



Fiscal Year 2021 Proposed Budget

Strategic Plan Goals:

- Safe, Abundant
Reliable Water Supply
- Perpetual Infrastructure
- Financial Responsibility
- Public Awareness
- Retain Skilled Employees
- Outstanding Customer Service
- Participate in Regional Water Issues



Mesa Water

- Financially Strong
- AAA ratings

**STANDARD
& POOR'S**

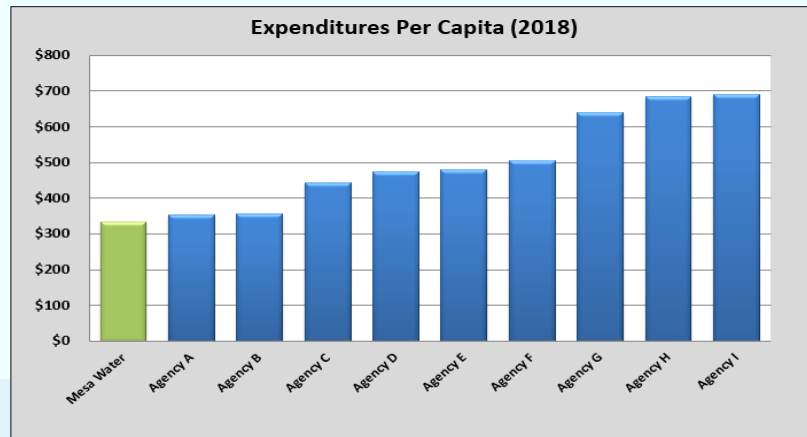
FitchRatings



3 | May 14, 2020



Efficient



4 | May 14, 2020



Clean, Safe, Local & Reliable

Mesa Water Reliability Facility (MWRF) Benefits:

- High-quality water
- Groundwater basin clean-up
- Drought-resilient local water supply
- Lower carbon foot-print

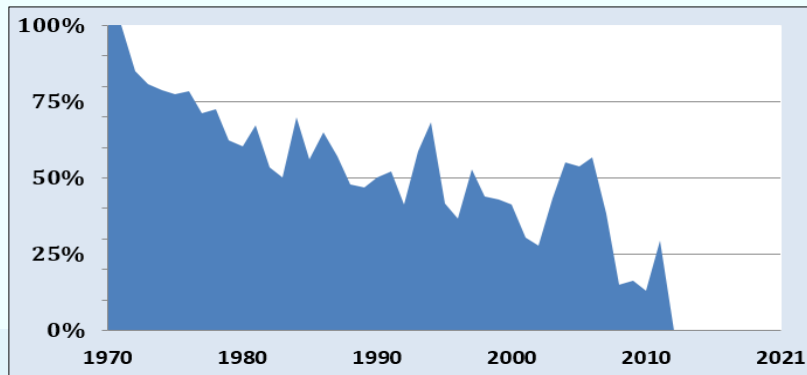


5 | May 14, 2020



Clean, Safe, Local & Reliable

Historical % of Annual Imported Water



6 | May 14, 2020



Committed to Transparency



7 | May 14, 2020



Revenue & Expense Forecast

- Covid-19 Financial Impact
- Revenue Forecasted at \$37.9 Million down 7.8% from the original budget.
- Expenses Forecasted at \$30.9 Million down 6.4% from the original budget.
- Net impact on Operating Income Forecasted to be \$700,000 less than the original budget

8 | May 14, 2020



Covid-19 AAA Impact

- Reduction in Operating Income results in Cash on Hand being \$33.4 Million and Days Cash of 486.
- Cash on Hand \$3.8 Million less than the Original Budget
- Days Cash 13 days less than the Original Budget.
- Debt Coverage Ratio is projected to be at 320% slightly less than the original budget.
- Targeted minimum designated funds is approximately \$37.4 Million.

9 | May 14, 2020



Section 115 Pension Trust

- As of June 30, 2019 Pension Liability was \$10.5 Million
- As of April 30, 2020 Section 115 Pension Trust Balance \$12.5 Million
- \$1.7 Million less than January 31, 2020 of \$14.2 Million.

