



ADMINISTRATIVE & FINANCE COMMITTEE MEETING AGENDA

**Friday, June 10, 2022
8:00 A.M.**

Call meeting to order – Chair Davert

Public Communications to the Committee

Additional items arising after posting of agenda

1. Monthly Financial Reports April 2022
Recommendation: Receive and File.
2. Monthly Disbursements
Recommendation: Receive and File.
3. Rate Study Presentation
Recommendation: Informational.
4. Annual Budget Presentation
Recommendation: Committee recommend the Board approve annual budget for FY 22-23.

Adjournment

NOTE: On March 4, 2020, California Governor Newsom declared a State of Emergency in California as a result of the COVID-19 Pandemic, for which State and Orange County Public Health Officials have continued to recommend measures to promote social distancing. Pursuant to Government Code Section 54953, and corresponding findings of the Board that currently remain in effect (1) members of the Board of Directors and public may elect to attend this Regular Meeting by telephone or video conference due to concerns relative to COVID-10 Coronavirus and avoidance of public gatherings, and (2) **THERE WILL BE NO PUBLIC LOCATION TO ATTEND THIS MEETING IN PERSON.** The public may attend either telephonically by calling into, or by videoconference by logging into, the meeting at:

To Access the Meeting by Computer/Device:

<https://us02web.zoom.us/j/89202559748?pwd=OVZuWjFVVWQyQXVjNEMrNDIFamZ1QT09>
or short link <https://bit.ly/3NQQcVf>

To Access the meeting by Phone:

Dial: (669) 900-6833

Meeting ID: 892 0255 9748 Passcode: 574257

Members of the public shall be permitted to speak live at the meeting as to both agendized and non-agendized items, as reflected in the agenda, utilizing the above-referenced internet or telephone options. Those wishing to speak may either submit a speaker request via the on-line chat feature before an item is heard, or by verbally indicating their desire to comment at the time the item is called. Additionally, members of the public may, but are not required to, e-mail comments to Sylvia Prado at sprado@eocwd.com up to 30 minutes before the Committee meeting, and such comments shall be provided to the Committee. Members of the public wishing to attend the meeting that require other reasonable modifications or accommodation to facilitate such attendance should contact Ms. Prado at (714) 538-5815 or the e-mail provided as soon as feasible before the meeting to make such request.

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the East Orange County Water District Administrative & Finance Committee in connection with a matter subject to discussion or consideration at an open meeting of the Administrative & Finance Committee are available for public inspection in the District's office, 185 McPherson Road, Orange, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available via phone or email request to Ms. Sylvia Prado at (714) 538-5815 or sprado@eocwd.com.



MEMO

TO: ADMINISTRATION AND FINANCE COMMITTEE
FROM: GENERAL MANAGER
SUBJECT: MONTHLY FINANCIAL STATEMENTS FOR APRIL
DATE JUNE 10, 2022

Background

February Monthly Financial Statements for Wholesale Zone, Retail Zone, and ID1 (wastewater).

Recommendation

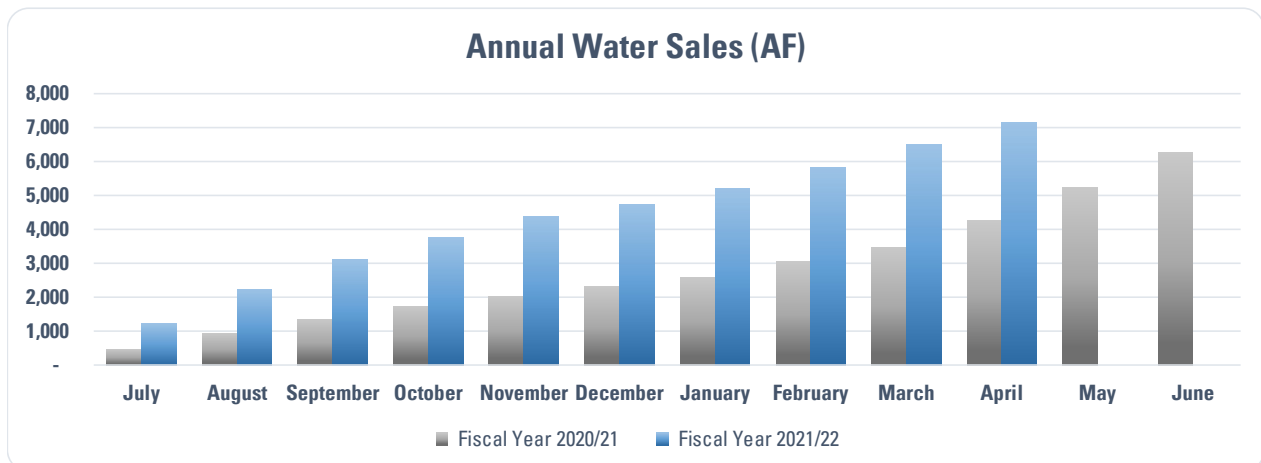
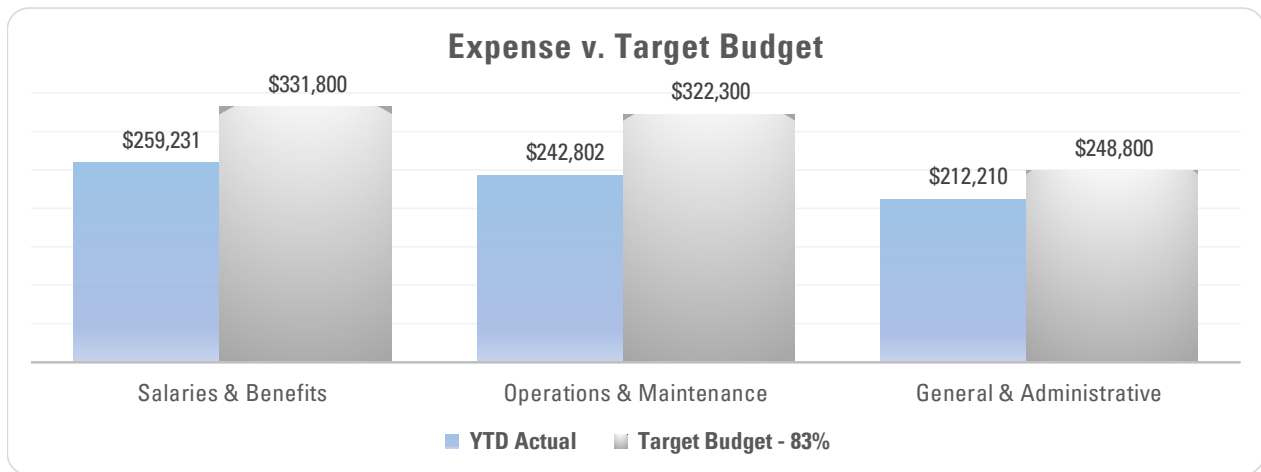
Informational.

Attachment(s): WZ, RZ, and ID1 Financial Statements for April



Revenue & Expense Summary Wholesale (Unaudited) Period Ending April 30, 2022

	A	B	C	D = B/C
	APR 2022 ACTUAL	YTD ACTUAL	2021/22 ANNUAL BUDGET	YTD BUDGET 83%
1 REVENUES				
2 Operating Revenues	\$ 842,232	\$ 8,633,044	\$ 5,619,400	154%
3 Non-Operating Revenues	290,797	984,943	1,189,400	83%
4 TOTAL REVENUES	1,133,029	9,617,987	6,808,800	141%
5 EXPENSES				
6 Source of Supply	800,010	8,185,251	5,116,900	160%
7 Salaries & Benefits	25,831	259,231	398,100	65%
8 Operations & Maintenance	26,721	242,802	386,700	63%
9 General & Administrative	21,796	212,210	298,600	71%
10 TOTAL EXPENSES	874,357	8,899,494	6,200,300	144%
11 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL & ADPS	258,673	718,494	608,500	118%
12 Section 115 Pension Trust Contributions	-	-	(50,000)	0%
13 CalPERS Additional Discretionary Payments	-	(149,485)	(149,500)	100%
14 Capital Expenses (Reserve-Funded)	(8,637)	(401,249)	(2,845,400)	14%
15 NET INCREASE / (DECREASE) TO RESERVES	\$ 250,035	\$ 167,760	\$ (2,436,400)	



No assurance provided on these financial statements. The financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the U.S. not included.

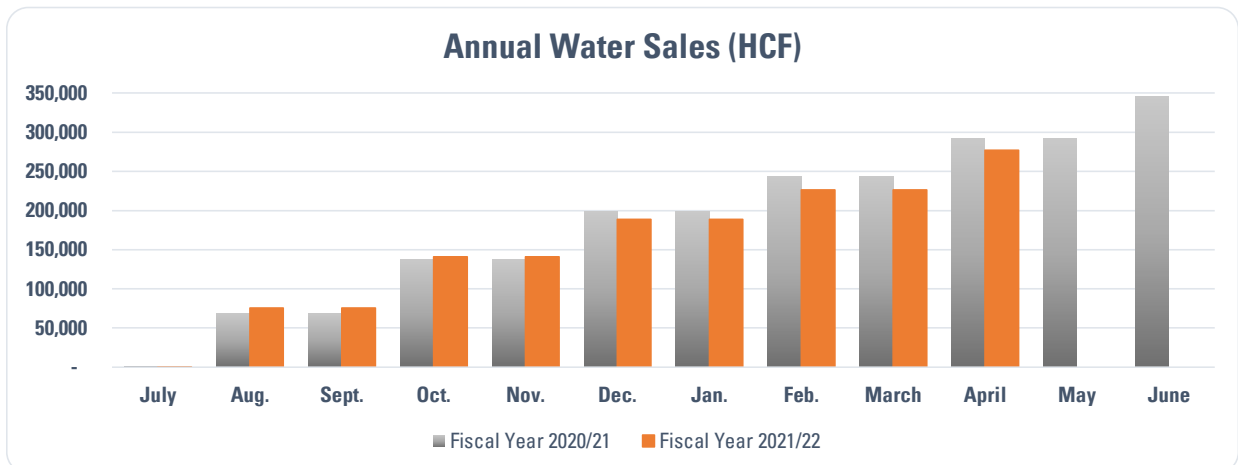
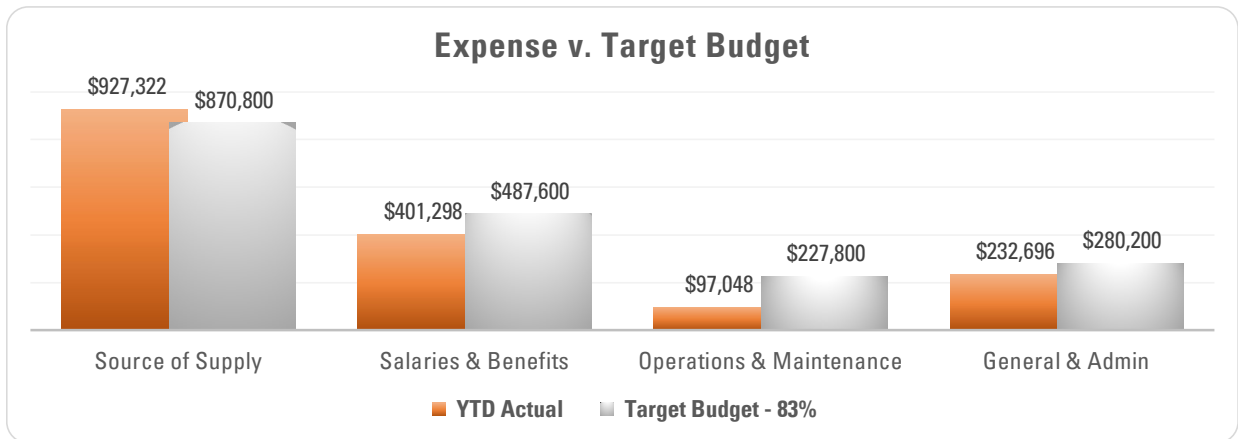


Revenue & Expense Summary

Retail (Unaudited)

Period Ending April 30, 2022

	A	B	C	D = B/C
	APR 2022 ACTUAL	YTD ACTUAL	2021/22 ANNUAL BUDGET	YTD BUDGET 83%
1 REVENUES				
2 Operating Revenues	\$ 436,871	\$ 2,274,961	\$ 2,667,300	85%
3 Non-Operating Revenues	161,033	499,796	505,500	99%
4 TOTAL REVENUES	597,904	2,774,757	3,172,800	87%
5 EXPENSES				
6 Source of Supply	91,925	927,322	1,044,900	89%
7 Salaries & Benefits	39,745	401,298	585,100	69%
8 Operations & Maintenance	11,026	97,048	273,400	35%
9 General & Administrative	24,961	232,696	336,200	69%
10 TOTAL EXPENSES	167,657	1,658,364	2,239,600	74%
11 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL & ADPs	430,246	1,116,393	933,200	120%
12 Debt Service	(213,632)	(259,064)	(259,100)	100%
13 Section 115 Pension Trust Contributions	-	-	(50,000)	0%
14 CalPERS Additional Discretionary Payments	-	(149,485)	(149,500)	100%
15 Capital Expenses (Reserve-Funded)	(73,691)	(429,908)	(2,174,900)	20%
16 NET INCREASE / (DECREASE) TO RESERVES	\$ 142,923	\$ 277,936	\$ (1,700,300)	



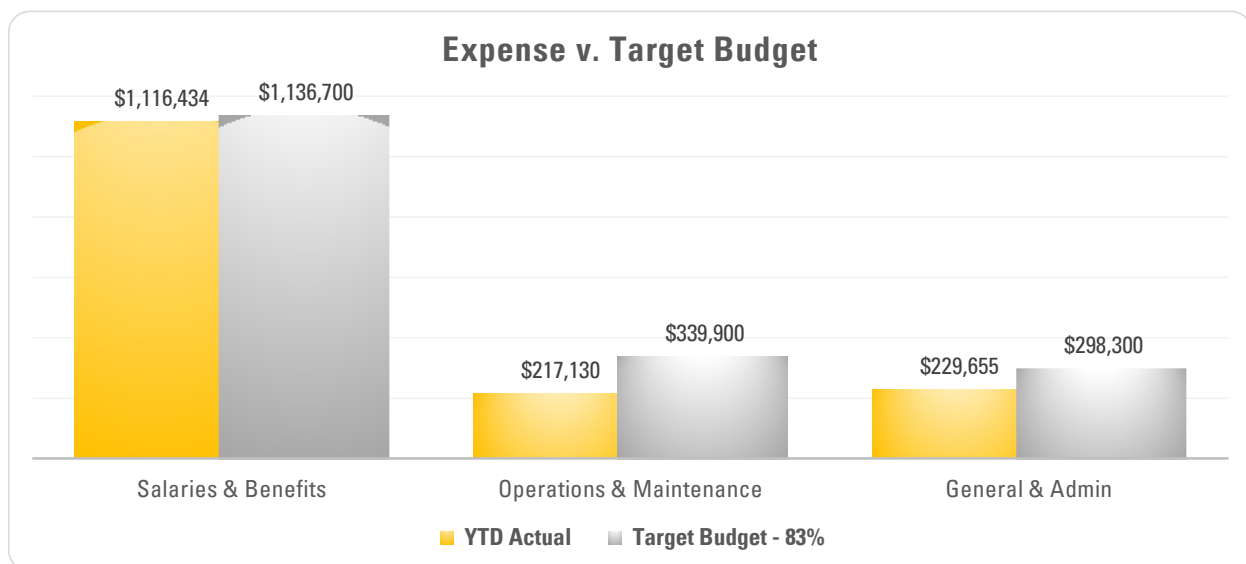
No assurance provided on these financial statements. The financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the U.S. not included.



Revenue & Expense Summary Sewers (Unaudited) Period Ending April 30, 2022

	A	B	C	D = B/C
	APR 2022 ACTUAL	YTD ACTUAL	2021/22 ANNUAL BUDGET	YTD BUDGET 83%
1 REVENUES				
2 Operating Revenues	\$ 1,109,614	\$ 3,094,119	\$ 3,171,300	98%
3 Non-Operating Revenues *	(195,154)	(1,256,123)	878,500	-143%
4 TOTAL REVENUES	914,460	1,837,996	4,049,800	45%
5 EXPENSES				
6 Salaries & Benefits	111,250	1,116,434	1,364,000	82%
7 Operations & Maintenance	35,142	217,130	407,900	53%
8 General & Administrative	23,434	229,655	358,000	64%
9 TOTAL EXPENSES	169,826	1,563,219	2,129,900	73%
10 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL & ADPs	744,634	274,777	1,919,900	
11 Debt Service	(854,528)	(1,036,255)	(1,036,300)	100%
12 Section 115 Pension Trust Contribution	-	-	(50,000)	0%
13 CalPERS Additional Discretionary Payments	-	(17,333)	(17,400)	100%
14 Capital Expenses (Reserve-Funded)	(26,653)	(617,706)	(2,543,600)	24%
15 Prior Year Expense	(540)	(129,915)	-	0%
16 NET INCREASE / (DECREASE) TO RESERVES	\$ (137,086)	\$ (1,526,433)	\$ (1,727,400)	88%

* Non-Operating Revenues are currently negative due to Unrealized Gain/(Loss) on Investments held for long-term capital.





