



185 N. McPherson Rd.  
Orange, Ca 92869

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**BOARD OF DIRECTORS**

**June 1, 2021**

Douglass S. Davert  
**President**

John Dulebohn  
**Vice President**

Richard B. Bell  
**Director**

George A. Murdoch  
**Director**

John L. Sears  
**Director**

David A. Youngblood, P.E.  
**General Manager**

**Board of Directors  
East Orange County Water District  
185 N. McPherson Road  
Orange, CA 92869**

**Dear Members of the Board:**

**Please be advised that special meeting of the Board of Directors of the East Orange County Water District will be held on Thursday, June 3, 2021, at 4:30 p.m.**

Such meeting will be held virtually, as Governor Newsom's Executive Order No. N-29-20, executed March 17, 2020, remains in effect and continues to permit members of the Board of Directors to attend this Regular Meeting by telephone or video conference due to COVID-19 Coronavirus concerns and the recommended avoidance of public gatherings.

As always, if you need any assistance in setting up remote attendance for this meeting, please contact Sylvia Prado at (714) 538-5815. Otherwise, enclosed please find the agenda for the meeting.

Sincerely,

**EAST ORANGE COUNTY WATER DISTRICT**

  
By: Jeff Hoskinson  
District Secretary

JAH:pks  
Enclosures  
cc: Mailing List



## NOTICE OF SPECIAL MEETING

### AGENDA

EAST ORANGE COUNTY WATER DISTRICT  
(EOCWD)

Thursday,  
June 3, 2021  
185 N. McPherson Road, Orange, California

4:30 p.m.

**NOTE:** Pursuant to California Governor's Executive Order No. N-29-20, executed March 17, 2020, members of the Board of Directors may elect to attend this Regular Meeting by telephone or video conference due to concerns relative to COVID-19 Coronavirus and avoidance of public gatherings. **THERE WILL BE NO PUBLIC LOCATION TO ATTEND THIS BOARD 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/87347336553?pwd=MGJqcXhsVjQxaU5PbU9meTVHM09ndz09>  
or via shortlink: <https://bit.ly/3uFIBir>

**To Access the meeting by Phone:**

Dial: (669) 900-6833

Meeting ID: 873 4733 6553 Passcode: 892832

Members of the public may (i) e-mail comments to Sylvia Prado at [sprado@eocwd.com](mailto:sprado@eocwd.com) up to 30 minutes before the Board meeting; (ii) submit a speaker request via the on-line chat feature at the beginning of the meeting prior to Item 3; or (iii) verbally indicate their desire to comment during the time designated on the agenda, and the comments shall either be heard by or read to the Board, as applicable. 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 above at least twenty-four (24) hours before the meeting to make such request.

**Call Meeting to Order; Pledge of Allegiance – Director Bell**

**Addition of Items Arising After Posting of Agenda Requiring Immediate Action**  
(Requires 2/3 vote or unanimous vote if less than 2/3 of members are present)

Recommendation: Adopt resolution determining need to take immediate action on item(s) and that the need for action came to the District's attention after posting of the Agenda and that such item(s) be added to the Agenda.

**Public Communications to the Board:** Opportunity for members of the public to comment on agendaized and non-agendaized items. Each speaker and comment is limited to three minutes. During this time, e-mailed comments timely submitted to Ms. Prado shall be provided to the Board. Interested speakers who either verbally indicate their desire to speak during this item or submitted a chat request at the beginning of the meeting, shall be afforded an opportunity to address the Board. At the discretion of the Board President, comments on a particular agendaized item may be deferred until that item is heard by the Board.

**1. Budget Workshop**

A. Draft 2021/22 Budget Presentation

**ADJOURNMENT**

The scheduled date of the next Regular Meeting of the Board of Directors is **June 17, 2021**, at 5:00 p.m., in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

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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 Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board are available for public inspection in the District's office, 185 N. McPherson Road, Orange, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available at the reception desk of the District Office during business hours at the same time as they are distributed to the Board members, except that if such writings are distributed less than one hour prior to, or during, the meeting, they will be available in the meeting room of the District Office.

Disability-related accommodations: The East Orange County Water District Board of Directors meeting room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.) please contact Sylvia Prado in the District Office at (714) 538-5815 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to Sylvia Prado in the District Office, at least seventy-two (72) hours prior to the scheduled meeting.

# MEMO

**TO: BOARD OF DIRECTORS**  
**FROM: GENERAL MANAGER**  
**SUBJECT: DRAFT 2021/22 BUDGET**  
**DATE: JUNE 3, 2021**

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## Background

Staff have been working on budget development for fiscal year 2021/22 for the last few months. This workshop is intended to provide the Board with a draft budget to address any questions and concerns and provide input prior to final budget approval later this month. Budget consideration for adoption is scheduled for the June 17<sup>th</sup> Board meeting.

Operational costs are most significantly impacted by the cost associated with water purchases. This represents 60% of the total budget. An assumption has been made that we will purchase import water to meet all demands for the fiscal year. Should the treatment plant be operational prior to the end of the fiscal year that could reduce our cost of supply for the year.

Staff salaries and benefits account for an additional 22% of the operational costs. We have included one additional position in this budget to supervise water operations. Also imbedded in these costs are increases associated with fringe benefits, a 5% merit pool and a cost-of-living adjustment (COLA) of 3.6%. These items will be reviewed in the presentation. We have assumed all positions would be fully staffed for the coming fiscal year.

Operational budgets for each of the three services yield a positive cash to fund capital investments. We have an ambitious number of capital projects planned and underway which will require some funding from reserves in each of the service areas. This is warranted given the work we have in front of us. We are funding some of these projects through debt and we have received approval for several grants that also offset these costs. That said, if we complete all planned projects in this budget, we will be utilizing \$5.3 million from reserves.

Note that the District is not passing through the costs of imported water purchases due to PFAS; these costs are being absorbed by reserve funds for this fiscal year.

## Recommendation

Informational

**Attachment(s):** FY 2021/22 Budget Schedules & Narrative



# EOCWD

## Budget Schedules & Line Items Narrative

### FY 2021/22 Proposed Budget

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#### **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 12 measures the difference between operating revenues and expenses; resulting in net revenues remaining to fund capital, debt service and Additional Discretionary Payments (ADPs) towards CalPERS pension liabilities. The District is budgeted to have \$3,439,800 in net revenues available to fund capital projects and debt service as shown in line 12.

Line 16 shows the net increase or decrease in District Reserves planned for the year after debt service, capital spending 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.