10 | May 14, 2020



Section 115 OPEB Trust

- As of June 30, 2019 OPEB Liability was \$1.9 Million
- As of April 30, 2020 the PARS Section 115 OPEB Trust Balance \$1.4 Million
- \$100,000 less than January 31, 2020 of \$1.5 Million.

11 | May 14, 2020



Board's Target

- 600 Days Cash
- \$39.7 Million Cash on hand
- 150% Debt Coverage

12 | May 14, 2020



Budget Assumptions

- Decrease in budgeted water production FY 2021 budgeted potable water production of 16,869 acre feet vs. 18,954 acre feet in FY 2020 (11% Decrease, due to COVID-19)
- Third/Fourth year of approved 5-year rate adjustments
- FY 2021 does not includes Basin Managed Water
- Replenishment Assessment (RA) did not increase
- BPP for FY 2021 remained at 77% from FY 2020

13 | May 14, 2020



Budget Assumptions

Increased water costs:

		Per Acre Foot		
		Replenishment Assessment	Recycled Water	Imported Variable Cost
2016	Actual	322.00	408.00	923/942
2017	Actual	402.00	478.40	942/979
2018	Actual	445.00	738.00	979/1,015
2019	Actual	462.00	838.00	1,015/1,050
2020	Actual	487.00	867.00	1,050/1,078
2021	Budgeted	487.00	905.00	1,078/1,131

14 | May 14, 2020



FY 2021 Proposed Budget

- FY 2021 Budget funds the Board's objectives and supports the goals of the Strategic Plan
- FY 2021 Budget Operating Revenues decreased by 5.1% to \$39.0 Million from \$41.1 Million
- Operating Expenses decreased by 1.9% in the FY 2021 budget to \$27.3 Million from \$27.8 Million

15 | May 14, 2020



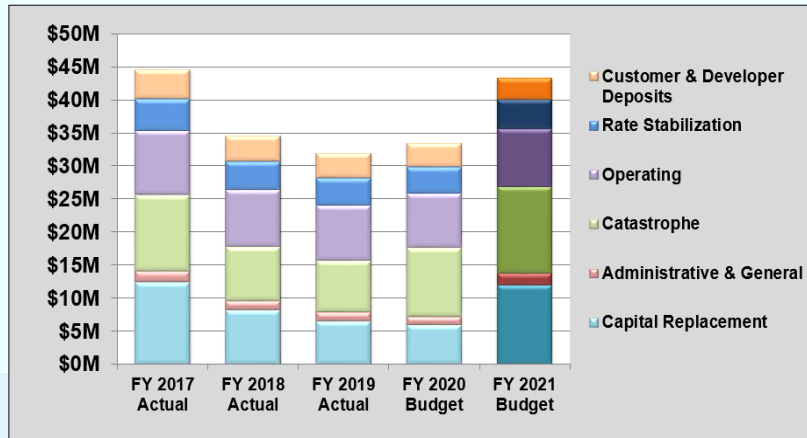
FY 2021 Proposed Budget

- Debt Service of \$6.2 Million in FY 2021 vs. \$4.1 Million in FY 2020
- Capital Expenditures is \$21.4 Million with focus on Water Infrastructure (2 new well construction, operations routine capital, other agency projects) MWRF education center, and IT Security Upgrades
- 2.0 increase of Full Time Equivalent limited term employees.

