

Proposed FY 2023-24 Budget Update

*Wally Ritchie,
Director of
Finance*

*Administration
Committee*

June 14, 2023

OC SAN
ORANGE COUNTY SANITATION DISTRICT

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Overview

- FY 2023-24 Budget Update
 - Stable Revenues
 - Challenging Inflationary Environment
 - Expenses Include
 - Operating
 - Capital Improvement Program
 - Debt Service
 - Staffing – FY 2023-24 (653 FTE)
 - No New Debt

*All figures in millions unless otherwise noted

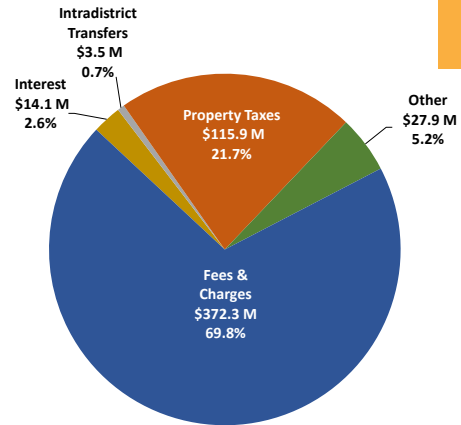
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REVENUE

Where the Money Comes From

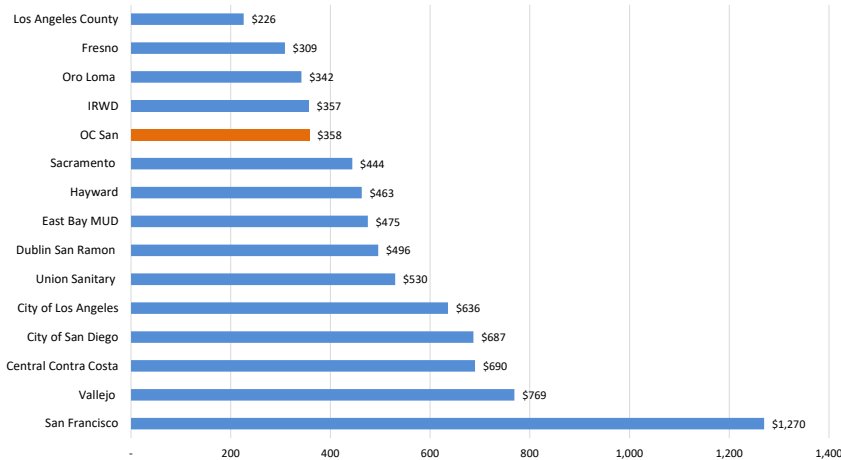
Category	2022-23 Adopted	2023-24 Adopted	2023-24 Proposed
Service Fees	\$326.0	\$339.2	\$337.7
Property Taxes	109.8	112.1	115.9
Permit User Fees	12.5	12.9	16.1
Capital Facilities Capacity Charges	17.9	18.5	18.5
Interest	14.5	13.7	14.1
Intradistrict Transfers	3.5	3.5	3.5
Debt Proceeds	0.0	0.0	0.0
Other Revenue	31.2	26.1	27.9
Total Funding Sources	\$515.4	\$526.0	\$533.7



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REVENUE - RATES

Annual Single-Family Residential Rate
(July 2022)



SFR Rate for FY 2023-24
\$358
\$11 or 3.2% Increase

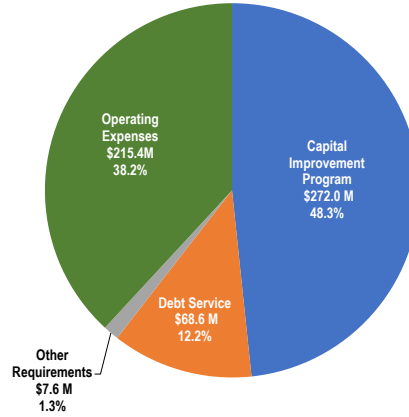
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EXPENSES

Where the Money Goes

Funding Uses by Category
(in millions)

Category	2022-23 Adopted	2023-24 Adopted	2023-24 Proposed
Capital Improvement Program, Net	\$268.2	\$315.3	\$272.0
Operating Expenses	201.1	209.9	215.4
Debt Service	68.6	68.6	68.6
Other Requirements	7.2	7.4	7.6
Total Funding Uses	\$545.1	\$601.2	\$563.6



