

Sacramento Groundwater Authority Fiscal Year 2018-19 Budget Discussion

**SGA Board Meeting
April 12, 2018**



SACRAMENTO GROUNDWATER AUTHORITY

Overview

- Proposed Fees for FY2019
- Sustainable Groundwater Management Act (SGMA)
- Common Admin Costs are Shared
- FY19 Program Objectives Budget
- CalPERS Unfunded Pension Liability
- New Assumptions
- Future Budget Outlook

Proposed Fees for FY19

- No change to base fee, per connection fee, and to groundwater fee
 - Was projected at 5% for FY19
- Rising costs absorbed by undesignated reserves from project savings or program objective delays
 - FY19 Expenses > Fees = \$262,900
- Base fee = \$10,100
- Connection fee > 6,000 connections = \$1.31 per connection
- Groundwater pumping fee = \$6.00/AF

Proposed Fees, continued

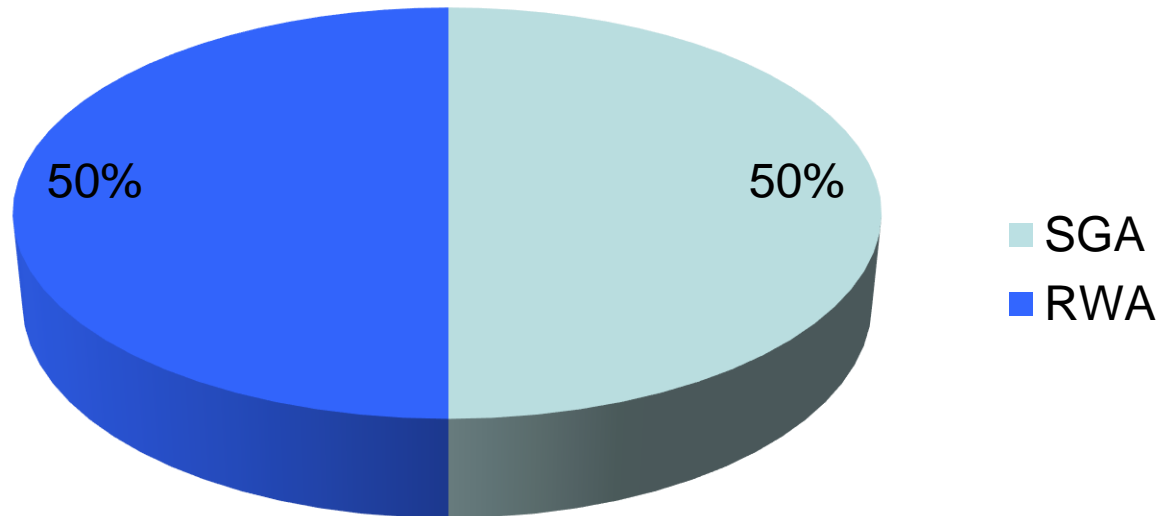
- Beginning in FY19 - agencies will now pay only on retail connections within the SGA boundaries
 - Affects two agencies
 - Combined \$25K decrease in fees to SGA
- Five year trailing average of GW pumping = 67,804
 - Lower than FY18
 - Results in lower fee collection
- Each agency's fee is different – based upon GW pumped
 - If GW increased, fees would increase in FY19

Sustainable Groundwater Management Act (SGMA)

- In September 2014, the Sustainable Groundwater Management Act (SGMA) was signed
- Requires the formation of local groundwater sustainability agencies (GSAs)
- Must assess conditions in their local water basins and adopt locally-based management plans
- Expect increase in fees for SGA to prepare for these requirements

Common Administrative Costs

Sharing of common costs



Agency specific costs allocated to each agency

Program Objectives Budget

Project	Proposed Budget
Update GSP	\$20,000
Monitor water levels/quality	\$10,000
Maintain/improve data system	\$ 5,000
Regional contamination	\$10,000
Groundwater modeling	\$20,000
SGMA Cost Share Designation** \$50K+\$98.3K+60K from FY18	<u>\$208,300</u>
Total	<u>\$273,300</u>

**Requires Board Designation in FY18 for FY19

PERS Unfunded Pension Liability

- SGA became a CalPERS Pension Plan member on July 1, 2016
 - SGA makes its own payments
- Future additional SGA payments will continue (\$47,500 per year)
 - Estimated increases due to decrease in discount rate.
- Projected 6/30/18 unfunded liability based on June 30, 2016 CalPERS valuation
 - Internally adjusted for discount rate change (estimated) 7.375% to 7.0%
 - ~\$190,000

PERS Unfunded Pension Liability – continued

	Proposed Budget Additional Payments
FY19	\$47,500
FY20	\$47,500
FY21	\$47,500
FY22	<u>\$47,500</u>
Total	<u>\$190,000</u>

- Internally estimated based upon CalPERS 6.30.16 Report @ 7.0%
- Policy 400.4 additional payment time line accelerated from FY18 budget – 4 year payoff

New Assumptions

- Building lease increase
- Consulting costs for HR
- Increased legal associated with SGMA
- Increasing audit, actuary and accounting fees for GASB implementation and changing auditors
- Increased computer support
 - Cloud back-up coverage vs tapes
 - More security

Future Budget Outlook

- Approximately 6.5% increase in FY20
 - Adopting this proposed budget does not commit to FY20 budget
- Increase could be higher, depending upon the magnitude of required obligations from SGMA
- Continued payment of unfunded pension liabilities
- Assumes continued common cost sharing between RWA and SGA

Questions and Discussion



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