



**Major Assumptions**

**Revenues**

- 1) Total Fees for groundwater and base fees proposed increase is approximately 9%. Each agencies fee increase is different depending upon their groundwater fees and number of connections.
- 2) Groundwater fees in FY18 are projected to increase by approximately 7%.
- 3) Base fee are projected to increase by approximately 12%. This increased is tied to the overall expense increases. The base fee should cover approximately 40% of costs.
- 4) Assumes 5 year acre foot average groundwater pumped of: 68,368  
In March 2013 the Department of Water Resources (DWR) announced results for another Local Groundwater Assistance Grant Program (AB 303) and awarded SGA a
- 5) grant in the amount of \$225,000. This grant was completed in FY16.
- 6) Interest income expected to decline due to declining available funds, compounded by low interest rates.
- 7)

**Expenses**

- 1) Staffing costs includes partial use of the Project Assistant. Total 2.2 FTEs allocated to SGA. Retired annuitant costs included in professional fees. Anticipates staff paying 2% of their employee share of pension plan contributions with a coincident 2% increase in salary independent of budget merit or cola raises of 5% (total budgeted at 7%). Overall staffing costs also budgeted for a 5% merit/cola increase and follow the compensation policy. This budget does not reflect any potential changes that could result from the compensation study in FY18.
- 2) Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for 2.2 FTEs. FY 2018 budget anticipates an increase in medical costs of 7%, other costs at 3% and specific increases to OPEB costs. Retiree medical payments are now paid for through the CERBT Trust. Anticipates employees continuing to pay their portion of CalPERS contribution FY18 so that by FY19, classic employees pay their 7% share of CalPERS contribution.
- 3) An \$87,600 payment to RWA for SGA's allocated unfunded pension liability was paid in FY16. The June 30, 2016 amount is estimated to be \$171,771 after the payments made in FY16 based upon the June 30, 2015 CalPERS actuarial report. SGA's estimated allocated share is 39%, based upon CalPERS anticipated allocation of the unfunded liabilities. The June 30, 2016 amount does not reflect the expected increase to the unfunded liability due to lowering the discount rate from 7.5% to 7.0%. The budget does estimate the additional ongoing costs of this change and also increases the annual additional liability payments. The RWA EC will review future funding and funding policy of this unfunded liability.
- 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 in future periods.
- 5) Professional fees include public relations, compensation study costs, accounting and legal. It also includes higher actuarial costs due to OPEB rule changes.
- 6) Program consultants for FY18 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. FY18 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 grant.
- 8) Leasing costs are expected to increase in FY19 and potential moving costs are reflected in the FY18 budget.
- 9) General cost increases were projected at 3% unless specific cost increases could be identified.

**Expenses in Excess of Fees**

- 1) In FY18, it is anticipated that SGA fees will be approximately \$175,350 less than expenses. Expenses in excess of fees will be funded from designated and non-designated funds accumulated from previous years and from the operating fund.

**Designations/Restrictions**

- 1) Excluding any pension plan payments, the Operating fund is projected to be approximately five months for FY18, which meets policy guidelines.

**FY19 and Beyond**

- 1) In order to balance expenses with fees, it is projected that fees will increase approximately 5.0% in FY19, as predicted in the FY17 projections. The unfunded liability payments are now expected to be higher than previously anticipated in the prior year. Additionally, program costs in each year is now projected to be higher than previous anticipated. However, approving the FY18 budget does not approve the FY19 budget or fees.



**Sacramento Groundwater Authority  
2017 - 2018 FYE Budget Summary**

Attachment A

5 year average Acre-feet Groundwater	70,093	69,373	69,373	68,368
Proposed Groundwater Fee	\$4.85	\$5.85	\$5.85	\$6.00
Proposed Minimum Base Fee	\$8,000	\$9,000	\$9,000	\$10,100
Proposed Per Connection Fee	\$1.05	\$1.17	\$1.17	\$1.31
Base admin fee as a % of budget	39.80%	39.24%	45.01%	40.50%
Overall Fee Change from Prior Year	15.94%	12.85%	12.86%	9.07%

	<b>Actual FY16</b>	<b>Budgeted FY17</b>	<b>Projected FY17</b>	<b>Proposed FY18</b>	<b>Notes</b>
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**Operating Revenues**

