

SACRAMENTO GROUNDWATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday, April 12, 2018; 9:00 a.m.

5620 Birdcage Street, Suite 110
Citrus Heights, CA 95610
(916) 967-7692

Agenda

The Board will discuss all items on this agenda, and may take action on any of those items, including information items and continued items. The Board may also discuss other items that do not appear on this agenda, but will not act on those items unless action is urgent, and a resolution is passed by a two-thirds (2/3) vote declaring that the need for action arose after posting of this agenda.

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT: Members of the public who wish to address the Board may do so at this time. Please keep your comments to less than three minutes.

3. CONSENT CALENDAR

Minutes of February 8, 2018 meeting

Action: Approve February 8, 2018 meeting minutes

4. DEFINED BENEFIT PENSION PLAN FUNDING POLICY 400.4

Action: Recommend SGA Board Approval of Defined Benefit Pension Plan Funding Policy 400.4

5. DEVELOPMENT OF SGA FISCAL YEAR 2018 – 2019 BUDGET

Information Presentation and Discussion of FY 2018 – 2019 Budget

Action: Adopt Resolution No. 2018-01 to fund the administrative and program budgets for FY 2018 – 2019, and providing for the collection of said funds

Action: Designate \$208,300 from FY18 to FY19 for the Sustainable Groundwater Management (SGMA) Cost Share

6. GROUNDWATER MANAGEMENT PROGRAM UPDATE

Information Update: Rob Swartz, Manager of Technical Services

Action: Approval of selection of consultants to prepare the GSP

7. EXECUTIVE DIRECTOR'S REPORT

8. DIRECTORS' COMMENTS

ADJOURNMENT

Next SGA Board of Director's Meeting – June 14, 2018, 9:00 a.m., RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights.

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AGENDA ITEM 3: CONSENT CALENDAR

STAFF RECOMMENDATION:

Action: Approve February 8, 2018 meeting minutes



1. CALL TO ORDER

Chair Foster called the meeting of the Board of Directors to order at 9:00 a.m. at the Regional Water Authority/Sacramento Groundwater Authority office. Individuals in attendance are listed below:

Board Members

S. Audie Foster, California American Water
John Wallace, Carmichael Water District
Al Dains, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Darrell Eck, County of Sacramento
Paul Schubert, Golden State Water Company
Brett Gray, Natomas Central Mutual Water Company
John Wingerter, Orange Vale Water Company
Neil Schild, Sacramento Suburban Water District
Pam Tobin, San Juan Water District
Mike DeWit, Agriculture

Staff Members

John Woodling, Rob Swartz, Adam W. Robin, Nancy Marrier, Cecilia Partridge, Monica Garcia and Chris Sanders, legal counsel.

Others in Attendance

Ali Taghavi, Jim Graydon, Kristene Tidwell, Dave Zuber, Linda Dorn, Joe Doran, Debra Sedwick, Kelye McKinney, Brett Storey, Dan York, David Fairman, Abigail Madrone, Karl Brustad, Rob Roscoe, Dave Jones, Roger Kohne, David Gordon, and Hilary Straus. Nicole Krotoski participated on the conference phone

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

a. The minutes of the December 14, 2017 meeting

Motion/Second/Carried (M/S/C) Mr. Schubert moved, with a second by Mr. Eck, to approve the December 14, 2017 SGA Board minutes. The motion carried by the unanimous voice vote of all directors present.

4. APPOINT A BUDGET SUBCOMMITTEE FOR FISCAL YEAR 2018 - 2019

Staff is beginning preparation of the 2018-19 SGA budget. The Chair generally appoints a budget subcommittee to provide feedback in preparing a draft budget for consideration by the full board.

Chair Foster appointed Marcus Yasutake, Neil Schild, Al Dains and Darrell Eck to the SGA Budget Subcommittee for Fiscal Year 2018 – 2019. Mr. Foster will serve as chair of the subcommittee.

5. FEDERAL GOVERNMENT APPROVES SOCIAL SECURITY COVERAGE FOR SGA EMPLOYEES

John Woodling, Executive Director, said that in early 2013, CalPERS' Office of Audit Services (OAS) audited the Regional Water Authority (RWA). In July 2013, OAS issued a draft report finding that five out of six RWA employees work only part time for RWA on the basis that those employees also provide services to the Sacramento Groundwater Authority (SGA). The findings allowed SGA to apply for CalPERS membership. SGA submitted a new agency application to CalPERS on February 2, 2015. SGA was informed by CalPERS that their membership was approved and they began making their own payments beginning on July 1, 2016.

In an attempt to mirror the Regional Water Authority's (RWA) contract with PERS, SGA needed to participate in the social security program. Votes were taken and all employees agreed to participate. This process has taken about a year to complete. To finalize the contract, the SGA Board has to approve the following items:

- 1) Certified copy of the Resolution of Intention
- 2) Form CON-12, Certification of Governing Body's Action
- 3) Form CON-12A, Certification of Compliance with Government Code Section 8507

The Board adopted the Resolution of Intention on December 14, 2017. The earliest date that the final Resolution may be adopted is January 3, 2018. There must be a 20 day period between the adoption of the Resolution of Intention and the adoption of the final resolution pursuant to Government Code Section 20471. There are no exceptions to this law. The final resolution was attached.

M/S/C Ms. Tobin moved, with a second by Mr. Schubert, to approve the Resolution of Intention to Amend the SGA PERS Contract to Include Social Security Coverage. The motion carried by the unanimous voice vote of all directors present.

6. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) UPDATE

John Woodling reported that we are awaiting the State's release of the final version of the best management practices for setting sustainable management criteria.

Staff is watching Assembly Bill 1944 (Garcia), which would do two things related to SGMA. It would 1) divide the San Luis Rey Valley Groundwater Basin into an upper and lower subbasin and would designate the subbasins as medium priority until the department reassesses basin prioritization, and 2) amend the definition of “groundwater” to include water flowing in known and definite channels in the San Luis Rey Valley. Although the bill would have no impact on other areas of the state, legislative actions on these issues could be precedent-setting for the implementation of SGMA.

Mr. Woodling reported that we did get the release of the state’s recommendations for the grants for the development of a groundwater sustainability plan (GSP). SGA is being recommended for a grant award on behalf of the groundwater sustainability agencies (GSAs) in the North American Subbasin (NASb).

7. GROUNDWATER MANAGEMENT PROGRAM UPDATE

Rob Swartz, Manager of Technical Services, provided an update on relevant items with the Groundwater Management Program. Staff is proposing to start work in late spring on items related to development of a NASb GSP. Staff had originally proposed to release one RFQ to include multiple work tasks. While working with the other GSAs, it was determined that one RFQ would be too complicated and it was decided that we release two RFQs. The first RFQ, worth roughly \$500,000, will be for support services to assist filling data gaps and preparing the GSP. The second RFQ is for modeling services for updating our groundwater model to provide answers that are required in the GSP on sustainable yield in the basin and other water budget information. The estimated value of the second RFQ is \$500,000. Both RFQs have been reviewed by the other GSAs and will be distributed on February 9th and will also be available on the SGA website. March 9, 2018 is the deadline for a response to the RFQs. After the GSAs have each reviewed the submitted responses, the GSAs will meet to reach consensus on the results. The results will be presented to the SGA Board at the April meeting with staff seeking approval for securing consulting services. The next step with the other GSAs is to prepare a project agreement to ensure that the funding commitments are all in place with a funding plan in accepting the grant from the Department of Water Resources.

Brett Storey, Administrator for the Placer County GSA, thanked Mr. Swartz for his leadership in submitting the grant and taking a lead role in coordinating the NASb GSAs.

Staff has identified the need to do some monitoring in a couple of monitoring wells adjacent to the American River to obtain surface water/groundwater interaction information for development of the NASb GSP. Aerojet has agreed to provide access to the monitoring wells. Staff made arrangements to purchase the pressure transducers and Aerojet agreed to pick up the remaining costs including the installation labor, the monitoring and to provide data on a long-term basis.

8. EXECUTIVE DIRECTOR'S REPORT

SGA Outreach – Mr. Woodling has been reappointed as Chair of the ACWA Groundwater Committee for the 2018-19 term. The first meeting of the Committee for 2018 will be February 21st. Mr. Woodling also serves on the ACWA State Legislative Committee. Mr. Woodling and Mr. Swartz will provide an update on SGA and SGMA at the of the Natomas Central Mutual Water Company annual shareholders meeting on February 13, 2018.

Looking at the current weather there are opportunities for various parties to complete water transfers. Mr. Woodling disclosed that several agencies in the SGA area have begun exploring the possibility of a coordinated groundwater substitution transfer.

9. DIRECTORS' COMMENTS

Ms. Tobin said that ACWA will be holding a strategic workshop on March 9, 2018. If anyone has concerns or questions that they would like addressed at the workshop please contact Ms. Tobin or Mr. Woodling. There is a lot of member representation for ACWA region 4 that provides opportunities that we should take advantage of. San Juan Water District is sponsoring Mike DeWit to represent the agriculture community on the new agriculture committee that was formed by ACWA.

Mr. DeWit reported that the agriculture community needs rain. He said that some in the agriculture industry are already using their wells.

Chair Foster said that he appreciates the members who accepted appointments to the budget committee. There will be robust conversation in the SGA Board meetings in the coming year over relationship building and how the different agencies interact together under the basin plan. He asked that all SGA members make an effort to attend all SGA Board meetings or have their agency representative present.

Adjournment

With no further business to come before the Board, Chair Foster adjourned the meeting at 9:23 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Finance and Administrative Services Manager

AGENDA ITEM 4: DEFINED BENEFIT PENSION PLAN FUNDING POLICY 400.4

BACKGROUND:

As part of the annual budget process, SGA has been paying additional sums over and above the required contributions to the pension plan in order to pay down the unfunded pension liability more quickly. The following additional amounts over and above the required contributions have been contributed or are expected to be contributed towards the pension liability as follows:

Fiscal Year Ending June	SGA ¹
2016 (paid) ²	\$87,600
2017 (paid)	26,900
2018 (paid)	26,900
2019 (proposed budget)	47,500
2020 (estimated future cost)	47,500
2021 (estimated future cost)	47,500
2022 (estimated future cost)	47,500
Total	<u>\$331,400</u>

Even though SGA has been paying the required pension funding contributions and increased additional contributions, SGA still has an unfunded liability. This liability is due to the fact that CalPERS amortizes unfunded liability costs into payments over long periods of time (typically 30 years) so as to smooth out the cash flow requirements from employers. With the recent change in discount rate to 7.0% and a potential decrease to 6.5% over the next few years, SGA's unfunded liabilities will grow again because past liabilities will now be revalued with a lower discount rate.

