

OCSD FY 2020-21 & 2021-22 Budget Assumptions

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Administration Committee
February 19, 2020



Budget Development Assumptions



Economics

- Inflation for Orange County is projected to be approximately 1.9%.

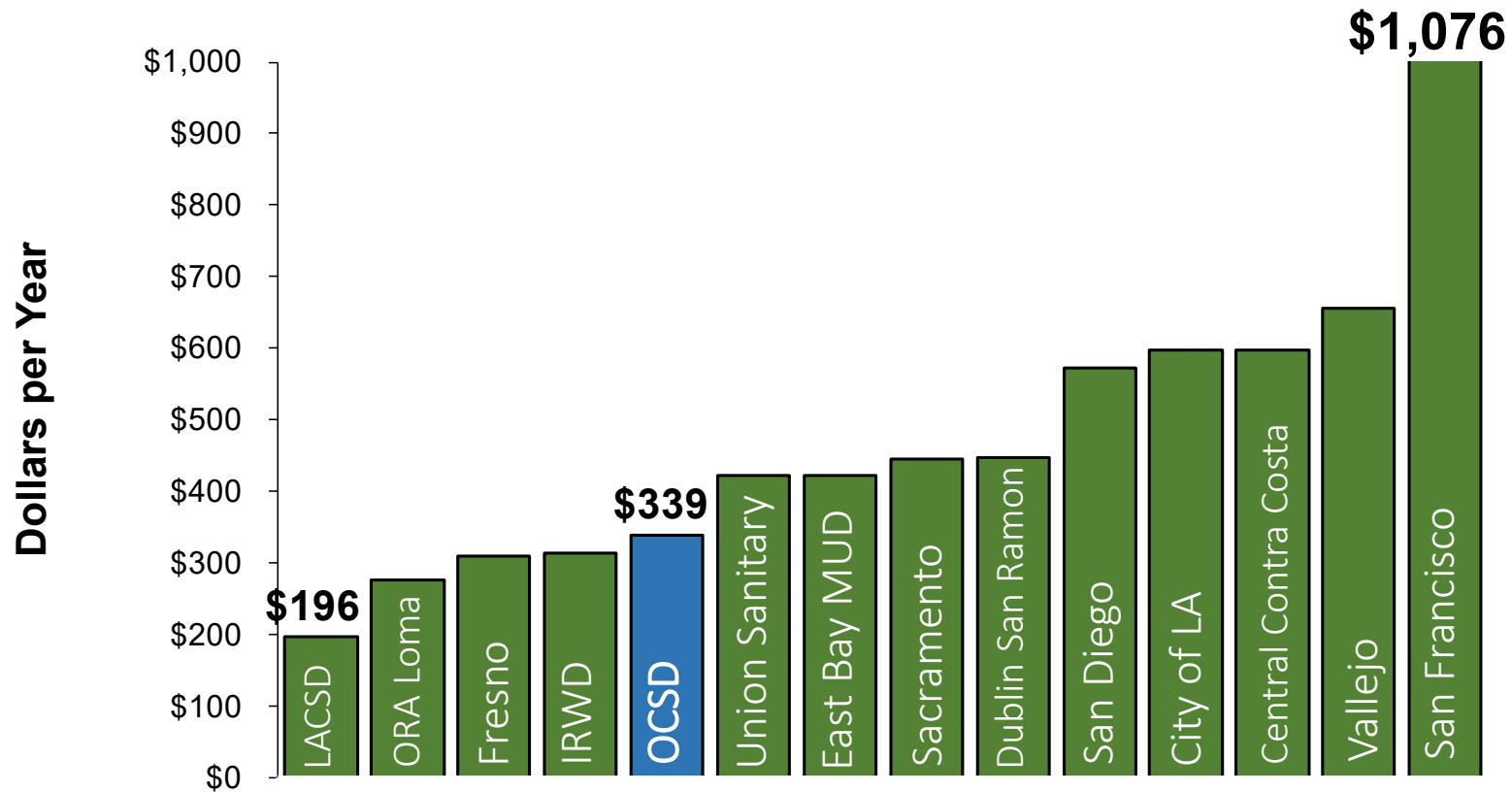
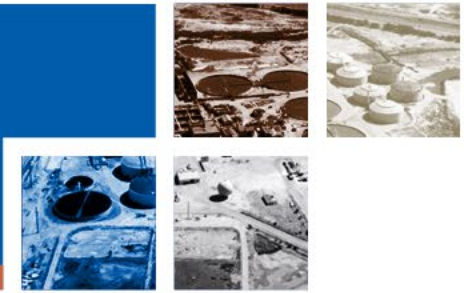
Revenue