Groundwater Fees	\$ 339,960	\$ 385,000	\$ 385,000	\$ 410,200	Increase in GW fees needed to pay for costs that have been paid for out of undesignated funds over the last several years. Total GW fee increase is 15%.
Base Fee	\$ 264,532	\$ 297,200	\$ 297,200	\$ 333,900	Base fee increase of 12%. Goal is to shift fees to get base fee to 40%.
Grant Income	\$ 60,595	\$ -	\$ 11,250	\$ -	DWR grant evaluating the groundwater sustainability due to contamination in FY17.
Interest Income	\$ 3,566	\$ 1,300	\$ 7,400	\$ 3,300	Rates are fairly stable, but available cash is declining.
<b>Total</b>	<b>\$ 668,653</b>	<b>\$ 683,500</b>	<b>\$ 700,850</b>	<b>\$ 747,400</b>	

**Operating Expenses**

Staff	\$ 485,239	\$ 461,700	\$ 468,900	\$ 498,200	Reflects 2.2 FTE.
Office	\$ 43,695	\$ 58,300	\$ 56,750	\$ 59,750	No significant changes expected in FY18
Professional Fees	\$ 81,576	\$ 295,700	\$ 133,400	\$ 353,400	Support & PM consulting. Includes \$98,300 in costs from FY15, FY16, FY17 to FY18. See PM budget.
Other	\$ 800	\$ 1,300	\$ 1,300	\$ 11,400	Office equipment purchases and potential moving costs
Special Projects	\$ 53,268	\$ -	\$ -	\$ -	Reflects costs related to the AB 303 DWR grant
<b>Total Expenses</b>	<b>\$ 664,578</b>	<b>\$ 817,000</b>	<b>\$ 660,350</b>	<b>\$ 922,750</b>	

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

	<u>\$ 4,075</u>	<u>\$ (133,500)</u>	<u>\$ 40,500</u>	<u>\$ (175,350)</u>
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**Cash, beginning**

	\$ 521,126	\$ 472,920	\$ 525,201	\$ 565,701
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**Source (Use) of Funds**

	<u>\$ 4,075</u>	<u>\$ (133,500)</u>	<u>\$ 40,500</u>	<u>\$ (175,350)</u>
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**Cash, ending**

	<u>\$ 525,201</u>	<u>\$ 339,420</u>	<u>\$ 565,701</u>	<u>\$ 390,351</u>
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**DESIGNATIONS**

Operating Fund	\$ 295,200	\$ 312,520	\$ 316,700	\$ 361,551
Pension Plan	\$ 26,900	\$ 26,900	\$ 26,900	\$ 28,800
Groundwater Modeling	\$ 58,300	\$ -	\$ 98,300	
Un-designated	\$ 144,801	\$ -	\$ 123,801	\$ -
	<u>\$ 525,201</u>	<u>\$ 339,420</u>	<u>\$ 565,701</u>	<u>\$ 390,351</u>