16 | May 14, 2020



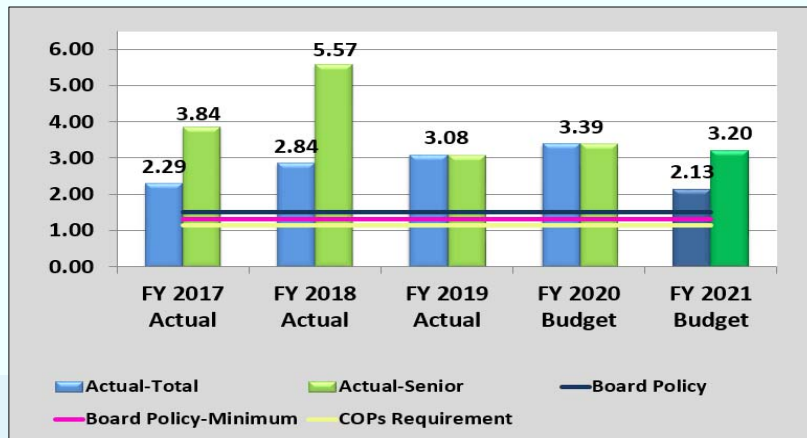
Designated Funds



17 | May 14, 2020



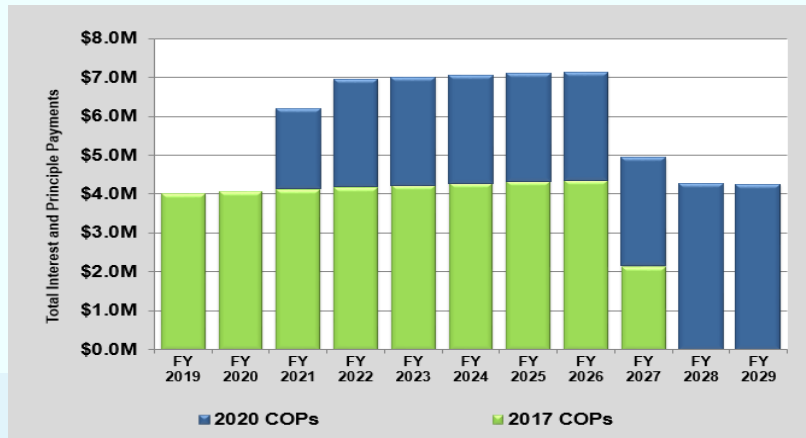
Debt Service Coverage Ratio