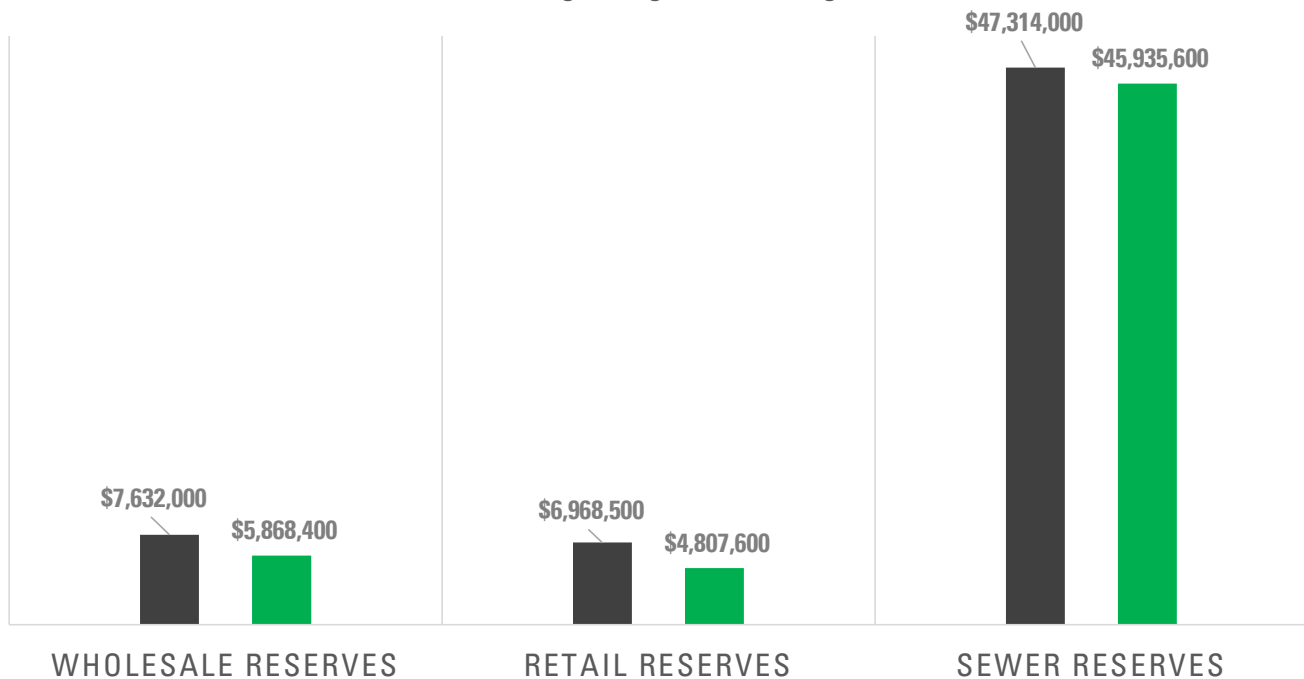
# East Orange County Water District Budget Summary FY 2021-22

Schedule A

	A Wholesale	B Retail	C Sewer	D Total
	FY 2021/22 Proposed Budget	FY 2021/22 Proposed Budget	FY 2021/22 Proposed Budget	FY 2021/22 Proposed Budget
<b>1 REVENUES</b>				
2 Operating Revenues	5,616,500	2,667,300	3,171,300	11,455,100
3 Non-Operating Revenues	1,192,300	505,500	878,500	2,576,300
<b>4 TOTAL REVENUES</b>	<b>6,808,800</b>	<b>3,172,800</b>	<b>4,049,800</b>	<b>14,031,400</b>
<b>5 EXPENSES</b>				
6 Source of Supply	5,116,900	1,044,900	-	6,161,800
8 Salaries & Benefits	408,300	595,300	1,365,600	2,369,200
9 Operations & Maintenance	391,200	277,900	398,700	1,067,800
10 General & Administrative	298,600	336,200	358,000	992,800
<b>11 TOTAL EXPENSES</b>	<b>6,215,000</b>	<b>2,254,300</b>	<b>2,122,300</b>	<b>10,591,600</b>
<b>12 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL &amp; ADPs</b>	<b>593,800</b>	<b>918,500</b>	<b>1,927,500</b>	<b>3,439,800</b>
13 Less: Debt Service	-	(259,100)	(1,036,300)	(1,295,400)
14 Less: CalPERS Additional Discretionary Payments	(110,600)	(110,600)	(17,400)	(238,600)
15 Less: Capital Expenses (Reserve-Funded)	(2,246,800)	(2,709,700)	(2,252,200)	(7,208,700)
<b>16 NET INCREASE / (DECREASE) TO RESERVES</b>	<b>\$ (1,763,600)</b>	<b>\$ (2,160,900)</b>	<b>\$ (1,378,400)</b>	<b>\$ (5,302,900)</b>
<b>17 PROJECTED BEGINNING RESERVES</b>	7,632,000	6,968,500	47,314,000	61,914,500
<b>18 PROJECTED ENDING RESERVES</b>	<b>\$ 5,868,400</b>	<b>\$ 4,807,600</b>	<b>\$ 45,935,600</b>	<b>\$ 56,611,600</b>

## PROJECTED RESERVE BALANCES

■ Beginning ■ Ending



## EOCWD

### Budget Schedules & Line Items Narrative

#### FY 2021/22 Proposed Budget

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#### Schedule B - District Wide Salaries & Benefits

This schedule provides a detailed analysis of the total District Salaries & Benefits budgeted for FY 21/22. 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 20/21 Projected Results to the FY 21/22 Proposed Budget.

**Line 2 Salaries & Wages** is increasing due to:

- Merit increases of 5%
- A Cost of Living Adjustment (COLA) of 3.6%
- Anticipated hiring of two employees to fill vacant/planned positions with combined additional wages of \$226K.

**Line 3 Health Benefits** expenses are estimated to increase 5% per preliminary estimates from ACWA JPIA. In addition, two new employees are anticipated to be hired and are currently 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 21/22 is increasing due to items discussed for increased salaries and wages.

**Line 5 Worker's Compensation Insurance** FY 21/22 is budgeted based on insurance rates applied to budgeted District salaries.

**Line 6 CalPERS Retirement** rates are 8.65% of base salary for Classic members, and 7.59% 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, 2019 (the last valuation date provided by CalPERS), the District's plan was determined to be 80% funded. In addition to the required UAL contributions, additional discretionary payments can be found on the individual fund budgets. The District anticipates having the plan close to 100% funded by the next valuation date.

**Line 8 Education, Training & Travel** This category is budgeted to increase significantly from projected FY 20/21 costs primarily due increases in staff training and travel, which was largely reduced during FY 20/21 due to the COVID-19 pandemic.