No. of months cash pays for operations	<u>10.1</u>	<u>5.1</u>	<u>8.3</u>	<u>5.4</u>
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							% increase expenses, unless specific increases identified				3.00%			
							% increase consulting costs				5.00%			
							% change in Acre Feet Pumped				-2.15%			
							<b>SGA</b>							
							<b>Proposed FY' 2017-2018 OPERATING BUDGET PROJECTION</b>				<b>5-Year Projection</b>			
							BUDGET ACRE FEET FY17 (5-yr. Ave) 69,373				70,154			
							BUDGET ACRE FEET FY18 (5-yr. Ave) ACRE FEET: 69,373 9.83				68,368			
							SGA FY 16 Per Audit				SGA Projected FY 19			
							SGA FY 17 Budget				SGA Projected FY 20			
							SGA FY 17 Actual at Jan. 2017				SGA Projected FY 21			
							SGA FY 17 Projected				SGA Projected FY 22			
							NOTES							
<b>ANNUAL REVENUES</b>														
GW Fee FY 17 Final Budget	\$4.85	\$5.85		\$5.85		\$6.10	1	\$6.40	\$6.95	\$7.25				
Proposed GW Fee FY 18 Budget						\$6.00	1	\$6.50	\$7.35	\$8.25	\$8.00			
Proposed Base Fee	\$8,000	\$9,000		\$9,000		\$10,100	2	\$10,520	\$11,134	\$11,690	\$12,538			
Proposed Per Connection Fee	\$1.05	\$1.17		\$1.17		\$1.31	2	\$1.36	\$1.47	\$1.54	\$1.65			
Overall Fee Change from Prior Year	15.94%	12.85%		12.86%		9.07%	3	5.20%	10.69%	8.56%	3.04%			
Expense change from prior year	-0.36%	16.29%		17.92%		12.04%	4	4.18%	7.74%	4.99%	7.25%			
Base admin fee as a % of budget	39.80%	39.24%		45.01%		40.50%	2	41.41%	42.48%	42.51%	44.98%			
<b>OPERATING REVENUES (Proposed Fee)</b>														
<b>General Assessments/Fees</b>														
→ Groundwater fees	\$ 339,960	\$ 385,000	\$ 385,020	\$ 385,000		\$ 410,200	1	\$ 434,900	\$ 491,700	\$ 547,200	\$ 547,300			
→ Base Fee	\$ 264,532	\$ 297,200	\$ 297,196	\$ 297,200		\$ 333,900	2	\$ 347,900	\$ 374,800	\$ 393,500	\$ 422,000			
→ Grant Income	\$ 60,595	\$ -	\$ 11,248	\$ 11,250		\$ -	5	\$ -	\$ -	\$ -	\$ -			
Interest Income	\$ 3,566	\$ 1,300	\$ 3,694	\$ 7,400		\$ 3,300	6	\$ 3,300	\$ 2,500	\$ 2,600	\$ 3,300			
<b>TOTAL REVENUE</b>	<b>\$ 668,653</b>	<b>\$ 683,500</b>	<b>\$ 697,158</b>	<b>\$ 700,850</b>		<b>\$ 747,400</b>		<b>\$ 786,100</b>	<b>\$ 869,000</b>	<b>\$ 943,300</b>	<b>\$ 972,600</b>			
<b>STAFF EXPENSES (General):</b>														
Staff Salaries/Wages	\$ 268,156	\$ 282,900	\$ 166,094	\$ 283,600		\$ 303,200	7	\$ 321,100	\$ 337,000	\$ 353,700	\$ 371,200			
Benefits	\$ 106,350	\$ 118,900	\$ 48,617	\$ 125,700		\$ 133,500	8	\$ 141,700	\$ 157,900	\$ 178,600	\$ 200,400			
Pension - GASB/CALPERS	\$ 87,600	\$ 26,900	\$ -	\$ 26,900		\$ 26,900	9	\$ 28,800	\$ 32,000	\$ 35,200	\$ 38,400			
Payroll Taxes	\$ 16,252	\$ 22,600	\$ 8,305	\$ 22,700		\$ 24,300	10	\$ 25,700	\$ 27,000	\$ 28,300	\$ 29,700			
Meals/Travel/Conferences	\$ 6,881	\$ 7,800	\$ 4,832	\$ 7,500		\$ 7,800	11	\$ 8,000	\$ 8,300	\$ 8,500	\$ 8,800			
Professional Development/Training	\$ -	\$ 2,600	\$ 125	\$ 2,500		\$ 2,500	12	\$ 2,600	\$ 2,700	\$ 2,800	\$ 2,900			
<b>TOTAL STAFF EXPENSES</b>	<b>\$ 485,239</b>	<b>\$ 461,700</b>	<b>\$ 227,973</b>	<b>\$ 468,900</b>		<b>\$ 498,200</b>		<b>\$ 527,900</b>	<b>\$ 564,900</b>	<b>\$ 607,100</b>	<b>\$ 651,400</b>			

