



Major Assumptions

Revenues

- 1) No per unit fee increase is proposed for groundwater and base fees for FY20. Overall, fees decrease by approximately \$5,300. Some agencies will experience a fee increase. Each agencies FY20 fee is different depending upon their groundwater use and number of connections.
- 2) Groundwater fees reflect decreased pumping.
- 3) Base fee are not projected to increase for FY20. The base fee should cover approximately 40% of costs.
- 4) Assumes 5 year acre foot average groundwater pumped of: 66,614
- 5) A new grant for SGMA actions, including GSP Development started in FY19.
- 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. Staff pays their entire 7% of their employee share of pension plan contributions. Overall staffing costs also budgeted for a 4% merit and 2% 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 2020 budget anticipates an increase in medical costs of 7%, other costs at 3% and specific increases to OPEB costs. Employees pay their entire 7% of their employee portion of PERS pension.
- 3) SGA continues to budget for additional payments towards its unfunded pension plan. A CalPERS July 26, 2018 letter estimates the June 30, 2019 balance at \$56,500 at a 7.0% discount rate. This balance includes additional \$47,500 payment made towards this liability during FY19. This budget spreads out payment of the unfunded liability over 4 years versus 30 years as done by CalPERS.
- 4) Professional fees include public relations, human resources, audit, accounting, actuarial, and legal expenses. It also includes higher actuarial costs due to OPEB rule changes.
- 5) Program consultants for FY20 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. FY19 and beyond also represents some initial increased costs for newly passed legislation related to the Sustainable Groundwater Management Act.
- 6) Special projects reflects the costs associated with the DWR grants related to the SGMA.
- 7) Leasing costs began increasing in FY19 due to a renegotiation of the lease on the Birdcage building.
- 8) General cost increases were projected at 3% unless specific cost increases could be identified.

Expenses in Excess of Fees

- 1) In FY20, it is anticipated that SGA fees will be approximately \$82,050 less than expenses. Expenses in excess of fees will be mainly funded from designated funds and the balance from non-designated funds accumulated from previous years.

Designations/Restrictions

- 1) Excluding any SGMA costs, the Operating fund is projected to be approximately eight months for FY20, which exceeds policy guidelines. The expected non-designated cash at the end of FY19 will be used to fund expenses and therefore a rate increase for FY20 is not needed.
- 2) The remaining groundwater modeling designation of \$148,300, the update GSP designation of \$50,000, and maintaining the DMS designation of \$10,000 (totaling \$208,300) from FY19 will move to the SGMA implementation designation to pay for SGMA costs in FY19 and FY20. An additional \$54,400 from the program budget in FY19 will be designated for the SGMA costs to be spent in FY20 and beyond. Approximately a net \$25,500 of this designation is used in FY19, leaving a combined remaining designation balance in FY19 of \$237,200.
- 3) Office equipment designation in FY19 is a result of unused office move costs in FY18 that will be used for office/conference room improvements.

FY21 and Beyond

- 1) Currently, a projected increase of approximately 4.5% is anticipated in FY21. Future increases will be higher than actual expense increases to balance out the fees and expenses over time.



**Sacramento Groundwater Authority
2019 - 2020 FYE Budget Summary**

Attachment A

5 year average Acre-feet Groundwater	70,093	67,804	67,804	66,614
Proposed Groundwater Fee	\$6.00	\$6.00	\$6.00	\$6.00
Proposed Minimum Base Fee	\$10,100	\$10,100	\$10,100	\$10,100
Proposed Per Connection Fee	\$1.31	\$1.31	\$1.31	\$1.31
Base admin fee as a % of budget	54.90%	39.80%	44.36%	41.05%
Overall Fee Change from Prior Year	12.85%	-3.80%	-3.80%	-0.74%