The SGA staff developed a formalized policy approach to guide the budgeting to pay down these pension liabilities more quickly, and address future changes in a timely manner. Staff presented a draft of Policy 400.4 at the March 12, 2018 SGA Budget Subcommittee meeting. The subcommittee approved sending this policy to the Board for approval. Policy 400.4 represents a formalized funding strategy that would accelerate additional payments towards the unfunded pension liability over a period of four years to achieve a 100% fund ratio (as seen in the table above).

¹ Starting on July 1, 2016 (FYE 2017), SGA has its own CalPERS contract and will pay its own share of normal costs, lump sum contributions and additional payments towards the unfunded liability. FYE 19 to 22 will be paid over four years per the Defined Benefit Pension Plan Funding Policy 400.4.

² FYE 2016 payment was an allocated shared obligation between RWA and SGA. RWA made the actual payment to CalPERS and SGA reimbursed RWA \$87,600 for its allocated share.

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The unfunded liability will change annually depending on market returns, changes in CalPERS discount rates, and RWA staffing and salaries. As a result, the four year assessment to pay down the liability will fluctuate, adjusting to a new target each year.

STAFF RECOMMENDATION:

Action: Recommend SGA Board Approval of Defined Benefit Pension Plan Funding Policy 400.4

SACRAMENTO GROUNDWATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : Fiscal Management
Policy Title : Defined Benefit Pension Plan Funding Policy
Policy Number : 400.4
Date Adopted : April 12, 2018
Date Amended :

DEFINED BENEFIT PENSION PLAN FUNDING POLICY

SGA provides defined pension benefits for plan participants that meet the vesting criteria as established by CalPERS and the California Public Employee's Pension Reform Act (PEPRA)¹. The fundamental financial objective of an employee defined benefit pension plan policy is to fund the long-term costs of benefits promised to the plan participants. In a defined benefit plan, an employer has promised a benefit and must make contributions to the plan in order to meet the promised benefit². In order to assure the pension benefits will remain sustainable; SGA should accumulate adequate resources for future benefit payments in a systematic and disciplined manner during the active service life of the benefitting employees. The objective of Policy 400.4 is to accelerate additional payments towards the unfunded pension liability over a period of four years so as to achieve a 100% funded ratio.³

The funding policy should follow these general policy objectives:

- 1) Create a funding discipline to ensure legally obligated benefits can be paid
- 2) Use actuarially determined contributions to fund the plan
- 3) Maintain intergeneration equity by ensuring the membership at a given time pays the full cost of employee benefits earned as services are provided
- 4) Make pensions costs a consistent percentage of payroll
- 5) Require clear reporting to show how and when pension plans will be fully funded

¹ Any current or future changes to the pension laws will dictate available benefits to employees or retirees.

² The required contributions are typically variable in nature due to variable market performance and changing assumptions.

³ The funded ratio is defined as the accrued liability compared to the market value of assets as of the measurement date. If the market value of assets equals the accrued liability, then the funded ratio is 100%.

On an annual basis, CalPERS provides a valuation report incorporating the above objectives in determining the required annual funding contributions that are split into two components: the normal cost rate expressed as a percentage of payroll and the additional annual lump sum payment. The normal cost represents pension benefits earned during that year associated with active employees. The additional annual lump sum payment is designed to help pay down unfunded accrued liabilities (“unfunded liability”) of employers related to past employee service.⁴

As part of the annual budget process, SGA’s budget committee will determine what additional amounts should be contributed towards the pension plan above the annual required contribution as determined by CalPERS latest available valuation report. Staff will provide the most recent unfunded pension liability amount to the budget committee for budgetary purposes. The budget will continue to be subject to full board approval on an annual basis.

SGA’s Miscellaneous Pension Plan 2% at 55

SGA participates in the pooled Miscellaneous Pension 2% at 55 plan through CalPERS. Since 2003, CalPERS has pooled or grouped employer plans with less than 100 employees. Therefore, SGA’s pension plan market value of assets is allocated to SGA based upon SGA’s share of actuarial accrued liability (“AAL”) in relation to the pooled plan. The AAL represents the calculated obligation for past service for current, transferred and retired employees as of the valuation year. The difference between the accrued liability and the market value of assets represents the unfunded liability and the amount SGA still needs to contribute to fund the AAL.

Currently CalPERS amortizes the remaining unfunded liability over a set number of years, typically 30 years⁵, with a ramp up phase for the first five years. Each annual valuation can create a new unfunded liability generated for that year’s variances that is reflected separately in the reporting, and is in addition to the previous years calculated liability⁶. In order to meet a 100 percent funded ratio, SGA needs to make additional contributions above and beyond the annual required pension payment. The unfunded liability represents pension costs associated with past service of employees that have been received by SGA members and these past services have contributed to the current influence and success of SGA as a groundwater agency.

⁴ This lump sum payment is not tied to a percentage of payroll. Starting with the June 30, 2013 valuation report, CalPERS added the lump sum payment as a way to pay down the growing unfunded liability resulting from changes due to PEPRRA, assumption changes, and asset market performance.

⁵ “Fresh start” unfunded liabilities can have shorter amortization periods. Fresh starts can occur when CalPERS make significant assumption changes or when additional large payments are made by the employer over and above the required contributions.

⁶ Each year’s calculation of the additional unfunded liability is separately listed to arrive at a cumulative total unfunded liability.

Funding Limits

CalPERS' current funding limit allows employers to fund up to the present value of projected benefits. The present value of projected benefits is the total dollars needed as of the valuation date to fund all benefits **earned in the past or expected to be earned in the future** for current members (active, separated or retired employees). Alternatively, the actuarially accrued liability represents the total dollars needed as of the valuation date to fund all benefits **earned through the valuation date for current** members (active, separated, or retired employees). SGA's objective is to fund 100% of the actuarially accrued liability.

Accounting Policy versus Funding Policy

Accounting for pension contributions and liabilities using Governmental Accounting Standards Board Statement ("GASB") No. 68 *Accounting and Financial Reporting for Pensions-An Amendment to GASB Statement No. 27* ("GASB 68") is independent and different than this funding policy⁷. GASB 68 has explicit rules on how to calculate the liability of the pension plan. It uses shorter time frames (up to five years) to amortize differences caused by market performance and actuarial assumptions. Additionally, the GASB 68 calculated liability can be up to two years lag from the valuation date.

Funding Strategy

Annually, SGA receives an estimate of its unfunded actuarially accrued liability (UAAL) from CalPERS. This information will be communicated to the budget committee during the budget development. Each year, SGA will develop a budget for the upcoming fiscal year and three more additional years that provides for paying the full amount of the UAAL over the course of no more than four years based upon the lasted available CalPERS report at January 1 when the budget is being prepared.⁸ These payments are in addition to the ongoing normal cost and lump sum payment funding requirements of the plan.

⁷ From time to time, GASB revisits and modifies existing GASB policies, including GASB 68. For example GASB No. 82, *Pension Issues*, clarifies some application of GASB 68. Current GASB accounting policy is separate from the funding requirements. Funding requirements are established by the pension plan documents. Funding policy is established by the RWA Board.

⁸ The budget process typically begins in March of the fiscal year and adopted by June in preparation of the following fiscal year. To the extent a more current annual valuation report becomes available prior to budget adoption; this new information may or may not be incorporated into the budget, depending upon the timing of the new data compared to the timing of budget committee meetings and board approval of the budget.

AGENDA ITEM 5: DEVELOPMENT OF SGA FISCAL YEAR 2018 – 2019 BUDGET

BACKGROUND:

FY 2018 – 2019 BUDGET

Each year the SGA Budget Subcommittee (Committee) reviews and makes a recommendation for adoption of the budget. The Fiscal Year 2018-2019 SGA Committee met on March 12, 2018. The members of the Committee include Audie Foster, California American Water (Chair); Darrell Eck, County of Sacramento; Marcus Yasutake, City of Folsom; Neil Schild, Sacramento Suburban Water District; and Caryl Sheehan, Citrus Heights Water District.

The Committee reviewed the following budget topics.

BUDGET TOPICS

Retail Connection Numbers

This year the Committee discussed changing which retail connection numbers will be included in calculating base fees. The proposed budget for SGA will only include the retail connections within the SGA boundaries starting in FY19. This change will lower the fees that the City of Folsom and San Juan Water District will pay since SGA had previously included connections outside of SGA's boundaries. The fees collected for these two agencies are approximately \$25,000 less than FY18. Notably, the City of Folsom pays fees to the Sacramento Central Groundwater Authority for its connections south of the American River. The West Placer GSA will discuss with San Juan Water District participation relative to connections in Placer County.

Proposed Fees

There is no proposed fee schedule increase in FY19, which results in \$28,000 lower total fees than FY18. Some members will experience a fee increase because their groundwater pumping increased from the prior year. An increase of 5% was anticipated in last year's budget.

The fees for FY19 include \$10,100 base fee, \$1.31 per connection fee for connections greater than 6,000, and \$6.00 per acre foot of groundwater pumped.

Program Objectives

SGA is planning on accomplishing these program objectives during fiscal year 2019:

- 1) Evaluating Administrative Alternatives for Compliance with the Sustainable Groundwater Management Act (SGMA) in the North American Subbasin

- 2) Developing the Groundwater Sustainability Plan
- 3) Monitor Water Quality Levels
- 4) Maintain/Improve the Data Management System
- 5) Monitor Regional Contamination Issues
- 6) Update the Regional Groundwater Model

In September 2014, Governor Brown signed the Sustainable Groundwater Management Act (SGMA). The act requires the formation of local groundwater sustainability agencies (GSAs) that must assess conditions in their local water basins and adopt locally-based management plans. This requirement is expected to increase expenses and consequently fees for SGA out into future years. The Board agreed to begin preparing for these requirements. A significant portion of the funding for the program budget will come from carryover/designated funds from FY17 through FY18. The budget projects using \$208,300 in designated funds to pay for the work related to the SGMA.

