metropolitan proposed rates and charges for CY 2025
- Choice program refinements

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BACKUP SLIDES



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