Sacramento Groundwater Authority
Fiscal Year 2018-19 Budget Discussion

SGA Board Meeting
April 12, 2018
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

SGA

RWA
# Program Objectives Budget

## Proposed Budget

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Proposed Budget Additional Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>$47,500</td>
</tr>
<tr>
<td>FY20</td>
<td>$47,500</td>
</tr>
<tr>
<td>FY21</td>
<td>$47,500</td>
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<tr>
<td>FY22</td>
<td>$47,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$190,000</strong></td>
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</tbody>
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- 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