18 | May 14, 2020



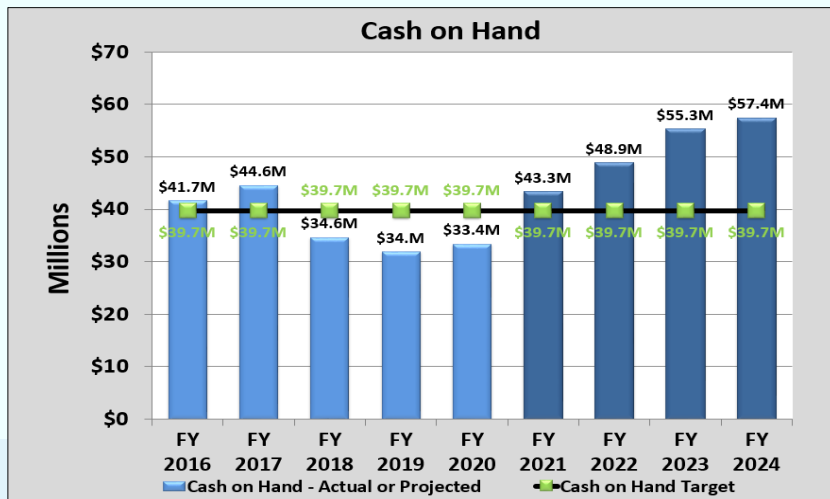
Debt Service Payments



19 | May 14, 2020

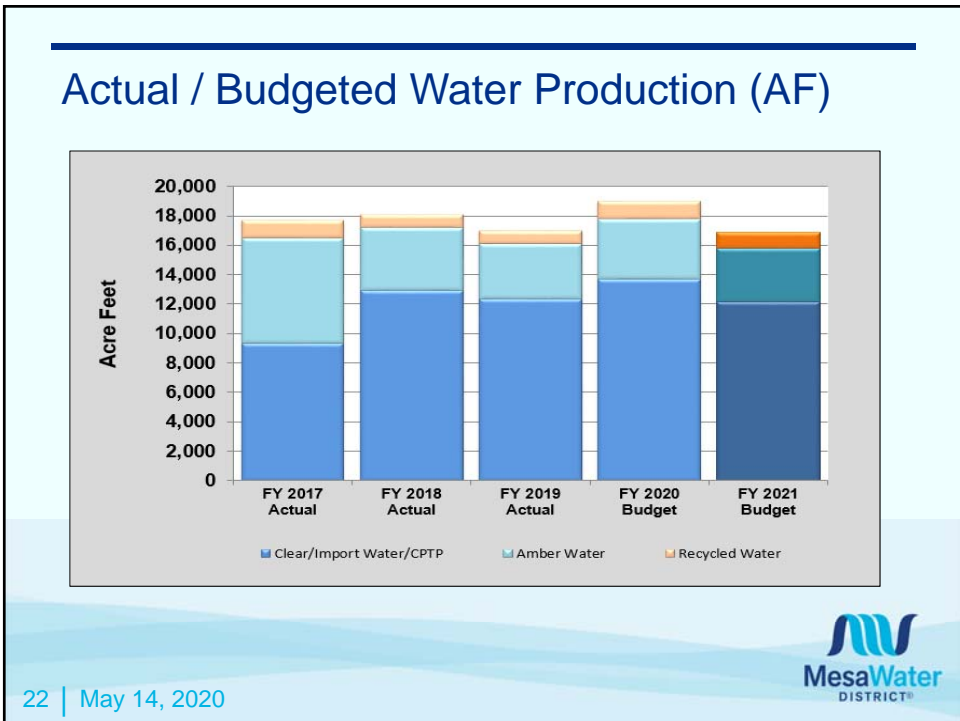
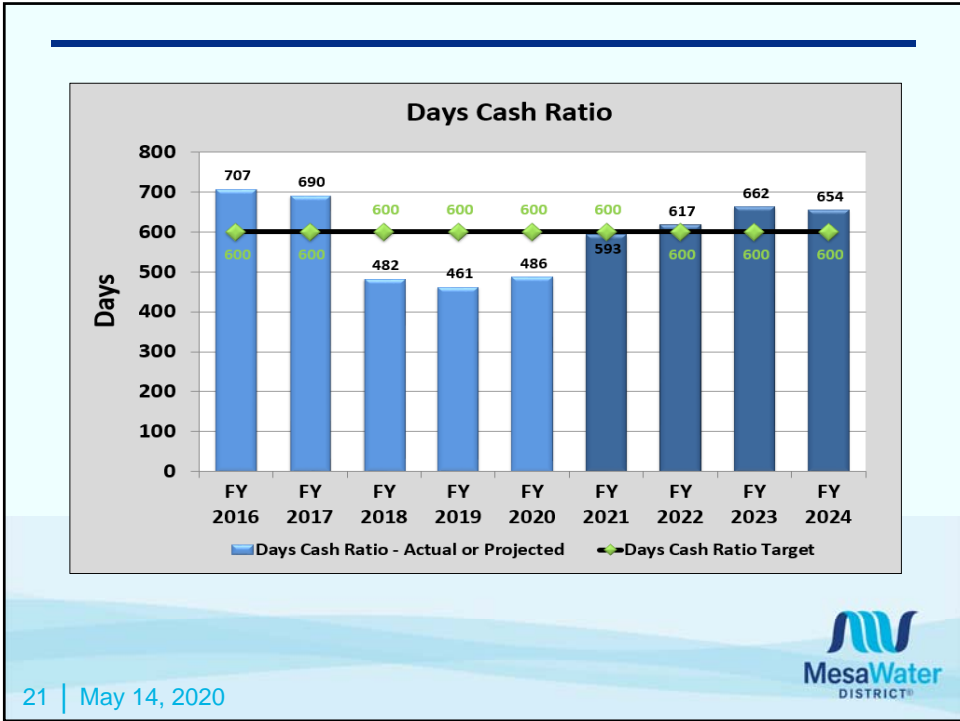