	% increase expenses, unless specific increases identified				3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	% increase consulting costs				5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	% change in Acre Feet Pumped					-2.15%	0.00%	-0.85%		3.13%	
<b>SGA</b>											
<b>Proposed FY' 2017-2018 OPERATING BUDGET PROJECTION</b>											
BUDGET ACRE FEET FY17 (5-yr. Ave)	69,373				70,154	70,317	68,538	67,692			
BUDGET ACRE FEET FY18 (5-yr. Ave)	ACRE FEET: 69,373 9.83				68,368	66,900	66,900	66,332	68,408		
	<b>SGA FY 16 Per Audit</b>	<b>SGA FY 17 Budget</b>	<b>SGA FY 17 Actual at Jan. 2017</b>	<b>SGA FY 17 Projected</b>		<b>SGA FY 18 Proposed Budget</b>	<b>NOTES</b>	<b>SGA Projected FY 19</b>	<b>SGA Projected FY 20</b>	<b>SGA Projected FY 21</b>	<b>SGA Projected FY 22</b>
<b>OFFICE EXPENSES:</b>											
Rent & Utilities Contract	\$ 9,748	\$ 12,500	\$ 6,242	\$ 12,500		\$ 12,500	13	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
General Liability Insurance	\$ 12,043	\$ 12,500	\$ 12,531	\$ 12,500		\$ 12,900	14	\$ 13,300	\$ 13,700	\$ 14,100	\$ 14,500
Office Maintenance	\$ -	\$ 1,600	\$ -	\$ 250		\$ 250	15	\$ 300	\$ 400	\$ 400	\$ 500
Postage and Postal Meter	\$ 1,333	\$ 1,600	\$ 258	\$ 1,500		\$ 1,600	16	\$ 1,600	\$ 1,700	\$ 1,700	\$ 1,800
Telephone/internet/web hosting	\$ 5,224	\$ 5,700	\$ 2,634	\$ 5,500		\$ 6,000	17	\$ 6,200	\$ 6,400	\$ 6,600	\$ 6,800
Meetings	\$ 220	\$ 1,100	\$ 706	\$ 1,100		\$ 1,100	18	\$ 1,200	\$ 1,300	\$ 1,400	\$ 1,500
Printing/Supplies/Copier	\$ 6,417	\$ 13,200	\$ 3,392	\$ 13,200		\$ 13,600	19	\$ 14,000	\$ 14,400	\$ 14,800	\$ 15,200
Dues & Subscriptions	\$ 4,089	\$ 3,900	\$ 4,055	\$ 4,100		\$ 5,500	20	\$ 5,700	\$ 5,900	\$ 6,100	\$ 6,300
Computer hardware/software	\$ 2,127	\$ 2,600	\$ 1,982	\$ 2,600		\$ 2,700	21	\$ 2,800	\$ 2,900	\$ 3,000	\$ 3,100
Computer maintenance	\$ 2,494	\$ 3,600	\$ 1,433	\$ 3,500		\$ 3,600	22	\$ 3,700	\$ 3,800	\$ 3,900	\$ 4,000
<b>TOTAL OFFICE EXPENSES</b>	<b>\$ 43,695</b>	<b>\$ 58,300</b>	<b>\$ 33,233</b>	<b>\$ 56,750</b>		<b>\$ 59,750</b>		<b>\$ 73,800</b>	<b>\$ 75,500</b>	<b>\$ 77,000</b>	<b>\$ 78,700</b>
<b>PROFESSIONAL FEES:</b>											
SGA Legal	\$ 15,841	\$ 40,000	\$ 5,079	\$ 30,000		\$ 40,000	23	\$ 42,000	\$ 44,100	\$ 46,300	\$ 48,600
Audit Fees and GASB report	\$ 10,238	\$ 9,600	\$ 10,125	\$ 10,100		\$ 11,500	24	\$ 14,000	\$ 14,700	\$ 15,500	\$ 16,200
ADP & Banking Fees	\$ 881	\$ 1,000	\$ 617	\$ 1,000		\$ 1,000	25	\$ 1,100	\$ 1,200	\$ 1,200	\$ 1,300
SGA Support Services	\$ 21,024	\$ 36,800	\$ 13,459	\$ 36,800		\$ 52,600	26	\$ 43,200	\$ 49,400	\$ 49,700	\$ 59,000
SGA Consultants - Program Manager	\$ 33,592	\$ 150,000	\$ 34,456	\$ 55,500		\$ 150,000	27	\$ 136,800	\$ 123,600	\$ 127,400	\$ 81,300
Program - FY16 & FY17	\$ -	\$ 58,300	\$ -	\$ -		\$ 98,300	27	\$ -	\$ -	\$ -	\$ -
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 81,576</b>	<b>\$ 295,700</b>	<b>\$ 63,736</b>	<b>\$ 133,400</b>		<b>\$ 353,400</b>		<b>\$ 237,100</b>	<b>\$ 233,000</b>	<b>\$ 240,100</b>	<b>\$ 206,400</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 610,510</b>	<b>\$ 815,700</b>	<b>\$ 324,942</b>	<b>\$ 659,050</b>		<b>\$ 911,350</b>		<b>\$ 838,800</b>	<b>\$ 873,400</b>	<b>\$ 924,200</b>	<b>\$ 936,500</b>
<b>OTHER EXPENSES:</b>											
Office furniture/remodel/equip	\$ 800	\$ 1,300	\$ 418	\$ 1,300		\$ 1,400	28	\$ 1,400	\$ 1,500	\$ 1,500	\$ 1,600
Office Move	\$ -	\$ -	\$ -	\$ -		\$ 10,000	28	\$ -	\$ -	\$ -	\$ -
Computer Server	\$ -	\$ -	\$ -	\$ -		\$ -	28	\$ -	\$ 7,500	\$ -	\$ -
<b>TOTAL Other Expenses</b>	<b>\$ 800</b>	<b>\$ 1,300</b>	<b>\$ 418</b>	<b>\$ 1,300</b>		<b>\$ 11,400</b>		<b>\$ 1,400</b>	<b>\$ 9,000</b>	<b>\$ 1,500</b>	<b>\$ 1,600</b>
<b>Special Projects Expenses</b>											
Consulting - AB 303 Studies	\$ 53,268	\$ -	\$ -	\$ -		\$ -	29	\$ -	\$ -	\$ -	\$ -
<b>TOTAL Special Proj. Expenses</b>	<b>\$ 53,268</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