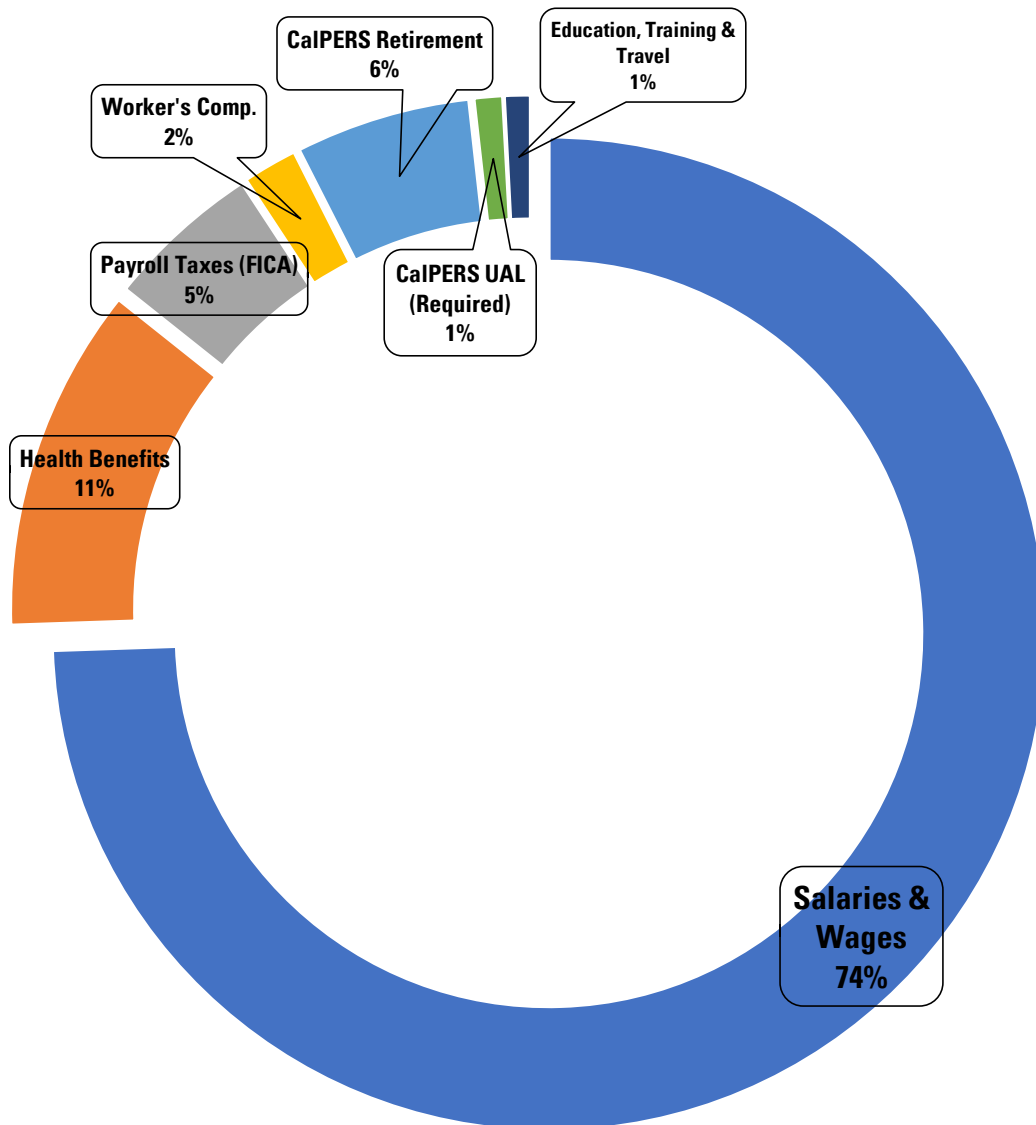


# East Orange County Water District District-Wide Salaries & Benefits FY 2021-22

Schedule B

- 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	E
	FY 2020/21 Adopted Budget	FY 2020/21 Projected Results	FY 2021/22 Proposed Budget	Variance \$ (C - B)	Variance % (D / B)
2 Salaries & Wages	\$ 1,739,200	\$ 1,378,300	\$ 1,764,400	\$ 386,100	28.0%
3 Health Benefits	295,200	204,800	265,900	61,100	29.8%
4 Payroll Taxes (FICA)	116,700	92,500	119,900	27,400	29.6%
5 Worker's Comp.	52,000	28,300	42,000	13,700	48.4%
6 CalPERS Retirement	163,150	102,200	135,000	32,800	32.1%
7 CalPERS UAL (Required)	99,500	23,700	22,000	(1,700)	-7.2%
8 Education, Training & Travel	32,700	3,900	20,000	16,100	412.8%
9 <b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$ 2,498,450</b>	<b>\$ 1,833,700</b>	<b>\$ 2,369,200</b>	<b>\$ 535,500</b>	<b>29.2%</b>







# EOCWD

## Budget Schedules & Line Items Narrative

### FY 2021/22 Proposed Budget

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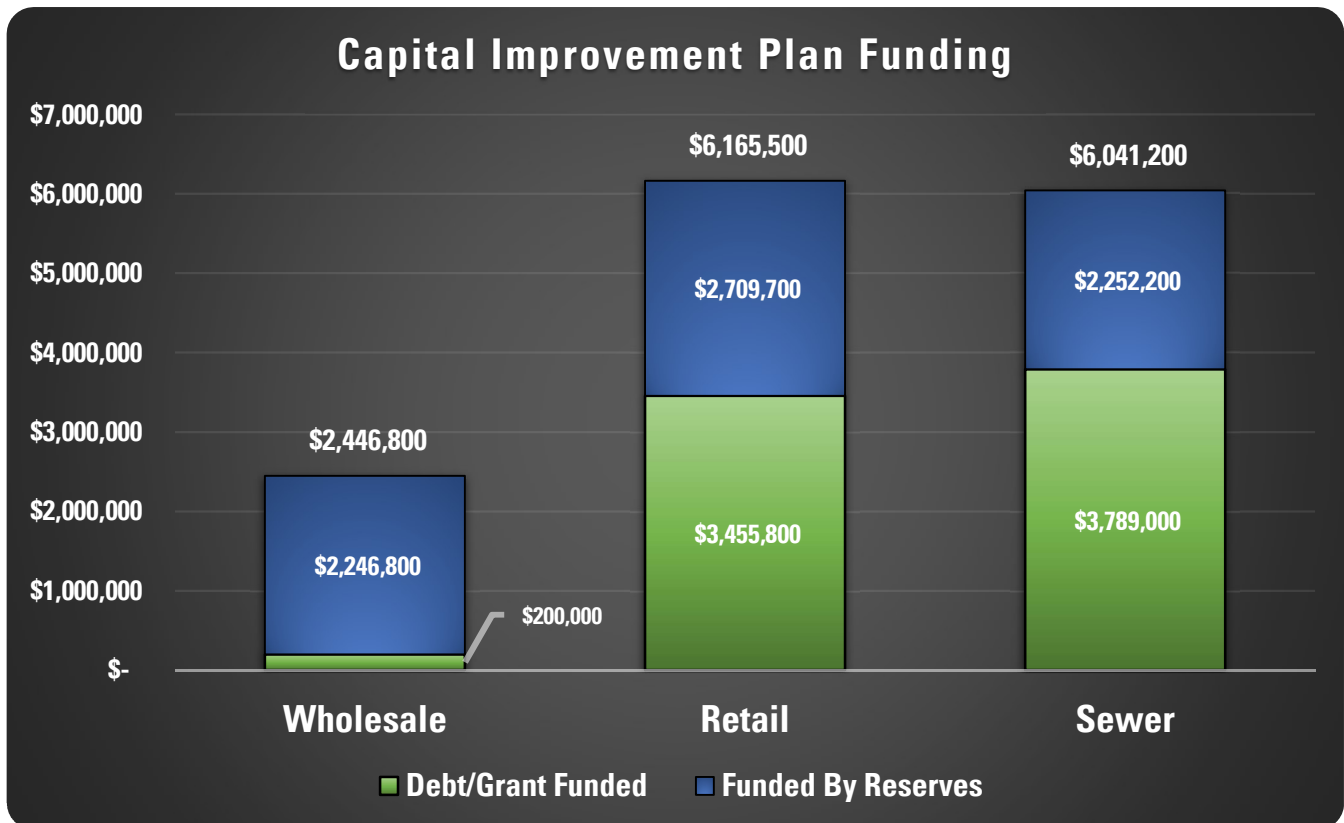
#### **Schedule C – CIP Budget Summary**

This Schedule shows the budget summary by fund for District's Capital Improvement Plan for FY 21/22.

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 21/22 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.

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	<b>Wholesale</b>	<b>Retail</b>	<b>Sewer</b>	<b>Total</b>
	<b>Proposed FY 2021/22 Budget</b>	<b>Proposed FY 2021/22 Budget</b>	<b>Proposed FY 2021/22 Budget</b>	<b>Proposed FY 2021/22 Budget</b>
<b>1 Capital Improvement Program</b>				
2 Wells & Treatment	\$ 550,000	\$ 3,740,500	\$ -	\$ 4,290,500
3 Transmission/Distribution Systems	1,215,000	1,897,000	5,266,900	8,378,900
4 Vehicles & Equipment	165,000	48,000	349,000	562,000
5 Structures & Facilities	333,300	333,300	333,300	999,900
6 Information Technology	57,000	57,000	62,000	176,000
7 Studies & Assessments	126,500	89,700	30,000	246,200
<b>8 Total Capital Improvement Program</b>	<b>2,446,800</b>	<b>6,165,500</b>	<b>6,041,200</b>	<b>14,653,500</b>
9 Less: Debt Proceeds for CIP	-	(3,455,800)	(3,789,000)	(7,244,800)
10 Less: Grant Proceeds for CIP	(200,000)	-	-	(200,000)
<b>11 Net Use of District Reserves for CIP</b>	<b>\$ 2,246,800</b>	<b>\$ 2,709,700</b>	<b>\$ 2,252,200</b>	<b>\$ 7,208,700</b>