In addition to sharing in 50% of non-WEP administrative staff time from RWA, SGA plans to continue to use 20% of RWA's project assistant to assist in accomplishing these objectives. SGA anticipates hiring additional outside consultants to accomplish some of the program objectives.

Update on CalPERS Unfunded Pension Liability

Since FY13, the SGA Board has been incrementally budgeting resources to pay the unfunded pension liability allocated to pooled plan members. SGA became a CalPERS entity and began making its own payments beginning July 1, 2016. Even though SGA has been paying 100% of the annually required contribution, SGA still has an unfunded pension liability. CalPERS has been amortizing these costs over time when determining the annual required contribution. The adoption of Policy 400.4 will formalize the practice of paying additional amounts towards the unfunded liability over four years beginning in FY19. For FY19, this payment is projected to be \$47,500. The FY20 through FY22 budget also reflects additional estimated payments toward the unfunded liability that are now resulting from CalPERS reducing the discount rate from 7.375% to 7.0%.

Staff Compensation

The budget reflects a proposed 7% increase in staffing compensation to reflect 4% for merit and a possible 3% COLA. The increase follows the compensation policy and recommendations made from the most recent salary survey. It reflects potential step increases for the various positions. The COLA for November 2017 was 2.7%.

SUMMARY BUDGET OVERVIEW

Based upon the committee review and discussions, the draft budget included in the packet is based upon the following fees and expenditures.

Fees

- 1) No overall fee schedule increase is proposed for FY19.
- 2) The fee calculations will continue to be based upon base fees plus groundwater fees. The base fees target objective is to cover 40% of costs, where groundwater fees are targeted to cover 60%.
- 3) Each agency's specific fee depends on the changes in connections and groundwater pumping from the previous year. Each agency will experience a different fee decrease or increase, depending upon their groundwater pumping averages and their number of connections that have changed from year to year.
- 4) In the proposed budget, the minimum base administrative fee is \$10,100 plus \$1.31 per connection for connections over 6,000. The pumped groundwater fee per acre-foot is proposed at \$6.00 per acre foot. A five year trailing average of groundwater pumping is used to develop the groundwater fees for FY19. The five year trailing average of groundwater pumping is expected to continue to decline over time, but the expenses to support the work of SGA is not expected to decline. Declining groundwater pumping necessitate an increase in the per acre-foot charge over time.
- 5) Grant income is expected from the DWR grant award received related to the Groundwater Sustainability Plan (GSP).

Expenses

- 1) SGA will continue to share 50/50 in the administrative costs incurred by RWA to run both organizations under the agreement between RWA and SGA for administrative and management services. Costs benefiting only RWA work will not be allocated to SGA. Likewise, costs benefiting only SGA will be paid by SGA.
- 2) Staff salaries are within ranges assigned by a 2017 total compensation survey and reflect a possible 4% increase for merit and a possible COLA of 3%. Starting on July 1, 2019, all employees will be paying their entire 7% portion of PERS.
- 3) In addition to sharing in 50% of administrative staff time from RWA, SGA plans to continue to use 20% of RWA's project assistant. Total FTE count for SGA is proposed to be 2.2 FTEs.
- 4) Benefit costs also include projected increases for OPEB and health care, and a reduction of the final 1% employer pick up of the employee portion of PERS retirement benefits.
- 5) A \$47,500 payment to CalPERS is budgeted in FY19 as an incremental early payment of SGA's allocated unfunded liability.
- 6) Professional fees include public relations, human resources, accounting, and legal. It also includes higher actuarial and accounting costs due to anticipated GASB 75 rule implementation for OPEB accounting.
- 7) SGA expects to incur increased audit costs. SGA has been using Richardson & Associates for six years, one year past the current policy, with RWA board

- approval. Staff is currently working on a request for proposals for auditors which will result in an expected audit price increase in FY 2019 and beyond.
- 8) Staff is proposing to hire a human resource consultant to assist with various projects including updating the employee manual. This assistance will be included in consulting costs.
 - 9) A new contract was signed for computer maintenance to include full support and cloud back up replacing the tape backup system. This coverage is needed to increase security and should reduce downtime of the server if compromised.
 - 10) RWA staff negotiated a very favorable lease rate at the time ACWA JPIA moved out of the building in September 2011. The RWA Board approved a new lease at its meeting on January 11, 2018, which will become effective in September 2018. The new lease will increase costs to \$1.00 square foot for two years and \$1.10 square foot for three additional years.
 - 11) The SGA consulting budget reflects \$273,300 in out-sourced support activities for a review of the groundwater management report, monitoring water quality, grant application assistance, maintaining the data management system, regional contamination, groundwater modeling and the Sustainable Groundwater Management Act (SGMA) cost share. Of the \$273,300 in costs, \$208,300 in consulting fees will be paid for from designations from FY18 to be spent in FY19 for the SGMA cost share.
 - 12) The operating fund is projected to be approximately seven months for FY19 and helps buffer anticipated costs related to recently passed legislation over the next few years.
 - 13) Overall expenses are expected to exceed fees by \$262,900 and are largely funded from the FY18 program designations and undesignated funds.

Future budget outlook

SGA can anticipate additional rate increases in the future of at least 6.5% in FY20 and could be higher depending upon the cost obligations that SGA will incur acting as the GSA for groundwater management. SGA does not yet know the extent and cost of these future obligations.

SGA BUDGET COMMITTEE RECOMMENDATION:

Action: Adopt Resolution No. 2018-01 to fund the administrative and program budgets for FY 2018 – 2019, and providing for the collection of said funds

Action: Designate \$208,300 from FY18 to FY19 for the Sustainable Groundwater Management (SGMA) Cost Share



Major Assumptions

Revenues

- 1) No fee increase is proposed for groundwater and base fees for FY19. Overall, fees will decrease to SGA due to a decline in ground water pumping. Each agencies FY19 fee is different depending upon their groundwater use and number of connections.
- 2) Groundwater fees are not expected to increase in FY19.
- 3) Base fee are not projected to increase for FY19. The base fee should cover approximately 40% of costs.
- 4) Assumes 5 year acre foot average groundwater pumped of: 67,804
- 5) Grant income reflects the latest SGA award from the GSP development.
- 6) Interest income has increased as rates have slightly increased.

Expenses

- 1) Staffing costs includes partial use of the Project Assistant. Total 2.2 FTEs allocated to SGA. Anticipates staff paying their entire 7% of their employee share of pension plan contributions. Overall staffing costs also budgeted for a 7% merit/cola increase and follows the compensation policy.
- 2) Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for 2.2 FTEs. FY 2019 budget anticipates an increase in medical costs of 7%, other costs at 3% and specific increases to OPEB costs. Anticipates employees paying their entire 7% of their employee portion of PERS pension.
- 3) SGA continues to budget for additional payments towards its unfunded pension plan. The CalPERS June 30, 2016 report estimates the June 30, 2016 balance at \$205,700 at a 7.0% discount rate. This balance doesn't include additional \$53,800 payments made towards this liability. The estimated balance at 6/30/2018 is \$189,000, accounting for additional increases due to interest, and payments made. This budget spreads out payment of the unfunded liability over 4 years versus 30 years as done by CalPERS.
- 4) Even though SGA will make partial payments towards the CalPERS unfunded liability, SGA can expect to reflect an accounting pension liability as it relates to the GASB 68 in the financial statements for FY19
- 5) Professional fees include public relations, human resources, accounting and legal. It also includes higher actuarial costs due to OPEB rule changes.
- 6) Program consultants for FY19 includes updating the basin management report, monitoring water quality levels, groundwater management plan, maintaining the data management system, regional contamination issues, grant application assistance, and groundwater modeling and include the retired annuitants costs. FY19 and beyond also anticipates increased costs for newly passed legislation related to the Sustainable Groundwater Management Act.
- 7) Special projects reflects the costs associated with the DWR grants.
- 8) Leasing costs are increasing in FY19 due to a renegotiation of the lease on the Birdcage building.
- 9) General cost increases were projected at 3% unless specific cost increases could be identified.

Expenses in Excess of Fees

- 1) In FY19, it is anticipated that SGA fees will be approximately \$262,900 less than expenses. Expenses in excess of fees will be funded from \$208,300 designated funds and the balance from non-designated funds accumulated from previous years.

Designations/Restrictions

- 1) Excluding any pension plan payments, the Operating fund is projected to be approximately six months for FY19, which meets policy guidelines. Total operating fund plus non-designated cash is estimated at 6.8 months. The expected non-designated cash at the end of FY18 will be used to fund expenses and therefore a rate increase for FY19 is not needed.

FY20 and Beyond

- 1) In order to balance expenses with fees, it is projected that fees will increase approximately 6.5% in FY20. The unfunded liability payments are now expected to be higher than previously anticipated in the prior year since the time frame has been shortened by one year (from five to four).