MEMO

TO: ADMINISTRATION & FINANCE COMMITTEE
FROM: GENERAL MANAGER
SUBJECT: MONTHLY DISBURSEMENTS
DATE JUNE 10, 2022

Background

Monthly disbursements

Recommendation

Approval of disbursements as submitted.

Attachment(s): Monthly disbursements report

EAST ORANGE COUNTY WATER DISTRICT

DISBURSEMENT SUMMARY

June 10, 2022

WHOLESALE AND RETAIL BILLS	\$256,262.32
DIRECTOR'S PAYROLL	\$2,111.12
EMPLOYEE'S PAYROLL	\$153,435.96
DISBURSEMENT TOTAL	<u><u>\$411,809.40</u></u>

TRANSFER SUMMARY

TRANSFERS	\$ -
TRANSFER TOTAL	<u><u>\$0.00</u></u>

NOTE: THE EXPLANATION OF FUNDS TRANSFERRED IS SHOWN ON THE FUNDS TRANSFERRED SHEET ATTACHED.

East Orange County Water District Bills For Consideration

06/03/22

Accrual Basis

As of June 1, 2022

Date	Num	Name	Memo	Credit
May 19 - 31, 22				
05/19/2022	6496	AKEL ENGINEERING, INC	Fire Flow Analysis	1,200.00
05/19/2022	6497	ALS GROUP USA, CORP	Laboratory Analysis (water quality) May 2022	455.00
05/19/2022	6498	ARDURRA GROUP, INC.	Professional Engineering Services 04/01/22 - 04/30/22	585.00
05/19/2022	6499	AT&T	Various SCADA Lines 04/01/22-04/30/22	661.79
05/19/2022	6500	BLACK & VEATCH CORPORATION	Walnut Project - Valve Vault Relocation	10,387.50
05/19/2022	6501	C WELLS PIPELINE MATERIALS INC	Hydrant Repair	922.72
05/19/2022	6502	CINTAS CORPORATION NO. 3	Uniforms - May 2022	106.22
05/19/2022	6503	COUNTY OF ORANGE	Communication Charges - 04/01/22 - 06/31/22	437.00
05/19/2022	6504	CR&R INC.	Waste Disposal Service 05/01/22 - 05/31/22	194.59
05/19/2022	6505	CUSI	Annual Maintenance & Technical Support	2,000.00
05/19/2022	6506	GENERATOR SERVICES CO, INC	Generator Rental 04/01/22 - 05/31/22	5,399.04
05/19/2022	6507	GRAINGER	Small Tools	27.65
05/19/2022	6508	HACH COMPANY	Water Quality Testing Materials	1,343.20
05/19/2022	6509	HOME DEPOT CREDIT SERVICES	Misc. Hardware, Materials & Tools/Maintenance	2,184.32
05/19/2022	6510	MKN	VOID	
05/19/2022	6511	O'REILLY AUTO ENTERPRISES, LLC	Small Tools	58.16
05/19/2022	6512	PERFORMANCE PIPELINE TECHNOLO...	CIPP Install 4/29/22	13,125.00
05/19/2022	6513	PTI SAND & GRAVEL	Mains Repair	482.64
05/19/2022	6514	RAFTELIS FINANCIAL CONSULTANTS	Professional Services 04/01/22 - 04/30/22	9,697.50
05/19/2022	6515	Robert Ward	Customer Deposit Refund - Account 1502423	197.24
05/19/2022	6516	SOUTHERN CALIFORNIA EDISON	Electricity - Various Locations 04/11/22 - 05/10/22	2,599.22
05/19/2022	6517	SPECTRUM BUSINESS	Office Internet 05/08/22 - 06/07/22	450.93
05/19/2022	6518	TOTAL EXTERMINATING INC	Rodent Control - Peter's Canyon Res May 2022	550.00
05/19/2022	6519	UMPQUA BANK	Credit Card Activity 04/01/22 - 04/30/22	4,272.93
05/19/2022	6520	UNDERGROUND SERVICE ALERT	USA Location - April 2022	473.23
05/19/2022	6521	UNITED WATERWORKS INC.	Los Timbres Project	835.60
05/19/2022	6522	V & A CONSULTING ENGINEERS	Engineering Services - 2021 CP Annual Survey	2,300.50
05/19/2022	6523	VERIZON WIRELESS	Wireless 03/26/22 - 04/25/22	764.94
05/19/2022	6524	VULCAN MATERIALS COMPANY	Los Timbres Project	712.77
05/19/2022	6525	WATERLINE TECHNOLOGIES INC.	Water Quality Supplies	834.20
05/19/2022	6526	WEST YOST & ASSOCIATES, INC	Professional Services 03/05/22 - 04/08/22	16,978.25
05/19/2022	6527	WESTERN WATER WORKS SUPPLY C...	Pipe and Hydrant Replacement	37,522.00
05/19/2022	6528	Westerners The First People of Earth	Native American Monitoring Services for Vanderwerff	375.00
05/19/2022	6529	YO FIRE	Service Connection Parts	1,636.64
05/20/2022	6530	MKN	Barrett Pump Station Replacement	97,418.17
05/31/2022	6531	ALS GROUP USA, CORP	Laboratory Analysis (water quality) May 2022	312.50
05/31/2022	6532	ATKINSON, ANDELSON, LOYA, RUUD &...	April 2022 Legal Fees	6,696.00
05/31/2022	6533	BAY ALARM	Alarm Services 06/01/22-09/01/22	113.61
05/31/2022	6534	CINTAS CORPORATION NO. 3	Uniforms - May 2022	106.22
05/31/2022	6535	CLA-VAL, SOUNDCAST, GRISWOLD CA...	Valve Maintenance	16,489.85
05/31/2022	6536	COMMUNICATIONS LAB	Professional Services - April 2022	5,000.00
05/31/2022	6537	HACH COMPANY	Water Quality Testing Materials	1,125.90
05/31/2022	6538	HILL BROTHERS CHEMICAL CO	Chemicals for WZ Reservoir	836.25
05/31/2022	6539	LEWIS CONSULTING GROUP	Consulting Services - May 2022	2,500.00
05/31/2022	6540	MUNICIPAL MAINTENANCE EQUIPMENT	Vehicle Maintenance	344.27
05/31/2022	6541	O'REILLY AUTO ENTERPRISES, LLC	Vehicle Maintenance	252.92
05/31/2022	6542	Orange County Sanitation District	OCHCA FOG/BMP Inspections - 2021-22 Q3	498.17
05/31/2022	6543	STANDARD INSURANCE COMPANY	Life Insurance Premium 06/01/22-06/30/22	772.03
05/31/2022	6544	Stonehenge Orange HOA c/o Interpacific Mg	Plant Material Replacement for Los Timbres Project	95.00
05/31/2022	6545	UNITED WATERWORKS INC.	Materials for Los Timbres Project	2,364.11
05/31/2022	6546	VULCAN MATERIALS COMPANY	Materials for Los Timbres Project	735.17
05/31/2022	6547	WATERLINE TECHNOLOGIES INC.	Chemicals for WZ Reservoir	504.40
05/31/2022	6548	YO FIRE	Materials for Los Timbres Project	326.97
				256,262.32
TOTAL				256,262.32

EAST ORANGE COUNTY WATER DISTRICT
 CITIZENS BUSINESS BANK
 Prior Month's Checks To Ratify
 DIRECTORS' PAYROLL*
 10-Jun-22

PAYMENT FOR BOARD AND COMMITTEE MEETINGS IN THE MONTH OF APRIL 2022

DATE	CHECK NO	AMOUNT	PAYABLE TO
5/19/2022	351	\$ 323.23	BOARD DIRECTOR
5/19/2022	352	\$ 889.38	BOARD DIRECTOR
5/19/2022	353	\$ 484.84	BOARD DIRECTOR
		<u>\$ 1,697.45</u>	TOTAL PAYROLL CHECKS

PAYROLL TAXES, ADP CHARGE EFT

<u>\$413.67</u>	ADP TAXES
<u>\$413.67</u>	TOTAL CHARGES & TRANSFER
<u>\$2,111.12</u>	

***** NOTE: DOUG DAVERT DECLINES PAYMENT FOR ALL MEETINGS**

*Note: Payroll is processed by ADP (Automatic Data Processing)

EAST ORANGE COUNTY WATER DISTRICT
 CITIZENS BUSINESS BANK
 Prior Month's Checks To Ratify
 EMPLOYEES' PAYROLL*
Month of May 2022

	CHECK DATE	CHECK AMOUNT	PAYABLE TO
AUTO DEPOSIT	5/4/2022	\$ 7,147.21	GENERAL MANAGER
AUTO DEPOSIT	5/4/2022	\$ 5,500.90	ENGINEERING MANAGER
AUTO DEPOSIT	5/4/2022	\$ 5,257.09	OPERATIONS MANAGER
AUTO DEPOSIT	5/4/2022	\$ 3,687.82	WASTEWATER SUPERVISOR
AUTO DEPOSIT	5/4/2022	\$ 2,776.87	WATER DISTRIBUTION OPERATOR III
AUTO DEPOSIT	5/4/2022	\$ 1,990.23	WATER DISTRIBUTION OPERATOR I
AUTO DEPOSIT	5/4/2022	\$ 2,238.31	WATER DISTRIBUTION OPERATOR I
AUTO DEPOSIT	5/4/2022	\$ 2,293.46	WASTEWATER COLLECTION OPERATOR II
AUTO DEPOSIT	5/4/2022	\$ 1,715.30	WASTEWATER COLLECTION OPERATOR I
AUTO DEPOSIT	5/4/2022	\$ 2,710.79	WASTEWATER COLLECTIONS OPERATOR I
AUTO DEPOSIT	5/4/2022	\$ 2,272.08	OFFICE MANAGER
AUTO DEPOSIT	5/4/2022	\$ 2,279.65	MANAGEMENT ANALYST
AUTO DEPOSIT	5/4/2022	\$ 2,129.66	ADMINISTRATIVE ASSISTANT I
AUTO DEPOSIT	5/4/2022	\$ 1,498.53	PART TIME ADMINISTRATIVE ASSISTANT
		<u>\$ 43,497.90</u>	SUB TOTAL

AUTO DEPOSIT	5/18/2022	\$ 6,347.21	GENERAL MANAGER
AUTO DEPOSIT	5/18/2022	\$ 5,500.89	ENGINEERING MANAGER
AUTO DEPOSIT	5/18/2022	\$ 4,781.03	OPERATIONS MANAGER
AUTO DEPOSIT	5/18/2022	\$ 3,646.35	WASTEWATER SUPERVISOR
AUTO DEPOSIT	5/18/2022	\$ 2,773.55	WATER DISTRIBUTION III
AUTO DEPOSIT	5/18/2022	\$ 1,990.22	WATER DISTRIBUTION WORKER I
AUTO DEPOSIT	5/18/2022	\$ 2,759.65	WASTEWATER COLLECTION OPERATOR I
AUTO DEPOSIT	5/18/2022	\$ 2,620.07	WASTEWATER COLLECTION OPERATOR II
AUTO DEPOSIT	5/18/2022	\$ 1,715.30	WASTEWATER COLLECTION OPERATOR I
AUTO DEPOSIT	5/18/2022	\$ 2,280.92	WASTEWATER COLLECTIONS WORKER I
AUTO DEPOSIT	5/18/2022	\$ 2,272.09	OFFICE MANAGER
AUTO DEPOSIT	5/18/2022	\$ 2,202.62	MANAGEMENT ANALYST
AUTO DEPOSIT	5/18/2022	\$ 2,129.64	ADMINISTRATIVE ASSISTANT I
AUTO DEPOSIT	5/18/2022	\$ 1,481.82	PART TIME ADMINISTRATIVE ASSISTANT
		<u>\$ 42,501.36</u>	SUB TOTAL

5/4/2022	\$22,388.39	ADP TAXES
5/4/2022	\$2,754.70	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
5/4/2022	\$3,404.00	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
5/4/2022	\$1,613.67	EMPLOYEE PERS PEPRA TRANSFER
5/4/2022	\$1,814.45	EMPLOYER PERS PEPRA MEMBER TRANSFER
5/4/2022	\$1,757.77	CAL PERS 457 - ING BANK
	<u>\$33,732.98</u>	TOTAL TRANSFERS

5/18/2022	\$22,341.97	ADP TAXES
5/18/2022	\$2,768.18	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
5/18/2022	\$3,420.67	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
5/18/2022	\$1,613.65	EMPLOYEE PERS PEPRA TRANSFER
5/18/2022	\$1,814.47	EMPLOYER PERS PEPRA MEMBER TRANSFER
5/18/2022	\$1,744.78	CAL PERS 457 - ING BANK
	<u>\$33,703.72</u>	TOTAL TRANSFERS

\$153,435.96 GRAND TOTAL PAYROLL

PAYROLL	PAYROLL
5/4/2022	5/18/2022
\$43,497.90	\$42,501.36
\$33,732.98	\$33,703.72
\$77,230.88	\$76,205.08

*Note: Payroll is processed by ADP (Automatic Data Processing)



MEMO

TO: ADMINISTRATION AND FINANCE COMMITTEE
FROM: GENERAL MANAGER
SUBJECT: RATE STUDY PRESENTATION
DATE JUNE 10, 2022

Background

The District hired Raftelis Financial Consultants to prepare a rate study for the next 5 year period. Work on this study began in August 2021. Several iterations and revisions have been reviewed by staff and representatives from Ide Bailey. Recent shifts in inflationary costs as well as rising costs of both groundwater and imported water have been considered in this latest version of the rate study.

This presentation contains revisions from the April presentation.

Recommendation

Informational.

Attachment(s): Raftelis Rate Study Presentation



East Orange County Water District

Water, Wastewater and Wholesale Rate Study –
Board Meeting

June 16, 2022

Agenda

1. Introduction/Background/Assumptions
2. Wholesale
 - Financial Plan
 - Rates
3. Retail
 - Financial Plan
 - Rates
 - Bill Impacts
4. Sewer
 - Financial Plan
 - Rates
5. Next Steps



Steps in Conducting a Rate Study

STEP 1

Rate Setting Framework

- Financial goals and policies
- Pricing objectives

STEP 3

Cost of Service & Rate Design

- Cost allocations
- Rate design
 - Rate calculations
 - Customer impact analyses

STEP 2

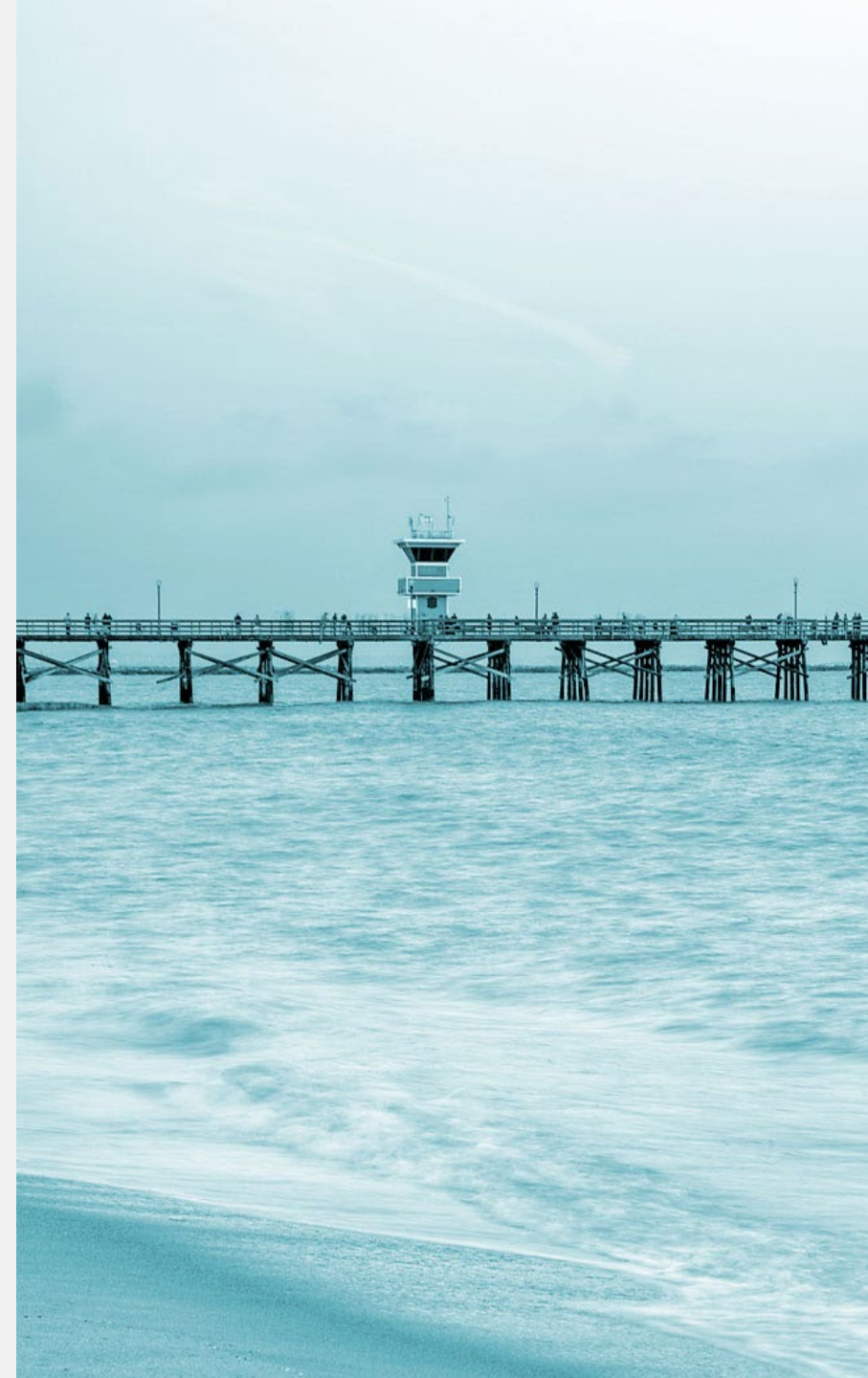
Financial Plan (\$)