**East Orange County Water District  
Wholesale Capital Detail  
FY 2021/22**

*Schedule C-1*

Project ID	Project	Proposed Budget
<b>1</b>	<b>Wells &amp; Treatment</b>	
2	21-38 Newport Reservoir Roof Repair and Recoating	\$ 500,000
3	22-49 Evaluation of Pump Station at Newport Reservoir (Hydraulic Modelling)	50,000
<b>4</b>	<b>Total Wells &amp; Treatment</b>	<b>550,000</b>
<b>5</b>	<b>Transmission/Distribution Systems</b>	
5	21-02 Valve Replacements	75,000
6	21-45 SCADA System Improvements	500,000
8	22-13 Asphalt Repair and seal at Andres Reservoir	10,000
9	21-43 Walnut Vault Replacement	75,000
10	21-50 SAC Pipeline Repairs	100,000
11	22-02 Fire Hydrant(s) on Handy Creek Road	25,000
12	22-12 Asphalt Repair at 6 MG Reservoir site	25,000
13	22-14 Asphalt repair and seal at Newport Reservoir	5,000
14	22-15 Wharf head replacement - Rocking Horse Ridge	25,000
15	22-16 Pedestal Replacement at Chandler Ranch Turnout	30,000
16	22-17 Hydrant relocation at Jamboree	50,000
17	22-21 OC70 Spare Pump	60,000
18	22-34 6MG Reservoir Replacement**	200,000
19	22-46 Easement clearing behind Newport Reservoir	35,000
<b>20</b>	<b>Total Transmission/Distribution Systems</b>	<b>1,215,000</b>
<b>21</b>	<b>Vehicles &amp; Equipment</b>	
22	22-20 Truck Mounted Vacuum	12,000
23	22-23 Skid Steer Tractor	18,000
24	21-34 Truck for Field Ops	135,000
<b>25</b>	<b>Total Vehicles &amp; Equipment</b>	<b>165,000</b>
<b>26</b>	<b>Structures &amp; Facilities</b>	
27	22-33 185 McPherson	333,300
<b>28</b>	<b>Total Structures &amp; Facilities</b>	<b>333,300</b>
<b>29</b>	<b>Information Technology</b>	
30	21-28 Sedaru Upgrades	15,300
31	22-01 Financial & Utility Billing Software and Implementation	41,700
<b>32</b>	<b>Total Information Technology</b>	<b>57,000</b>
<b>33</b>	<b>Studies &amp; Assessments</b>	
34	21-30 UWMP Update	14,000
35	21-51 6MG Reservoir Geotechnical Evaluation	25,000
36	21-29 AWIA Project	87,500
<b>37</b>	<b>Total Studies &amp; Assessments</b>	<b>126,500</b>
<b>38</b>	<b>Wholesale CIP Total</b>	<b>\$ 2,446,800</b>
39	Less: Debts Proceeds Allocated for Capital Projects	-
40	Less: Grant Proceeds Allocated for Capital Projects	(200,000)
<b>41</b>	<b>Wholesale CIP Net Budget (Reserve-Funded)</b>	<b>\$ 2,246,800</b>

\*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 2021/22**

*Schedule C-2*

Project ID		Project	Proposed Budget
1		<b>Wells &amp; Treatment</b>	
2	21-01	VP Reservoir Replacement*	\$ 1,200,600
3	21-05	PFAS Treatment Facility	164,700
4	21-06	VanderWerff Well*	2,255,200
5	22-28	East Well Pump and Motor	120,000
6		<b>Total Wells &amp; Treatment</b>	<b>3,740,500</b>
7		<b>Transmission/Distribution Systems</b>	
8	21-02	Valve Replacements	100,000
9	21-03	Allowance for System Relocations/Pipeline Replacement	130,000
10	21-04	Barret Reservoir Booster Pump Station Replacement	800,000
11	21-11	Brae Glen Pressurized CIPP	50,000
12	21-31	Water Loss Control Program	10,000
13	21-45	SCADA System Improvements	500,000
14	22-18	Orange Knoll PRV Station	50,000
15	22-27	Connection to Los Timbres	60,000
16	22-30	View Ridge New Valve	10,000
17	22-39	Barrett Lane CMLMC Steel Pipe Replacement	12,000
18	22-45	Hydrant Replacements	50,000
19	22-48	Service Lateral Replacement	50,000
20	22-50	Emergency Connection Modifications	75,000
21		<b>Total Transmission/Distribution Systems</b>	<b>1,897,000</b>
22		<b>Vehicles &amp; Equipment</b>	
23	22-20	Truck Mounted Vacuum	18,000
24	22-23	Skid Steer Tractor	30,000
25		<b>Total Vehicles &amp; Equipment</b>	<b>48,000</b>
26		<b>Structures &amp; Facilities</b>	
27	22-33	185 McPherson	333,300
28		<b>Total Structures &amp; Facilities</b>	<b>333,300</b>
29		<b>Information Technology</b>	
30	21-28	Sedaru Upgrades	15,300
31	22-01	Financial & Utility Billing Software and Implementation	41,700
32		<b>Total Information Technology</b>	<b>57,000</b>
33		<b>Studies &amp; Assessments</b>	
34	21-29	AWIA Project	87,500
35	21-30	UWMP Update	2,200
36		<b>Total Studies &amp; Assessments</b>	<b>89,700</b>
37		<b>Retail CIP Total</b>	<b>\$ 6,165,500</b>
38		Less: Debts Proceeds Allocated for Capital Projects	(3,455,800)
39		Less: Grant Proceeds Allocated for Capital Projects	-
40		<b>Retail CIP Net Budget (Reserve-Funded)</b>	<b>\$ 2,709,700</b>

\*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 2021/22**

*Schedule C-3*

Project ID	Project	Proposed Budget
<b>1</b>	<b>Transmission/Distribution Systems</b>	
2	21-13 CIPP	\$ 600,000
3	21-14 Sewer Replacement	240,000
4	21-17 Manhole Rehabilitation/Replacement	125,400
5	21-18 Manhole Additions, Raising, Frames & Covers (includes County projects)	275,000
6	21-19 Septic System Conversions	50,000
7	21-20 Browning Rehabilitation*	3,789,000
8	21-21 Backwater Valve Program	175,000
9	21-26 Smart Covers	12,500
<b>10</b>	<b>Total Transmission/Distribution Systems</b>	<b>5,266,900</b>
<b>11</b>	<b>Vehicles &amp; Equipment</b>	
12	21-24 Forklift	40,000
13	21-25 Arrow Board	16,000
14	22-05 CCTV Truck	245,000
15	22-07 Confined Space Equipment	15,000
16	22-08 Bypass Pump	10,000
17	22-38 Sewer Push Camera	11,000
18	22-23 Skid Steer Tractor	12,000
<b>19</b>	<b>Total Vehicles &amp; Equipment</b>	<b>349,000</b>
<b>20</b>	<b>Structures &amp; Facilities</b>	
21	22-33 185 McPherson	333,300
<b>22</b>	<b>Total Structures &amp; Facilities</b>	<b>333,300</b>
<b>23</b>	<b>Information Technology</b>	
24	21-28 Sedaru Upgrades	20,300
25	22-01 Financial & Utility Billing Software and Implementation	41,700
<b>26</b>	<b>Total Information Technology</b>	<b>62,000</b>
<b>27</b>	<b>Studies &amp; Assessments</b>	
28	22-26 Update Sewer Standards	30,000
<b>29</b>	<b>Total Studies &amp; Assessments</b>	<b>30,000</b>
<b>30</b>	<b>Sewer CIP Total</b>	<b>\$ 6,041,200</b>
<b>31</b>	Less: Debts Proceeds Allocated for Capital Projects	(3,789,000)
<b>32</b>	Less: Grant Proceeds Allocated for Capital Projects	-
<b>33</b>	<b>Sewer CIP Net Budget (Reserve-Funded)</b>	<b>\$ 2,252,200</b>

\*Indicates projects will be funded by Debt Proceeds.