	Actual FY18	Budgeted FY19	Projected FY19	Proposed FY20	Notes
Operating Revenues					
Groundwater Fees	\$ 410,202	\$ 406,800	\$ 406,800	\$ 399,700	No increase in GW fees per unit
Base Fee	\$ 333,863	\$ 309,000	\$ 309,000	\$ 310,800	No increase in base fees for FY20
Grant Income	\$ -	\$ 400,000	\$ 225,000	\$ 350,000	A new grant for SGMA actions, including GSP Development started in FY19
Partner Fees	\$ -	\$ -	\$ 149,500	\$ 52,800	Reflects SGMA partner fees collected from participants
Interest Income	\$ 14,077	\$ 6,000	\$ 22,900	\$ 11,700	Rates are fairly stable, but available cash is declining
Total	\$ 758,142	\$ 1,121,800	\$ 1,113,200	\$ 1,125,000	

Operating Expenses					
Staff	\$ 461,760	\$ 528,200	\$ 512,400	\$ 513,500	Reflects 2.2 FTE, salary and benefit costs
Office	\$ 52,318	\$ 63,400	\$ 65,250	\$ 68,350	No significant changes expected in FY20
Professional Fees	\$ 90,735	\$ 183,400	\$ 116,650	\$ 167,750	Support & PM consulting
Other	\$ 3,269	\$ 1,400	\$ 2,350	\$ 7,450	Office equipment and move - carryover from FY18
Special Projects	\$ -	\$ 608,300	\$ 400,000	\$ 450,000	Reflects costs related to grants
Total Expenses	\$ 608,082	\$ 1,384,700	\$ 1,096,650	\$ 1,207,050	

Fees in Excess of Expenses/(Expenses in Excess of Fees)	\$ 150,060	\$ (262,900)	\$ 16,550	\$ (82,050)	Reflects spending from designations plus spending from FY19 projected undesignated carryover
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Cash, beginning	\$ 621,526	\$ 711,726	\$ 771,586	\$ 788,136
Source (Use) of Funds	\$ 150,060	\$ (262,900)	\$ 16,550	\$ (82,050)

Cash, ending	\$ 771,586	\$ 448,826	\$ 788,136	\$ 706,086
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DESIGNATIONS					Change in Designations
Operating Fund	\$ 316,800	\$ 364,500	\$ 324,600	\$ 378,500	\$ 53,900
Pension Plan	\$ 47,500	\$ 47,500	\$ 47,500	\$ -	\$ (47,500)
Groundwater Modeling	\$ 148,300	\$ -	\$ -	\$ -	\$ -
SGMA Implementation	\$ -	\$ -	\$ 237,200	\$ 190,000	\$ (47,200)
Update GSP	\$ 50,000	\$ -	\$ -	\$ -	\$ -
Maintain DMS	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Office Equipment	\$ -	\$ -	\$ 6,050	\$ -	\$ (6,050)
Un-designated	\$ 198,986	\$ 36,826	\$ 172,786	\$ 137,586	\$ (35,200)
	\$ 771,586	\$ 448,826	\$ 788,136	\$ 706,086	\$ (82,050)