**Sacramento Groundwater Authority
2018 - 2019 FYE Budget Summary**

Attachment A

5 year average Acre-feet Groundwater	70,093	68,368	68,368	67,804
Proposed Groundwater Fee	\$5.85	\$6.00	\$6.00	\$6.00
Proposed Minimum Base Fee	\$9,000	\$10,100	\$10,100	\$10,100
Proposed Per Connection Fee	\$1.17	\$1.31	\$1.31	\$1.31
Base admin fee as a % of budget	49.16%	40.50%	50.55%	39.80%
Overall Fee Change from Prior Year	12.85%	9.07%	9.07%	-3.80%

	Actual FY17	Budgeted FY18	Projected FY18	Proposed FY19	Notes
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Operating Revenues

Groundwater Fees	\$ 385,020	\$ 410,200	\$ 410,200	\$ 406,800	No increase in GW fees needed due to anticipated carryover designations from FY18.
Base Fee	\$ 297,196	\$ 333,900	\$ 333,900	\$ 309,000	No increase in base fees for FY19. Decrease due to two members adjusted connections.
Grant Income	\$ 11,248	\$ -	\$ -	\$ 400,000	DWR grant for groundwater contamination in FY17. A new grant for GSP Development starts in FY19
Interest Income	\$ 7,458	\$ 3,300	\$ 6,600	\$ 6,000	Rates are fairly stable, but available cash is declining.
Total	\$ 700,922	\$ 747,400	\$ 750,700	\$ 1,121,800	

Operating Expenses

Staff	\$ 455,021	\$ 498,200	\$ 475,100	\$ 528,200	Reflects 2.2 FTE and an increased payment towards the unfunded pension liability
Office	\$ 47,019	\$ 59,750	\$ 58,400	\$ 63,400	No significant changes expected in FY19 other than a new office lease agreement.
Professional Fees	\$ 102,139	\$ 353,400	\$ 120,600	\$ 391,700	Support & PM consulting. \$208,300 program paid from funds set aside in FY18. See PM budget.
Other	\$ 418	\$ 11,400	\$ 6,400	\$ 1,400	Office equipment purchases
Special Projects	\$ -	\$ -	\$ -	\$ 400,000	Reflects costs related to grants
Total Expenses	\$ 604,597	\$ 922,750	\$ 660,500	\$ 1,384,700	

Fees in Excess of Expenses/(Expenses in Excess of Fees)

	\$ 96,325	\$ (175,350)	\$ 90,200	\$ (262,900)	Reflects spending from designations plus spending from FY18 projected undesignated carryover.
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Cash, beginning	\$ 525,201	\$ 565,701	\$ 621,526	\$ 711,726
Source (Use) of Funds	\$ 96,325	\$ (175,350)	\$ 90,200	\$ (262,900)

Cash, ending	\$ 621,526	\$ 390,351	\$ 711,726	\$ 448,826
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DESIGNATIONS

Operating Fund	\$ 316,700	\$ 361,551	\$ 316,800	\$ 364,500
Pension Plan	\$ 26,900	\$ 28,800	\$ 47,500	\$ 47,500
Groundwater Modeling	\$ 98,300	\$ -	\$ 148,300	\$ -
Update GSP	\$ -	\$ -	\$ 50,000	\$ -
Maintain DMS	\$ -	\$ -	\$ 10,000	\$ -
Un-designated	\$ 179,626	\$ -	\$ 139,126	\$ 36,826
	\$ 621,526	\$ 390,351	\$ 711,726	\$ 448,826

No. of months cash pays for operations	10.3	5.4	8.6	6.6
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							% increase expenses, unless specific increases identified	3.00%	3.00%	3.00%	3.00%
							% increase consulting costs	5.00%	5.00%	5.00%	5.00%
							% change in Acre Feet Pumped	-3.67%	-2.14%	1.82%	3.45%
							5-Year Projection				
							SGA				
							Proposed FY' 2018-2019 OPERATING BUDGET PROJECTION				
		BUDGET ACRE FEET FY17 (5-yr. Ave)		68,368		68,574		66,900		68,408	
		BUDGET ACRE FEET FY18 (5-yr. Ave)		69,373		67,804		65,314		67,324	
		ACRE FEET:		68,368							
	SGA FY 17 Per Audit	SGA FY 18 Budget	SGA FY 18 Actual at Jan. 2018	SGA FY 18 Projected		SGA FY 19 Proposed Budget	NOTES	SGA Projected FY 20	SGA Projected FY 21	SGA Projected FY 22	SGA Projected FY 23
ANNUAL REVENUES											
GW Fee FY 18 Final Budget	\$5.85	\$6.00		\$6.00		\$6.50	1	\$7.35	\$8.25	\$8.00	
Proposed GW Fee FY 19 Budget						\$6.00	1	\$6.65	\$7.35	\$7.85	\$8.30
Proposed Base Fee	\$9,000	\$10,100		\$10,100		\$10,100	2	\$10,700	\$11,500	\$11,900	\$12,600
Proposed Per Connection Fee	\$1.17	\$1.31		\$1.31		\$1.31	2	\$1.39	\$1.49	\$1.54	\$1.64
Overall Fee Change from Prior Year	12.85%	9.07%		9.07%		-3.80%	3	6.41%	7.89%	6.39%	8.10%
Expense change from prior year	11.08%	12.04%		12.48%		9.63%	4	6.06%	7.18%	3.29%	6.22%
Base admin fee as a % of budget	49.16%	40.50%		50.55%		39.80%	2	39.30%	39.72%	40.68%	43.08%
OPERATING REVENUES (Proposed Fee)											
General Assessments/Fees											
→ Groundwater fees	\$ 385,020	\$ 410,200	\$ 410,202	\$ 410,200		\$ 406,800	1	\$ 434,300	\$ 469,800	\$ 510,900	\$ 558,800
→ Base Fee	\$ 297,196	\$ 333,900	\$ 333,863	\$ 333,900		\$ 309,000	2	\$ 327,400	\$ 352,000	\$ 363,400	\$ 386,300
→ Grant Income	\$ 11,248	\$ -	\$ -	\$ -		\$ 400,000	5	\$ 400,000	\$ -	\$ -	\$ -
Interest Income	\$ 7,458	\$ 3,300	\$ 3,321	\$ 6,600		\$ 6,000	6	\$ 5,800	\$ 4,200	\$ 3,500	\$ 2,800
TOTAL REVENUE	\$ 700,922	\$ 747,400	\$ 747,386	\$ 750,700		\$ 1,121,800		\$ 1,167,500	\$ 826,000	\$ 877,800	\$ 947,900
STAFF EXPENSES (General):											
Staff Salaries/Wages	\$ 291,469	\$ 303,200	\$ 184,018	\$ 299,300		\$ 319,900	7	\$ 335,800	\$ 352,400	\$ 369,800	\$ 388,200
Benefits	\$ 109,683	\$ 133,500	\$ 46,676	\$ 114,700		\$ 124,700	8	\$ 138,000	\$ 154,600	\$ 169,800	\$ 182,800
Pension - Unfunded Liability	\$ 26,900	\$ 26,900	\$ 26,900	\$ 26,900		\$ 47,500	9	\$ 47,500	\$ 47,500	\$ 47,500	\$ -
Payroll Taxes	\$ 16,580	\$ 24,300	\$ 8,708	\$ 23,900		\$ 25,600	10	\$ 26,900	\$ 28,200	\$ 29,600	\$ 31,100
Meals/Travel/Conferences	\$ 9,787	\$ 7,800	\$ 3,678	\$ 7,800		\$ 8,000	11	\$ 8,200	\$ 8,300	\$ 8,500	\$ 8,800
Professional Development/Training	\$ 602	\$ 2,500	\$ -	\$ 2,500		\$ 2,500	12	\$ 2,600	\$ 2,700	\$ 2,800	\$ 2,900
TOTAL STAFF EXPENSES	\$ 455,021	\$ 498,200	\$ 269,980	\$ 475,100		\$ 528,200		\$ 559,000	\$ 593,700	\$ 628,000	\$ 613,800

						% increase expenses, unless specific increases identified	3.00%	3.00%	3.00%	3.00%	3.00%
						% increase consulting costs	5.00%	5.00%	5.00%	5.00%	5.00%
						% change in Acre Feet Pumped	-3.67%	-2.14%	1.82%	3.45%	3.45%
SGA											
Proposed FY' 2018-2019 OPERATING BUDGET PROJECTION											
BUDGET ACRE FEET FY17 (5-yr. Ave)		68,368		68,574		66,900		66,332		68,408	
BUDGET ACRE FEET FY18 (5-yr. Ave)		69,373		67,804		65,314		63,918		65,079	
		ACRE FEET:		68,368						67,324	
	SGA	SGA	SGA	SGA		SGA		SGA	SGA	SGA	SGA
	FY 17	FY 18	FY 18	FY 18		FY 19		Projected	Projected	Projected	Projected
	Per Audit	Budget	Actual at	Projected		Proposed	NOTES	FY 20	FY 21	FY 22	FY 23
			Jan. 2018			Budget					
OFFICE EXPENSES:											
Rent & Utilities Contract	\$ 9,748	\$ 12,500	\$ 6,242	\$ 12,500		\$ 16,200	13	\$ 16,150	\$ 17,800	\$ 17,800	\$ 17,800
General Liability Insurance	\$ 12,656	\$ 12,900	\$ 13,052	\$ 13,200		\$ 13,300	14	\$ 13,700	\$ 14,100	\$ 14,500	\$ 14,900
Office Maintenance	\$ -	\$ 250	\$ -	\$ 200		\$ 300	15	\$ 300	\$ 400	\$ 400	\$ 500
Postage and Postal Meter	\$ 546	\$ 1,600	\$ 998	\$ 1,500		\$ 1,500	16	\$ 1,600	\$ 1,600	\$ 1,700	\$ 1,700
Telephone/internet/web hosting	\$ 5,587	\$ 6,000	\$ 3,020	\$ 6,200		\$ 6,400	17	\$ 6,600	\$ 6,800	\$ 7,000	\$ 7,200
Meetings	\$ 831	\$ 1,100	\$ 776	\$ 1,100		\$ 1,200	18	\$ 1,300	\$ 1,400	\$ 1,500	\$ 1,600
Printing/Supplies/Copier	\$ 7,475	\$ 13,600	\$ 3,956	\$ 10,000		\$ 10,300	19	\$ 10,600	\$ 10,900	\$ 11,200	\$ 11,500
Dues & Subscriptions	\$ 4,371	\$ 5,500	\$ 4,993	\$ 5,500		\$ 5,700	20	\$ 5,900	\$ 6,100	\$ 6,300	\$ 6,500
Computer hardware/software	\$ 2,189	\$ 2,700	\$ -	\$ 2,700		\$ 2,800	21	\$ 2,900	\$ 3,000	\$ 3,100	\$ 3,200
Computer maintenance	\$ 3,616	\$ 3,600	\$ 3,834	\$ 5,500		\$ 5,700	22	\$ 5,900	\$ 6,100	\$ 6,300	\$ 6,500
TOTAL OFFICE EXPENSES	\$ 47,019	\$ 59,750	\$ 36,871	\$ 58,400		\$ 63,400		\$ 64,950	\$ 68,200	\$ 69,800	\$ 71,400
PROFESSIONAL FEES:											
SGA Legal	\$ 16,335	\$ 40,000	\$ 8,080	\$ 30,000		\$ 40,000	23	\$ 42,000	\$ 44,100	\$ 46,300	\$ 48,600
Audit Fees and GASB report	\$ 10,125	\$ 11,500	\$ 10,760	\$ 10,800		\$ 16,000	24	\$ 16,800	\$ 17,600	\$ 18,500	\$ 19,400
ADP & Banking Fees	\$ 992	\$ 1,000	\$ 445	\$ 1,000		\$ 1,100	25	\$ 1,100	\$ 1,200	\$ 1,200	\$ 1,300
SGA Support Services	\$ 35,411	\$ 52,600	\$ 17,489	\$ 50,800		\$ 61,300	26	\$ 66,400	\$ 68,400	\$ 61,700	\$ 71,900
SGA Consultants - Program Managem	\$ 39,276	\$ 150,000	\$ 18,000	\$ 28,000		\$ 65,000	27	\$ 81,500	\$ 84,100	\$ 66,400	\$ 68,800
SGMA Cost Share Designation	\$ -	\$ 98,300	\$ -	\$ -		\$ 208,300	27	\$ -	\$ -	\$ -	\$ -
TOTAL PROFESSIONAL FEES	\$ 102,139	\$ 353,400	\$ 54,774	\$ 120,600		\$ 391,700		\$ 207,800	\$ 215,400	\$ 194,100	\$ 210,000
TOTAL OPERATING EXPENSES	\$ 604,179	\$ 911,350	\$ 361,625	\$ 654,100		\$ 983,300		\$ 831,750	\$ 877,300	\$ 891,900	\$ 895,200
OTHER EXPENSES:											
Office furniture/remodel/equip	\$ 418	\$ 1,400	\$ 394	\$ 6,400		\$ 1,400	28	\$ 1,400	\$ 1,500	\$ 1,500	\$ 1,600
Office Move	\$ -	\$ 10,000	\$ -	\$ -		\$ -	28	\$ -	\$ -	\$ -	\$ -
Computer Server	\$ -	\$ -	\$ -	\$ -		\$ -	28	\$ -	\$ 7,500	\$ -	\$ -
TOTAL Other Expenses	\$ 418	\$ 11,400	\$ 394	\$ 6,400		\$ 1,400		\$ 1,400	\$ 9,000	\$ 1,500	\$ 1,600
Special Projects Expenses											
GSP Development Grant	\$ -	\$ -	\$ -	\$ -		\$ 400,000	29	\$ 400,000	\$ -	\$ -	\$ -
TOTAL Special Proj. Expenses	\$ -	\$ -	\$ -	\$ -		\$ 400,000		\$ 400,000	\$ -	\$ -	\$ -