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

## EOCWD

### Budget Schedules & Line Items Narrative

#### FY 2021/22 Proposed Budget

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#### Schedule D: Wholesale Budget Detail

This Schedule shows the detail budget for the District's Wholesale zone and will be used during fiscal year (FY) 21/22 to report monthly operating financials to the Board.

Column (A) is the Adopted Budget for FY 20/21. Column (B) represents projected year-end results for Fiscal Year 20/21 (projected amounts are estimates; actual results will vary). Column (C) displays the Proposed Budget for FY 21/22. Columns (D) and (E) display differences in dollars and percentages from Projected FY 20/21 results to the FY 21/22 Proposed Budget.

#### REVENUES

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

- Revenues are budgeted for FY 21/22 with a 3.5% MWDOC rate increase adopted for consumption after January 1, 2022. MWDOC implemented a previous rate increase of 2.4% January 1, 2021.

**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 21/22 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 on a monthly basis per each agency's number 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 21/22 is budgeted in with a 2% increase on FY 20/21 projected results.

**Line 9 Rental Revenue** – Includes cell tower lease payments from Crown Castle. FY 21/22 is budgeted in line with FY 20/21 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 receipts are expected to decrease as rates continue to decline.

## EOCWD

### Budget Schedules & Line Items Narrative

### FY 2021/22 Proposed Budget

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- **Line 11 Miscellaneous Income** – Includes Meter Charges, Capital Reimbursements, Late Charges, Grant Proceeds, and various types of reimbursements. FY 21/22 is budgeted lower than FY 20/21 projected results primarily due to Hazard Mitigation Plan Grant proceeds (\$94.5K).

#### 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 21/22 with a 3.5% MWDOC rate increase adopted for consumption after January 1, 2022.
- **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** – Expenses to keep the District wholesale system running including: mains, reservoirs, vaults, service connections, meters, cathodic protection, and small tools. FY 21/22 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, Aquatrax and Water Pidgeon. Budget for FY 21/22 determined by the renewal costs of the respective software and allocation to appropriate funds. Sedaru and Aquatrax are allocated at 33.3% respectively to each fund based on the broad use of these programs. Water Pidgeon water metering software is allocated 80% Retail and 20% Wholesale.

**Line 30 Water Quality** – Includes costs of water quality testing, testing supplies, and chemical purchases. Budget for FY 21/22 is based on actual results for FY 20/21 with a 2% 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 21/22 is based on actual results for FY 20/21 with a 2% increase for inflation.

## EOCWD

### Budget Schedules & Line Items Narrative

### FY 2021/22 Proposed Budget

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**Line 32 Vehicles & Equipment** – Includes costs to fuel and maintain District vehicles and equipment for the Wholesale zone. FY 21/22 budget includes provisions for maintenance on vehicles/equipment that are not always needed but act as a safety net for unexpected occurrences.

**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 21/22 Budget is increasing from FY 20/21 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 21/22 is based on actual results for FY 20/21 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 21/22 is budgeted based on FY 20/21 projected results with a 5% estimated increase.

**Line 39 Board of Directors Expense** – Director stipends, mileage and various board meeting expenses. FY 21/22 is budgeted based on projected results for FY 20/21.

**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 member serve four-year terms with seats up for election every other year. The next board member election would take place in December 2022 with no costs anticipated during FY 21/22.

**Line 42 Miscellaneous Expense** includes bank fees, uniforms, and other miscellaneous expenses. FY 21/22 is budgeted based on projected results for FY 20/21 with no 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.





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### Budget Schedules & Line Items Narrative

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

**Line 47 Less: CalPERS Additional Discretionary Payments** – Cash payments toward the CalPERS Unfunded Accrued Liability (UAL) beyond the minimum required UAL payment shown in line 24. Pension liabilities accumulated by District employees exclusive to the Wholesale and Retail Zones are allocated at 50% to each. Pension liabilities incurred after Sewer system acquisition in August 2017 will be allocated at 1/3 each between the Wholesale, Retail and Sewer funds. The District aims to be 100% funded by FY 21/22.

**Line 48 Net Increase / (Decrease) to Reserves** – The use of \$1.764M in Wholesale reserves is budgeted for FY 21/22.



**East Orange County Water District  
Wholesale Budget Detail  
FY 2021-22**

*Schedule D*

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
	<b>FY 2020/21 Adopted Budget</b>	<b>FY 2020/21 Projected Results</b>	<b>FY 2021/22 Proposed Budget</b>	<b>Variance \$ (C - B)</b>	<b>Variance % (D / B)</b>
<b>1 OPERATING REVENUES</b>					
2 Water Sales	\$ 3,900,000	\$ 4,520,500	\$ 4,652,300	\$ 131,800	2.9%
3 Fixed MET/MWDOC Charges	466,500	441,100	464,600	23,500	5.3%
4 Fixed EOCWD Charges	490,000	499,600	499,600	-	0.0%
5 Connection Fees	10,000	22,800	-	(22,800)	-100.0%
<b>6 TOTAL OPERATING REVENUES</b>	<b>4,866,500</b>	<b>5,484,000</b>	<b>5,616,500</b>	<b>132,500</b>	<b>2.4%</b>
<b>7 NON-OPERATING REVENUES</b>					
8 Property Taxes	839,500	946,900	965,800	18,900	2.0%
9 Rental Revenue	105,500	146,900	149,900	3,000	2.0%
10 Interest Income	57,000	113,300	66,600	(46,700)	-41.2%
11 Miscellaneous Income	1,700	110,400	10,000	(100,400)	-90.9%
<b>12 TOTAL NON-OPERATING REVENUES</b>	<b>1,003,700</b>	<b>1,317,500</b>	<b>1,192,300</b>	<b>(125,200)</b>	<b>-9.5%</b>
<b>13 TOTAL REVENUES</b>	<b>5,870,200</b>	<b>6,801,500</b>	<b>6,808,800</b>	<b>7,300</b>	<b>0.1%</b>
<b>14 SOURCE OF SUPPLY</b>					
15 Water Purchases	3,900,000	4,520,500	4,652,300	131,800	2.9%
16 Fixed MET/MWDOC Expense	466,500	441,100	464,600	23,500	5.3%
<b>17 TOTAL SOURCE OF SUPPLY</b>	<b>4,366,500</b>	<b>4,961,600</b>	<b>5,116,900</b>	<b>155,300</b>	<b>3.1%</b>
<b>18 SALARIES &amp; BENEFITS</b>					
19 Salaries & Wages	400,000	340,200	294,300	(45,900)	-13.5%
20 Health Benefits	78,650	52,600	46,200	(6,400)	-12.2%
21 Payroll Taxes (FICA)	31,500	24,100	19,900	(4,200)	-17.4%
22 Worker's Comp.	17,000	6,600	8,300	1,700	25.8%
23 CalPERS Retirement	42,850	28,000	22,400	(5,600)	-20.0%
24 CalPERS UAL (Required)	50,000	6,100	10,200	4,100	67.2%
25 Education, Training & Travel	12,700	900	7,000	6,100	677.8%
<b>26 TOTAL SALARIES &amp; BENEFITS</b>	<b>632,700</b>	<b>458,500</b>	<b>408,300</b>	<b>(50,200)</b>	<b>-10.9%</b>
<b>27 OPERATIONS &amp; MAINTENANCE</b>					
28 Water System Repairs & Maintenance	295,750	197,900	306,500	108,600	54.9%
29 Operations Reporting Software	26,700	20,400	27,100	6,700	32.8%
30 Water Quality	28,000	28,700	29,300	600	2.1%
31 Permits & Fees	15,000	9,300	9,500	200	2.2%
32 Vehicles & Equipment	14,850	13,400	18,800	5,400	40.3%
<b>33 TOTAL OPERATIONS &amp; MAINTENANCE</b>	<b>380,300</b>	<b>269,700</b>	<b>391,200</b>	<b>121,500</b>	<b>45.1%</b>
<b>34 GENERAL &amp; ADMINISTRATIVE</b>					
35 Professional Services	270,000	147,000	209,500	62,500	42.5%
36 District Office Expenses	41,600	26,900	27,400	500	1.9%
37 Dues & Memberships	20,820	14,700	16,100	1,400	9.5%
38 Insurance	19,300	24,600	25,900	1,300	5.3%
39 Board of Directors Expense	12,300	7,700	7,700	-	0.0%
40 Conservation	15,000	3,700	10,000	6,300	170.3%
41 Election Expense	40,000	40,000	-	(40,000)	-100.0%
42 Miscellaneous Expense	5,300	2,000	2,000	-	0.0%
<b>43 TOTAL GENERAL &amp; ADMINISTRATIVE</b>	<b>424,320</b>	<b>266,600</b>	<b>298,600</b>	<b>32,000</b>	<b>12.0%</b>
<b>44 TOTAL EXPENSES</b>	<b>5,803,820</b>	<b>5,956,400</b>	<b>6,215,000</b>	<b>258,600</b>	<b>4.3%</b>
<b>45 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL &amp; ADPs</b>	<b>66,380</b>	<b>845,100</b>	<b>593,800</b>	<b>(251,300)</b>	<b>-29.7%</b>
46 Less: Capital Expenses (Reserve-Funded)	(1,980,051)	(381,900)	(2,246,800)	(1,864,900)	
47 Less: CalPERS Additional Discretionary Payments	-	-	(110,600)	(110,600)	
<b>48 NET INCREASE / (DECREASE) TO RESERVES</b>	<b>\$ (1,913,671)</b>	<b>\$ 463,200</b>	<b>\$ (1,763,600)</b>	<b>\$ (2,226,800)</b>	
<b>49 PROJECTED BEGINNING RESERVES</b>			<b>7,632,000</b>		
<b>50 PROJECTED ENDING RESERVES</b>			<b>\$ 5,868,400</b>		