- Evaluation of CIP and financing options
- Cash flow analysis for financial sufficiency

STEP 4

Final Rate Adoption

- Report
- Prop 218 Notice
- Public Hearing



Current Rates and Assumptions



Current Water Rates

- Retail Water Service (effective August 16, 2021):
 - › Monthly Meter Charge
 - 5/8” \$22.50
 - 3/4“ \$33.75
 - 1” \$56.24
 - 1.5” \$112.46
 - 2” \$179.92
 - 3” \$393.56
 - › Volume: \$5.07/ccf
 - › Existing Water System Capital Charge: \$32.52/month/account
- Wholesale Water (in effect since FY2019)
 - › EOCWD capital improvement charges = \$15.82/meter
 - › EOCWD RTS = \$8.18/meter

Current Sewer Rates (adopted July 21, 2016)

- Residential
 - › SFR: \$108/year
 - › MFR: \$75.60/year
- Non-Residential
 - › SFR rate * Class Percent Factor on a per 1,000 sq. ft. basis
 - Ex. USPS = $\$108 * 28\% = \$30.24/1,000 \text{ sq. ft.}$
 - Ex. Coffee shop = $\$108 * 424\% = \$457.92/1,000 \text{ sq. ft.}$

Inflationary Assumptions

Item	Amount (% / year)	Source
General	2.5%	20-yr LA CPI
Salaries & Benefits	4.0%	Suggested
Utilities	3.5%	5-yr average of Retail price of electricity to Industrial customers, CA
MWD Volumetric Rates	4.0%	Historical increase FY 2011 to 2020
MWD Capacity Charge	3.7%	Historical increase FY 2011 to 2022
MWD RTS Charge	9.9%	Historical increase FY 2011 to 2022
OCWD Groundwater Rate	5.9%	Inflation starts in FY 2028, used actual groundwater rates prior to 2028
Capital	3.0%	20-yr LA CCI
Other Revenue	1.5%	Suggested
Interest rate for reserves	0.5%	Suggested
Property Tax	1.0%	Proposition 13 – tax % increase limit

Reserve Targets

› Wholesale

- Operating Reserve: **10 months of expenses**
- Capital Replacement Reserve: **average CIP**
- Rate Stabilization: **25% of Commodity Revenue**

› Retail

- Operating Reserve Minimum: **10 months budgeted operating of expenses**
- Capital Replacement Reserve: **average CIP**
- Rate Stabilization: **25% of Commodity Revenue**

› Sewer

- Operating Reserve: **10 months of expenses**
- Capital Replacement Reserve: **None (Large cash balance)**
- Rate Stabilization: **\$1,000,000**

Wholesale

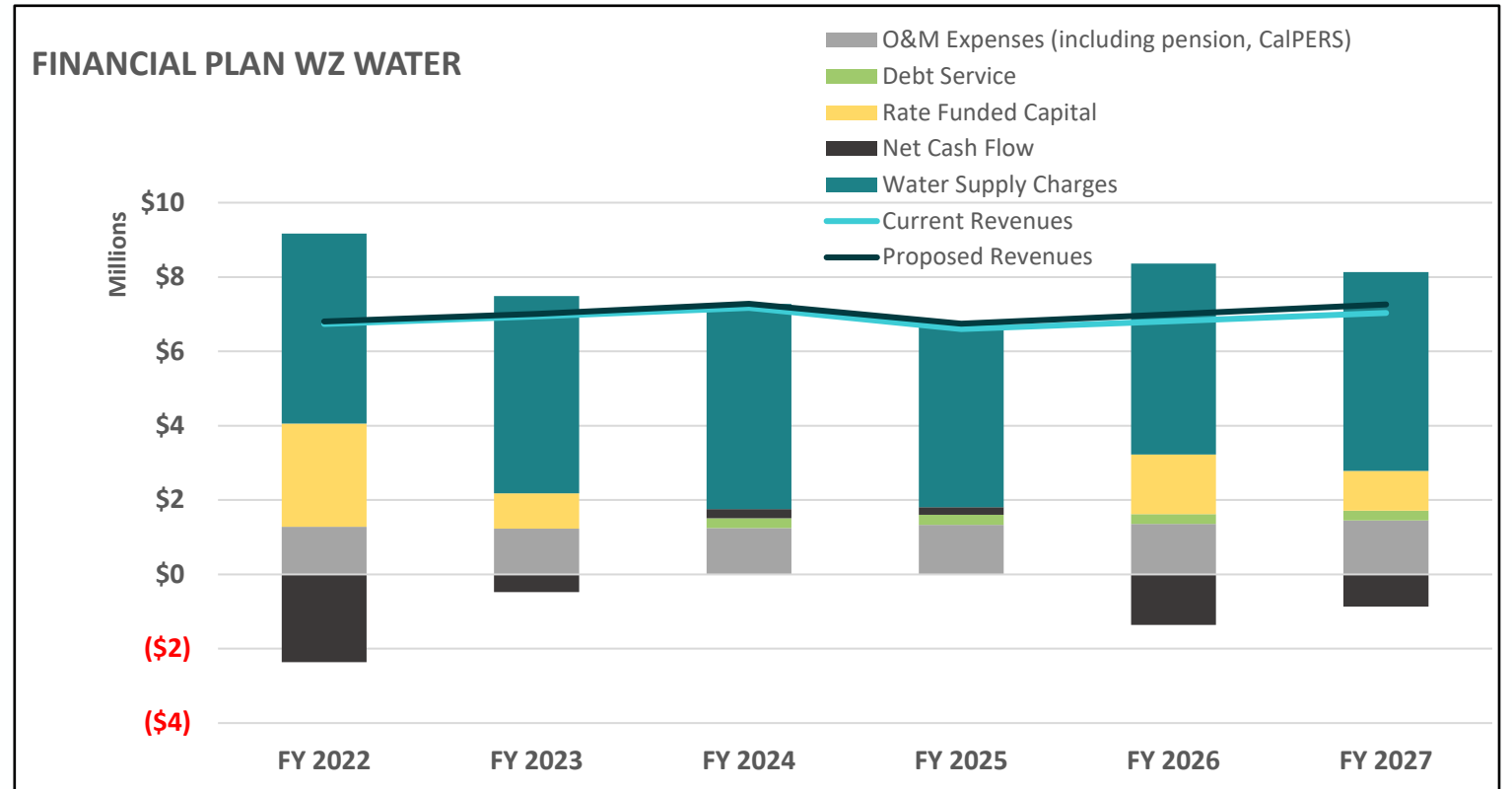


Wholesale Water

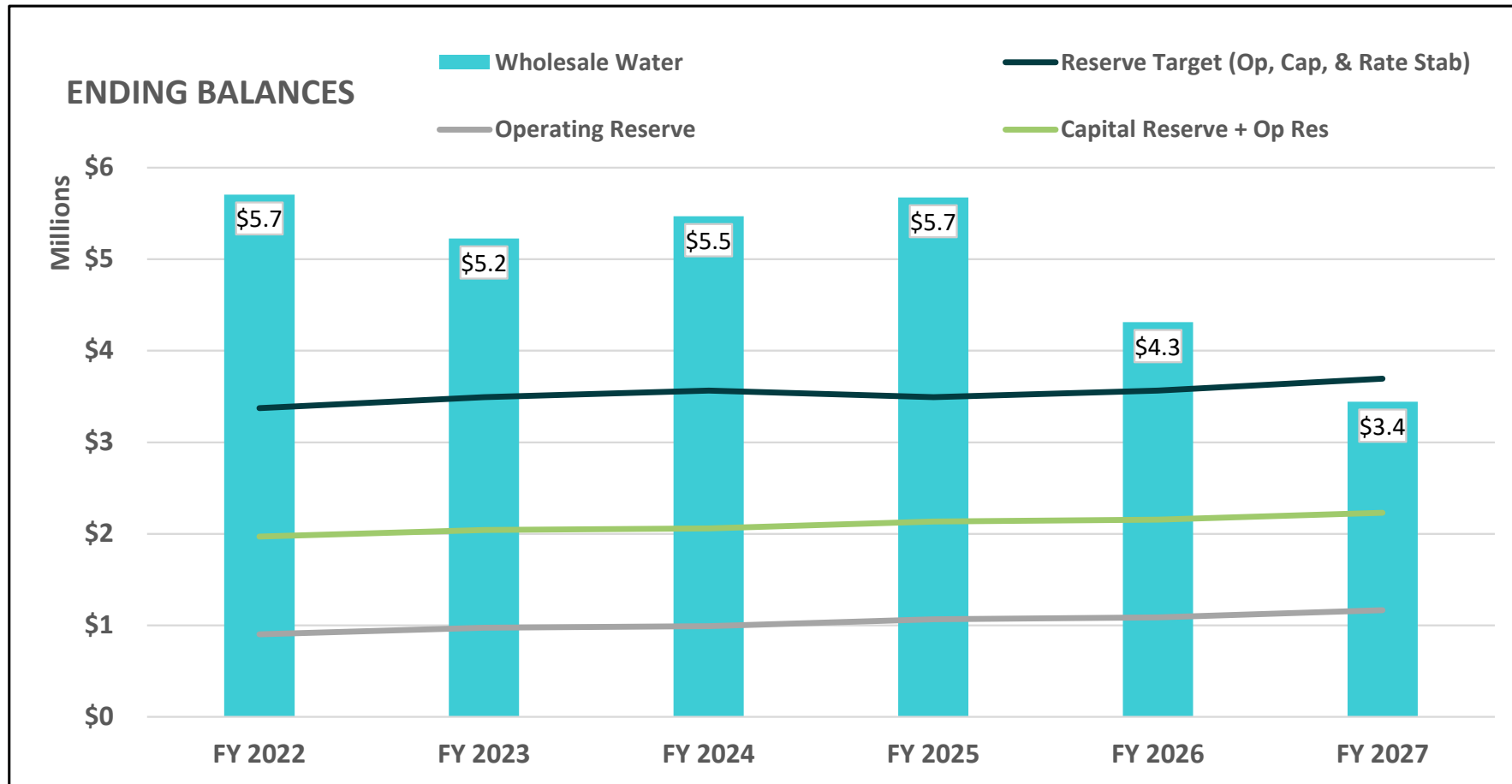
- Assumed a debt issuance in FY2024 of \$4M.
- EOCWD will work with its financial advisors to determine the most appropriate timing, size, structure and other related info for any potential debt issue.
- Changed the replacement reserve charge from a flat charge to be based on meter size.

Proposed Financial Plan – Wholesale Water

Fiscal Year	Mo.	Revenue Adjustment
2023	Aug	8%
2024	Jul	7%
2025	Jul	7%
2026	Jul	7%
2027	Jul	7%



Proposed Financial Plan Ending Fund Balances – Wholesale Water



Wholesale Water

- Decrease in the replacement reserve charge: it is now applied by meter size



Line No.	Service Area (A)	Meters (B)	Equivalent Meters (C)
1	TUSTIN	14,108	21,842
2	IRWD	436	918
3	GSWC	2,622	5,195
4	ORANGE	2,451	3,617
5	EOCWD	1,208	1,520
6	Total	20,825	33,092
7		Operating	Capital
8	Total Revenue Required	\$188,555	\$351,229
9		Ready to Serve Charge	Replacement Reserve
10		<i>\$/meter</i>	<i>\$/equivalent meter</i>
11	Line 8 / Line 6	\$9.05	\$10.61
12	Current Charge	\$8.18	\$15.82

Proposed Rates – Wholesale Water

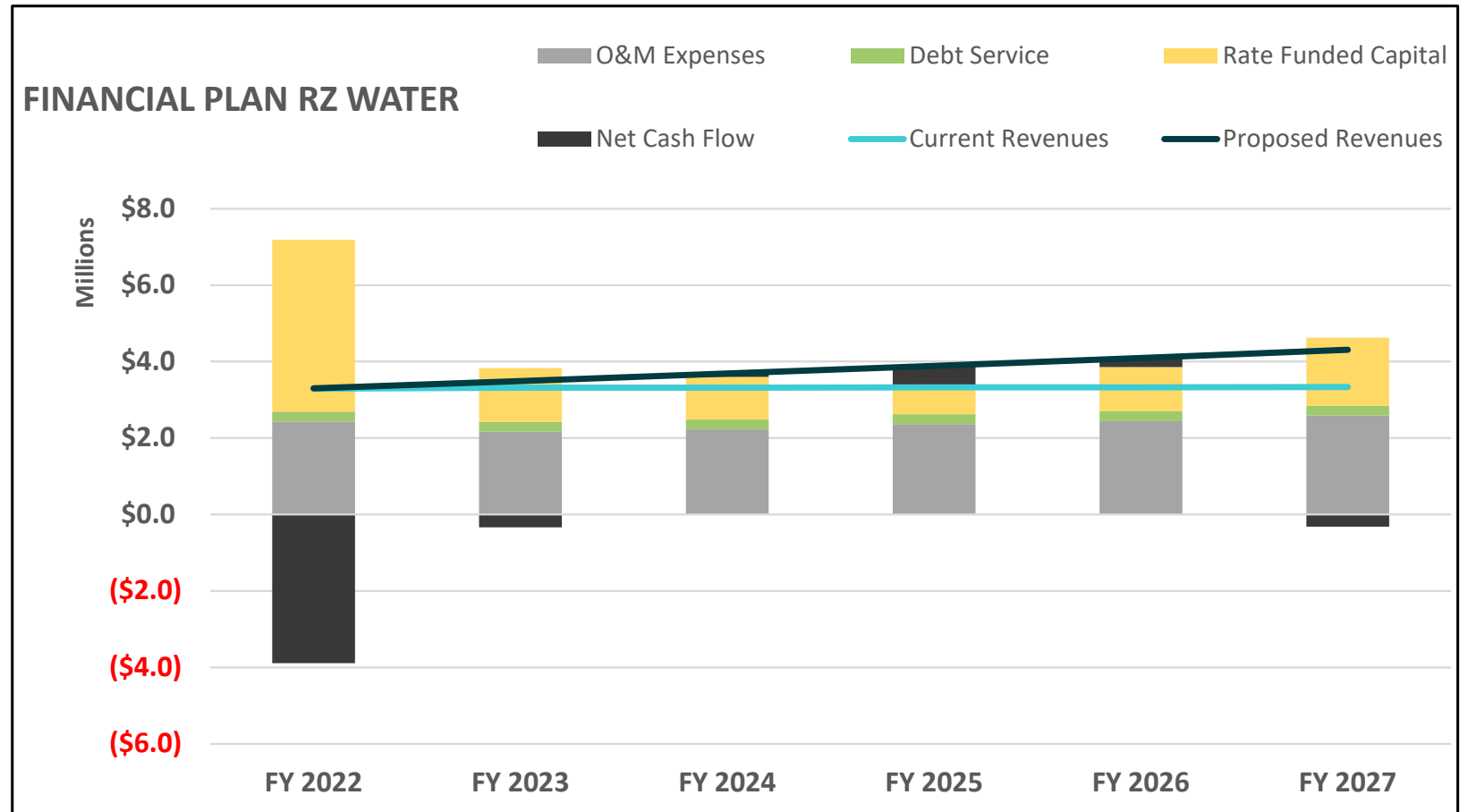
Proposed Rates	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Effective Date	Current Rate	Aug 2022	Jul 2023	Jul 2024	Jul 2025	Jul 2026
Revenue Adjustment						
Readiness to Serve Charge	0.0%	8.0%	7.0%	7.0%	7.0%	7.0%
Replacement Reserve Fund Charge	0.0%	8.0%	7.0%	7.0%	7.0%	7.0%
Readiness to Serve Charge						
Annual Charge, \$/meter	\$8.18	\$9.05	\$9.69	\$10.37	\$11.09	\$11.87
Replacement Reserve Fund Charge						
Meter Size						
5/8-Inch	\$15.82	\$10.61	\$11.36	\$12.15	\$13.00	\$13.91
3/4-Inch	\$15.82	\$10.61	\$11.36	\$12.15	\$13.00	\$13.91
1-Inch	\$15.82	\$17.69	\$18.93	\$20.25	\$21.67	\$23.19
1-1/2-Inch	\$15.82	\$35.38	\$37.86	\$40.51	\$43.34	\$46.37
2-Inch	\$15.82	\$56.61	\$60.57	\$64.81	\$69.34	\$74.20
3-Inch	\$15.82	\$123.83	\$132.49	\$141.77	\$151.69	\$162.31
4-Inch	\$15.82	\$222.89	\$238.49	\$255.18	\$273.04	\$292.16
6-Inch	\$15.82	\$566.06	\$605.68	\$648.08	\$693.45	\$741.99
8-Inch	\$15.82	\$990.60	\$1,059.94	\$1,134.14	\$1,213.53	\$1,298.48