% increase expenses, unless specific increases identified 3.00% % increase consulting costs 5.00% % change in Acre Feet Pumped -3.67% -2.14% 1.82% 3.45% SGA Proposed FY' 2018-2019 OPERATING BUDGET PROJECTION BUDGET ACRE FEET FY17 (5-yr. Ave) 69,373 ACRE FEET: 68,368 68,574 BUDGET ACRE FEET FY18 (5-yr. Ave) 69,373 ACRE FEET: 68,368 67,804 5-Year Projection 66,900 66,332 68,408 65,314 63,918 65,079 67,324											
	SGA FY 17 Per Audit	SGA FY 18 Budget	SGA FY 18 Actual at Jan. 2018	SGA FY 18 Projected		SGA FY 19 Proposed Budget	NOTES	SGA Projected FY 20	SGA Projected FY 21	SGA Projected FY 22	SGA Projected FY 23
TOTAL EXPENSES	\$ 604,597	\$ 922,750	\$ 362,019	\$ 660,500		\$ 1,384,700	30	\$ 1,233,150	\$ 886,300	\$ 893,400	\$ 896,800
Net Income (Loss)	\$ 96,325	\$ (175,350)	\$ 385,367	\$ 90,200		\$ (262,900)	31	\$ (65,650)	\$ (60,300)	\$ (15,600)	\$ 51,100
CASH SUMMARY											
AVAILABLE CASH, Beginning	\$ 525,201	\$ 565,701	\$ 621,526	\$ 621,526		\$ 711,726	32	\$ 448,826	\$ 383,176	\$ 322,876	\$ 307,276
SOURCE (USE) OF FUNDS	\$ 96,325	\$ (175,350)	\$ 385,367	\$ 90,200		\$ (262,900)	31	\$ (65,650)	\$ (60,300)	\$ (15,600)	\$ 51,100
CASH, Ending	\$ 621,526	\$ 390,351	\$ 1,006,893	\$ 711,726		\$ 448,826		\$ 383,176	\$ 322,876	\$ 307,276	\$ 358,376
DESIGNATIONS											
Operating Fund (four to six mos)	\$ 316,700	\$ 361,551	\$ 361,551	\$ 316,800		\$ 364,500	6.0 33	\$ 335,676	\$ 277,876	\$ 307,276	\$ 358,376
Pension Plan Assignment	\$ 26,900	\$ 28,800	\$ 26,900	\$ 47,500		\$ 47,500	0.4 34	\$ 47,500	\$ 45,000	\$ -	\$ -
Groundwater Modeling	\$ 98,300	\$ -	\$ 148,300	\$ 148,300		\$ -	35	\$ -	\$ -	\$ -	\$ -
Update GSP			\$ 50,000	\$ 50,000		\$ -	35	\$ -	\$ -	\$ -	\$ -
Maintain DMS			\$ 10,000	\$ 10,000		\$ -	35	\$ -	\$ -	\$ -	\$ -
Un-designated	\$ 179,626	\$ -	\$ 410,142	\$ 139,126		\$ 36,826	0.3 36	\$ -	\$ -	\$ -	\$ -
CASH IN BANK, Ending	\$ 621,526	\$ 390,351	\$ 1,006,893	\$ 711,726		\$ 448,826		\$ 383,176	\$ 322,876	\$ 307,276	\$ 358,376
No. of months cash pays for oper.	10.3	5.4		8.6		6.6	33	5.1	4	4.4	4.8

SGA
FY 2018-2019 BUDGET PROJECTION NOTES

- 1 SGA general assessment fees methodology splits the fee into two parts: a base fee based upon the number of connections per agency and a per acre foot fee based upon a trailing five-year average volume of groundwater pumped. This portion represents the per acre foot fee component. Overall, SGA is proposing to not increase total fees. The groundwater fees is proposed to stay as the same as FY18 at \$6.00 in FY19. A trailing five-year pumping average is used (FY13-FY17). FY18 through FY22 pumping extraction reflects members estimates provided to SGA using expected wet year data. As the amount of acre-feet pumped declines, revenues will decline, even though operations are independent of groundwater pumping. Consequently, the fee per acre feet must increase to continue to pay for existing services.
- 2 SGA total fees are calculated using the number of connections per agency, in addition to groundwater per acre foot. The groundwater fee is projected at \$6.00 per foot, using a five year average of groundwater pumped. The proposed base fee is to be calculated as follows: a minimum base fee of \$10,100 plus \$1.31 per connection for connections greater than 6,000. For each subsequent year, the base fee is set to increase as the overall expenses increases, exclusive of program management consulting services as these can vary year to year. The share of fees paid for by base fees may need adjusting from time to time to achieve or target 40% fees supported by base fees.
- 3 The overall fee change from the previous year is the total fee change. Each individual agencies change will be different and may be less or more than the overall change due to changes for individual groundwater acre feet pumping averages and number of connections.
- 4 The expenses increase for FY19 from FY18 is anticipated at approximately 47%. SGA is funding approximately \$208,300 (32% of the cost) in programmatic expenses in FY19 that were budgeted for FY18 with the funds being designated in FY18 for spending in FY19. This lag effect of expenditures creates a larger than expected increase in expenses year to year for FY19. The overall fee change from the previous year is calculated as follows: the year to year difference in total expenses which include staff, office, and professional fees. The calculation does not include special project expenses and one time expenses, such as additional pension plan payments.
- 5 The grant income received in FY 17 relates to the final retention from DWR for the AB303 study. SGA received a new grant from DWR for GSP development and should be completed by the end of FY20.
- 6 Interest income from the SGA Local Agency Investment Fund (LAIF) account. As available cash decreases, interest earned is expected to decrease.

SGA
FY 2018-2019 BUDGET PROJECTION NOTES

- 7 For budget purposes, staff salaries include 50% of four full time positions, and 20% of the assistant project manager or a total of 2.2 FTEs. In FY18, a salary compensation study was completed and included the employees paying their 7% share of CalPERS contribution. The retired annuitants salary and benefits is included in the consulting budget.
- 8 Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for staff members. FY 2019 budget anticipates an increase in medical costs of 7%, other costs at 3% and increased OPEB costs. In FY19, classic employees pay their entire 7% share of CalPERS contribution.
- 9 Represents the estimated payment of the allocated unfunded pension liability to SGA over four years at an estimated 7.0% discount rate.
- 10 Payroll taxes for five staff members (2.2 FTEs) and excludes the retired annuitant.
- 11 Includes meal costs. Also includes conference attendance and the associated travel costs (transportation, lodging, meals).
- 12 Includes computer training and other professional development classes.
- 13 In accordance with the building rental lease. RWA's lease includes full use of the Board room. The RWA Board approved a new lease on the Birdcage building on January 11, 2018. The new lease will begin in August 2018. The first two years the lease will be \$1.00 SF and the last three years will be \$1.10 per SF.
- 14 Minimal increase in costs for property and liability coverage obtained through ACWA JPIA forecasted for the coming year.
- 15 Includes costs for office maintenance needs.
- 16 Reflects mailing activities and cost of postage machine rental.
- 17 Includes telephone and conference call costs, web hosting for the website and internet service costs.
- 18 Miscellaneous meeting charges including food/refreshments.
- 19 Includes printing costs for letterhead. Also includes copier maintenance and copier lease costs.