# EOCWD

## Budget Schedules & Line Items Narrative

### FY 2021/22 Proposed Budget

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#### Schedule E: Retail Budget Detail

This Schedule shows the detail budget for the District's Retail zone and will be used during fiscal year (FY) 21/22 for reporting monthly operating financials to the Board.

Column (A) is the Adopted Budget for FY 20/21. Column (B) represents projected year-end balances for Fiscal Year 20/21. These amounts are estimates; actual results will vary. Column (C) displays the Proposed Budget for FY 21/22. Columns (D) and (E) display \$ and % differences from Projected FY 20/21 results to the FY 21/22 Proposed Budget.

#### REVENUES

**Line 2 Water Sales** – Volumetric water sales including residential, commercial, landscape, and irrigation water sales. Revenues are budgeted for FY 21/22 based on consumption data for FY 20/21 with a 10% rate increase adopted for consumption after October 1, 2021.

**Line 3 Fixed Charges** – This includes the fixed monthly meter charge to retail customers. Revenues are budgeted for FY 21/22 based on FY 20/21 actual results with a 10% rate increase effective October 1, 2021.

**Line 4 Penalty & Other Charges** – This includes late, returned check, turn off and other miscellaneous charges. Budget for FY 21/22 is based on actual results for FY 20/21 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.

**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 21/22 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 21/22 is budgeted in line with actual results from FY 20/21 with a 2% increase.

**Line 11 Interest Revenue** – Interest revenue is earned primarily on District investments in the State of California's Local Agency Investment Fund (LAIF). Interest revenues are expected to decrease by 50% as rates continue to fall.

**Line 11 Miscellaneous Income** – This includes items such as insurance reimbursements, recycling, and other miscellaneous items. FY 21/22 budgeted conservatively at zero due to their unpredictable nature of these revenues.

## EOCWD

### Budget Schedules & Line Items Narrative

#### FY 2021/22 Proposed Budget

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#### 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 21/22 assumes the District will operate primarily using import water.

- **Line 16 Water Purchases** - Volumetric water purchases from MWDOC through the Wholesale zone at the MET/MWDOC rate.
- **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 of active retail meters at each wholesale zone member agency and the MET rates per meter.
- **Line 19 Replenishment Assessment** – This includes the replenishment assessment paid to OCWD per AF pumped from the District's wells. Budget for FY 21/22 anticipates operating primarily on import water.
- **Line 20 Pumping Electricity** – Includes electricity costs to operate the wells. Budget for FY 21/22 is based on actual results for FY 20/21 with a 4% increase. While the District plans to operate on import water for FY 21/22 there are still energy associated with exercising the pumps.

**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 and small tools. FY 21/22 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.

## EOCWD

### Budget Schedules & Line Items Narrative

#### FY 2021/22 Proposed Budget

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**Line 33 Operations Reporting Software** includes monitoring software for operations such as Sedaru, Aquatrax and Water Pidgeon. Budget for FY 21/22 determined by the renewal costs of the respective software and allocation to appropriate funds. Sedaru and Aquatrax are allocated at 33.3% respectively to each fund based on the broad use of these programs. Water Pidgeon water metering software is allocated 80% Retail and 20% Wholesale.

**Line 34 Water Quality** includes costs of water quality testing, testing supplies, and chemical purchases. Budget for FY 21/22 is based on actual results for FY 20/21 with a 2% inflation increase.

**Line 35 Permits & Fees** includes annual water system fees and other regulatory fees. Budget for FY 21/22 is based on actual results for FY 20/21 with a 2% inflation increase.

**Line 36 Vehicles & Equipment** includes costs to fuel and maintain District vehicles and equipment for the Retail zone. FY 21/22 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 21/22 is increasing from actual results for FY 20/21 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 21/22 is based on actual results for FY 20/21 with a 2% 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 21/22 is based on actual results for FY 20/21 with a 5% estimated increase.

**Line 43 Board of Directors Expense** includes director stipends, mileage and board meeting expenses. Budget for FY 21/22 is based on actual results for FY 20/21 with no increase.

**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.

## EOCWD

### Budget Schedules & Line Items Narrative

#### FY 2021/22 Proposed Budget

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**Line 45 Customer Billing** – Includes costs related to the customer billing system, credit card processing, and meter reading. FY 21/22 budget is based on FY 20/21 projected results with a 2% inflation increase.

**Line 46 Miscellaneous Expense** – Includes uniforms, and other miscellaneous expenses. Budget for FY 21/22 is based on actual results for FY 20/21 with no increase.

**Line 47 Election Expense** – Election expenses related to Board member elections. Board member serve four-year terms with seats up for election every other year. The next board member election would take place in December 2022 with no costs anticipated during FY 21/22.

**Line 50 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 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 Less: CalPERS Additional Discretionary Payments** – Cash payments toward the CalPERS Unfunded Accrued Liability (UAL) beyond the minimum required UAL payment shown in line 28. Pension liabilities accumulated by District employees exclusive to the Wholesale and Retail zones are allocated at 50% to each. Pension liabilities incurred after Sewer system acquisition in August 2017 will be allocated at 1/3 each between the Wholesale, Retail and Sewer funds. The District aims to be 100% funded by FY 21/22.