No. of months cash pays for operations	<u>10.6</u>	<u>6.6</u>	<u>9.2</u>	<u>8.2</u>
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		% increase expenses, unless specific increases identified		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%
		% change in Acre Feet Pumped				-4.00%	1.01%	3.24%		-1.03%
SGA										
Proposed FY' 2019-2020 OPERATING BUDGET PROJECTION										
BUDGET ACRE FEET FY19 (5-yr. Ave)		67,804		65,314		63,918	65,079	67,324		
BUDGET ACRE FEET FY20 (5-yr. Ave)	68,368	ACRE FEET:	67,804	66,614		63,948	64,597	66,689	66,004	
	SGA	SGA	SGA	SGA		SGA	SGA	SGA	SGA	
	FY 18	FY 19	FY 19	FY 19		FY 20	Projected	Projected	Projected	Projected
	Per Audit	Budget	Actual at	Projected		Proposed	FY 21	FY 22	FY 23	FY 24
			Dec. 2018			Budget				
ANNUAL REVENUES										
GW Fee FY 19 Final Budget	\$6.00	\$6.00		\$6.00		\$6.65	1	\$7.35	\$7.85	\$8.30
Proposed GW Fee FY 20 Budget						\$6.00	1	\$6.40	\$6.70	\$7.20
Proposed Base Fee	\$10,100	\$10,100		\$10,100		\$10,100	2	\$10,800	\$11,200	\$11,700
Proposed Per Connection Fee	\$1.31	\$1.31		\$1.31		\$1.31	2	\$1.40	\$1.46	\$1.53
Overall Fee Change from Prior Year	12.85%	-3.80%		-3.80%		-0.74%	3	4.38%	4.96%	8.16%
Expense change from prior year	12.56%	9.63%		11.69%		8.67%	4	6.62%	3.97%	4.91%
Base admin fee as a % of budget	54.90%	39.80%		44.36%		41.05%	2	41.17%	41.18%	41.08%
OPERATING REVENUES (Proposed Fee)										
General Assessments/Fees										
→ Groundwater fees	\$ 410,202	\$ 406,800	\$ 406,822	\$ 406,800		\$ 399,700	1	\$ 409,300	\$ 432,800	\$ 480,200
→ Base Fee	\$ 333,863	\$ 309,000	\$ 309,037	\$ 309,000		\$ 310,800	2	\$ 332,300	\$ 345,600	\$ 361,700
→ SGMA Grant Income	\$ -	\$ 400,000	\$ -	\$ 225,000		\$ 350,000	5	\$ 320,000	\$ 99,400	\$ -
→ SGMA Partner Fees	\$ -	\$ -	\$ 55,804	\$ 149,500		\$ 52,800	5	\$ 46,300	\$ -	\$ -
Interest/Misc Income	\$ 14,077	\$ 6,000	\$ 14,900	\$ 22,900		\$ 11,700	6	\$ 9,300	\$ 6,400	\$ 3,600
TOTAL REVENUE	\$ 758,142	\$ 1,121,800	\$ 786,563	\$ 1,113,200		\$ 1,125,000		\$ 1,117,200	\$ 884,200	\$ 845,500
STAFF EXPENSES (General):										
Staff Salaries/Wages	\$ 306,160	\$ 319,900	\$ 155,583	\$ 319,900		\$ 343,600	7	\$ 358,700	\$ 380,100	\$ 402,600
Benefits	\$ 104,072	\$ 124,700	\$ 65,826	\$ 110,100		\$ 117,800	8	\$ 139,200	\$ 150,500	\$ 161,300
Pension - Unfunded Liability	\$ 26,900	\$ 47,500	\$ 47,500	\$ 47,500		\$ 14,500	9	\$ 14,500	\$ 14,500	\$ 14,500
Payroll Taxes	\$ 18,047	\$ 25,600	\$ 6,216	\$ 25,600		\$ 27,100	10	\$ 28,700	\$ 30,400	\$ 32,200
Meals/Travel/Conferences	\$ 6,581	\$ 8,000	\$ 3,302	\$ 7,800		\$ 8,000	11	\$ 8,200	\$ 8,300	\$ 8,500
Professional Development/Training	\$ -	\$ 2,500	\$ -	\$ 1,500		\$ 2,500	12	\$ 2,600	\$ 2,700	\$ 2,800
TOTAL STAFF EXPENSES	\$ 461,760	\$ 528,200	\$ 278,427	\$ 512,400		\$ 513,500		\$ 551,900	\$ 586,500	\$ 621,900

% increase expenses, unless specific increases identified 3.00%
 % increase consulting costs 5.00%
 % change in Acre Feet Pumped

3.00% 3.00% 3.00% 3.00%
 5.00% 5.00% 5.00% 5.00%
 -4.00% 1.01% 3.24% -1.03%

SGA

Proposed FY' 2019-2020 OPERATING BUDGET PROJECTION

5-Year Projection

BUDGET ACRE FEET FY19 (5-yr. Ave) 68,368 ACRE FEET: 67,804 65,314 63,918 65,079 67,324
 BUDGET ACRE FEET FY20 (5-yr. Ave) 68,368 66,614 63,948 64,597 66,689 66,004