Retail

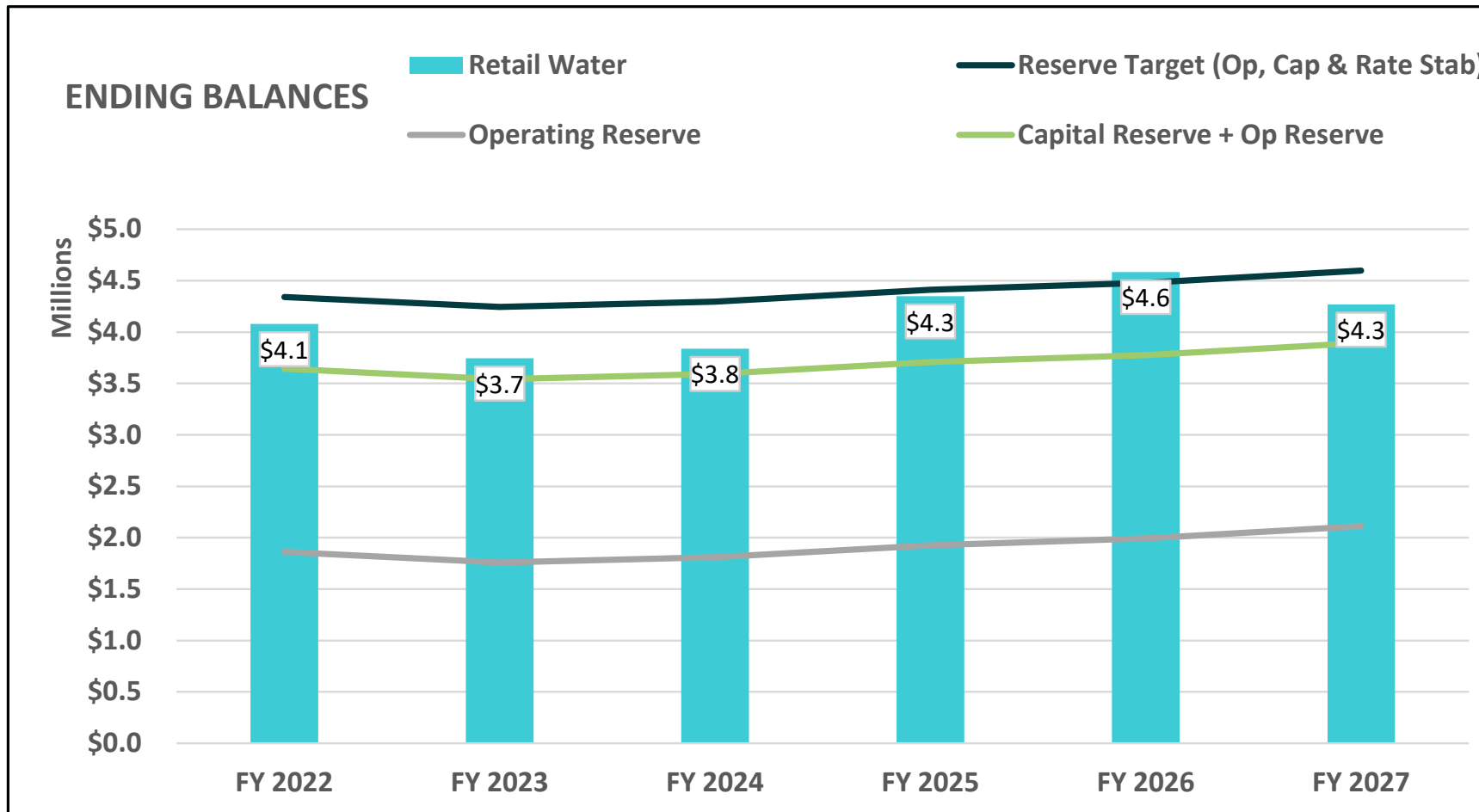


Proposed Financial Plan – Retail Water

Fiscal Year	Mo.	Revenue Adjustment
2023	Aug	6%
2024	Jul	6%
2025	Jul	6%
2026	Jul	6%
2027	Jul	6%



Proposed Financial Plan Ending Fund Balances – Retail Water



Retail Water

- Changed the capital charge basis from \$/account to based on meter size.
- Monthly fixed charge – we are changing how we are calculating equivalent meters. Equivalent meter are based on $\frac{3}{4}$ " meters instead of $\frac{5}{8}$ " meters

Retail Water – Monthly Charge Derivation

- Proposed service charge is higher for smaller meters due to changing the base meter size from 5/8" to 3/4"
- Only have nine 5/8" meters vs 869 3/4" meters

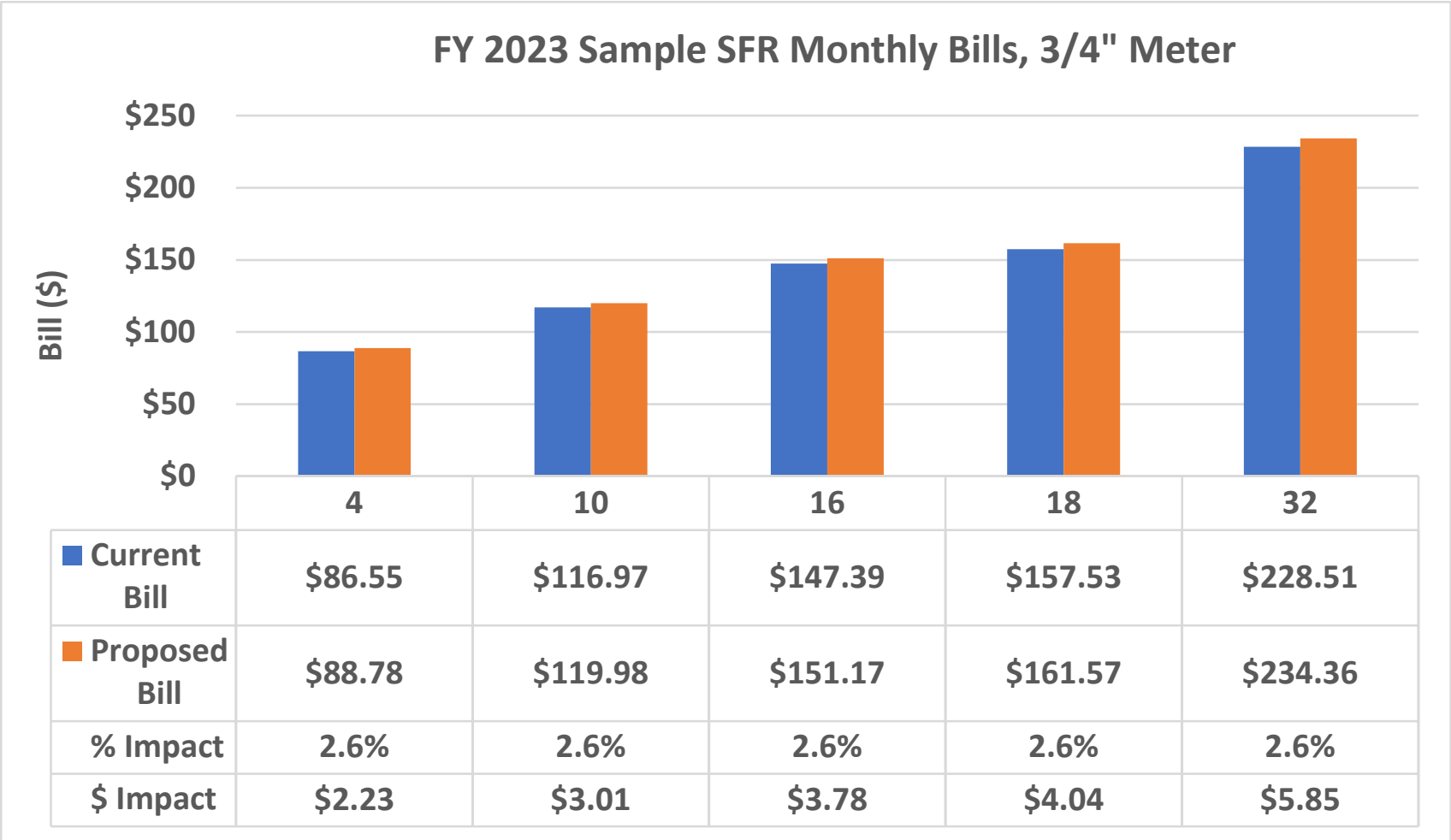
Line No.	Meter Size	Billing \$/bill	Meter Capacity \$/mtr	Monthly Capacity Charge \$/mtr	Proposed Monthly Service Charge \$/bill	Current Charge \$/bill
1	5/8"	\$8.48	\$7.08	\$20.53	\$36.09	\$22.50
2	3/4"	\$8.48	\$7.08	\$20.53	\$36.09	\$33.75
3	1"	\$8.48	\$11.80	\$34.22	\$54.49	\$56.24
4	1.5"	\$8.48	\$23.60	\$68.43	\$100.51	\$112.46
5	2"	\$8.48	\$37.77	\$109.49	\$155.74	\$179.92
6	3"	\$8.48	\$82.62	\$239.51	\$330.61	\$393.56

Proposed Rates – Retail Water

Proposed Rates	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Effective Date	Current Rate	Aug 2022	Jul 2023	Jul 2024	Jul 2025	Jul 2026
Revenue Adjustment		6.0%	6.0%	6.0%	6.0%	6.0%
Meter Size Fixed Charge						
5/8"	\$22.50	\$36.09	\$38.26	\$40.55	\$42.98	\$45.56
3/4"	\$33.75	\$36.09	\$38.26	\$40.55	\$42.98	\$45.56
1"	\$56.24	\$54.49	\$57.76	\$61.22	\$64.90	\$68.79
1.5"	\$112.46	\$100.51	\$106.54	\$112.93	\$119.71	\$126.89
2"	\$179.92	\$155.74	\$165.08	\$174.99	\$185.49	\$196.62
3"	\$393.56	\$330.61	\$350.45	\$371.47	\$393.76	\$417.39
Commodity Rate (\$/ccf)	\$5.07	\$5.20	\$5.51	\$5.84	\$6.19	\$6.56
Capital Charge						
All Accounts	\$32.52					
5/8"		\$31.89	\$33.81	\$35.83	\$37.98	\$40.26
3/4"		\$31.89	\$33.81	\$35.83	\$37.98	\$40.26
1"		\$53.15	\$56.34	\$59.72	\$63.31	\$67.11
1.5"		\$106.31	\$112.69	\$119.45	\$126.62	\$134.21
2"		\$170.09	\$180.30	\$191.12	\$202.58	\$214.74
3"		\$372.08	\$394.41	\$418.07	\$443.15	\$469.74

Typical Bills – Average Use is 16 HCF

- Capital charge decrease helps lower the average bill



Sewer

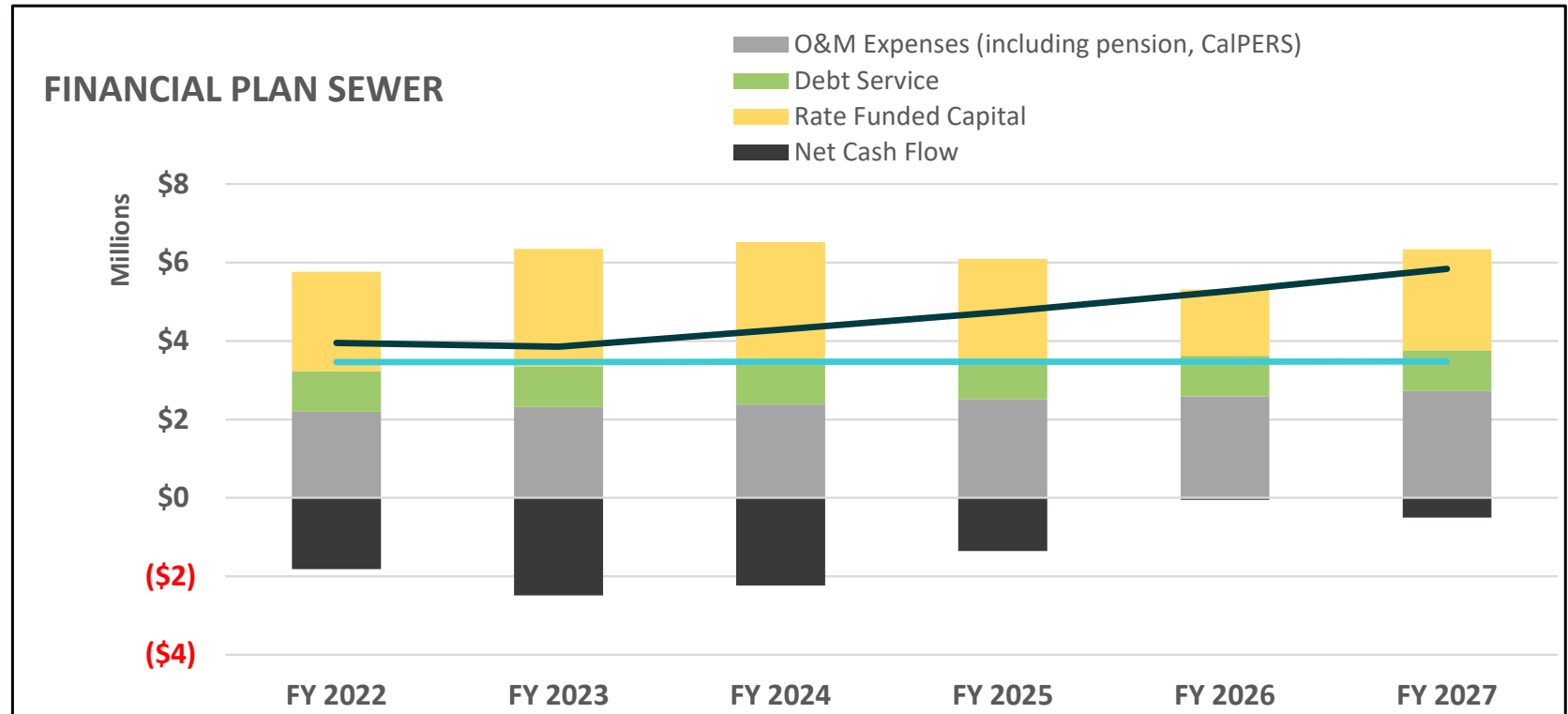


Sewer

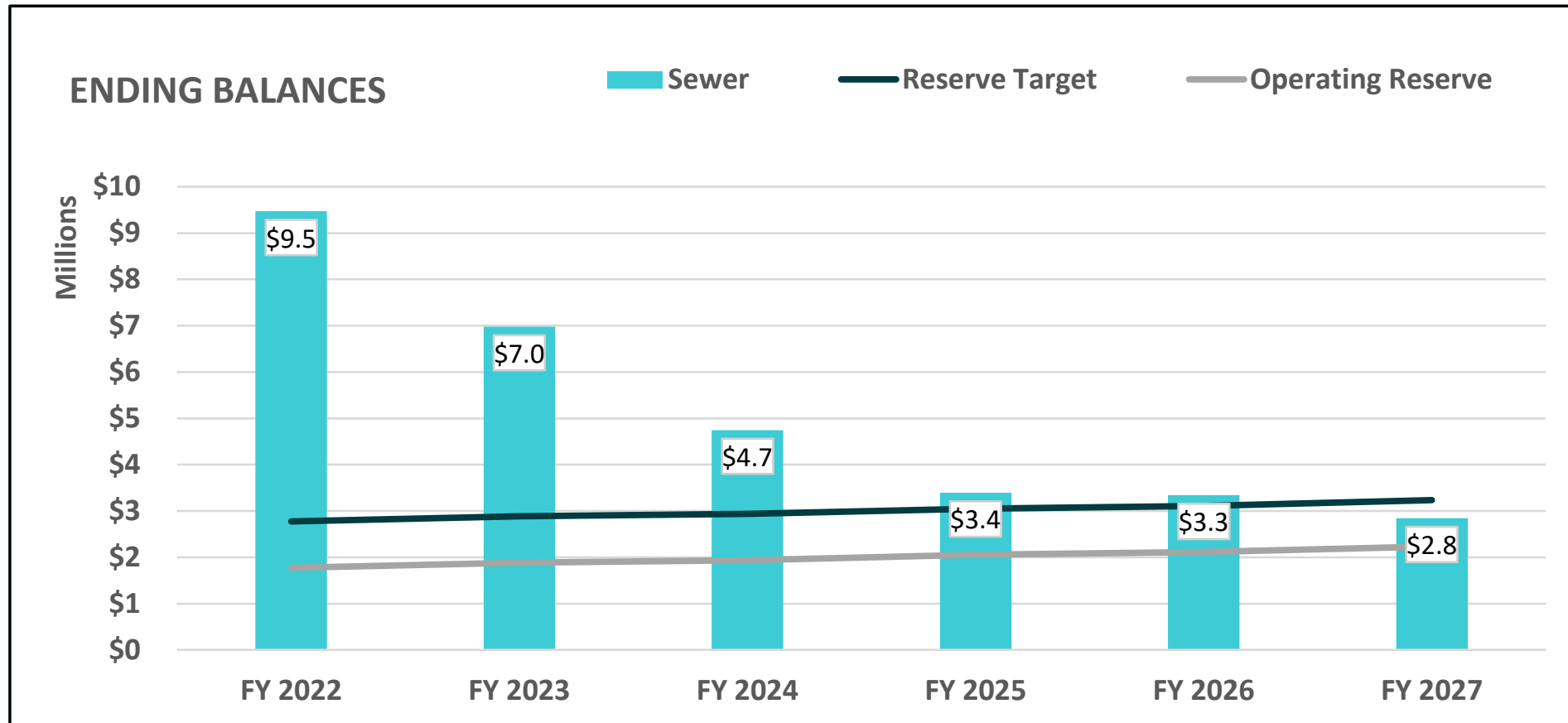
- Prior to EOCWD taking over the sewer system in 2016, rates had not been changed in a very long time.
- Rates were cut in half in 2016 when EOCWD took over the sewer system.
- No rate adjustments since that initial reduction in 2016.
- CPI for Los Angeles-Long Beach-Anaheim has increased ~3.4%/year between Dec 2016 and Dec 2021.