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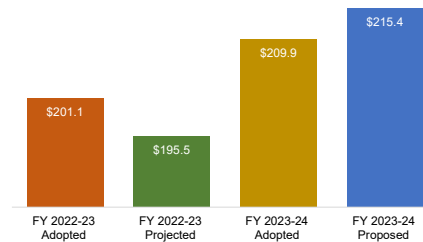
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OPERATING EXPENSES

Expenses by Department (in millions)

Department	2022-23 Budget	2023-24 Originally Proposed	Percent Change	2023-24 Updated Proposed	Percent Change
<i>Administration Units</i>					
General Manager's Office	\$4.4	\$4.3	(2.3%)	\$5.1	17.8%
Human Resources	7.9	8.0	1.3%	8.9	11.6%
Administrative Services	32.0	33.4	4.4%	34.0	1.4%
<i>Sub-Total</i>	<i>\$44.3</i>	<i>\$45.7</i>	<i>3.2%</i>	<i>\$48.0</i>	<i>5.0%</i>
<i>Operating Units</i>					
Environmental Services	22.7	23.8	4.8%	24.1	1.3%
Engineering	8.9	9.0	1.1%	8.1	(10.2%)
Operations & Maintenance	125.2	131.4	4.9%	135.2	2.9%
<i>Sub-Total</i>	<i>\$156.8</i>	<i>\$164.2</i>	<i>4.7%</i>	<i>\$167.4</i>	<i>1.9%</i>
Total	\$201.1	\$209.9	4.4%	\$215.4	2.6%

Operating Expenses
(in millions)



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OPERATING EXPENSES

Category	2022-23 Adopted	2022-23 Projected	2023-24 Adopted	2023-24 Proposed
Salaries and Benefits	\$112.8	\$105.6	\$118.4	\$116.6
Contractual Services	20.1	20.2	21.2	21.8
Repairs and Maintenance	32.1	30.2	33.8	35.5
Operating Materials & Supplies	24.5	27.5	26.0	30.5
Utilities	12.8	16.2	12.6	12.3
Professional Services	7.9	6.0	7.6	7.6
Other Materials, Supplies, Services	3.4	2.1	3.8	3.4
Self-Insurance Requirements	2.4	2.4	2.7	3.2
Administrative Expenses	2.3	2.1	2.2	2.3
Training and Meetings	1.2	0.6	1.1	1.2
Research and Monitoring	1.7	1.4	1.8	1.8
Printing and Publications	0.8	0.6	0.4	0.4
Cost Allocation	(20.8)	(19.5)	(21.6)	(21.6)
Total Operating Expenses	\$201.1	\$195.5	\$209.9	\$215.4

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OPERATING EXPENSES – COST PER MG

Five-Year Cost per MG

Agency	Svc.	Trt.	FY 17-18 Cost/MG	FY 18-19 Cost/MG	FY 19-20 Cost/MG	FY 20-21 Cost/MG	FY 21-22 Cost/MG
Vallejo Sanitation/Flood Control District	B	2	\$ 5,393	6,137	8,682	9,108	9,595
San Francisco	B	2	\$ 5,295	5,995	7,573	9,456	7,152
Central Contra Costa Sanitary District	B	3	\$ 5,588	3,980	5,284	6,513	6,353
Union Sanitary District	B	2	\$ 4,757	4,838	5,655	5,569	5,623
City of San Diego	B	3	\$ 4,147	4,180	3,977	4,219	4,263
East Bay MUD	T	2	\$ 3,137	2,710	3,122	4,052	3,674
Dublin San Ramon Services District	B	3	\$ 3,422	3,692	3,441	3,570	3,406
City of Los Angeles	B	3	\$ 2,329	3,046	3,021	2,763	3,120
Sacramento County	T	3	\$ 2,831	2,812	3,407	3,470	2,819
Los Angeles County	B	3	\$ 2,077	2,264	2,343	2,338	2,786
Orange County Sanitation District	B	2	\$ 2,069	2,275	2,422	2,428	2,255
City of Fresno	B	3	\$ 1,813	1,945	1,993	2,100	2,235