	SGA FY 18 Per Audit	SGA FY 19 Budget	SGA FY 19 Actual at Dec. 2018	SGA FY 19 Projected		SGA FY 20 Proposed Budget	NOTES	SGA Projected FY 21	SGA Projected FY 22	SGA Projected FY 23	SGA Projected FY 24
OFFICE EXPENSES:											
Rent & Utilities Contract	\$ 9,748	\$ 16,200	\$ 7,778	\$ 16,200		\$ 16,200	13	\$ 17,800	\$ 17,800	\$ 17,800	\$ 17,800
General Liability Insurance	\$ 13,177	\$ 13,300	\$ 13,756	\$ 14,100		\$ 14,500	14	\$ 14,900	\$ 15,300	\$ 15,800	\$ 16,300
Office Maintenance	\$ 325	\$ 300	\$ -	\$ 250		\$ 300	15	\$ 350	\$ 400	\$ 500	\$ 500
Postage and Postal Meter	\$ 1,268	\$ 1,500	\$ 1,022	\$ 1,400		\$ 1,500	16	\$ 1,500	\$ 1,600	\$ 1,600	\$ 1,700
Telephone/internet/web hosting	\$ 6,031	\$ 6,400	\$ 2,455	\$ 6,300		\$ 6,500	17	\$ 6,700	\$ 6,900	\$ 7,100	\$ 7,300
Meetings	\$ 2,102	\$ 1,200	\$ 318	\$ 1,100		\$ 1,200	18	\$ 1,300	\$ 1,400	\$ 1,500	\$ 1,600
Printing/Supplies/Copier	\$ 7,165	\$ 10,300	\$ 3,570	\$ 10,300		\$ 10,600	19	\$ 10,900	\$ 11,200	\$ 11,500	\$ 11,800
Dues & Subscriptions	\$ 5,193	\$ 5,700	\$ 1,951	\$ 5,650		\$ 5,800	20	\$ 6,000	\$ 6,200	\$ 6,400	\$ 6,600
Computer hardware/software	\$ 243	\$ 2,800	\$ 99	\$ 2,700		\$ 2,800	21	\$ 2,900	\$ 3,000	\$ 3,100	\$ 3,200
Computer maintenance	\$ 7,066	\$ 5,700	\$ 2,693	\$ 7,250		\$ 8,950	22	\$ 9,200	\$ 9,500	\$ 9,800	\$ 10,100
TOTAL OFFICE EXPENSES	\$ 52,318	\$ 63,400	\$ 33,642	\$ 65,250		\$ 68,350		\$ 71,550	\$ 73,300	\$ 75,100	\$ 76,900
PROFESSIONAL FEES:											
SGA Legal	\$ 12,460	\$ 40,000	\$ 5,716	\$ 30,000		\$ 40,000	23	\$ 42,000	\$ 44,100	\$ 46,300	\$ 48,600
Audit Fees and GASB report	\$ 10,760	\$ 16,000	\$ 9,100	\$ 13,450		\$ 13,750	24	\$ 14,050	\$ 14,350	\$ 14,650	\$ 15,400
ADP & Banking Fees	\$ 888	\$ 1,100	\$ 493	\$ 1,000		\$ 1,100	25	\$ 1,100	\$ 1,200	\$ 1,200	\$ 1,300
SGA Support Services	\$ 38,029	\$ 61,300	\$ 50,835	\$ 61,600		\$ 52,900	26	\$ 53,200	\$ 57,200	\$ 64,400	\$ 61,200
SGA Consultants - Program Mgmt	\$ 28,598	\$ 65,000	\$ -	\$ 10,600		\$ 60,000	27, 36	\$ 72,000	\$ 53,600	\$ 55,400	\$ 57,200
TOTAL PROFESSIONAL FEES	\$ 90,735	\$ 183,400	\$ 66,144	\$ 116,650		\$ 167,750		\$ 182,350	\$ 170,450	\$ 181,950	\$ 183,700
TOTAL OPERATING EXPENSES	\$ 604,813	\$ 775,000	\$ 378,213	\$ 694,300		\$ 749,600		\$ 805,800	\$ 830,250	\$ 878,950	\$ 904,300
OTHER EXPENSES:											
Office furniture/remodel/equip	\$ 394	\$ 1,400	\$ -	\$ 1,400		\$ 1,400	29	\$ 1,400	\$ 1,500	\$ 1,500	\$ 1,600
Office Move	\$ 2,875	\$ -	\$ -	\$ 950		\$ 6,050	29	\$ -	\$ -	\$ -	\$ -
Computer Server	\$ -	\$ -	\$ -	\$ -		\$ -	29	\$ -	\$ 7,500	\$ -	\$ -
TOTAL Other Expenses	\$ 3,269	\$ 1,400	\$ -	\$ 2,350		\$ 7,450		\$ 1,400	\$ 9,000	\$ 1,500	\$ 1,600
Special Projects Expenses											
SGMA Grant Expenses	\$ -	\$ 400,000	\$ 37,270	\$ 400,000		\$ 450,000	30	\$ 450,000	\$ 205,600	\$ -	\$ -
SGMA Cost Share Designation	\$ -	\$ 208,300	\$ -	\$ -		\$ -	28	\$ -	\$ -	\$ -	\$ -
TOTAL Special Proj. Expenses	\$ -	\$ 608,300	\$ 37,270	\$ 400,000		\$ 450,000		\$ 450,000	\$ 205,600	\$ -	\$ -