- Based upon the revised Sewer Service Fee Rate Schedule approved by the Board in March 2018, the single-family residence (SFR) rate will increase by 1.2% to \$343 in FY 2020-21 and \$347 in FY 2021-22.

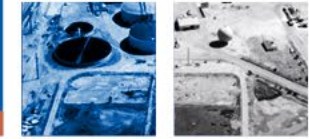
Reserves

- Current reserve policy is unchanged

Comparison of Single-Family Residential Rates (July 2019)

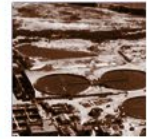
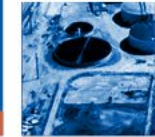


Operations



- Average daily flows are projected to be 188 mgd for FY2020-21 and FY2021-22. This projection reflects an expected increase of 0.6 mgd from the actual for the first six months of the current year.
- Operating expenses are expected to approximate the previously adopted FY 2019-20 budget of \$168 Million.

Staffing



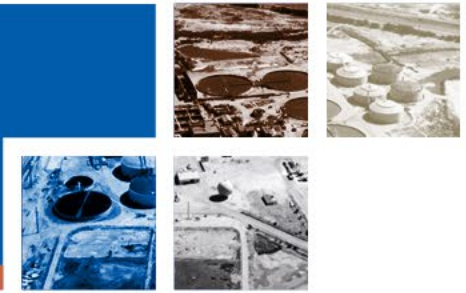
- Staffing level is expected to remain essentially flat. The current authorized staffing level is 640 FTE.
- A 3% vacancy factor will be budgeted for authorized positions.
- Salary adjustments will be based on newly negotiated MOUs.
- Moderate increases in benefits are anticipated.

Capital Improvement Program (CIP)



- Cash flow assumptions are based on the most recent validated CIP and the 2017 Facilities Master Plan.
- Baseline CIP is \$153 million for FY 2019-20.

Debt Financing



- The Sanitation 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 2020-21.
- Maturing or Callable Debt will be reviewed for payoff or refinance.

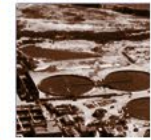
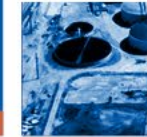
Budget Summary



Revenues	FY 19-20	Ten Year Cash Flow
Fees and Charges	\$ 346M (74%)	\$ 3,798M (73%)
Property Taxes	96M (21%)	1,131M (22%)
Interest / Other	<u>26M (5%)</u>	<u>286M (5%)</u>
Total Revenues	\$ 468M	\$ 5,215M
Expenditures	FY 19-20	Ten Year Cash Flow
Operating	\$ 168M (41%)	\$ 1,912M (36%)
CIP / RRR	153M (38%)	2,606M (49%)
Debt Service	77M (19%)	724M (14%)
Other	<u>8M (2%)</u>	<u>34M (1%)</u>
Total Outlays	\$ 406M	\$5,276M
Net Surplus (Deficit)	\$ 62M	\$ (61)M

Budget Development

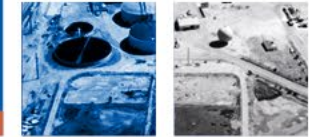
Key Meeting Dates



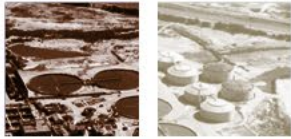
- Budget Assumptions February
- Review of Revenues March
- Review of Expenditures April

Budget Development

Key Meeting Dates



- Operations Committee
Budget Overview
May, June
- Administration Committee
Budget Elements Review
May, June
- Board Meeting
FY 20-21 & FY 21-22 Biennial
Budget Approval
June



Questions?