SGA
FY 2018-2019 BUDGET PROJECTION NOTES

- 20 Major cost component is ACWA dues. Other dues include AWWA, Groundwater Resources Association, Water Education Foundation and Sacramento Metro Chamber of Commerce. Subscriptions include Business Journal and Sacramento Bee.
- 21 Acquisition of new hardware/software to replace aging and out-of-date components.
- 22 General computer maintenance service. A new contract was signed to include cloud back up replacing the tape back up system. This coverage is needed because it is more secure and will reduce downtime if something happens to the server.
- 23 Legal expenses in support of general SGA board meetings, resolutions, regulatory analyses, services related to contracts, and GMP development. Legal fees are projected to be higher due to the implementation of SGMA.
- 24 Audit fees are set by the awarded proposal. The contract with Richardson and Company was continued for one year to make a smooth transition with the CalPERS issue with SGA. Will need new auditors for FY19. The audit costs are expected to increase.
- 25 Payroll service costs for 5 employees (2.2 FTE).
- 26 Represents actuarial, budgeting and accounting assistance, website, and human resources.
- 27 Fees for groundwater management program implementation. (See separate program consulting budget). Program FY16, FY 17 & FY18 represents unused funds for these fiscal years which will be used in FY19 for the SGMA cost share.
- 28 Anticipates a possible replacement of the server in FY21. RWA has signed a new lease on the Birdcage building. SGA will be using part of the money that was budgeted in FY18 for the move to put into the conference room (new screens and a projector).
- 29 Consulting expenses for grant-funded GSP Development.
- 30 Total expenses for SGA.
- 31 Represents the difference between total monies received versus total expenses incurred during the year.
- 32 Beginning cash for FY18 is reduced by FY17 year end accounts payables and increased for FY17 year end accounts receivable to arrive at available cash.

SGA
FY 2018-2019 BUDGET PROJECTION NOTES

- 33 Represents the operating fund designation to pay for operating expenditures. Per SGA policy #400.2, this fund range target is four to six months of operating expenses. Government Code Section 53646(b) (3) suggests that an agency should have sufficient cash flow to meet the next six months of budgeted expenses. Cash reserves can be used to pursue new grant opportunities unknown during the budget development. This calculation is based upon the ending cash in bank. It does not include special project expenses funded by grants or one time expenditures such as the unfunded pension liability payments.
- 34 CalPERS provides estimated unfunded liabilities for pooled agency members, such as SGA. SGA began making their share of the liability payment starting in FY17. The pension plan assignment sets aside amounts to make partial payments towards this unfunded pension liability in future years. SGA's estimated unfunded liability balance at June 30, 2018 is approximately \$190,000 reflecting the liability discounted at 7.0%. This estimate was based upon the CalPERS balance at 6/30/17 of approximately \$132,000, adding approximately \$75K for the change in discount rate, deducting the FY2018 \$26,800 payment made towards this unfunded liability, plus interest calculated on the unpaid balance.
- 35 Designating a total of \$208,300 from the FY16. FY17 & FY18 budget for SGMA Cost Share to be spent in FY19.
- 36 Amount of cash over and above designation policy - "undesignated cash."

										5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
SGA Consulting Budget Approved and Proposed										4-Year Projection (1)						
	SGA FY 17 Per Audit	Approved FY18 + designation	FY 17 Actual at Jan 18	FY 18 Projected	Proposed FY 19	Projected FY 20	Projected FY 21	Projected FY 22	Projected FY 23	NOTES						
Outside Consultant Assistance - Projects																
Annual Basin Management Report	\$ 7,715	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	1						
Update GSP	\$ -	\$ 50,000	\$ -	designate	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -	2						
Monitor water quality/levels (AB 303)	\$ 14,820	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ 11,000	\$ 11,600	\$ 12,200	\$ 12,800	3						
Grant Application Assistance	\$ -	\$ 15,000	\$ 18,000	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -	4						
Maintain/Improve DMS	\$ 6,425	\$ 10,000	\$ -	designate	\$ 5,000	\$ 10,000	\$ 11,000	\$ 11,600	\$ 12,200	5						
Pursue short-term banking/exchange	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6						
Regional contamination issues	\$ 10,316	\$ 15,000	\$ -	\$ -	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	7						
Groundwater modeling	\$ -	\$ 50,000	\$ -	designate	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	8						
Subsidence Monitoring	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9						
SGMA Cost Share Designation	\$ -	\$ 98,300	\$ -	designate	\$ 208,300	\$ -	\$ -	\$ -	\$ -	10						
TOTAL PROGRAM	\$ 39,276	\$ 248,300	\$ 18,000	\$ 28,000	\$ 273,300	\$ 81,500	\$ 84,100	\$ 66,400	\$ 68,800							

(1) Assumes 5% annual increase in consulting labor costs.

(2) Approved FY18 also included additional designation total amount of approximately \$98,300 approved at the April 13, 2017 Board meeting. These funds will be moved for use in FY19.

SGA Program
FY 2018-2019 BUDGET PROJECTION NOTES

- 1 SGA had traditionally prepared a biennial Basin Management Report as part of its Groundwater Management Program. The 2014 Sustainable Groundwater Management Act (SGMA) will require annual reporting. For FY20, SGA anticipates a report for the SGA area only. Beginning in FY21, an annual budget is assumed to pay for SGA's portion of an annual report for the North American Subbasin (NASb).
- 2 SGMA requires a Groundwater Sustainability Plan (GSP) for the NASb be submitted by January 31, 2022. In anticipation of preparing a single GSP with the other NASb Groundwater Sustainability Agencies (GSAs), SGA has been collecting funds for its contribution to funding the effort. For FY18, \$50,000 is being designated into FY19, and an additional \$20,000 budget is being proposed to commence work on GSP development in FY19. Funding is also being identified in the out years to prepare for any unforeseen expenses related to GSP development.
- 3 This funding is to respond to any monitoring needs for issues that emerge of a regional interest during the course of the fiscal year.
- 4 This money is for consulting assistance in preparing grant applications and other funding requests. In FY18, funds were used for a successful application to the Sustainable Groundwater Planning Grant Program. There are no anticipated grant programs in FY19.
- 5 Consulting support to enter data and perform maintenance on the Data Management System (DMS). SGMA requires development of a common database for the NASb, so FY18 funds are being designated as part of SGA's contribution to database development for the NASb. For FY19, \$5,000 is proposed for SGA's contribution to NASb database development.
- 6 Much of this work has been assigned over to the RWA Regional Water Reliability Plan (RWRP), so no projected expenses are identified at this time.
- 7 This activity is currently coordinated through the SGA Regional Contamination Issues Committee, and the intent is to have the planning funded by responsible parties and will be coordinated with RWA IRWMP effort. These funds will allow for consultant staff to support meetings as needed on regional contamination such as the McClellan Stakeholder's Forum and the Regional Contamination Issues Committee.
- 8 SGMA will require additional modeling work in the NASb to determine the sustainable yield and water budget for the basin. SGA budgeting for a model update commencing in FY17. There were funds in the amount of \$98,300 that were designated and approved at the SGA board meeting on April 13, 2017 for FY18. For FY18, an additional \$50,000 was also budgeted. All of these funds, totaling \$148,300 will be designated into FY19 with an additional \$20,000 budgeted for FY19. These funds plus the designated funds from updating the GPS and maintaining the DMS are needed for SGA's contribution to the NASb model development in support of SGMA for a total of \$208,300. The model update will commence in FY19.

SGA Program
FY 2018-2019 BUDGET PROJECTION NOTES

- 9 Subsidence monitoring is a required component of GSPs developed under SGMA. There are currently no projected expenses identified. Potential monitoring expenses will be identified during development of the NASb GSP.
- 10 SGMA Cost Share Designation is from prior fiscal years through FY18 as described in notes 2, 5, and 8 above. These funds, with those collected in FY19, will allow SGA to meet its cost share with the other NASb GSAs. The cost share is required to receive a \$994,276 grant from the Sustainable Groundwater Planning Grant Program to help fund the required groundwater management components resulting from SGMA. Among the required components is development of a NASb groundwater model, a NASb groundwater database, installation of monitoring wells and monitoring equipment, groundwater quality sampling, and preparation of a GSP by January 31, 2022.

SGA 2018-19 Administrative Budget Dues Structure

Attachment B

Agency	Retail Connections FY18	Retail Connections FY19	Base Fee	FY 18 Groundwater Average Extraction, Acre Feet (2012 - 2016)	FY 19 Groundwater Average Extraction, Acre Feet (2013 - 2017)	FY 19 Supplemental Groundwater Fees at \$6.00 / AF	Proposed FY 2018-2019 Total Estimated Fees	Actual FY 2018 Fees	\$ Diff from FY18 to Proposed	% Diff
California American Water	26,073	26,167	\$ 36,519	11,728	10,359	\$ 62,152	\$ 98,671	\$ 106,764	\$ (8,093)	-7.58%
Carmichael Water District	11,693	11,685	\$ 17,547	2,272	2,475	\$ 14,852	\$ 32,399	\$ 31,190	\$ 1,209	3.88%
Citrus Heights Water District	19,874	19,535	\$ 27,831	998	1,024	\$ 6,146	\$ 33,977	\$ 34,263	\$ (286)	-0.83%
Del Paso Manor Water District	1,799	1,799	\$ 10,100	1,299	1,247	\$ 7,483	\$ 17,583	\$ 17,894	\$ (311)	-1.74%
Fair Oaks Water District	13,996	13,986	\$ 20,562	1,417	1,782	\$ 10,692	\$ 31,254	\$ 29,077	\$ 2,177	7.49%
Folsom, City of	20,538	1,065	\$ 10,100	-	-	\$ -	\$ 10,100	\$ 29,145	\$ (19,045)	-65.35%
Golden State Water Company	1,717	1,751	\$ 10,100	954	901	\$ 5,406	\$ 15,506	\$ 15,824	\$ (318)	-2.01%
Natomas Mutual Water Company	125	125	\$ 10,100	35	35	\$ 210	\$ 10,310	\$ 10,310	\$ -	0.00%
Orange Vale Water Company	5,759	5,758	\$ 10,100	-	-	\$ -	\$ 10,100	\$ 10,100	\$ -	0.00%
Rio Linda/Elverta Water District	4,635	4,631	\$ 10,100	2,541	2,461	\$ 14,766	\$ 24,866	\$ 25,346	\$ (480)	-1.89%
Sacramento, City of	45,501	45,933	\$ 62,412	13,744	15,779	\$ 94,674	\$ 157,086	\$ 144,310	\$ 12,776	8.85%
Sacramento, County of	3,270	3,324	\$ 10,100	4,607	4,516	\$ 27,098	\$ 37,198	\$ 37,742	\$ (544)	-1.44%
Sacramento Suburban	46,661	46,661	\$ 63,366	28,772	27,224	\$ 163,343	\$ 226,709	\$ 235,998	\$ (9,289)	-3.94%
San Juan Water District	10,582	3,488	\$ 10,100	-	-	\$ -	\$ 10,100	\$ 16,102	\$ (6,002)	-37.27%
TOTALS	212,223	185,908	\$ 309,037	68,367	67,804	\$ 406,822	\$ 715,859	\$ 744,065	\$ (28,206)	-3.79%

Notes:

- (1) Retail connections are based on SGA boundaries or service area boundaries that are dependent upon SGA for management of the groundwater basin. Information derived from information collected from members and subject to refinement.
- (2) Minimum base fee is set @ \$10,100 plus \$1.31 per connection for connections over 6,000. The base fee is set to increase annually by the overall percentage of expense increase for administrative costs. The groundwater fee is \$6.00 per AF.