		% increase expenses, unless specific increases identified	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%
		% change in Acre Feet Pumped				-4.00%		1.01%	3.24%		-1.03%
SGA											
Proposed FY' 2019-2020 OPERATING BUDGET PROJECTION											
BUDGET ACRE FEET FY19 (5-yr. Ave)		67,804				65,314		63,918	65,079	67,324	
BUDGET ACRE FEET FY20 (5-yr. Ave)	68,368	ACRE FEET:	67,804			66,614		63,948	64,597	66,689	66,004
	SGA	SGA	SGA	SGA		SGA	NOTES	SGA	SGA	SGA	SGA
	FY 18	FY 19	FY 19	FY 19		FY 20		Projected	Projected	Projected	Projected
	Per Audit	Budget	Actual at	Projected		Proposed		FY 21	FY 22	FY 23	FY 24
			Dec. 2018			Budget					
TOTAL EXPENSES	\$ 608,082	\$ 1,384,700	\$ 415,483	\$ 1,096,650		\$ 1,207,050	31	\$ 1,257,200	\$ 1,044,850	\$ 880,450	\$ 905,900
Net Income (Loss)	\$ 150,060	\$ (262,900)	\$ 371,080	\$ 16,550		\$ (82,050)	32	\$ (140,000)	\$ (160,650)	\$ (34,950)	\$ 1,100
CASH SUMMARY											
AVAILABLE CASH, Beginning	\$ 621,526	\$ 711,726	\$ 771,586	\$ 771,586		\$ 788,136	33	\$ 706,086	\$ 566,086	\$ 405,436	\$ 370,486
SOURCE (USE) OF FUNDS	\$ 150,060	\$ (262,900)	\$ 371,080	\$ 16,550		\$ (82,050)	32	\$ (140,000)	\$ (160,650)	\$ (34,950)	\$ 1,100
CASH, Ending	\$ 771,586	\$ 448,826	\$ 1,142,666	\$ 788,136		\$ 706,086		\$ 566,086	\$ 405,436	\$ 370,486	\$ 371,586
DESIGNATIONS											
Operating Fund (four to six mos)	\$ 316,800	\$ 364,500	\$ 364,500	\$ 324,600		\$ 378,500	6.0 34	\$ 403,600	\$ 405,336	\$ 370,386	\$ 371,486
Pension Plan Assignment	\$ 47,500	\$ 47,500	\$ 47,500	\$ 47,500		\$ -	0.0 35	\$ -	\$ -	\$ -	\$ -
Groundwater Modeling	\$ 148,300	\$ -	\$ 148,300	\$ -		\$ -	36	\$ -	\$ -	\$ -	\$ -
SGMA Implementation	\$ -	\$ -	\$ 18,534	\$ 237,200		\$ 190,000	36,28	\$ 106,300	\$ 100	\$ 100	\$ 100
Update GSP to SGMA	\$ 50,000	\$ -	\$ 50,000	\$ -		\$ -	36	\$ -	\$ -	\$ -	\$ -
Maintain DMS to SGMA	\$ 10,000	\$ -	\$ 10,000	\$ -		\$ -	36	\$ -	\$ -	\$ -	\$ -
Office Equipment Designation	\$ -	\$ -	\$ -	\$ 6,050		\$ -	39	\$ -	\$ -	\$ -	\$ -
Un-designated	\$ 198,986	\$ 36,826	\$ 503,832	\$ 172,786		\$ 137,586	2.2 38	\$ 56,186	\$ -	\$ -	\$ -
CASH IN BANK, Ending	\$ 771,586	\$ 448,826	\$ 1,142,666	\$ 788,136		\$ 706,086		\$ 566,086	\$ 405,436	\$ 370,486	\$ 371,586
No. of months cash pays for oper.	10.6	6.6		9.2		8.2	34	6.8	5.8	5	4.9