**Line 54 Net Increase / (Decrease) to Reserves** – The use of \$2.161M of Retail reserves is budgeted for FY 21/22.



**East Orange County Water District**  
**Budget Detail - Retail**  
**FY 2021-22**

*Schedule E*

	A	B	C	D	E
	FY 2020/21 Adopted Budget	FY 2020/21 Projected Results	FY 2021/22 Proposed Budget	Variance \$ (C - B)	Variance % (D / B)
<b>1 OPERATING REVENUES</b>					
2 Water Sales	\$ 1,300,000	\$ 1,521,600	\$ 1,635,700	\$ 114,100	7.5%
3 Fixed Charges	495,000	558,300	600,200	41,900	7.5%
4 Penalty & Other Charges	6,100	9,200	9,200	-	0.0%
5 Capital Improvement Charges	325,000	427,400	427,400	-	0.0%
6 Connection Fees	5,000	10,000	-	(10,000)	-100.0%
7 Uncollectible Accounts	(35,000)	(4,600)	(5,200)	(600)	13.0%
<b>8 TOTAL OPERATING REVENUES</b>	<b>2,096,100</b>	<b>2,521,900</b>	<b>2,667,300</b>	<b>145,400</b>	<b>5.8%</b>
<b>9 NON-OPERATING REVENUES</b>					
10 Property Taxes	426,200	490,200	500,100	9,900	2.0%
11 Interest Income	8,500	8,700	4,400	(4,300)	-49.4%
12 Miscellaneous Income	500	14,200	1,000	(13,200)	-93.0%
<b>13 TOTAL NON-OPERATING REVENUES</b>	<b>435,200</b>	<b>513,100</b>	<b>505,500</b>	<b>(7,600)</b>	<b>-1.5%</b>
<b>14 TOTAL REVENUES</b>	<b>2,531,300</b>	<b>3,035,000</b>	<b>3,172,800</b>	<b>137,800</b>	<b>4.5%</b>
<b>15 SOURCE OF SUPPLY</b>					
16 Water Purchases	800,000	921,500	945,800	24,300	2.6%
17 Fixed MET/MWDOC Expense	84,300	30,000	46,200	16,200	54.0%
18 Fixed EOCWD Expense	31,600	28,900	29,000	100	0.3%
19 Replenishment Assessment	125,000	1,000	1,000	-	0.0%
20 Pumping Electricity	74,000	22,000	22,900	900	4.1%
<b>21 TOTAL SOURCE OF SUPPLY</b>	<b>1,114,900</b>	<b>1,003,400</b>	<b>1,022,000</b>	<b>18,600</b>	<b>1.9%</b>
<b>22 SALARIES &amp; BENEFITS</b>					
23 Salaries & Wages	380,000	330,900	435,800	104,900	31.7%
24 Health Benefits	74,900	52,800	66,900	14,100	26.7%
25 Payroll Taxes (FICA)	26,500	21,900	30,900	9,000	41.1%
26 Worker's Comp.	13,000	6,600	10,500	3,900	59.1%
27 CalPERS Retirement	30,900	23,800	33,500	9,700	40.8%
28 CalPERS UAL (Required)	25,000	6,300	10,200	3,900	61.9%
29 Education, Training & Travel	14,000	800	7,500	6,700	837.5%
<b>30 TOTAL SALARIES &amp; BENEFITS</b>	<b>564,300</b>	<b>443,100</b>	<b>595,300</b>	<b>152,200</b>	<b>34.3%</b>
<b>31 OPERATIONS &amp; MAINTENANCE</b>					
32 Water System Repairs & Maintenance	195,650	96,500	218,400	121,900	126.3%
33 Operations Reporting Software	23,000	15,300	16,000	700	4.6%
34 Water Quality	26,500	12,700	13,000	300	2.4%
35 Permits & Fees	10,500	11,200	11,400	200	1.8%
36 Vehicles & Equipment	17,600	14,500	19,100	4,600	31.7%
<b>37 TOTAL OPERATIONS &amp; MAINTENANCE</b>	<b>273,250</b>	<b>150,200</b>	<b>277,900</b>	<b>127,700</b>	<b>85.0%</b>
<b>38 GENERAL &amp; ADMINISTRATIVE</b>					
39 Professional Services	227,500	135,300	204,800	69,500	51.4%
40 District Office Expenses	42,900	29,800	30,400	600	2.0%
41 Dues & Memberships	19,170	10,200	11,600	1,400	13.7%
42 Insurance	11,700	17,500	18,400	900	5.1%
43 Board of Directors Expense	12,500	7,800	7,800	-	0.0%
44 Conservation	30,000	3,800	40,000	36,200	952.6%
45 Customer Billing	24,100	21,000	21,400	400	1.9%
46 Miscellaneous Expense	3,900	1,800	1,800	-	0.0%
47 Election Expense	-	-	-	-	0.0%
<b>48 TOTAL GENERAL &amp; ADMINISTRATIVE</b>	<b>371,770</b>	<b>227,200</b>	<b>336,200</b>	<b>109,000</b>	<b>48.0%</b>
<b>49 TOTAL EXPENSES</b>	<b>2,324,220</b>	<b>1,823,900</b>	<b>2,254,300</b>	<b>430,400</b>	<b>23.6%</b>
<b>50 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL &amp; ADPs</b>	<b>207,080</b>	<b>1,211,100</b>	<b>918,500</b>	<b>(292,600)</b>	<b>-24.2%</b>
51 Less: Debt Service	-	(134,883)	(259,100)	(124,217)	
52 Less: Capital Expenses (Reserve-Funded)	(4,810,000)	(128,500)	(2,709,700)	(2,581,200)	
53 Less: CalPERS Additional Discretionary Payments	-	-	(110,600)	(110,600)	
<b>54 NET INCREASE / (DECREASE) TO RESERVES</b>	<b>\$ (4,602,920)</b>	<b>\$ 947,717</b>	<b>\$ (2,160,900)</b>	<b>\$ (3,108,617)</b>	
<b>55 PROJECTED BEGINNING RESERVES</b>			<b>6,968,500</b>		
<b>56 PROJECTED ENDING RESERVES</b>			<b>\$ 4,807,600</b>		





# EOCWD

## Budget Schedules & Line Items Narrative

### FY 2021/22 Proposed Budget

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#### 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) 21/22 for reporting monthly operating financials to the Board.

Column (A) is the Adopted Budget for FY 20/21. Column (B) represents projected year-end balances for Fiscal Year 20/21. These amounts are estimates; actual results will vary. Column (C) displays the Proposed Budget for FY 21/22. Columns (D) and (E) display \$ and % differences from Projected FY 20/21 results to the FY 21/22 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 21/22 is budgeted in line with actual results from FY 20/21 with a 2% 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. Given the unpredictable nature of sewer permit revenues – these items are budget conservatively at zero for FY 21/22. FOG renewal fees for FY 21/22 are budget based on FY 20/21 actual results.

**Line 4 Uncollectible Accounts** – Sewer Service Fees are assessed by the County of Orange and delivered to the District. These revenues are recognized as they are received from the County. Historically the District does not record any bad debt expense on these fees – as the county acts as the collecting agency. Budget for FY 21/22 is set at zero.

**Line 7 Property Taxes** – Annual Ad Valorem property tax fees assessed to homeowners and paid to the District through the County of Orange. FY 21/22 is budgeted in line with actual results from FY 20/21 with a 2% increase.

**Line 8 Interest Revenue** – Interest revenue is earned primarily on District investments in the US Bank investment account and the State of California's Local Agency Investment Fund (LAIF). Interest revenues in LAIF are expected to decrease by 50% as rates continue to fall.

**Line 11 Miscellaneous Income** – This includes items such as late charges, sewer permit inspection fees and other miscellaneous items. FY 21/22 budgeted conservatively due to their unpredictable nature of these revenues.

#### EXPENSES

**Line 12-20 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



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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 21-26 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 22 Sewer System Repairs & Maintenance** expenses to keep the Sewer system running including: mains repair, insecticide, root control, odor control, uniforms and small tools. FY 21/22 budget includes provisions for maintenance on the Sewer system that are not always needed but act as a safety net for unexpected occurrences.