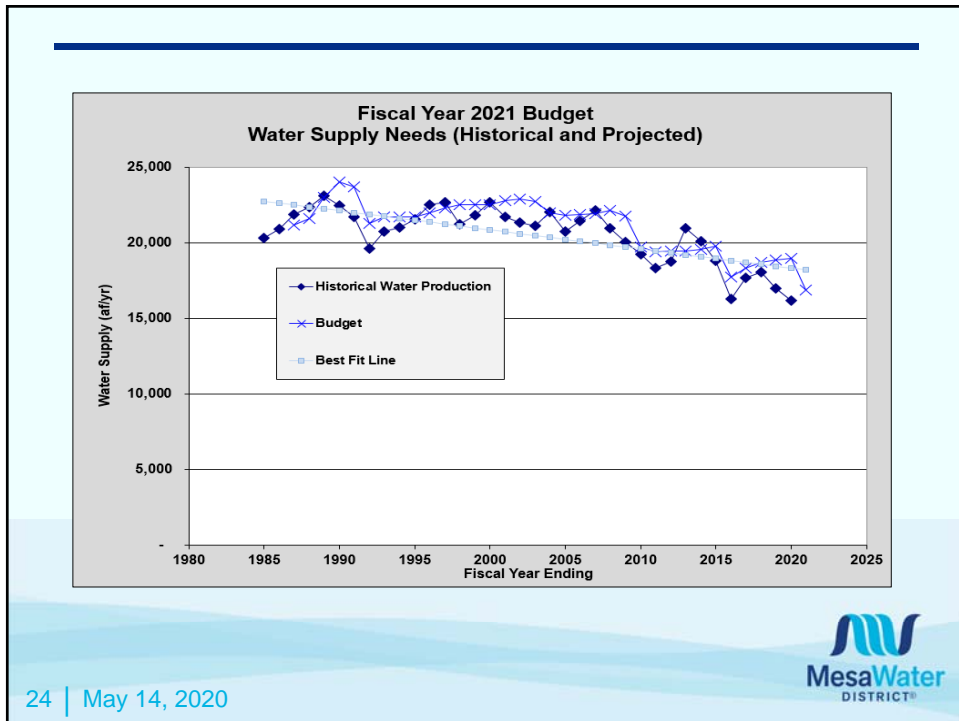
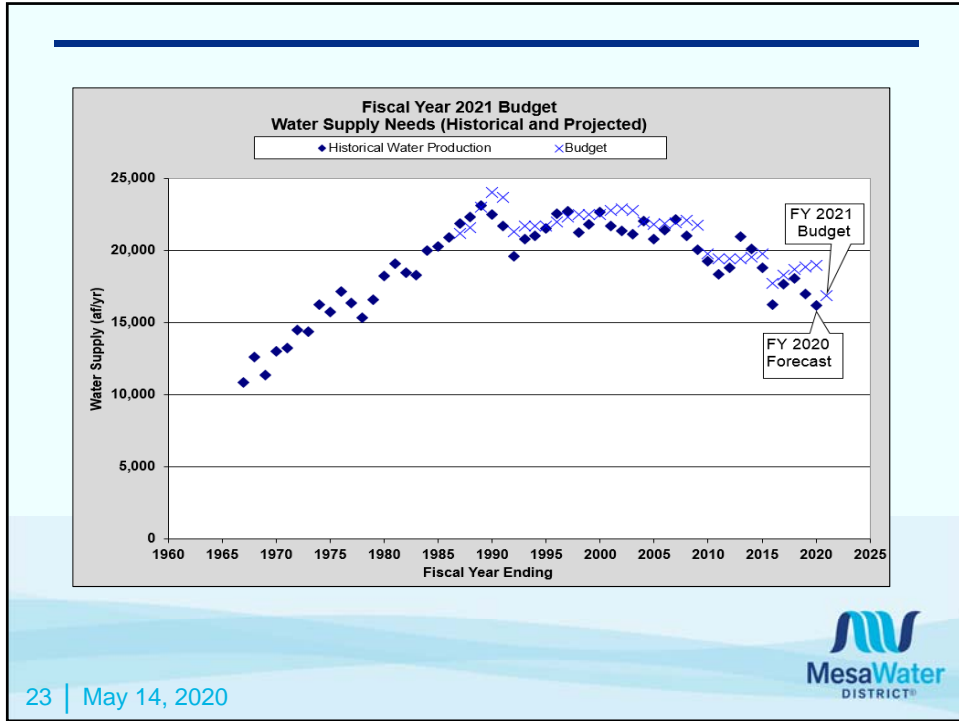
Cash on Hand