SGA
FY 2019-2020 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 per unit fees. Since groundwater pumping has decreased from the previous year, overall fees have decreased from the prior year. The groundwater per unit fee is proposed to stay as the same as FY19 at \$6.00 in FY20. A trailing five-year pumping average is used (FY14-FY18). FY19 through FY23 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 base fees are calculated using the number of connections per agency, plus a minimum base fee. The proposed base fee is to be calculated as follows: a minimum base fee of \$10,100 plus \$1.31 per connection for connections in excess of 6,000. For each subsequent year, the base fee is set to increase as the overall expenses increases, exclusive of special project costs 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 FY20 from FY19 is anticipated at approximately 8.67%. SGA is funding approximately \$47,200 in SGMA expenses in FY20 that are being designated in FY19. The overall expense 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.
- 5 SGA received a new grant from DWR for SGMA actions, including GSP development and should be completed by the end of FY21. SGMA partner fees are collected from the other four Groundwater Sustainability Agencies in the North American Subbasin to assist in funding the consultant work to complete the SGMA program activities.
- 6 Interest income from the SGA Local Agency Investment Fund (LAIF) account. As available cash decreases, interest earned is expected to decrease.

SGA
FY 2019-2020 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. Salaries reflect the compensation survey amounts approved by the RWA Board, reflecting a potential 4% increase in merit and 2% for COLA. Also includes approximately \$10K in overlapping salary and benefit costs for the finance manager position. Salaries do not reflect any changes for the new ED or for the new finance manager.
- 8 Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for staff members. FY 2020 budget anticipates an increase in medical costs of 7% and other costs at 3%. In FY19, classic employees began paying 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. A July 26, 2018 CalPERS letter estimates the unfunded liability balance of \$56,500 at June 30, 2019. Since this liability is being paid over a shorter time frame of 4 years, SGA can expect swings, both positive and negative as the liability is recomputed to reflect the actual results compared to assumptions.
- 10 Payroll taxes for five staff members (2.2 FTEs).
- 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 began 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 with an option for a two-year renewal at \$1.15 square foot.
- 14 Increase in costs for property and liability coverage obtained through ACWA JPIA forecasted for the coming year. SGA experienced a slightly higher than expected coverage cost in FY19.
- 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 2019-2020 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.
- 21 Acquisition of new hardware/software to replace aging and out-of-date components.
- 22 General computer maintenance service includes cloud back up for more security and should 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. A new contract with Gilbert Associates started in FY19. The audit costs shown as quoted for five years.
- 25 Payroll service costs for 5 employees (2.2 FTE).
- 26 Represents actuarial, budgeting and accounting assistance, website, and human resource/recruiting support.
- 27 Fees for groundwater management program implementation. (See separate program consulting budget). Unused program budget expenses in FY19 of \$54,400 will be designated for the SGMA cost share.
- 28 Program FY16, FY17, and FY18 represents unused funds for these fiscal years which will be used in FY19 and FY20 for the SGMA cost share. For FY19, approximately \$54,400 in unused program implementation funds will be designated towards SGMA to be used in FY20.
- 29 Anticipates a possible replacement of the server in FY22. RWA has signed a new lease on the Birdcage building. SGA used part of the money in FY18 and FY19 that was budgeted for the move for office improvements. The balance of the costs will be funded by the office equipment designation. See note 39.
- 30 Consulting expenses for grant-funded SGMA actions, including GSP development. Matching funds to pay for costs also come from SGA and SGMA partners.
- 31 Total expenses for SGA.
- 32 Represents the difference between total monies received versus total expenses incurred during the year.
- 33 Beginning cash for FY19 is reduced by FY18 year end accounts payables and increased for FY18 year end accounts receivable to arrive at available cash.

