

OC San FY 2021-22 Budget Assumptions

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Controller
Administration
Committee
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Budget Development Assumptions

Economics

- Inflation for Orange County is projected to be approximately 1.8%.

Revenue

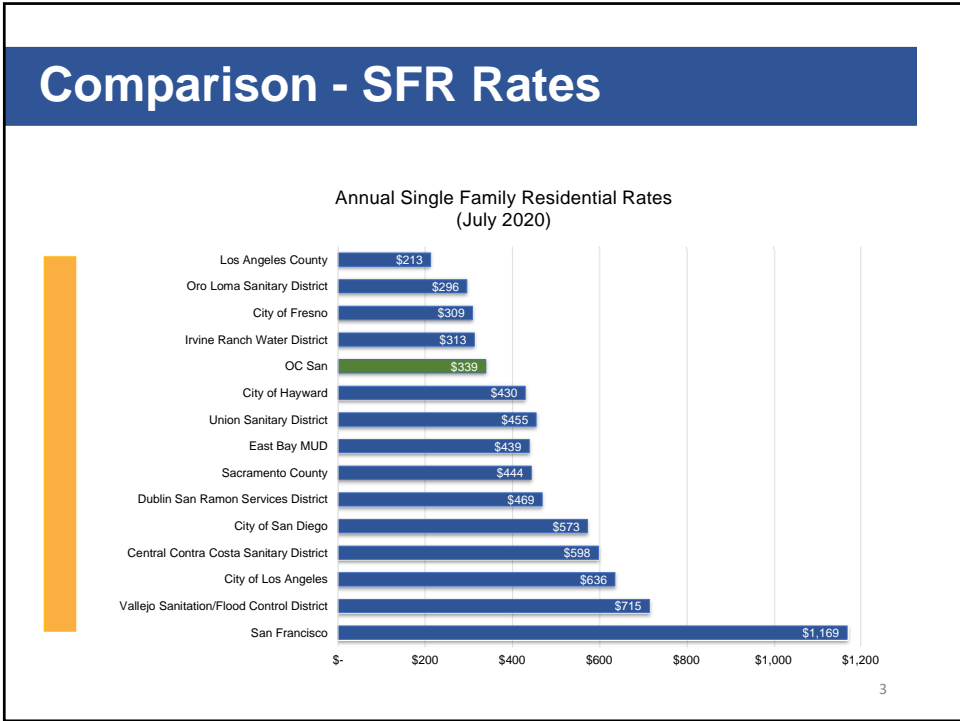
- After a one-year rate increase postponement, OC San will resume following the Board approved Sewer Service Fee Rate Schedule, the single-family residence (SFR) rate will increase by \$4 (1.2 percent) to \$343 in FY 2021-22.

Reserves

- Current reserve policy is unchanged.

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Operations

- Average daily flows are projected to be 188 mgd for FY2021-22. This projection reflects an expected increase of 3.9 mgd from the actual for the first six months of the current year.
- Operating expenses are expected to approximate the previously adopted FY 2021-22 budget of \$174 Million.

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Staffing

- Staffing level is expected to remain essentially flat. The current authorized staffing level is 639 FTE.
- A 3% vacancy factor will be budgeted for authorized positions.
- Salary adjustments will be based on current MOUs.
- Moderate increases in benefits are anticipated.

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Capital Improvement Program (CIP)

- Cash flow assumptions are based on the most recent validated CIP and the 2017 Facilities Master Plan.
- Baseline CIP is \$241 million for FY 2021-22.

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Debt Financing

- The District will issue debt in the form of Certificates of Participation (COP) as the chief mechanism for funding the CIP and to maintain reserves if required.
- No additional “new money” debt issuance is scheduled for FY 2021-22.
- Maturing or Callable Debt will be reviewed for payoff or refinance.

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Budget Summary

Revenues	FY 21-22	Ten Year Cash Flow
Fees and Charges	\$ 359M (73%)	\$ 3,734M (72%)
Property Taxes	102M (21%)	1,129M (22%)
Interest / Other	<u>33M (6%)</u>	<u>292M (6%)</u>
Total Revenues	\$ 494M	\$ 5,155M
Expenditures	FY 21-22	Ten Year Cash Flow
Operating	\$ 174M (30%)	\$ 1,947M (35%)
CIP / RRR	241M (41%)	2,747M (50%)
Debt Service	67M (11%)	650M (12%)
Reduction of LT Liab.	102M (17%)	102M (2%)
Other	<u>7M (1%)</u>	<u>36M (1%)</u>
Total Outlays	\$ 591M	\$5,482M
Net Surplus (Deficit)	\$ (97M)	\$ (327)M

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Budget - Key Meeting Dates

- Budget Assumptions
February
- Review of Revenues
March
- Review of Expenditures
April

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Budget - Key Meeting Dates

- Operations Committee
Budget Overview
May, June
- Administration Committee
Budget Elements Review
May, June
- Board Meeting
FY 21-22 Budget Update Approval
June

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Questions



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