



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)

	<u>\$ 96,325</u>	<u>\$ (175,350)</u>	<u>\$ 90,200</u>	<u>\$ (262,900)</u>	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	<u>\$ 96,325</u>	<u>\$ (175,350)</u>	<u>\$ 90,200</u>	<u>\$ (262,900)</u>

Cash, ending	<u>\$ 621,526</u>	<u>\$ 390,351</u>	<u>\$ 711,726</u>	<u>\$ 448,826</u>
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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
	<u>\$ 621,526</u>	<u>\$ 390,351</u>	<u>\$ 711,726</u>	<u>\$ 448,826</u>

No. of months cash pays for operations	<u>10.3</u>	<u>5.4</u>	<u>8.6</u>	<u>6.6</u>
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% increase expenses, unless specific increases identified 3.00% % increase consulting costs 5.00% % change in Acre Feet Pumped SGA Proposed FY' 2018-2019 OPERATING BUDGET PROJECTION							5-Year 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 ACRE FEET: 68,368 67,804 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
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.