Proposed Financial Plan – Sewer

Fiscal Year	Mo.	Revenue Adjustment
2023	Aug	12%
2024	Jul	12%
2025	Jul	12%
2026	Jul	12%
2027	Jul	12%



Proposed Financial Plan Ending Fund Balances (does not show \$ restricted for capital)



Proposed Rates - Sewer

Proposed Rates	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Effective Date	Current Rate	Aug 2022	Jul 2023	Jul 2024	Jul 2025	Jul 2026
Adjustment (%)	0.0%	12.0%	12.0%	12.0%	12.0%	12.0%
SFR (annual charge)	\$108.00	\$120.96	\$135.48	\$151.73	\$169.94	\$190.33
MFR (annual charge)	\$75.60	\$84.67	\$94.83	\$106.21	\$118.96	\$133.23

- Non-residential charges are based on the single-family residential rate and the property use class of the non-residential customer per Resolution No. 16-2.

Capacity Fees



Capacity Fees

- One-time charges for new home/building connecting to the system.
- Equity Buy-In Approach
 - › Adds cash on hand and divides by current number of service units (equivalent meters or EDUs)

Wholesale Zone Capital Facility Fees

- › Wholesale capacity rights (assets) are inflated and not depreciated
- › Previous study was based on accounts and not equivalent meters

Line No.	Line Item	Equity Buy-in
1		<u>RCLD-Total</u>
2	Total Backbone System Value	\$26,222,202
3	Less Outstanding Debt Principal	\$0
4	Add Cash on Hand	\$7,632,000
5	FY 2022 System Value	\$33,854,202
6	Number of Equivalent Meters (EM)	33,092
7	5/8" Meter Capacity Fee (line 7 / line 5)	\$1,024
8	Current Fee	\$952

Proposed Wholesale Capital Facility Fees

Line No.	By Meter Size	EM Capacity Ratio	Proposed Fees	Existing Fees	Percent Difference
1	5/8"	1.0	\$1,024	\$952	7.6%
2	3/4"	1.0	\$1,024	\$952	7.6%
3	1"	1.7	\$1,707	\$1,586	7.6%
4	1 1/2"	3.3	\$3,413	\$3,173	7.6%
5	2"	5.3	\$5,461	\$5,076	7.6%
6	3"	11.7	\$11,947	\$11,103	7.6%
7	4"	21.0	\$21,504	\$19,986	7.6%
8	6"	53.3	\$54,613	\$50,856	7.4%
9	8"	93.3	\$95,573	\$88,828	7.6%
10	10"	140.0	\$143,360	\$133,243	7.6%

Retail Zone Capital Facility Fees

› Assumes 3/4" meter is the base meter (all equivalences are in proportion to the 3/4" meter)

Line No.	Line Item	Equity Buy-In
1		<u>RCLD-Total</u>
2	Total Backbone System Value	\$7,938,878
3	Less Outstanding Debt Principal	\$4,024,000
4	<u>Cash on Hand</u>	<u>\$6,968,500</u>
5	FY 2022 System Value	\$10,883,378
6	Number of Equivalent Meters (EM)	1,525
7	Capacity Fee for 5/8" Meter (1 EM)	\$7,137
8	Current Fee	\$6,103

Line No.	By Meter Size	EM Capacity Ratio	Proposed Fees	Existing Fees	Percent Difference
1	5/8"	1.0	\$7,137	\$6,103	16.9%
2	3/4"	1.0	\$7,137	\$6,103	16.9%
3	1"	1.7	\$11,895	\$10,171	17.0%
4	1 1/2"	3.3	\$23,790	\$20,342	17.0%
5	2"	5.3	\$38,064	\$32,547	17.0%
6	3"	11.7	\$83,265	\$71,196	17.0%

Proposed Sewer Capital Facility Fees

- › Significant difference in asset values compared to last study

Line No.	Line Items	Equity Buy-In
1		<u>RCLD-Total</u>
2	Total Backbone System Value	\$308,790,469
3	Less Outstanding Debt Principal	\$16,096,000
4	Cash on Hand	\$10,314,000
5	FY 2022 System Value	\$303,008,469
6	Total Estimated Equivalent EDUs	28,491
7	Buy-in Unit Charge per EDU	\$10,635

Line No.	Proposed and Existing Sewer Capacity Fees	
1	Proposed Sewer Capacity Fees (per EDU)	\$10,635
2	Old 2020 Sewer Capacity Fees (per EDU)	\$2,469
3	% Difference	331%

Next Steps

- › Approve financial plans and revenue adjustments
- › Prepare and submit Proposition 218 notice
- › Set public hearing date
- › Draft report

End of Presentation





MEMO

TO: ADMINISTRATION AND FINANCE COMMITTEE
FROM: GENERAL MANAGER
SUBJECT: ANNUAL BUDGET FY 22-23
DATE JUNE 10, 2022

Background

District staff have spent the last few months preparing the annual budget for fiscal year 2022-23.

Recommendation

That the Committee recommend the Board approve the annual budget for fiscal year 2022-23.

Attachment(s): FY 22-23 Budget



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Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

SCHEDULE A: SUMMARY BUDGET

This schedule summarizes operating and non-operating revenues, source of supply, salaries and benefits, operations and maintenance expenses, and general and administrative expenses of the District by fund and in total. Line 11 measures the difference between operating revenues and expenses; resulting in net revenues remaining to fund capital, debt service, pension trust contributions and Additional Discretionary Payments (ADPs) towards CalPERS pension liabilities. The District is budgeted to have \$3,293,800 in net revenues available to fund capital projects and debt service as shown in line 11.

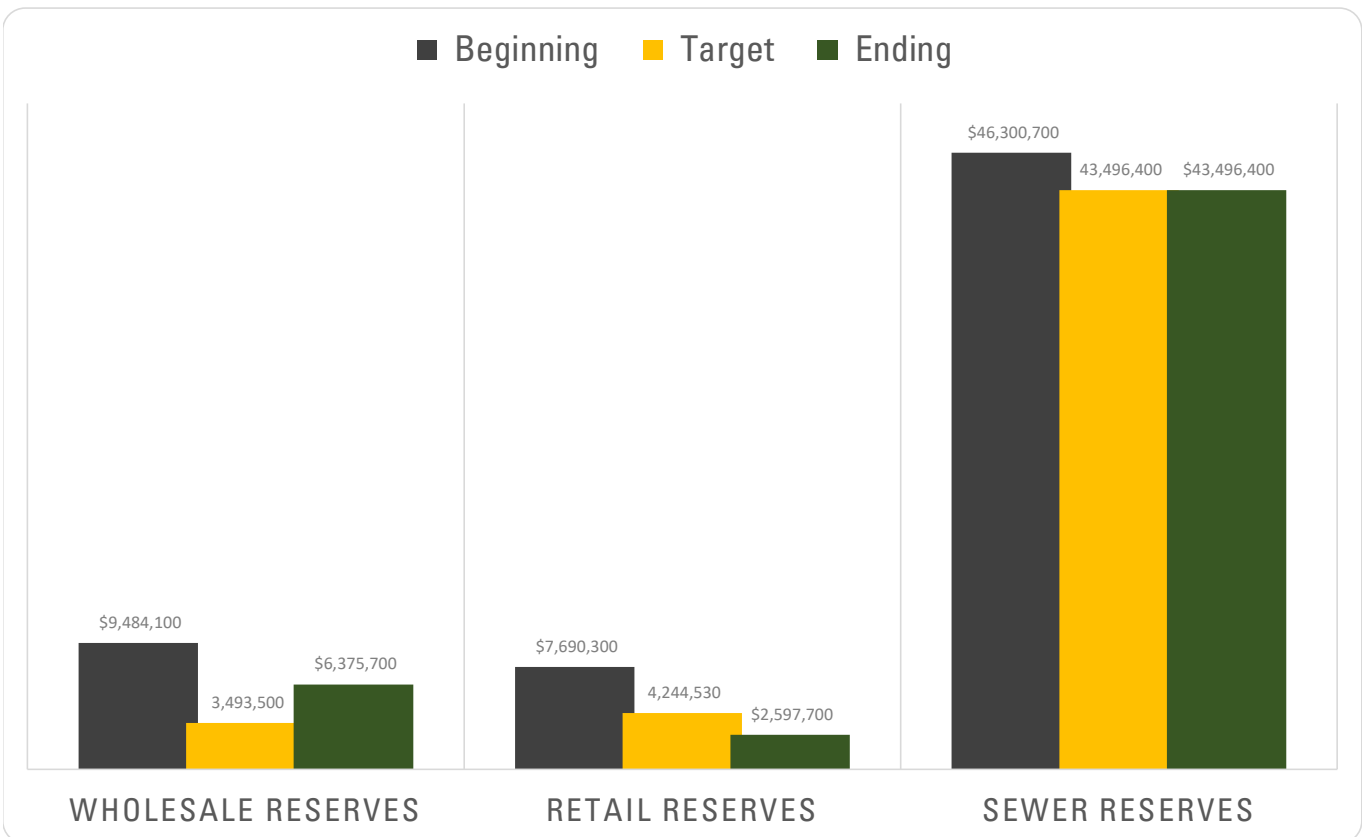
Line 16 shows the net increase or decrease in District Reserves planned for the year after debt service, capital spending, pension trust contributions and ADPs are taken into consideration. This amount fluctuates year to year, with some years positive and some negative, primarily as the District's Capital Improvement Program fluctuates.



East Orange County Water District Proposed Budget Summary FY 2022/23

Schedule A

	A	B	C	D
	Wholesale	Retail	Sewer	Total
	FY 2022/23 Proposed Budget	FY 2022/23 Proposed Budget	FY 2022/23 Proposed Budget	FY 2022/23 Proposed Budget
1 REVENUES				
2 Operating Revenues	\$ 9,546,400	\$ 2,745,600	\$ 3,229,500	\$ 15,521,500
3 Non-Operating Revenues	1,217,200	520,200	690,900	2,428,300
4 TOTAL REVENUES	10,763,600	3,265,800	3,920,400	17,949,800
5 EXPENSES				
6 Source of Supply	9,011,200	1,080,100	-	10,091,300
7 Salaries & Benefits	519,600	725,000	1,346,700	2,591,300
8 Operations & Maintenance	410,100	234,300	307,200	951,600
9 General & Administrative	318,800	345,800	357,200	1,021,800
10 TOTAL EXPENSES	10,259,700	2,385,200	2,011,100	14,656,000
11 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL & ADPs	503,900	880,600	1,909,300	3,293,800
12 Debt Service	-	(259,000)	(1,036,000)	(1,295,000)
13 Section 115 Pension Trust Contribution	(50,000)	(50,000)	(50,000)	(150,000)
14 CalPERS Additional Discretionary Payments	-	-	-	-
15 Capital Expenses (Reserve-Funded)	(3,562,300)	(5,664,200)	(3,627,600)	(12,854,100)
16 NET INCREASE / (DECREASE) TO RESERVES	\$ (3,108,400)	\$ (5,092,600)	\$ (2,804,300)	\$ (11,005,300)
17 PROJECTED BEGINNING RESERVES	9,484,100	7,690,300	46,300,700	63,475,100
18 PROJECTED ENDING RESERVES	\$ 6,375,700	\$ 2,597,700	\$ 43,496,400	\$ 52,469,800





EOCWD

Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

Schedule B - District Wide Salaries & Benefits

This schedule provides a detailed analysis of the total District Salaries & Benefits budgeted for FY 22/23. Column (A) provides the prior year Adopted Budget, column (B) provides projected year-end results, column (C) provides the proposed budget for the upcoming fiscal year, and columns (D) and (E) provide differences in dollars and percentages from FY 21/22 Projected Results to the FY 22/23 Proposed Budget.

Line 2 Salaries & Wages is increasing due to:

- Merit increases averaging 3%
- A Cost-of-Living Adjustment (COLA) of 6.1%
- Water Supervisor position

Line 3 Health Benefits - Expenses are estimated to increase 5% per preliminary estimates from ACWA JPIA. In addition, one new employee is anticipated to be hired and is budgeted at the highest insurance premiums since the actual premiums cost is currently unknown.

Line 4 Payroll Taxes - Includes costs for Social Security, Medicare, and State Unemployment Insurance (SUI). Budget for FY 22/23 is increasing due to items discussed for increased salaries and wages.

Line 5 Worker's Compensation Insurance - FY 22/23 is budgeted based on current insurance rates applied to budgeted District salaries.

Line 6 CalPERS Retirement - Rates are 8.63% of base salary for Classic members, and 7.47% for Public Employee Pension Reform Act (PEPRA) employees, which are generally employees hired after January 1, 2013. District employees contribute the full employee contribution under both plans.

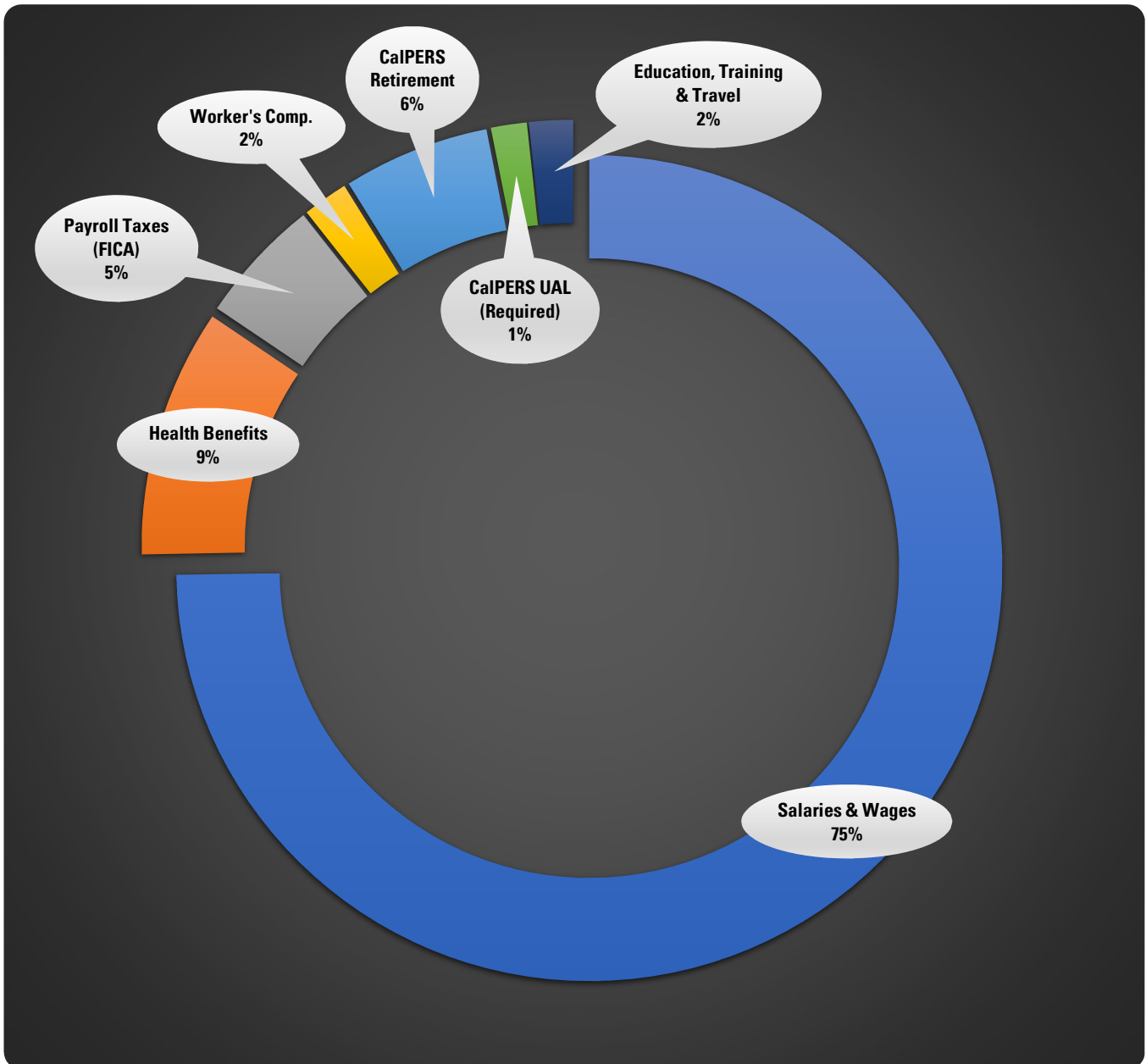
Line 7 CalPERS Unfunded Accrued Liability (Required) - This is the annual payment the District is required to send CalPERS to pay down the District's Unfunded Accrued Liability (UAL). As of June 30, 2020, the District made additional discretionary payments (budgeted in Line 14 of Schedule A) towards the Misc. and Misc.-PEPRA liabilities to achieve 100% funded status. Therefore, no minimum required payments were anticipated for FY 21/22. FY 22/23 budget is per CalPERS actuarial reports.