Projected Cost per MG

FY 2022-23

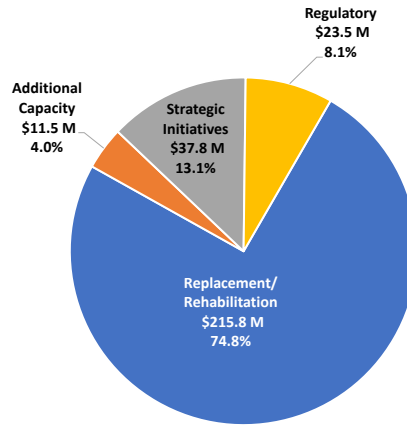
\$2,894

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CAPITAL IMPROVEMENT PROGRAM

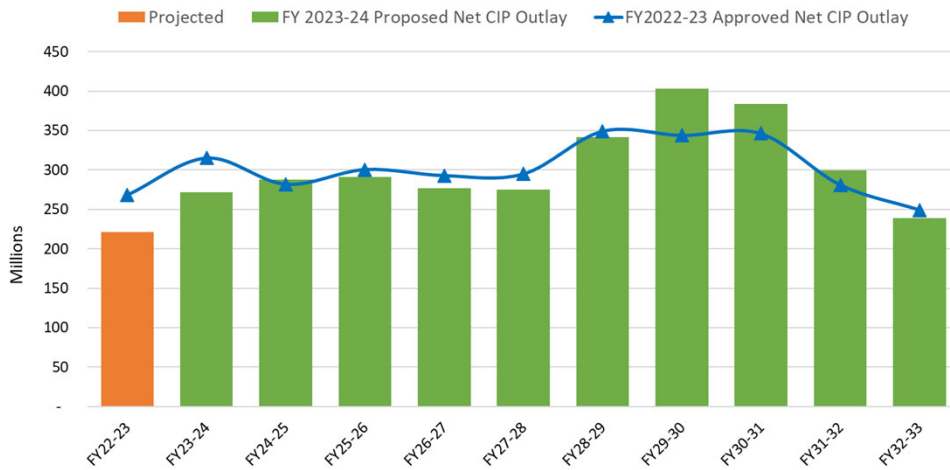
<u>CIP Categories</u>	<u>FY 2023-24</u>
Treatment Projects	\$ 242.3
Collection Projects	34.2
Equipment	12.1
FY 2021-22 CIP Authority	288.6
CIP Savings & Deferrals	(16.6)
Net CIP	\$ 272.0
 10-Year Net CIP Outlay	 \$ 3.1 Billion



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CAPITAL IMPROVEMENT PROGRAM



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DEBT SERVICE

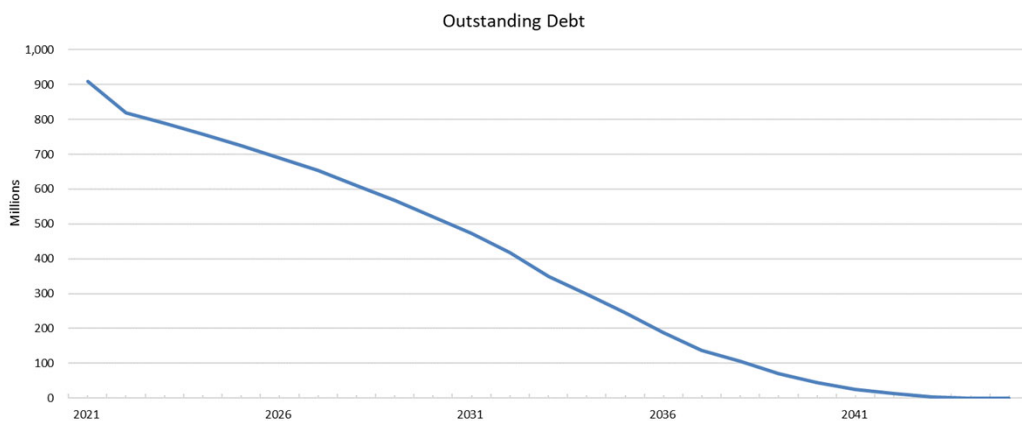
Total Outstanding COP Balance 7/1/23	\$ 789.8M
Blended Interest Rate	2.71%
FY 2023-24 Debt Service	\$ 68.6M

* All outstanding debt to be paid off by 2044

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DEBT SERVICE



* No New Debt Issues are Planned

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SUMMARY

Revenue

Fees & Charges	\$372.3M	
Property Taxes	\$115.9M	
Other	\$ 27.9M	
Interest	\$ 14.1M	
Intradistrict	<u>\$ 3.5M</u>	
Total Revenue		\$533.7M

Expenses

CIP	\$272.0M	
Operating	\$215.4M	
Debt Service	\$ 68.6M	
Other	<u>\$ 7.6M</u>	
Total Expenses		\$563.6M (\$ 29.9M)

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Questions



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