		SGA			SGA			5-Year Projection			
		% 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						-2.15%	0.00%	-0.85%	3.13%
		Proposed FY' 2017-2018 OPERATING BUDGET PROJECTION									
BUDGET ACRE FEET FY17 (5-yr. Ave)		69,373			70,154			70,317	68,538	67,692	
BUDGET ACRE FEET FY18 (5-yr. Ave)		ACRE FEET: 69,373 9.83			68,368			66,900	66,900	66,332	68,408
	SGA FY 16  Per Audit	SGA FY 17  Budget	SGA FY 17  Actual at Jan. 2017	SGA FY 17  Projected	SGA FY 18  Proposed Budget	NOTES	SGA Projected FY 19	SGA Projected FY 20	SGA Projected FY 21	SGA Projected FY 22	
TOTAL EXPENSES	\$ 664,578	\$ 817,000	\$ 325,360	\$ 660,350	\$ 922,750	30	\$ 840,200	\$ 882,400	\$ 925,700	\$ 938,100	
Net Income (Loss)	\$ 4,075	\$ (133,500)	\$ 371,798	\$ 40,500	\$ (175,350)	31	\$ (54,100)	\$ (13,400)	\$ 17,600	\$ 34,500	
<b>CASH SUMMARY</b>											
AVAILABLE CASH, Beginning	\$ 521,126	\$ 472,920	\$ 525,201	\$ 525,201	\$ 565,701	32	\$ 390,351	\$ 336,251	\$ 322,851	\$ 340,451	
SOURCE (USE) OF FUNDS	\$ 4,075	\$ (133,500)	\$ 371,798	\$ 40,500	\$ (175,350)	31	\$ (54,100)	\$ (13,400)	\$ 17,600	\$ 34,500	
CASH, Ending	\$ 525,201	\$ 339,420	\$ 896,999	\$ 565,701	\$ 390,351		\$ 336,251	\$ 322,851	\$ 340,451	\$ 374,951	
<b>DESIGNATIONS</b>											
Operating Fund (four to six mos)	\$ 295,200	\$ 312,520	\$ 312,520	\$ 316,700	\$ 361,551	5.4 33	\$ 304,251	\$ 287,651	\$ 302,051	\$ 333,351	
Pension Plan "Assignment"	\$ 26,900	\$ 26,900	\$ 26,900	\$ 26,900	\$ 28,800	0.4 34	\$ 32,000	\$ 35,200	\$ 38,400	\$ 41,600	
Groundwater Modeling	\$ 58,300	\$ -	\$ 58,300	\$ 98,300	\$ -	35	\$ -	\$ -	\$ -	\$ -	
Un-designated	\$ 144,801	\$ -	\$ 499,279	\$ 123,801	\$ -	0.0 36	\$ -	\$ -	\$ -	\$ -	
CASH IN BANK, Ending	\$ 525,201	\$ 339,420	\$ 896,999	\$ 565,701	\$ 390,351		\$ 336,251	\$ 322,851	\$ 340,451	\$ 374,951	
No. of months cash pays for oper.	10.1	5.1		8.3	5.4	33	4.5	4.1	4.1	4.4	