Line 8 Education, Training & Travel - This category is budgeted to increase from projected FY 21/22 costs primarily due to an inflation increase of 5%, and employee educational reimbursement provisions.

**East Orange County Water District
District-Wide Salaries & Benefits
FY 2022-23**

- 1 **SALARIES & BENEFITS**
- 2 Salaries & Wages
- 3 Health Benefits
- 4 Payroll Taxes (FICA)
- 5 Worker's Comp.
- 6 CalPERS Retirement
- 7 CalPERS UAL (Required)
- 8 Education, Training & Travel
- 9 **TOTAL SALARIES & BENEFITS**

	A	B	C	D = C-B	E = D/B
	FY 2021/22 Adopted Budget	FY 2021/22 Projected Results	FY 2022/23 Proposed Budget	Variance \$	Variance %
2 Salaries & Wages	\$ 1,764,400	\$ 1,569,900	\$ 1,936,700	\$ 366,800	23.4%
3 Health Benefits	265,900	225,400	251,600	26,200	11.6%
4 Payroll Taxes (FICA)	119,900	104,800	127,300	22,500	21.5%
5 Worker's Comp.	42,000	34,600	46,000	11,400	32.9%
6 CalPERS Retirement	135,000	119,300	148,700	29,400	24.6%
7 CalPERS UAL (Required)	-	-	36,300	36,300	0.0%
8 Education, Training & Travel	20,000	24,400	44,700	20,300	83.2%
9 TOTAL SALARIES & BENEFITS	\$ 2,347,200	\$ 2,078,400	\$ 2,591,300	\$ 512,900	24.7%





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Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

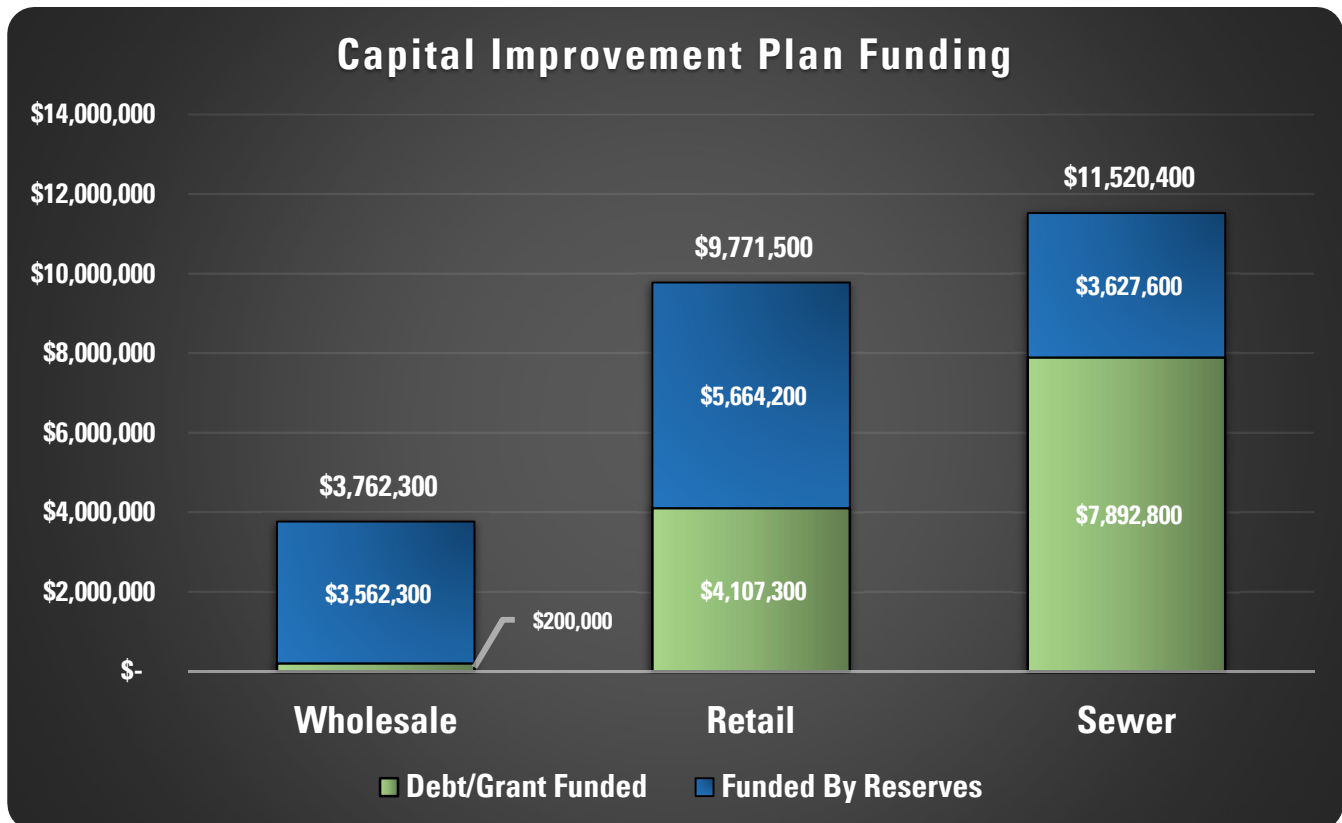
Schedule C – CIP Budget Summary

This Schedule shows the budget summary by fund for District’s Capital Improvement Plan for FY 22/23.

Column (A) shows the proposed CIP budget for the Wholesale zone, Column (B) shows the proposed CIP budget for the Retail zone, and Column (C) shows the proposed CIP budget for the Sewer zone. Column (D) shows the FY 22/23 District total Proposed CIP budget.

The Capital Improvement Plan is condensed into a few broad categories to summarize planned CIP spending by fund for the upcoming fiscal year. Projects anticipated to be funded by Debt or Grant proceeds are excluded from the calculation for Net Use of District Reserves for CIP in line 11.

	A Wholesale	B Retail	C Sewer	D Total
	Proposed FY 2022/23 Budget	Proposed FY 2022/23 Budget	Proposed FY 2022/23 Budget	Proposed FY 2022/23 Budget
1 Capital Improvement Program				
2 Wells & Treatment	\$ 740,000	\$ 5,490,000	\$ -	\$ 6,230,000
3 Transmission/Distribution Systems	2,553,400	3,776,600	9,947,500	16,277,500
4 Vehicles & Equipment	42,300	48,300	84,300	174,900
5 Structures & Facilities	356,000	326,000	1,418,000	2,100,000
6 Information Technology	37,300	37,300	37,300	111,900
7 Studies & Assessments	33,300	93,300	33,300	159,900
8 Total Capital Improvement Program	3,762,300	9,771,500	11,520,400	25,054,200
9 Less: Debt Proceeds for CIP	-	(2,527,300)	(7,892,800)	(10,420,100)
10 Less: Grant Proceeds for CIP	(200,000)	(1,580,000)	-	(1,780,000)
11 Net Use of District Reserves for CIP	\$ 3,562,300	\$ 5,664,200	\$ 3,627,600	\$ 12,854,100





**East Orange County Water District
Wholesale Capital Detail
FY 2022/23**

Schedule C-1

Project ID	Project	Proposed Budget
1	Wells & Treatment	
2	21-38 Newport Reservoir Roof Repair and Recoating	\$ 700,000
3	22-49 Evaluation of Pump Station at Newport Reservoir (Hydraulic Modelling)	40,000
4	Total Wells & Treatment	740,000
5	Transmission/Distribution Systems	
6	21-43 Walnut Vault Replacement	700,000
7	21-45 SCADA System Improvements	533,400
8	23-05 Demo Treatment Plant and new storage at 6M site	300,000
9	23-07 6MG Reservoir - Pipeline and Vault Improvements	300,000
10	22-34 6MG Reservoir Replacement**	200,000
11	23-03 Cathodic Protection Improvements	190,000
12	22-17 Hydrant relocation at Jamboree	100,000
13	21-02 Valve Replacements	75,000
14	21-03 System Relocations / Pipeline Replacement	50,000
15	22-51 Wholesale Reservoir Backup Generators	50,000
16	22-45 Hydrant Replacements	15,000
17	22-48 Service Lateral Replacement	10,000
18	22-46 Easement clearing behind Newport Reservoir	10,000
19	21-50 SAC Pipeline Repairs	10,000
20	22-16 Pedestal Replacement at Chandler Ranch Turnout	10,000
21	Total Transmission/Distribution Systems	2,553,400
22	Vehicles & Equipment	
23	23-01 Dump Truck for Field Operations	33,300
24	23-08 Skid Steer Trailer	9,000
25	Total Vehicles & Equipment	42,300
26	Structures & Facilities	
27	22-33 District Headquarters	356,000
28	Total Structures & Facilities	356,000
29	Information Technology	
30	22-01 Financial Software and Implementation	37,300
31	Total Information Technology	37,300
32	Studies & Assessments	
33	21-29 AWIA Project	33,300
34	Total Studies & Assessments	33,300
35	Wholesale CIP Total	\$ 3,762,300
36	Less: Debts Proceeds Allocated for Capital Projects	-
37	Less: Grant Proceeds Allocated for Capital Projects	(200,000)
38	Wholesale CIP Net Budget (Reserve-Funded)	\$ 3,562,300

**Indicates projects will be funded by Debt Proceeds.*

***Indicates projects will be funded by anticipated Grant Proceeds.*



**East Orange County Water District
Retail Capital Detail
FY 2022/23**

Schedule C-2

Project ID	Project	Proposed Budget
1	Wells & Treatment	
2	21-06 VanderWerff Well**	\$ 3,860,000
3	21-01 VP Reservoir Replacement*	1,200,000
4	22-28 East Well Pump and Motor	150,000
5	23-02 Abandon West Well	150,000
6	22-29 East Well Electrical	100,000
7	21-05 PFAS Treatment Facility	30,000
8	Total Wells & Treatment	5,490,000
9	Transmission/Distribution Systems	
10	21-04 Barrett Reservoir Booster Pump Station Replacement	1,500,000
11	22-40 Circula Panorama Pipeline Replacement / Conversion	1,000,000
12	21-11 Brae Glen Pressurized CIPP	350,000
13	21-45 SCADA System Improvements	266,600
14	22-18 Orange Knoll PRV Station	130,000
15	21-02 Valve Replacements	100,000
16	22-32 Upsize 6" pipe on Circula Panorama to 12"	100,000
17	21-03 Allowance for System Relocations/Pipeline Replacement	60,000
18	22-45 Hydrant Replacements	60,000
19	22-37 6" Pipe Upsize / 8" Replacement Fairhaven Extension - Fowler to Circula	50,000
20	22-43 Replace 500' of 4" CMLMC pipe and install PRV Station to Zone III	50,000
21	22-48 Service Lateral Replacement	40,000
22	23-10 RZ Barrett Reservoir Exterior Coating	30,000
23	22-31 Barrett and Hinton Service Relocations	30,000
24	22-30 View Ridge New Valve	10,000
25	Total Transmission/Distribution Systems	3,776,600
26	Vehicles & Equipment	
27	23-01 Dump Truck for Field Operations	33,300
28	23-08 Skid Steer Trailer	15,000
29	Total Vehicles & Equipment	48,300
30	Structures & Facilities	
31	22-33 District Headquarters	326,000
32	Total Structures & Facilities	326,000
33	Information Technology	
34	22-01 Financial Software and Implementation	37,300
35	Total Information Technology	37,300
36	Studies & Assessments	
37	23-01 RZ Update Water Specifications	50,000
38	21-29 AWIA Project	33,300
39	23-09 RZ Update Water Atlas	10,000
40	Total Studies & Assessments	93,300
41	Retail CIP Total	\$ 9,771,500
42	Less: Debts Proceeds Allocated for Capital Projects	(2,527,300)
43	Less: Grant Proceeds Allocated for Capital Projects	(1,580,000)
44	Retail CIP Net Budget (Reserve-Funded)	\$ 5,664,200

*Indicates projects will be funded by Debt Proceeds.

**Indicates projects will be funded by anticipated Grant Proceeds.



**East Orange County Water District
Sewers Capital Detail
FY 2022/23**

Schedule C-3

Project ID	Project	Proposed Budget
1	Transmission/Distribution Systems	
2	21-20 Browning Rehabilitation*	\$ 9,000,000
3	21-18 Manhole Additions, Raising, Frames & Covers (includes County projects)	250,000
4	21-13 CIPP	300,000
5	21-14 Sewer Replacement	150,000
6	21-17 Manhole Rehabilitation/Replacement	125,000
7	21-03 System Relocations / Pipeline Replacement	90,000
6	21-21 Backwater Valve Program	20,000
7	21-26 Smart Covers	12,500
10	Total Transmission/Distribution Systems	9,947,500
11	Vehicles & Equipment	
12	23-01 Dump Truck for Field Operations	33,300
12	21-34 Truck for Field Ops	35,000
13	21-25 Arrow Board	10,000
15	23-08 Skid Steer Tractor	6,000
16	Total Vehicles & Equipment	84,300
17	Structures & Facilities	
18	22-33 District Headquarters	1,418,000
19	Total Structures & Facilities	1,418,000
20	Information Technology	
21	22-01 Financial Software and Implementation	37,300
22	Total Information Technology	37,300
23	Studies & Assessments	
24	21-29 AWIA Project	33,300
25	Total Studies & Assessments	33,300
26	Sewer CIP Total	\$ 11,520,400
27	Less: Debts Proceeds Allocated for Capital Projects	(7,892,800)
28	Less: Grant Proceeds Allocated for Capital Projects	-
29	Sewer CIP Net Budget (Reserve-Funded)	\$ 3,627,600

*Indicates projects will be funded by Debt Proceeds.

**Indicates projects will be funded by anticipated Grant Proceeds.



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Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

Schedule D: Wholesale Zone Budget Detail

This Schedule shows the detail budget for the District's Wholesale zone and will be used during fiscal year (FY) 22/23 to report monthly operating financials to the Board.

Column (A) is the Adopted Budget for FY 21/22. Column (B) represents projected year-end results for Fiscal Year 21/22 (projected amounts are estimates; actual results will vary). Column (C) displays the Proposed Budget for FY 22/23. Columns (D) and (E) display differences in dollars and percentages from Projected FY 21/22 results to the FY 22/23 Proposed Budget.

REVENUES

Line 2 Water Sales – Volumetric water sales to wholesale customers.

- Revenues are budgeted for FY 22/23 with a 5.7% MWDOC rate increase adopted for consumption after January 1, 2023. MWDOC implemented a previous rate increase of 3.5% January 1, 2022.

Line 3 Fixed MET/MWDOC Charges – This includes Retail Service Connection, Readiness-to-Serve (RTS), Capacity and Choice Program charges remitted to MWDOC. These charges are paid to MWDOC and collected from wholesale customers on a monthly basis. FY 22/23 is budgeted based on approved rate schedules from MWDOC.

Line 4 Fixed EOCWD Charges – This includes the District's Reserve Fund Charge and Readiness-to-Serve charge assessed to Wholesale customers. These charges are budgeted based on per-meter rates adopted through the District Rate Study process. These rates are billed to each wholesale member agency monthly according to each agency's number and sizes of active retail meters.

Line 5 Connection Fees – Connection fees charge for new connections to the Wholesale system. These revenues are budgeted at zero due to their unpredictable nature.

Line 8 Property Taxes – Annual Ad Valorem property taxes assessed to homeowners through the County of Orange and remitted to the District. FY 22/23 is budgeted in with a 2% increase on FY 21/22 projected results.