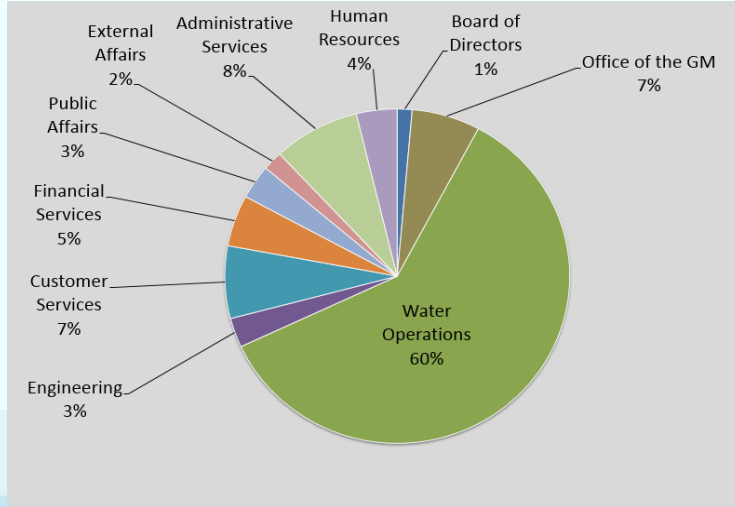
20 | May 14, 2020







Operating Expenses by Department As a Percentage



25 | May 14, 2020



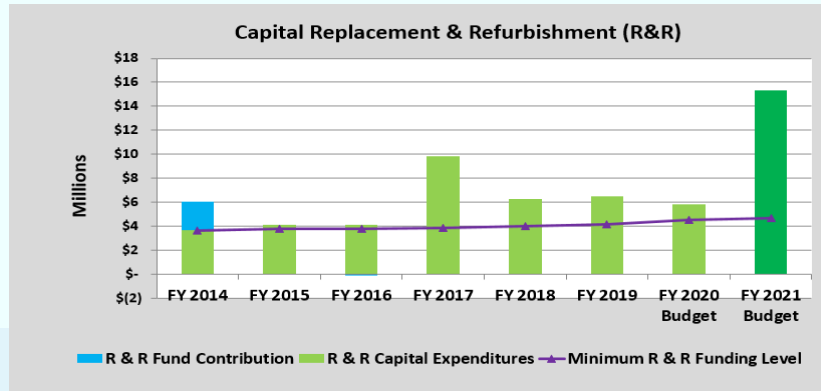
Capital

Description	Amount	Percent of Total
Croddy/Chandler Well Construction	\$ 7,283,650	34.0%
Internal Labor, Material, Overhead & Contingency	2,812,880	13.1%
MWRF Education Center	2,799,371	13.1%
Abandoned Vault Closures	2,257,652	10.6%
IT Upgrades & Project Support	2,033,170	9.5%
Valve and Pipeline Replacements	1,145,060	5.3%
Operations Routine Capital (Hyd., Valves, Meters, etc.)	1,000,000	4.7%
District Facilities Upgrade	917,500	4.3%
Reservoir Upgrades	397,085	1.8%
On-Call Services (Design, Paving, Const., & CM)	250,000	1.2%
Pipeline Integrity Testing Program	250,000	1.2%
Operations Non-Routine Capital (Vehicles, Other)	174,000	0.8%
Other Agency Projects	75,000	0.4%
Total Capital	\$ 21,395,368	100.0%