**SGA**  
**FY 2017-2018 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 increase total fees by approximately 9%. The total expected fee increase in FY18 when preparing the FY18 budget was about 9%. The groundwater fees are proposed at \$6.00 in FY18 versus \$5.85 in FY17. A trailing five-year pumping average is used (FY12-FY16). FY17 through FY21 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 FY18 from FY17 is anticipated at approximately 12%. SGA is funding approximately \$98,300 in programmatic expenses in FY18 that were budgeted for FY17 with the funds being designated in FY17 for spending in FY18. This lag effect of expenditures creates a larger than expected increase in expenses year to year for FY18. 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 DWR announced results for the Local Groundwater Assistance Grant Program (AB 303) and awarded SGA a grant in the amount of \$225,000. The grant is be a groundwater contamination study that began in FY2015 and was completed in FY2016. The grant income received in FY 17 relates to the final retention from DWR.

**SGA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**

- 6 Interest income from the SGA Local Agency Investment Fund (LAIF) account. As available cash decreases, interest earned is expected to decrease, compounded by low interest rates.
- 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. This year's salaries reflect an increase of 7% to account for merit increases, shifting of classic employees paying 2% of their CalPERS contribution by increasing their salaries by 2%, and follows Compensation Policy 400.2. The retired annuitants salary and benefits is included in the consulting budget. No future salary adjustments are built into the budget as could occur as a result of the compensation study.
- 8 Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for staff members. FY 2018 budget anticipates an increase in medical costs of 7%, other costs at 3% and increased OPEB costs. Reflects employees paying 2% more of their CalPERS contribution so SGA's contribution for the employees' share drops from 3% to 1%. In FY18, a salary compensation study will be done and will include the additional 1%, so that by FY19, classic employees pay their 7% share of CalPERS contribution.
- 9 Represents the estimated payment of the allocated unfunded pension liability to SGA over several years, with an installment payment made to RWA in FY2016 (or CalPERS). This projected payment in the future reflects the estimated funding calculation for prior unfunded costs now allocated to SGA, estimated at 39%. Starting in FY17, SGA is a PERS employer and will make its own unfunded liability payments. The budget in out years estimates increasing unfunded liability payments due to the decrease in discount rates as announced in December 2016.
- 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 current lease expires in FY18 and is expected to increase. RWA EC has tasked a committee to begin the process of securing a new lease.
- 14 Minimal increase in costs for property and liability coverage obtained through ACWA JPIA forecasted for the coming year.

**SGA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**

- 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.
- 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.
- 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 lower since the CalPERS Pension issue was resolved.
- 24 Audit fees are set by the awarded proposal. FY17 is the last year of the contract and has been extended one additional year by the EC.
- 25 Payroll service costs for 5 employees (2.2 FTE).
- 26 Represents actuarial, budgeting and accounting assistance, website, and salary survey.
- 27 Fees for groundwater management program implementation. (See separate program consulting budget). Program FY16 & FY17 represents unused funds for these fiscal years which will be used in FY18 for groundwater modeling.
- 28 Includes potential moving costs related to the lease expiration in FY19. Also anticipates a possible replacement of the server in FY20.
- 29 Consulting expenses for grant-funded study to evaluate potential threats to groundwater sustainability resulting from contamination.