Line 9 Rental Revenue – Includes cell tower lease payments from Crown Castle. FY 22/23 is budgeted in line with FY 21/22 projected results with a 2% increase.

Line 10 Interest Revenue – Interest revenue earned on District investments held in the State of California's Local Agency Investment Fund (LAIF) and Raymond James. Interest is conservatively budgeted for no increase.



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Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

- **Line 11 Miscellaneous Income** – Includes Meter Charges, Capital Reimbursements, Late Charges, Grant Proceeds, and various types of reimbursements. FY 22/23 is budgeted conservatively based on the unpredictable nature of these receipts.

EXPENSES

Line 14-17 Source of Supply – The cost of water sold to Wholesale zone customers.

- **Line 15 Water Purchases** – The cost of volumetric water purchases from MWDOC. These charges are passed on to Wholesale customers (shown in line 2). Purchases budgeted for FY 22/23 with a 5.7% MWDOC rate increase adopted for consumption after January 1, 2023.
- **Line 16 Fixed MET/MWDOC Expense** – Includes retail service connection (RTS), readiness to serve, capacity and choice program charges assessed by MWDOC. These charges are passed on to wholesale customers monthly (shown in line 3). Budgeted based on approved rate schedules from MWDOC.

Line 18-26 Salaries & Benefits – Lists the detail of salaries and wages, health benefits, payroll taxes, worker’s compensation, CalPERS retirement, required CalPERS unfunded accrued liability contributions, and education expenses. Please note that personnel expenses are allocated out to the respective funds on an individual employee basis based on position classification. For an overall picture of salaries and benefits please refer to Schedule B District-Wide Salary & Benefits and related narrative.

Line 27-33 Operations and Maintenance – Costs incurred for adequate operation and maintenance of the Wholesale water system including operating software, water quality, permits, fees, vehicles and equipment.

Line 28 Water Systems Repairs & Maintenance – Includes expenses to keep the District wholesale system running including: mains, reservoirs, vaults, service connections, meters, cathodic protection, and small tools. FY 22/23 budget includes provisions for maintenance on the wholesale system that are not always needed but act as a safety net for unexpected occurrences with the water system.

Line 29 Operations Reporting Software – Includes monitoring software for operations such as Sedaru and SCADA software. Budget for FY 22/23 determined by the renewal costs of the respective software and allocation to appropriate funds. Sedaru is allocated 15% Wholesale, 15% Retail and 70% Sewer.

Line 30 Water Quality – Includes costs of water quality testing, testing supplies, and chemical purchases. Budget for FY 22/23 is based on actual results for FY 21/22 with a 5% inflation increase.

Line 31 Permits & Fees – Includes annual water system fees assessed by the State Water Resources Control Board and other regulatory fees. Budget for FY 22/23 is based on actual results for FY 21/22 with a 5% increase for inflation.

Line 32 Vehicles & Equipment – Includes costs to fuel and maintain District vehicles and equipment for the Wholesale zone. FY 22/23 budget includes provisions for maintenance on vehicles/equipment that are not always needed but act as a safety net for unexpected occurrences.



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Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

Line 34-43 General & Administrative – Includes professional services, District office expenses, dues and memberships, insurance, board of directors, conservation, election expenses and other administrative expenses.

Line 35 Professional Services – Includes audit, accounting, government relations, legal, engineering, computer consulting, tax collection, banking and other professional fees. These costs are generally allocated to each fund by 33.3%, unless directly specific to a fund. FY 22/23 Budget is increasing from FY 21/22 projected results due to provisions for legal and engineering costs.

Line 36 District Office Expenses – Includes office repairs, utilities, postage, supplies, safety and records management. Budget for FY 22/23 is based on actual results for FY 21/22 with a 2% inflation increase.

Line 37 Dues & Memberships – Annual memberships and dues paid to Orange County LAFCO, the California Special District Association, Urban Water Institute, Association of California Water Agencies, Sustain Southern California, American Water Works Association, and Southern California Alliance of Publicly Owned Treatment Works (SCAP). Memberships related exclusively to water agencies are split 50% between Wholesale and Retail. General District-wide memberships are allocated 1/3 to each fund. SCAP is 100% exclusive to the Sewer zone.

Line 38 Insurance – Automobile, general liability and property insurance policies administered through ACWA-JPIA. FY 22/23 is budgeted based on FY 21/22 projected results with a 5% estimated increase.

Line 39 Board of Directors Expense – Director stipends, mileage and various board meeting expenses. FY 22/23 is budgeted assuming increased Director travel and meeting expenses as pandemic restrictions lighten.

Line 40 Conservation – Costs for public conservation efforts. With California forecasted to enter another drought, water conservation efforts are expected to increase. District-wide conservation expenses are split 20% to the Wholesale zone and 80% to the Retail zone.

Line 41 Election Expense – Election expenses related to Board member elections. Board members serve four-year terms with seats up for election every other year. The next board member election will take place in December 2022.

Line 42 Miscellaneous Expense - Includes bank fees, uniforms, and other miscellaneous expenses. FY 22/23 is budgeted based on projected results for FY 21/22 with a 5% inflation increase.

Line 45 Net Income (Loss) Before Debt & Capital – Measures the difference between revenues and expenses; resulting in net revenues remaining to fund capital and debt service.

Line 46 Capital Expenses (Reserve-Funded) – Please refer to schedule C-1 and associated narrative for detailed budget information and analysis.



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Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

Line 47 Section 115 Pension Trust Contribution - Cash contributions to the District's pension trust fund. Budget for FY 22/23 includes a total contribution of \$150K, which is split evenly between wholesale, retail and sewer.

Line 48 CalPERS Additional Discretionary Payments - Voluntary payments toward the CalPERS Unfunded Accrued Liability (UAL) above the minimum required payment shown in line 24. Pension liabilities incurred after Sewer system acquisition in August 2017 are allocated at 1/3 each between the Wholesale, Retail and Sewer funds. The District has achieved 90% funded status within CalPERS and does not plan to make ADPs during FY 22/23.

Line 49 Net Increase / (Decrease) to Reserves - Wholesale Reserves are budgeted to decrease in FY 22/23 by \$(3.108M).



**East Orange County Water District
Wholesale Budget Detail
FY 2022-23**

Schedule D

	A	B	C	D = C-B	E = D/B
	FY 2021/22 Adopted Budget	FY 2021/22 Projected Results	FY 2022/23 Proposed Budget	Variance \$	Variance %
1 OPERATING REVENUES					
2 Water Sales	\$ 4,652,300	\$ 8,089,200	\$ 8,443,400	\$ 354,200	4.4%
3 Fixed MET/MWDOC Charges	464,600	477,200	567,800	90,600	19.0%
4 Fixed EOCWD Charges	499,600	499,600	535,200	35,600	7.1%
5 Connection Fees	-	18,000	-	(18,000)	-100.0%
6 TOTAL OPERATING REVENUES	5,616,500	9,084,000	9,546,400	462,400	5.1%
7 NON-OPERATING REVENUES					
8 Property Taxes	965,800	984,300	1,004,100	19,800	2.0%
9 Rental Revenue	149,900	152,900	156,000	3,100	2.0%
10 Interest Income	66,600	44,900	47,100	2,200	4.9%
11 Miscellaneous Income	10,000	15,500	10,000	(5,500)	-35.5%
12 TOTAL NON-OPERATING REVENUES	1,192,300	1,197,600	1,217,200	19,600	1.6%
13 TOTAL REVENUES	6,808,800	10,281,600	10,763,600	482,000	4.7%
14 SOURCE OF SUPPLY					
15 Water Purchases	4,652,300	8,089,100	8,443,400	354,300	4.4%
16 Fixed MET/MWDOC Expense	464,600	478,600	567,800	89,200	18.6%
17 TOTAL SOURCE OF SUPPLY	5,116,900	8,567,700	9,011,200	443,500	5.2%
18 SALARIES & BENEFITS					
19 Salaries & Wages	294,300	225,200	382,800	157,600	70.0%
20 Health Benefits	46,200	32,500	47,600	15,100	46.5%
21 Payroll Taxes (FICA)	19,900	14,800	24,200	9,400	63.5%
22 Worker's Comp.	8,300	7,100	9,700	2,600	36.6%
23 CalPERS Retirement	22,400	16,900	29,400	12,500	74.0%
24 CalPERS UAL (Required)	-	-	12,100	12,100	0.0%
25 Education, Training & Travel	7,000	6,600	13,800	7,200	109.1%
26 TOTAL SALARIES & BENEFITS	398,100	303,100	519,600	216,500	71.4%
27 OPERATIONS & MAINTENANCE					
28 Water System Repairs & Maintenance	306,500	238,000	304,700	66,700	28.0%
29 Operations Reporting Software	22,600	16,600	16,200	(400)	-2.4%
30 Water Quality	29,300	49,900	52,400	2,500	5.0%
31 Permits & Fees	9,500	11,600	12,200	600	5.2%
32 Vehicles & Equipment	18,800	18,400	24,600	6,200	33.7%
33 TOTAL OPERATIONS & MAINTENANCE	386,700	334,500	410,100	75,600	22.6%
34 GENERAL & ADMINISTRATIVE					
35 Professional Services	209,500	168,500	193,100	24,600	14.6%
36 District Office Expenses	27,400	25,900	27,200	1,300	5.0%
37 Dues & Memberships	16,100	16,700	17,100	400	2.4%
38 Insurance	25,900	30,700	32,300	1,600	5.2%
39 Board of Directors Expense	7,700	8,000	13,500	5,500	68.8%
40 Conservation	10,000	4,100	5,000	900	22.0%
41 Election Expense	-	-	28,500	28,500	0.0%
42 Miscellaneous Expense	2,000	2,000	2,100	100	5.0%
43 TOTAL GENERAL & ADMINISTRATIVE	298,600	255,900	318,800	62,900	24.6%
44 TOTAL EXPENSES	6,200,300	9,461,200	10,259,700	798,500	8.4%
45 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL & ADPs	608,500	820,400	503,900	(316,500)	-38.6%
46 Capital Expenses (Reserve-Funded)	(2,595,400)	(400,300)	(3,562,300)	(3,162,000)	
47 Section 115 Pension Trust Contribution	(50,000)	-	(50,000)	(50,000)	
48 CalPERS Additional Discretionary Payments	(149,500)	(149,500)	-	149,500	
49 NET INCREASE / (DECREASE) TO RESERVES	\$ (2,186,400)	\$ 270,600	\$ (3,108,400)	\$ (3,379,000)	



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Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

Schedule E: Retail Zone Budget Detail

This Schedule shows the detail budget for the District's Retail zone and will be used during fiscal year (FY) 22/23 for reporting monthly operating financials to the Board.

Column (A) is the Adopted Budget for FY 21/22. Column (B) represents projected year-end results for Fiscal Year 21/22 (projected amounts are estimates; actual results will vary). Column (C) displays the Proposed Budget for FY 22/23. Columns (D) and (E) display differences in dollars and percentages from Projected FY 21/22 results to the FY 22/23 Proposed Budget.

REVENUES

Line 2 Water Sales – Volumetric water sales including residential, commercial, landscape, and irrigation water sales. Revenues are budgeted for FY 22/23 based on FY 21/22 data with a -2% consumption decrease and 7% rate increase adopted for billing cycles after October 1, 2022.

Line 3 Fixed Charges – This includes the fixed monthly meter charge to retail customers. Revenues are budgeted for FY 22/23 based on FY 21/22 projected results with a 7% rate increase effective October 1, 2022.

Line 4 Penalty & Other Charges – This includes late, returned check, turn off and other miscellaneous charges. Budget for FY 22/23 is based on actual results for FY 21/22 with no increase.

Line 5 Capital Improvement Charges – This is the fixed fee charged to all residential customers to fund maintenance and capital replacement on the Retail system. Revenues are budgeted for FY 22/23 based on FY 21/22 actual results with a 7% rate increase effective October 1, 2022.

Line 6 Connection Fees – Connection fees charge for new connections to the Retail system. These revenues are budgeted for conservatively at zero due to their unpredictable nature.

Line 7 Uncollectible Accounts – Estimated uncollectible portion of outstanding utility billing accounts receivable. This amount is estimated using a ratio of 5-year historic bad debt expense applied to FY 22/23 budgeted operating revenue.

Line 10 Property Taxes – Annual Ad Valorem property tax fees assessed to homeowners and paid to the District through the County of Orange. FY 22/23 is budgeted in line with actual results from FY 21/22 with a 2% increase.

Line 11 Interest Income – Interest is earned primarily on District investments in the State of California's Local Agency Investment Fund (LAIF). Interest is conservatively budgeted for no increase.

Line 12 Miscellaneous Income – This includes items such as insurance reimbursements, recycling, and other miscellaneous items. FY 22/23 budgeted conservatively due to their unpredictable nature of these revenues.



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Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

EXPENSES

Line 15-21 Source of Supply – Costs incurred for water purchases and pumping water from District aquifers into the water system. Budget for FY 22/23 assumes the District will operate using imported water.

- **Line 16 Water Purchases** - Volumetric water purchases from MWDOC through the Wholesale zone at the MET/MWDOC rate. Budget for FY 22/23 assumes the District will operate using imported water for the whole year.
- **Line 17 Fixed MET/MWDOC Expense** - This includes retail service connection, readiness to serve, capacity and choice charges that are paid to MWDOC through the Wholesale zone. Budget for FY 21/22 is based on approved rate schedules from MWDOC and allocated to the Retail zone based on max peak flows and 4-year rolling average demand comparative to the other Wholesale zone agencies.
- **Line 18 Fixed EOCWD Expense** – This includes the Wholesale zone reserve fund charge and readiness to serve charge. These charges are budgeted based on the number and size of active retail meters at each wholesale zone member agency and the adopted rate study. Budget for FY 22/23 is lower than projected ending results for FY 21/22 due to the change in capital improvement charge based on meter size.
- **Line 19 Replenishment Assessment** – This includes the replenishment assessment paid to OCWD per AF pumped from the District’s wells. Budget for FY 22/23 assumes the District will operate using imported water.
- **Line 20 Pumping Electricity** – Includes electricity costs to operate the wells. FY 22/23 is budgeted in line with actual results from FY 21/22 with a 6% increase.

Line 22-30 Salaries & Benefits – Lists the detail of salaries and wages, health benefits, payroll taxes, worker’s compensation, CalPERS retirement, required CalPERS unfunded accrued liability contributions, and education expenses. Please note that personnel expenses are allocated out to the respective funds on an individual employee basis based on position classification. For an overall picture of salaries and benefits please refer to Schedule B District-Wide Salary & Benefits and related narrative.

Line 31-37 Operations and Maintenance – Costs to maintain assets in the District’s Retail system as well as other general operating expenses including operations software, water quality testing, permits/fees and vehicle maintenance.

Line 32 Water Systems Repairs & Maintenance - Expenses to keep the Retail system running including: mains, reservoirs, vaults, service connections, meters, cathodic protection, East & West well maintenance, hydrants, water loss control and small tools. FY 22/23 budget includes provisions for maintenance on the Retail system that are not always needed but act as a safety net for unexpected occurrences with the water system.



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Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

Line 33 Operations Reporting Software - Includes monitoring software for operations such as Sedaru and SCADA software. Budget for FY 22/23 determined by the renewal costs of the respective software and allocation to appropriate funds. Sedaru is allocated 15% Wholesale, 15% Retail and 70% Sewer.

Line 34 Water Quality - Includes costs of water quality testing, testing supplies, and chemical purchases. Budget for FY 22/23 is based on actual results for FY 21/22 with a 5% inflation increase.

Line 35 Permits & Fees - Includes annual water system fees and other regulatory fees. Budget for FY 22/23 is based on actual results for FY 21/22 with a 5% inflation increase.

Line 36 Vehicles & Equipment - Includes costs to fuel and maintain District vehicles and equipment for the Retail zone. FY 22/23 budget includes provisions for maintenance on vehicles/equipment that are not always needed but act as a safety net for unexpected occurrences.

Line 38-48 General & Administrative - Includes professional services, District office expenses, dues and memberships, insurance, board of directors, conservation, election expenses and other administrative expenses.

Line 39 Professional Services - Includes audit, accounting, government relations, legal, engineering, computer consulting, tax collection, banking and other professional fees. These costs are generally allocated to each fund by 33.3%, unless directly specific to one or two funds. Budget for FY 22/23 is increasing from actual results for FY 21/22 due to provisions for legal and engineering costs.

Line 40 District Office Expenses - Includes office repairs, utilities, postage, supplies, safety and records management. Budget for FY 22/23 is based on actual results for FY 21/22 with a 5% inflation increase.

Line 41 Dues & Memberships - Includes annual membership fees/dues for the following: Orange County LAFCO, California Special District Association, Urban Water Institute, Association of California Water Agencies, Sustain Southern California, American Water Works Association, and Southern California Alliance of Publicly Owned Treatment Works (SCAP). Memberships relating exclusively to water agencies are split 50%/50% between the Wholesale and Retail zones. General memberships are allocation to each fund 33.3%. SCAP membership is exclusive to the Sewer zone.