26 | May 14, 2020



Capital Replacement & Refurbishment (R&R)



27 | May 14, 2020



District Memberships

District Memberships	Cost
Association of California Water Agencies	\$25,300
AWWA Water Research Foundation	\$11,650
California Special Districts Association	\$7,650
Association of CA Cities - Orange County	\$5,000
CalDesal	\$5,000
Costa Mesa Chamber of Commerce	\$5,000
Orange County Business Council	\$5,000
UCI Water Board	\$5,000
California Municipal Utilities Association	\$4,500
American Water Works Association	\$4,300
California Water Efficiency Partnership	\$4,150
WaterReuse	\$3,900
The Bond Buyer	\$3,450
Urban Water Institute	\$2,500

28 | May 14, 2020



District Memberships

District Memberships	Cost
Foundation for Cross Connection Control & Hydraulic Research	\$1,000
Newspaper Subscriptions	\$1,000
Orange County Forum	\$1,000
Southern California Water Committee	\$1,000
Newport Beach Chamber of Commerce	\$600
Mountain Counties Water Resources Association	\$550
South Coast Metro Alliance	\$400
Southwest Membrane Operator Association	\$300
Friends of Costa Mesa Libraries	\$100
Independent Special Districts of Orange County	\$50
Total District Memberships	\$99,000

- District Memberships increased \$9,000 in FY 2021 from FY 2020



29 | May 14, 2020

Board Conferences & Seminars

Board Conference and Seminar	Cost
ACWA/JPIA Fall Conference	\$6,000
ACWA/JPIA Spring Conference	\$6,000
ACWA DC Conference	\$3,000
Urban Water Institute Conferences	\$3,000
ACWA Committee Meetings	\$2,000
CSDA Annual Conference	\$2,000
Miscellaneous Conferences & Seminars	\$2,000
ACWA Legislative Symposium	\$1,000
AWWA ACE Conference	\$1,000
CA-NV AWWA Fall Conference	\$1,000
California United Water Conference	\$1,000
Colorado River Water Users Association Conference	\$1,000
CSDA Legislative Days	\$1,000
Total Board Conferences and Seminars	\$30,000

- Board Conferences & Seminars decreased \$10,000 in FY 2021 from FY 2020



30 | May 14, 2020

Community Outreach

Community Outreach Event	Cost
Community Chats	\$25,000
Association of California Water Agencies	\$10,500
Orange County Fair	\$10,500
Orange County Water Summit	\$7,500
KOCI	\$6,500
Cal Desal Conference Lunch	\$5,000
Concerts in the Park	\$5,000
Environmental Nature Center	\$5,000
Festival of Children @ South Coast Plaza	\$5,000
I Heart Costa Mesa	\$4,860
Vanguard University	\$2,750
Industry Events	\$2,500
Costa Mesa High School & Estancia High School	\$2,000
Newport Chamber of Commerce	\$2,000
Southern California Water Coalition	\$2,000

31 | May 14, 2020



Community Outreach

Community Outreach Event	Cost
Urban Water Institute	\$2,000
Southwest Membrane Operator Association (SWMOA)	\$1,500
CALWEP Peer to Peer Sponsorship	\$1,000
Costa Mesa Lions	\$1,000
Ducks Unlimited	\$1,000
Newport Mesa Unified Schools Foundation	\$1,000
Orange County Tax	\$500
Save Our Youth (S.O.Y.)	\$250
Total Community Outreach	\$104,360

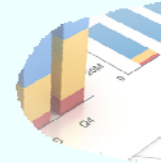
- Community Outreach increased by \$13,500 in FY 2021 from FY 2020.

32 | May 14, 2020



FY 2021 Budget Summary

- Proposed Budget funds Board Mission, Vision & Strategic Goals
- Key Financial Goals:
 - Cash on Hand of \$43.3 Million
 - Days Cash Ratio of 593 days
- 100% reliable with locally-sourced water
- Most efficient water agency in OC with lowest annual per capita expenditures



33 | May 14, 2020



Questions



34 | May 14, 2020