RESOLUTION NO. 2018-01

A RESOLUTION OF THE SACRAMENTO GROUNDWATER AUTHORITY ADOPTING AND ASSIGNING COSTS TO FUND THE ADMINISTRATIVE AND PROGRAM BUDGETS FOR FY 2018-2019, AND PROVIDING FOR THE COLLECTION OF SAID FUNDS

The Board of Directors of the Sacramento Groundwater Authority SGA (“SGA”) does hereby make the following findings:

- A. SGA was created for the purposes of protecting, preserving, and enhancing the groundwater resources in the North Area Basin for current and future beneficial uses of all water users in SGA’s boundaries. SGA will manage the North Area Basin through conjunctive use programs and financial regulation of water use. SGA will utilize to the full extent necessary, and consistent with the Joint Powers Agreement, all of the common powers of the County of Sacramento, City of Sacramento, City of Citrus Heights, and City of Folsom to achieve its purposes.
- B. SGA’s administrative budget for FY 2018-2019 is specified in Attachment A. The budget includes projections of operating revenues, non-operating revenues, staff expenses, office expenses, professional fees, non-recurring expenses, program expenses, and cash balances. The administrative budget is required for SGA to finance the administrative activities necessary to implement SGA’s mission of protecting, preserving and managing the North Area Groundwater Basin.
- C. For reasons of economy and efficiency, the Board of Directors of SGA finds that it is in SGA’s best interest to allocate costs for the FY 2018-2019 administrative budget among water purveyors within the North Area basin. All other non-purveyor groundwater producers and surface water users are exempt from financing the costs of the FY 2018-2019 administrative budget. Non-purveyor groundwater producers and surface water users have been exempted from FY 2018-2019 because of the difficulty and costs associated with ascertaining information and locations of approximately 1,500 private wells and an unknown number of surface water diverters in the North Area basin. The costs associated with inclusion of all users in the North Area basin would have caused SGA’s FY 2018-2019 administrative costs to increase significantly, and could not presently be justified in light of the marginal increase in revenues that such users would contribute. In future fiscal years, if SGA determines that it would further the purposes of the SGA, other water users and groundwater producers in the North Area basin may also be required to contribute to the costs of the administrative budget.

- D. The Board finds that the FY 2018-2019 budget should be funded by established water purveyors in the North Area Basin because they can be economically and efficiently identified and because they will most likely be benefited and affected in the future by SGA's groundwater management and conjunctive use programs. The Board finds that the following established water purveyors should finance the administrative budget costs for FY 2018-2019 based on the equitable formula set forth herein: California American Water, Carmichael Water District, Citrus Heights Water District, City of Folsom, City of Sacramento, County of Sacramento, Del Paso Manor Water District, Fair Oaks Water District, Golden State Water Company, Natomas Central Mutual Water Company, Orange Vale Water Company, Rio Linda/Elverta Community Water District, Sacramento Suburban Water District, and San Juan Water District.
- E. The allocation of SGA's administrative costs among groundwater pumpers and surface water users is predicated upon the anticipated benefits to be received by each classification from SGA's administrative activities, in the context of SGA's purposes and objectives. The groundwater management program, because of conjunctive use, supports and strengthens surface water user supplies and water rights. Groundwater management enhances the overall availability and reliability of water supply for all water users in the North Area. Groundwater pumpers depend upon the North Area groundwater basin almost entirely for their supplies, while surface water users currently depend upon the basin, in varying degrees, for peak and emergency water needs to supplement their surface water supplies. In the future, when SGA implements its groundwater management and conjunctive use programs, surface water users may become more reliant upon the North Area groundwater basin not only during times of drought and for meeting peaking and emergency water demands, but also for normal operations; a sustainable and healthy North Area Groundwater Basin also increases opportunities for surface water users to transfer water to areas both inside and outside of the North Area. At this time, however, the benefits of SGA's administrative functions accrue primarily to groundwater producers, since management of the North Area groundwater basin is the primary purpose of SGA.
- F. The Board therefore finds that a reasonable and equitable allocation of costs for the FY 2018-2019 administrative budget should include a Base Fee component and a Groundwater Pumping Fee component. The Base Fee shall be assessed to all member entities based on the number of connections served by the member entity. The Base Fee shall be \$10,100 plus \$1.31 per connection for connections over 6,000, with no cap. The base fee is set to increase annually by the overall percentage of expense increase for administrative costs. The Groundwater Pumping Fee shall be \$6.00 per acre-foot, based on a five-year average extraction from the North Area Groundwater Basin during 2013 through 2017. Purveyors that pump

groundwater from the North Area Groundwater Basin shall pay both the Groundwater Pumping Fee and the Base Fee. *The minimum fee for all SGA member agencies will be \$10,100 regardless of water source or volume used.*

- G. The Board finds that the average groundwater production from 2013 through 2017 is a reasonable period upon which to base the Groundwater Pumping Fee component of the administrative budget for FY 2018-2019.
- H. The Board finds that such allocation is reasonable, equitable, and consistent with the purposes of the Authority. The Board further finds that the total amount of revenues to be collected by SGA pursuant to this Resolution is anticipated to support the adopted budget, when augmented with non-designated reserve funds.
- I. The Board further finds that it is necessary to review the allocation of administrative costs annually to determine its continued fairness and appropriateness.

THEREFORE, BE IT RESOLVED THAT:

- 1. The SGA administrative budget for FY 2018-2019 as specified in Attachment A is hereby adopted.
- 2. The administrative fees for this FY 2018-2019 budget will be collected from the water purveyors pursuant to Attachment B.
- 3. Billing for the administrative fees shall be mailed not later than seven days following adoption of this resolution with payment to be made within forty-five days. Payments shall be sent to the Sacramento Groundwater Authority at 5620 Birdcage Street, Suite 180, Citrus Heights, CA 95610 for deposit into SGA's account.

PASSED AND ADOPTED by the Board of Directors, at their regular board meeting, on the 12th of April, 2018.

By: _____
Chair

Attest: _____
John Woodling, Executive Director

AGENDA ITEM 6: GROUNDWATER MANAGEMENT PROGRAM UPDATE

BACKGROUND:

Staff will provide an update on items relevant to the SGA groundwater management program. Staff will collect semi-annual groundwater elevation measurements on April 13, 2018. These semi-annual measurements are required as part of the California Statewide Groundwater Elevation Monitoring (CASGEM) Program. Within the SGA area, Sacramento Suburban Water District also collects these measurements in cooperation with SGA for submittal to the state for CASGEM compliance.

Staff has collected groundwater extraction data for the area subject to the SGA Water Accounting Framework. A summary of the results through 2017 is enclosed. Staff will provide a brief refresher to the Board on the background of the Framework and discuss the current results.

On February 9, 2018, staff released two separate requests for qualifications (RFQ) for consulting support that will result in a Groundwater Sustainability Plan (GSP) for the North American Subbasin (NASb). The RFQ was: 1) posted on the SGA website; 2) announced to an e-mail distribution list of parties that indicated an interest in receiving RFQs (sign-up for the list is on the SGA and RWA websites); and 3) distributed to the other four Groundwater Sustainability Agencies (GSAs) in the NASb. The first RFQ, worth roughly \$500,000, is for support services to assist filling data gaps and preparing the GSP. The second RFQ is for modeling services for updating our groundwater model to provide answers that are required in the GSP on sustainable yield in the basin and other water budget information. The estimated value of the second RFQ is \$500,000. March 9, 2018 was the deadline for a response to the RFQs. Only one response was received to each of the RFQs. GEI Consultants responded to the RFQ for support services and Woodard & Curran responded to the RFQ for modeling support services. Each of the five GSAs reviewed the submitted RFQs. The GSAs met on April 2nd, 2018 and unanimously recommended approval of these firms for consideration by the SGA Board.

STAFF RECOMMENDATION:

Information Update: Rob Swartz, Manager of Technical Services

Action: Approval of selection of consultants to prepare the GSP

Water Accounting Framework, Phase III

Basin Sustainability Goal
Exchangeable Water

	Total Demand	Target Pumping	Actual GW Pumped	Target minus Actual GW	Transfer of Credits	Basin Sustainability Balance	Surface Water Use	Water Transfer (out of basin)	Credits transferred	Net Banked Water	Exchangeable Water Balance
Carmichael Water District		6,646									40,049
2012	9,895		1,580	5,066	0	5,066	8,315	0	0	5,066	45,115
2013	10,400		2,031	4,615	0	9,681	8,369	0	0	4,615	49,730
2014	8,517		3,575	3,071	0	12,752	4,942	0	0	3,071	52,801
2015	7,353		2,755	3,891	0	16,643	4,598	0	0	3,891	56,692
2016	7,696		1,419	5,227	0	21,870	6,277	0	0	5,227	61,919
2017	0		0	6,646	0	28,516	0	0	0	0	61,919
City of Sacramento		20,591									36,568
2012	38,084		13,554	7,037	0	7,037	24,530	0	0	7,037	43,605
2013	39,068		11,732	8,859	0	15,896	27,336	0	0	8,859	52,464
2014	31,724		13,602	6,989	0	22,885	18,122	0	0	6,989	59,453
2015	27,878		12,682	7,909	0	30,794	15,196	0	0	7,909	67,362
2016	28,962		17,151	3,440	0	34,234	11,811	0	0	3,440	70,802
2017	30,110		23,728	-3,137	0	31,097	6,382	0	0	0	70,802
California American Water		17,995									7,115
2012	14,186		13,595	4,400	0	4,400	591	0	0	591	7,706
2013	14,110		14,110	3,885	0	8,285	0	0	0	0	7,706
2014	11,260		11,260	6,735	0	15,020	0	0	0	0	7,706
2015	9,581		9,581	8,414	0	23,434	0	0	0	0	7,706
2016	10,313		10,096	7,899	0	31,333	217	0	0	217	7,923
2017	8,764		6,747	11,248	0	42,581	2,017	0	0	2,017	9,940
Del Paso Manor Water District		1,465									0
2012	1,499		1,499	-34	0	-34	0	0	0	0	0
2013	1,571		1,571	-106	0	-140	0	0	0	0	0
2014	1,246		1,246	219	0	79	0	0	0	0	0
2015	1,052		1,052	413	0	492	0	0	0	0	0
2016	1,128		1,128	337	0	829	0	0	0	0	0
2017	1,239		1,239	226	0	1,055	0	0	0	0	0
Golden State Water Company		1,098									0
2012	1,119		1,119	-21	0	-21	0	0	0	0	0
2013	1,184		1,184	-86	0	-107	0	0	0	0	0
2014	896		896	202	0	95	0	0	0	0	0
2015	778		778	320	0	415	0	0	0	0	0
2016	793		793	305	0	720	0	0	0	0	0
2017	854		854	244	0	964	0	0	0	0	0
Rio Linda / Elverta CSD		2,882									109
2012	2,882		2,857	25	0	25	25	0	0	25	134
2013	3,052		3,052	-170	0	-145	0	0	0	0	134
2014	2,249		2,449	433	0	288	0	0	0	0	134
2015	2,109		2,109	773	0	1,061	0	0	0	0	134
2016	2,236		2,236	646	0	1,707	0	0	0	0	134
2017	2,458		2,458	424	0	2,131	0	0	0	0	134
Sacramento County WA		4,288									0
2012	5,211		5,211	-923	0	-923	0	0	0	0	0
2013	5,316		5,316	-1,028	0	-1,951	0	0	0	0	0
2014	4,559		4,559	-271	0	-2,222	0	0	0	0	0
2015	3,887		3,887	401	0	-1,821	0	0	0	0	0
2016	4,064		4,064	224	0	-1,597	0	0	0	0	0
2017	4,756		4,756	-468	0	-2,065	0	0	0	0	0

Water Accounting Framework, Phase III

Sacramento Suburban Water District	Total Demand	Target Pumping	Actual GW Pumped	Target minus Actual GW	Transfer of Credits	Basin Sustainability Balance	Surface Water Use	Water Transfer (out of basin)	Credits transferred	Net Banked Water	Exchangeable Water Balance
		35,035									183,034
2012	38,089		27,530	7,505	0	7,505	10,559	0	0	7,505	190,539
2013	38,554		38,145	-3,110	0	4,395	409	3,068	0	-2,659	187,880
2014	32,561		32,561	2,474	0	6,869	0	0	0	0	187,880
2015	27,502		27,422	7,613	0	14,482	80	0	0	80	187,960
2016	29,311		17,863	17,172	0	31,654	11,448	0	0	11,448	199,408
2017	31,253		19,791	15,244	0	46,898	11,462	0	0	11,462	210,870
Central Area Total	Total Demand	Target Pumping	Actual GW Pumped	Target minus Actual GW	Transfer of Credits	Basin Sustainability Balance	Surface Water Use	Water Transfer (out of basin)	Credits transferred	Net Banked Water	Exchangeable Water Balance
		90,000									266,875
2012	110,965		66,945	23,055	0	23,055	44,020	0	0	20,224	287,099
2013	113,255		77,141	12,859	0	35,914	36,114	3,068	0	10,815	297,914
2014	93,012		70,148	19,852	0	55,766	23,064	0	0	10,060	307,974
2015	80,140		60,266	29,734	0	85,500	19,874	0	0	11,880	319,854
2016	84,503		54,750	35,250	0	120,750	29,753	0	0	20,332	340,186
2017	79,434		59,573	30,427	0	151,177	19,861	0	0	13,479	353,665

Sacramento Groundwater Authority Board Meeting
April 12, 2018

AGENDA ITEM 7: EXECUTIVE DIRECTOR'S REPORT

APRIL 12, 2018

TO: SACRAMENTO GROUNDWATER AUTHORITY BOARD

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

- a. **Legislative Update** – RWA Staff is tracking and taking action on a number of bills, foremost of which are the water efficiency and drought planning bills carried over from last year, SB 606 and AB 1668, as well as SB 623 and a budget trailer bill that would provide for a tax on water to fund the needs of disadvantaged communities.
- b. **SGA Outreach** – Mr. Swartz, as the program manager for groundwater sustainability plan development for the North American subbasin is in the process of briefing the other groundwater sustainability agencies (and partners) in the basin, including the Pleasant Grove-Verona Mutual Water Company on March 26, 2018 and Reclamation District 1001 on April 25, 2018. Mr. Woodling will chair the meeting of the ACWA Groundwater Committee on May 8th, and will be a speaker at the Groundwater Resources Association's GSA Summit on June 6th.
- c. **Sustainable Groundwater Management Act (SGMA) Update** – DWR will hold a series of SGMA Assistance workshops in April at the following locations:
April 23, 2018 – Chico Masonic Family Center
1:00 p.m. to 4:00 p.m., Chico, California
April 24, 2018 – Clovis Veteran's Memorial District
1:00 p.m. to 4:00 p.m., Clovis, California
April 25, 2018 – Saticoy Operations Yard
1:00 p.m. to 4:00 p.m., Ventura, California
April 27, 2018 – Online Webcast
12:00 p.m. to 2:00 p.m.

The U.C. Berkeley Center for Law, Energy and the Environment released a report, "Navigating Groundwater-Surface Water Interactions under the Sustainable Groundwater Management Act".
- d. **SGA Anniversary** – 2018 marks the 20th year since the creation of the Sacramento Groundwater Authority in 1998. Staff is planning to develop a presentation for the Board/Councils of the four JPA signatories during 2018, and to formally recognize the 20th Anniversary at the October meeting of the Board of Directors.
- e. **Financial Documents** – The financial reports for the period ending March 31, 2018 are attached.

SACRAMENTO GROUNDWATER AUTHORITY

Income Statement

Year-to-Date Performance, March 2018

	<i>9 Months Ended March 31, 2018</i>	<i>Annual Budget</i>	<i>Unused</i>
REVENUES			
Groundwater Fees Revenue	410,202.00	410,200.00	(2.00)
Base Administrative Fee	333,863.00	333,900.00	37.00
Cash Discount	121.35	0.00	(121.35)
Interest Income	0.00	3,300.00	3,300.00
TOTAL REVENUES	744,186.35	747,400.00	3,213.65
Total REVENUE	744,186.35	747,400.00	3,213.65
GROSS PROFIT	744,186.35	747,400.00	3,213.65
OPERATING EXPENDITURES			
Staff Expenses			
General Salaries	234,928.07	303,200.00	68,271.93
Benefits/Taxes	98,235.45	184,700.00	86,464.55
Travel / Meals	4,314.08	7,800.00	3,485.92
Professional Development	0.00	2,500.00	2,500.00
TOTAL Staff Expenses	337,477.60	498,200.00	160,722.40
Office Expenses			
Rent & Utilities	8,322.48	12,500.00	4,177.52
Insurance	13,051.91	12,900.00	(151.91)
Office Maintenance	325.00	250.00	(75.00)
Telephone	4,108.54	6,000.00	1,891.46
Dues and Subscription	5,564.40	5,500.00	(64.40)
Printing & Supplies	5,081.65	23,600.00	18,518.35
Postage	1,067.34	1,600.00	532.66
Meetings	863.66	1,100.00	236.34
Computer Equipment/Support	4,868.47	6,300.00	1,431.53
TOTAL Office Expenses	43,253.45	69,750.00	26,496.55
Office Furniture & Equipment			
Office Furniture	394.46	1,400.00	1,005.54
TOTAL Office Furniture & Equipment	394.46	1,400.00	1,005.54
Professional Fees			
ADP / Banking Charges	611.44	1,000.00	388.56
Audit Fees	10,410.00	11,500.00	1,090.00

	<i>9 Months Ended March 31, 2018</i>	<i>Annual Budget</i>	<i>Unused</i>
Legal Fees	8,873.65	40,000.00	31,126.35
GASB 68 reporting fee	350.00	0.00	(350.00)
Consulting Expenses	2,920.00	18,000.00	15,080.00
Budget/audit/actuarial	14,568.75	34,500.00	19,931.25
TOTAL Professional Fees	37,733.84	105,000.00	67,266.16
Consulting - Program Management			
Monitor water quality/levels (AB 303)	598.00	10,000.00	9,402.00
Grant application assistance	18,000.00	15,000.00	(3,000.00)
Maintain/Improve DMS	0.00	10,000.00	10,000.00
Update GSP	0.00	50,000.00	50,000.00
Regional Contamination Issues	0.00	15,000.00	15,000.00
Groundwater Modeling	0.00	148,300.00	148,300.00
TOTAL Consulting Program Management	18,598.00	248,300.00	229,702.00
TOTAL OPERATING EXPENDITURES	437,457.35	922,650.00	485,192.65
OPERATING INCOME (LOSS)	306,729.00	(175,250.00)	(481,979.00)
NET OPERATING INCOME (LOSS)	306,729.00	(175,250.00)	(481,979.00)
NET INCOME (LOSS) OF PROGRAM	306,729.00	(175,250.00)	(481,979.00)

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp
April 02, 2018

SACRAMENTO GROUNDWATER AUTHORITY

ADMINISTRATIVE SERVICES MANAGER
5620 BIRDCAGE STREET, #180
CITRUS HEIGHTS, CA 95610

PMIA Average Monthly Yields

Account Number:
90-34-020

Tran Type Definitions

March 2018 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
3/2/2018	3/1/2018	RW	1563667	NANCY MARRIER	-20,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	1,006,279.15
Total Withdrawal:	-20,000.00	Ending Balance:	986,279.15



Per California Government Code 6505.5 (e), SGA reports the following unaudited information:

For the period ending March 2018

Cash in checking account:	\$	14,018
LAIF Balance	\$	986,279

For the period of January 1, 2018 - March 31, 2018

Total cash receipts for the period:	\$	90,000
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Total cash disbursements for the period:	\$	147,907
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Sacramento Groundwater Authority Board Meeting
April 12, 2018

AGENDA ITEM 8: DIRECTORS' COMMENTS