Line 42 Insurance - Includes auto, general liability and property insurance policies through ACWA-JPIA. Budget for FY 22/23 is based on actual results for FY 21/22 with a 5% estimated increase.

Line 43 Board of Directors Expense - Includes director stipends, mileage and board meeting expenses. FY 22/23 is budgeted assuming increased Director travel and meeting expenses as travel restrictions are lifted.

Line 44 Conservation - Includes costs for public conservation efforts. With California forecasted to enter another drought, water conservation efforts are expected to increase. District-wide conservation expenses are split 20% to the Wholesale zone and 80% to the Retail zone.



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Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

Line 45 Customer Billing – Includes costs related to the customer billing system, credit card processing, and meter reading. FY 22/23 budget is based on FY 21/22 projected results with a 5% inflation increase.

Line 46 Miscellaneous Expense – Includes uniforms, and other miscellaneous expenses. Budget for FY 22/23 is based on actual results for FY 21/22 with a 5% inflation increase

Line 47 Election Expense – Election expenses related to Board member elections. Board members serve four-year terms with seats up for election every other year. The next board member election will take place in December 2022.

Line 50 Net Income (Loss) Before Debt, Capital & ADPs – Measures the difference between revenues and expenses; resulting in net revenues remaining to fund capital and debt service.

Line 51 Debt Service - Includes interest and principal portion of bi-annual payments on the Sterling Bank Loan. This debt is shared between the Retail zone (20%) and Sewer zone (80%). Payments occur in June and December.

Line 52 Capital Expenses (Reserve-Funded) – Please refer to schedule C-2 and associated narrative for detailed budget information and analysis.

Line 53 Section 115 Pension Trust Contribution - Cash contributions to the District's pension trust fund. Budget for FY 22/23 includes a total contribution of \$150K, which is split evenly between wholesale, retail and sewer.

Line 54 CalPERS Additional Discretionary Payments – Voluntary payments toward the CalPERS Unfunded Accrued Liability (UAL) above the minimum required payment shown in line 24. Pension liabilities incurred after Sewer system acquisition in August 2017 are allocated at 1/3 each between the Wholesale, Retail and Sewer funds. The District has achieved 90% funded status within CalPERS and does not plan to make ADPs during FY 22/23.

Line 55 Net Increase / (Decrease) to Reserves – Retail Reserves are budgeted to decrease \$(5.092M) during FY 22/23.



**East Orange County Water District
Budget Detail - Retail
FY 2022-23**

Schedule E

	A	B	C	D = C-B	E = D/B
	FY 2021/22 Adopted Budget	FY 2021/22 Projected Results	FY 2022/23 Proposed Budget	Variance \$	Variance %
1 OPERATING REVENUES					
2 Water Sales	\$ 1,635,700	\$ 1,582,200	\$ 1,633,600	\$ 51,400	3.2%
3 Fixed Charges	600,200	588,400	619,300	30,900	5.3%
4 Penalty & Other Charges	9,200	9,800	9,800	-	0.0%
5 Capital Improvement Charges	427,400	465,200	489,600	24,400	5.2%
6 Connection Fees	-	12,900	-	(12,900)	-100.0%
7 Uncollectible Accounts	(5,200)	(9,900)	(6,700)	3,200	-32.3%
8 TOTAL OPERATING REVENUES	2,667,300	2,648,600	2,745,600	97,000	3.7%
9 NON-OPERATING REVENUES					
10 Property Taxes	500,100	505,600	515,700	10,100	2.0%
11 Interest Income	4,400	3,300	3,500	200	6.1%
12 Miscellaneous Income	1,000	9,500	1,000	(8,500)	-89.5%
13 TOTAL NON-OPERATING REVENUES	505,500	518,400	520,200	1,800	0.3%
14 TOTAL REVENUES	3,172,800	3,167,000	3,265,800	98,800	3.1%
15 SOURCE OF SUPPLY					
16 Water Purchases	945,800	933,800	964,100	30,300	3.2%
17 Fixed MET/MWDOC Expense	46,200	45,400	54,600	9,200	20.3%
18 Fixed EOCWD Expense	29,000	29,400	27,300	(2,100)	-7.1%
19 Replenishment Assessment	1,000	8,100	8,100	-	0.0%
20 Pumping Electricity	22,900	24,500	26,000	1,500	6.1%
21 TOTAL SOURCE OF SUPPLY	1,022,000	1,041,200	1,080,100	38,900	3.7%
22 SALARIES & BENEFITS					
23 Salaries & Wages	435,800	349,500	539,100	189,600	54.2%
24 Health Benefits	66,900	51,900	69,900	18,000	34.7%
25 Payroll Taxes (FICA)	30,900	24,700	36,300	11,600	47.0%
26 Worker's Comp.	10,500	8,700	12,100	3,400	39.1%
27 CalPERS Retirement	33,500	26,500	41,600	15,100	57.0%
28 CalPERS UAL (Required)	-	-	12,100	12,100	0.0%
29 Education, Training & Travel	7,500	8,400	13,900	5,500	65.5%
30 TOTAL SALARIES & BENEFITS	585,100	469,700	725,000	255,300	54.4%
31 OPERATIONS & MAINTENANCE					
32 Water System Repairs & Maintenance	218,400	57,300	176,000	118,700	207.2%
33 Operations Reporting Software	11,500	11,200	10,500	(700)	-6.3%
34 Water Quality	13,000	9,500	10,000	500	5.3%
35 Permits & Fees	11,400	13,100	13,800	700	5.3%
36 Vehicles & Equipment	19,100	20,200	24,000	3,800	18.8%
37 TOTAL OPERATIONS & MAINTENANCE	273,400	111,300	234,300	123,000	110.5%
38 GENERAL & ADMINISTRATIVE					
39 Professional Services	204,800	178,800	195,700	16,900	9.5%
40 District Office Expenses	30,400	30,100	31,800	1,700	5.6%
41 Dues & Memberships	11,600	12,100	12,300	200	1.7%
42 Insurance	18,400	21,700	22,800	1,100	5.1%
43 Board of Directors Expense	7,800	8,100	13,500	5,400	66.7%
44 Conservation	40,000	4,100	40,000	35,900	875.6%
45 Customer Billing	21,400	23,600	24,700	1,100	4.7%
46 Miscellaneous Expense	1,800	1,900	2,000	100	5.3%
47 Election Expense	-	-	3,000	3,000	0.0%
48 TOTAL GENERAL & ADMINISTRATIVE	336,200	280,400	345,800	65,400	23.3%
49 TOTAL EXPENSES	2,239,600	1,902,600	2,385,200	482,600	25.4%
50 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL & ADPs	933,200	1,264,400	880,600	(383,800)	-30.4%
51 Debt Service	(259,100)	(259,100)	(259,000)	100	
52 Capital Expenses (Reserve-Funded)	(2,174,900)	(363,100)	(5,664,200)	(5,301,100)	
53 Section 115 Pension Trust Contribution	(50,000)	-	(50,000)	(50,000)	
54 CalPERS Additional Discretionary Payments	(149,500)	(149,500)	-	149,500	
55 NET INCREASE / (DECREASE) TO RESERVES	\$ (1,700,300)	\$ 492,700	\$ (5,092,600)	\$ (5,585,300)	



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Budget Schedules & Line Items Narrative

FY 2022/23 Proposed Budget

Schedule F: Sewer Budget Detail

This Schedule shows the detail budget for the District's Sewer zone and will be used during fiscal year (FY) 22/23 for reporting monthly operating financials to the Board.

Column (A) is the Adopted Budget for FY 21/22. Column (B) represents projected year-end results for Fiscal Year 21/22 (projected amounts are estimates; actual results will vary). Column (C) displays the Proposed Budget for FY 22/23. Columns (D) and (E) display differences in dollars and percentages from Projected FY 21/22 results to the FY 22/23 Proposed Budget.

REVENUES

Line 2 Sewer Service Fees – Annual sewer service fees assessed to homeowners and paid to the District through the County of Orange. FY 22/23 is budgeted in line with actual results from FY 21/22 with no increase.

Line 3 Sewer Permits & FOG Renewals – This includes sewer capacity charges and OCSD permit processing fees, as well as annual fats, oils and grease (FOG) renewal fees. FOG renewal fees and sewer permit fees for FY 22/23 are budget based on FY 21/22 actual results.

Line 6 Property Taxes – Annual Ad Valorem property tax fees assessed to homeowners and paid to the District through the County of Orange. FY 22/23 is budgeted in line with actual results from FY 21/22 with a 2% increase.

Line 7 Interest Income – Interest is earned primarily on District investments in the US Bank investment account and the State of California's Local Agency Investment Fund (LAIF). Interest is conservatively budgeted for no increase.

Line 8 Miscellaneous Income – This includes items such as late charges, sewer permit inspection fees and other miscellaneous items. FY 22/23 is budget based on FY 21/22 actual results.

EXPENSES

Line 11-19 Salaries & Benefits – Lists the detail of salaries and wages, health benefits, payroll taxes, worker's compensation, CalPERS retirement, required CalPERS unfunded accrued liability contributions, and education expenses. Please note that personnel expenses are allocated out to the respective funds on an individual employee basis based on position classification. For an overall picture of salaries and benefits please refer to Schedule B District-Wide Salary & Benefits and related narrative.

Line 20-25 Operations and Maintenance – Costs to maintain assets in the sewer system as well as other general operating expenses including operations software, permits/fees and vehicle maintenance.

Line 21 Sewer System Repairs & Maintenance - Expenses to keep the Sewer system running including: mains repair, insecticide, root control, odor control, uniforms and small tools. FY 22/23 budget includes



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provisions for maintenance on the Sewer system that are not always needed but act as a safety net for unexpected occurrences.

Line 22 Operations Reporting Software - Includes monitoring software for operations such as Sedaru, and SCADA software Budget for FY 22/23 determined by the renewal costs of the respective software and allocation to appropriate funds. Sedaru is allocated 15% Wholesale, 15% Retail and 70% Sewer.

Line 23 Permits & Fees - Includes annual sewer system fees and other regulatory fees. Budget for FY 22/23 is based on actual results for FY 21/22 with a 5% inflation increase.

Line 24 Vehicles & Equipment - Includes costs to fuel and maintain District vehicles and equipment for the Sewer zone. FY 22/23 budget includes provisions for maintenance on vehicles/equipment that are not always needed but act as a safety net for unexpected occurrences.

Line 26-34 General & Administrative – Includes professional services, District office expenses, dues and memberships, insurance, board of directors, conservation, election expenses and other administrative expenses.

Line 27 Professional Services - Includes FOG services, audit, accounting, government relations, legal, engineering, computer consulting, tax collection, banking and other professional fees. These costs are generally allocated to each fund by 33.3%, unless directly specific to one or two funds. Budget for FY 22/23 is increasing from actual results for FY 21/22 due to provisions for legal and engineering costs.

Line 28 District Office Expenses - Includes office repairs, utilities, postage, supplies, safety and records management. Budget for FY 22/23 is based on actual results for FY 21/22 with a 5% inflation increase.

Line 29 Dues & Memberships - Includes annual membership fees/dues for the following: Orange County LAFCO, California Special District Association, Urban Water Institute, Association of California Water Agencies, Sustain Southern California, American Water Works Association, and Southern California Alliance of Publicly Owned Treatment Works (SCAP). Memberships relating exclusively to water agencies are split 50%/50% between the Wholesale and Retail zones. General memberships are allocation to each fund 33.3%. SCAP membership is exclusive to the Sewer zone.

Line 30 Insurance - Includes auto, general liability and property insurance policies through ACWA-JPIA. Budget for FY 22/23 is based on actual results for FY 21/22 with a 5% estimated increase.

Line 31 Board of Directors Expense - Includes director stipends, mileage and board meeting expenses. FY 22/23 is budgeted assuming increased Director travel and meeting expenses as pandemic restrictions lighten.

Line 32 Election Expense – Election expenses related to Board member elections. Board members serve four-year terms with seats up for election every other year. The next board member election will take place in December 2022.



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Line 33 Miscellaneous Expense - Includes US Bank custodial fees, and other miscellaneous expenses. Budget for FY 22/23 is based on actual results for FY 21/22 with a 5% inflation increase.

Line 36 Net Income (Loss) Before Debt, Capital & ADPs – Measures the difference between revenues and expenses; resulting in net revenues remaining to fund capital and debt service.

Line 37 Debt Service - Includes interest and principal portion of bi-annual payments on the Sterling Bank Loan. This debt is shared between the Retail zone (20%) and Sewer zone (80%). Payments occur in June and December.

Line 38 Capital Expenses (Reserve-Funded) – Please refer to schedule C-3 and associated narrative for detailed budget information and analysis.

Line 39 Section 115 Pension Trust Contribution - Cash contributions to the District's pension trust fund. Budget for FY 22/23 includes a total contribution of \$150K, which is split evenly between wholesale, retail and sewer.

Line 40 CalPERS Additional Discretionary Payments – Voluntary payments toward the CalPERS Unfunded Accrued Liability (UAL) above the minimum required payment shown in line 24. Pension liabilities incurred after Sewer system acquisition in August 2017 are allocated at 1/3 each between the Wholesale, Retail and Sewer funds. The District has achieved 90% funded status within CalPERS and does not plan to make ADPs during FY 22/23.

Line 41 Net Increase / (Decrease) to Reserves – Sewer Reserves are budgeted to decrease \$(2.804M) during FY 22/23.



**East Orange County Water District
Budget Detail - Sewers
FY 2022-23**

Schedule F

	A	B	C	D = C-B	E = D/B
	FY 2021/22 Adopted Budget	FY 2021/22 Projected Results	FY 2022/23 Proposed Budget	Variance \$	Variance %
1 OPERATING REVENUES					
2 Sewer Service Fees	\$ 3,153,700	\$ 3,181,900	\$ 3,181,900	\$ -	0.0%
3 Sewer Permits & FOG Renewals	17,600	47,600	47,600	-	0.0%
4 TOTAL OPERATING REVENUES	3,171,300	3,229,500	3,229,500	-	0.0%
5 NON-OPERATING REVENUES					
6 Property Taxes	387,900	397,800	405,700	7,900	2.0%
7 Interest Income	470,600	251,700	264,200	12,500	5.0%
8 Miscellaneous Income	20,000	23,500	21,000	(2,500)	-10.6%
9 TOTAL NON-OPERATING REVENUES	878,500	673,000	690,900	17,900	2.7%
10 TOTAL REVENUES	4,049,800	3,902,500	3,920,400	17,900	0.5%
11 SALARIES & BENEFITS					
12 Salaries & Wages	1,034,300	995,200	1,014,800	19,600	2.0%
13 Health Benefits	152,800	141,000	134,100	(6,900)	-4.9%
14 Payroll Taxes (FICA)	69,100	65,300	66,800	1,500	2.3%
15 Worker's Comp.	23,200	18,800	24,200	5,400	28.7%
16 CalPERS Retirement	79,100	75,900	77,700	1,800	2.4%
17 CalPERS UAL (Required)	-	-	12,100	12,100	0.0%
18 Education, Training & Travel	5,500	9,400	17,000	7,600	80.9%
19 TOTAL SALARIES & BENEFITS	1,364,000	1,305,600	1,346,700	41,100	3.1%
20 OPERATIONS & MAINTENANCE					
21 Sewer System R&M	282,000	156,100	166,100	10,000	6.4%
22 Operations Reporting Software	37,000	44,000	48,800	4,800	10.9%
23 Permits & Fees	23,200	28,600	30,000	1,400	4.9%
24 Vehicles & Equipment	65,700	41,500	62,300	20,800	50.1%
25 TOTAL OPERATIONS & MAINTENANCE	407,900	270,200	307,200	37,000	13.7%
26 GENERAL & ADMINISTRATIVE					
27 Professional Services	243,600	192,100	227,500	35,400	18.4%
28 District Office Expenses	49,200	25,000	26,300	1,300	5.2%
29 Dues & Memberships	10,000	11,000	10,300	(700)	-6.4%
30 Insurance	23,400	27,600	29,000	1,400	5.1%
31 Board of Directors Expense	7,000	6,100	13,500	7,400	121.3%
32 Election Expense	-	-	28,500	28,500	0.0%
33 Miscellaneous Expense	24,800	150,400	22,100	(128,300)	-85.3%
34 TOTAL GENERAL & ADMINISTRATIVE	358,000	412,200	357,200	(55,000)	-13.3%
35 TOTAL EXPENSES	2,129,900	1,988,000	2,011,100	23,100	1.2%
36 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL & ADPs	1,919,900	1,914,500	1,909,300	(5,200)	-0.3%
37 Debt Service	(1,036,300)	(1,036,300)	(1,036,000)	300	
38 Capital Expenses (Reserve-Funded)	(2,488,600)	(610,900)	(3,627,600)	(3,016,700)	
39 Section 115 Pension Trust Contribution	(50,000)	-	(50,000)	(50,000)	
40 CalPERS Additional Discretionary Payments	(17,400)	(17,400)	-	17,400	
41 NET INCREASE / (DECREASE) TO RESERVES	\$ (1,672,400)	\$ 249,900	\$ (2,804,300)	\$ (3,054,200)	