**SGA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**

- 30 Total expenses for SGA.
- 31 Represents the difference between total monies received versus total expenses incurred during the year.
- 32 Beginning cash for FY17 is reduced by FY16 year end accounts payables and increased for FY16 year end accounts receivable to arrive at available cash.
- 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 now provides estimated unfunded liabilities for pooled agency members, such as RWA and SGA. SGA's share of the total cost represented 39% of the total \$171,771 for FY16 based upon CalPERS June 30, 2015 report. In FY16, SGA paid RWA \$87,600 for their share of the liability and will make their own payments starting in FY17. The pension plan assignment sets aside amounts to make partial payments towards this unfunded pension liability in future years. The \$171,771 does not reflect CalPERS Dec 2016 memo stating the discount rate will decrease from 7.5% to 7.0% over three years, thereby increasing ongoing funding costs and increasing the unfunded liability. This budget estimates what the annual costs might be based upon the memo. However, the actual unfunded amounts will not be known until a new valuation is conducted by CalPERS. The RWA EC will review the funding policy and funding approach for this liability in the near future.
- 35 Designating \$98,300 from the FY16 & FY17 budget for Groundwater modeling to be spent in FY18.
- 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%
<b>SGA Consulting Budget Approved and Proposed</b>					<b>4-Year Projection (1)</b>											
	<b>SGA FY 16 Per Audit</b>	<b>Approved FY17 + designation</b>	<b>FY 17 Actual at Jan 17</b>	<b>FY 17 Projected</b>	<b>Proposed FY 18</b>	<b>Projected FY 19</b>	<b>Projected FY 20</b>	<b>Projected FY 21</b>	<b>Projected FY 22</b>	<b>NOTES</b>						
<b>Outside Consultant Assistance - Projects</b>																
Annual Basin Management Report	\$ 4,650	\$ 10,000	\$ 7,715	\$ 7,700	\$ -	\$ -	\$ 10,000	\$ 10,500	\$ 11,000	1						
Update GSP	\$ -	\$ 50,000	\$ -	\$ 10,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	2						
Monitor water quality/levels (AB 303)	\$ 14,548	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	3						
Grant Application Assistance	\$ -	\$ 20,000	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	4						
Maintain/Improve DMS	\$ -	\$ 10,000	\$ 6,425	\$ 10,000	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	5						
Pursue short-term banking/exchange			\$ -	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ -	6						
Regional contamination issues	\$ 14,394	\$ 10,000	\$ 10,316	\$ 10,300	\$ 15,000	\$ 15,800	\$ 16,600	\$ 17,400	\$ 18,300	7						
Groundwater modeling	\$ -	\$ 40,000	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 25,000	\$ 26,300	\$ 27,600	8						
Groundwater modeling - carryover FY16/FY17		\$ 58,300			\$ 98,300											
Subsidence Monitoring	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9						
<b>TOTAL PROGRAM</b>	<b>\$ 33,592</b>	<b>\$ 208,300</b>	<b>\$ 34,456</b>	<b>\$ 55,500</b>	<b>\$ 248,300</b>	<b>\$ 136,800</b>	<b>\$ 123,600</b>	<b>\$ 127,400</b>	<b>\$ 81,300</b>							

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

(2) Approved FY17 also included additional designation total amount of approximately \$58,300 approved at the April 14, 2016 Board meeting. These funds will be moved for use in FY18.

**SGA Program**  
**FY 2017-2018 BUDGET PROJECTION NOTES**

- 1 Assessing and reporting on the basin is defined in the Groundwater Sustainability Plan (GSP). This report is key to demonstrating that the Water Forum Agreement (WFA) is being complied with, and is also needed to show that the GSP is being implemented for purposes of receiving funding from state/federal partners. The report will be primarily prepared by SGA staff, but SGA lacks graphical support and some analytical support, such as preparation of annual water surface elevation maps. At this time, it is unclear how future annual reports will be coordinated with other Groundwater Sustainability Agencies in the North American Subbasin. We are assuming an expense of \$10,000 per year beginning in FY20.
- 2 The 2014 Sustainable Groundwater Management Act (SGMA) requires a GSP for the North American Subbasin be submitted by January 31, 2022. In anticipation of a grant funding opportunity to help prepare a GSP being released in mid to late 2017, staff is proposing to identify a budget of \$50,000 for early GSP tasks. This will ensure local cost share is available to begin activities with the other GSAs in the North American Subbasin. Funding is also being identified in FY19, FY20 and FY21.
- 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. Examples include AB303 local groundwater assistance grants and federal programs such as local Groundwater Assistance Grant from DWR. Funds are proposed for FY18, because it is anticipated that DWR will release a grant funding opportunity for SGMA compliance in mid to late 2017.
- 5 Consulting support to enter data and perform maintenance on the Data Management System (DMS).
- 6 Much of this work has been assigned over to the RWA Integrated Regional Water Management Plan (IRWMP), 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.

**SGA Program**  
**FY 2017-2018 BUDGET PROJECTION NOTES**

- 8 SGMA will require additional modeling work in the North American Subbasin to determine the sustainable yield and water budget for the basin. SGA budgeting for a model update commencing in FY17, which would likely include additional funding partners from the North American and South American subbasins. There were funds in the amount of \$58,300 that were approved at the SGA board meeting on April 14, 2016 that will be moved to FY18. Additionally, staff is requesting the designation of \$40,000 in approved funds from FY17 be moved to FY18. This would leave a designation for the modeling budget at June 30, 2017 of \$98,300. Staff is requesting this designation because they believe the model update will be ready to commence in FY18.
- 9 Subsidence monitoring is a required component of GSPs developed under SGMA. There are currently no projected expenses identified.