**Line 23 Operations Reporting Software** includes monitoring software for operations such as Sedaru, Aquatrax and Water Pidgeon. Budget for FY 21/22 determined by the renewal costs of the respective software and allocation to appropriate funds. Sedaru and Aquatrax are allocated at 33.3% respectively to each fund based on the broad use of these programs. Water Pidgeon water metering software is allocated 80% Retail and 20% Wholesale. Budget for the Sewer system in FY 21/22 is decrease from FY 20/21 results due to updated allocations for Sedaru software.

**Line 24 Permits & Fees** includes annual sewer system fees and other regulatory fees. Budget for FY 21/22 is based on actual results for FY 20/21 with a 2% inflation increase.

**Line 25 Vehicles & Equipment** includes costs to fuel and maintain District vehicles and equipment for the Sewer zone. FY 21/22 budget includes provisions for maintenance on vehicles/equipment that are not always needed but act as a safety net for unexpected occurrences.

**Line 27-35 General & Administrative** – Includes professional services, District office expenses, dues and memberships, insurance, board of directors, conservation, election expenses and other administrative expenses.

**Line 28 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 21/22 is increasing from actual results for FY 20/21 due to provisions for legal and engineering costs.

**Line 29 District Office Expenses** includes office repairs, utilities, postage, supplies, safety and records management. Budget for FY 21/22 is based on actual results for FY 20/21 with a 2% inflation increase.

**Line 30 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.



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**Line 31 Insurance** includes auto, general liability and property insurance policies through ACWA-JPIA. Budget for FY 21/22 is based on actual results for FY 20/21 with a 5% estimated increase.

**Line 32 Board of Directors Expense** includes director stipends, mileage and board meeting expenses. Budget for FY 21/22 is based on actual results for FY 20/21 with no increase.

**Line 33 Election Expense** includes costs relating to Board member elections. Board member serve four-year terms with seats coming up for election every other year. The next potential board member election would be in December 2022, no costs are anticipated in FY 21/22.

**Line 34 Miscellaneous Expense** includes US Bank custodial fees, and other miscellaneous expenses. Budget for FY 21/22 is based on actual results for FY 20/21 with a 2% inflation increase.

**Line 37 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 38 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 39 Less Capital Expenses (Reserve-Funded)** – Please refer to schedule C-3 and associated narrative for detailed budget information and analysis.

**Line 40 Less: CalPERS Additional Discretionary Payments** – Cash payments toward the CalPERS Unfunded Accrued Liability (UAL) beyond the minimum required UAL payment shown in line 30. Pension liabilities accumulated by District employees exclusive to the Wholesale and Retail Zones are allocated at 50% to each. Pension liabilities incurred after Sewer system acquisition in August 2017 will be allocated at 1/3 each between the Wholesale, Retail and Sewer funds. The District aims to be 100% funded by FY 21/22.

**Line 41 Net Increase / (Decrease) to Reserves** – The use of \$1.378M of Sewer reserves is budgeted for FY 21/22.



**East Orange County Water District**  
**Budget Detail - Sewers**  
**FY 2021-22**

*Schedule F*

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
	<b>FY 2020/21 Adopted Budget</b>	<b>FY 2020/21 Projected Results</b>	<b>FY 2021/22 Proposed Budget</b>	<b>Variance \$ (C - B)</b>	<b>Variance % (D / B)</b>
<b>1 OPERATING REVENUES</b>					
2 Sewer Service Fees	\$ 2,800,000	\$ 3,091,900	\$ 3,153,700	\$ 61,800	2.0%
3 Sewer Permits & FOG Renewals	-	79,000	17,600	(61,400)	-77.7%
4 Uncollectible Accounts	(90,000)	-	-	-	0.0%
<b>5 TOTAL OPERATING REVENUES</b>	<b>2,710,000</b>	<b>3,170,900</b>	<b>3,171,300</b>	<b>400</b>	<b>0.0%</b>
<b>6 NON-OPERATING REVENUES</b>					
7 Property Taxes	346,300	380,300	387,900	7,600	2.0%
8 Interest Income	-	591,300	470,600	(120,700)	-20.4%
9 Miscellaneous Income	3,000	35,900	20,000	(15,900)	-44.3%
<b>10 TOTAL NON-OPERATING REVENUES</b>	<b>349,300</b>	<b>1,007,500</b>	<b>878,500</b>	<b>(129,000)</b>	<b>-12.8%</b>
<b>11 TOTAL REVENUES</b>	<b>3,059,300</b>	<b>4,178,400</b>	<b>4,049,800</b>	<b>(128,600)</b>	<b>-3.1%</b>
<b>12 SALARIES &amp; BENEFITS</b>					
13 Salaries & Wages	959,200	707,200	1,034,300	327,100	46.3%
14 Health Benefits	141,650	99,400	152,800	53,400	53.7%
15 Payroll Taxes	58,700	46,500	69,100	22,600	48.6%
16 Worker's Compensation Insurance	22,000	15,100	23,200	8,100	53.6%
17 CalPERS Retirement	89,400	50,400	79,100	28,700	56.9%
18 CalPERS Unfunded Accrued Liability (Required)	24,500	11,300	1,600	(9,700)	-85.8%
19 Education, Training & Travel	6,000	2,200	5,500	3,300	150.0%
<b>20 TOTAL SALARIES &amp; BENEFITS</b>	<b>1,301,450</b>	<b>932,100</b>	<b>1,365,600</b>	<b>433,500</b>	<b>46.5%</b>
<b>21 OPERATIONS &amp; MAINTENANCE</b>					
22 Sewer System Repairs & Maintenance	156,200	183,300	282,000	98,700	53.8%
23 Operations Reporting Software	26,000	43,500	27,800	(15,700)	-36.1%
24 Permits & Fees	25,000	22,700	23,200	500	2.2%
25 Vehicles & Equipment	53,000	62,300	65,700	3,400	5.5%
<b>26 TOTAL OPERATIONS &amp; MAINTENANCE</b>	<b>260,200</b>	<b>311,800</b>	<b>398,700</b>	<b>86,900</b>	<b>27.9%</b>
<b>27 GENERAL &amp; ADMINISTRATIVE</b>					
28 Professional Services	310,000	197,000	243,600	46,600	23.7%
29 District Office Expenses	34,300	48,400	49,200	800	1.7%
30 Dues & Memberships	14,950	12,600	10,000	(2,600)	-20.6%
31 Insurance	43,300	22,300	23,400	1,100	4.9%
32 Board of Directors Expense	11,500	7,000	7,000	-	0.0%
33 Election Expense	200,000	46,900	-	(46,900)	-100.0%
34 Miscellaneous Expense	13,000	29,600	24,800	(4,800)	-16.2%
<b>35 TOTAL GENERAL &amp; ADMINISTRATIVE</b>	<b>627,050</b>	<b>363,800</b>	<b>358,000</b>	<b>(5,800)</b>	<b>-1.6%</b>
<b>36 TOTAL EXPENSES</b>	<b>2,188,700</b>	<b>1,607,700</b>	<b>2,122,300</b>	<b>514,600</b>	<b>32.0%</b>
<b>37 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL &amp; ADPs</b>	<b>870,600</b>	<b>2,570,700</b>	<b>1,927,500</b>	<b>(643,200)</b>	<b>-25.0%</b>
38 Less: Debt Service	-	(539,400)	(1,036,300)	(496,900)	
39 Less: Capital Expenses (Reserve-Funded)	(6,511,000)	(1,050,700)	(2,252,200)	(1,201,500)	
40 Less: CalPERS Additional Discretionary Payments	-	-	(17,400)	(17,400)	
<b>41 NET INCREASE / (DECREASE) TO RESERVES</b>	<b>\$ (5,640,400)</b>	<b>\$ 980,600</b>	<b>\$ (1,378,400)</b>	<b>\$ (2,359,000)</b>	
<b>42 PROJECTED BEGINNING RESERVES</b>			<b>47,314,000</b>		
<b>43 PROJECTED ENDING RESERVES</b>			<b>\$ 45,935,600</b>		