SGA
FY 2019-2020 BUDGET PROJECTION NOTES

- 34 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.
- 35 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 had set aside amounts to make partial payments towards this unfunded pension liability in future years. SGA's estimated unfunded liability balance at June 30, 2019 is approximately \$56,500 reflecting the liability discounted at 7.0%. This estimate was based upon the CalPERS communication letter reflecting the most recent payment of \$47,500 in FY19. Since SGA now budgets an annual payment towards the unfunded liability, SGA will not also set aside an assignment for these ongoing payments.
- 36 SGA designated a total of \$208,300 from the FY16, FY17 & FY18 budget for groundwater modeling, updating the GSP, and maintaining the DMS for FY19 with approximately \$25,500 used in FY19. These designations will now move to the SGMA designation to fund the SGMA Cost Share to be spent in FY19 and FY20. For FY19, SGA will also designate approximately \$54,400 of unused program costs towards the SGMA to be spent in FY20. These total approximate remaining funds of \$237,200 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.
- 38 Amount of cash over and above designation policy - "undesignated cash."
- 39 Carry over funds from FY18 that were budgeted for office move costs. These funds will be used towards office improvements.

SGA Consulting Budget Approved and Proposed						4-Year Projection (1)					NOTES
	SGA FY 18 Per Audit	Approved FY19 + designation	FY 19 Actual at Dec 18	FY 19 Projected	FY19 Designate to FY20	Proposed FY 20	Projected FY 21	Projected FY 22	Projected FY 23	Projected FY 24	
Outside Consultant Assistance - Projects											
Annual Basin Management Report	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	1
Update GSP	\$ -	\$ 20,000	\$ -	Designate	\$ 20,000	\$ 10,000	\$ 20,000	\$ -	\$ -	\$ -	2
Monitor water quality/levels (AB 303)	\$ 598	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	3
Grant Application Assistance	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4
Maintain/Improve DMS	\$ 10,000	\$ 5,000	\$ -	\$ 600	\$ 4,400	\$ 10,000	\$ 11,000	\$ 11,600	\$ 12,200	\$ 12,800	5
Pursue short-term banking/exchange	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6
Regional contamination issues	\$ -	\$ 10,000	\$ -	Designate	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	7
Groundwater modeling	\$ -	\$ 20,000	\$ -	Designate	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	8
Subsidence Monitoring	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9
TOTAL PROGRAM	\$ 28,598	\$ 65,000	\$ -	\$ 10,600	\$ 54,400	\$ 60,000	\$ 72,000	\$ 53,600	\$ 55,400	\$ 57,200	

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

(2) Approved FY19 designation total amount of \$208,300 included in SGMA cost share job report in FY19.

(3) Unused FY19 funds from GSP, DMS, Regional Contamination and Groundwater Modeling are designated to FY20 for SGMA cost share.

SGA Program
FY 2019-2020 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 was designated into FY19, and an additional \$20,000 budget was proposed to commence work on GSP development in FY19. This \$20,000 for FY19 has been set aside for SGMA spending in FY20. 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.
- 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 were 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, of which \$4,400 is being designated to FY20 towards the SGMA.
- 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. Unused FY19 funds will be designated to FY20 towards the SGMA funding.
- 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 were designated into FY19 with an additional \$20,000 budgeted for FY19. These funds plus the designated funds from updating the GSP 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 commenced in FY19. An additional \$54,400 of unspent funds from FY19 will be designated towards SGMA for FY20.
- 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.

SGA 2019-20 Administrative Budget Dues Structure

Attachment B

Agency	Retail Connections FY19	Retail Connections FY20	Base Fee	FY 19 Groundwater Average Extraction Acre Feet (2013 - 2017)	FY 20 Groundwater Average Extraction Acre Feet (2014 - 2018)	FY 20 Supplemental Groundwater Fees at \$6.00 / AF	Proposed FY 2019-2020 Total Estimated Fees	Actual FY 2019 Fees	\$ Diff from FY19 to Proposed	% Diff
California American Water	26,167	26,526	\$ 36,989	10,359	9,951	\$ 59,706	\$ 96,695	\$ 98,671	\$ (1,976)	-2.00%
Carmichael Water District	11,685	11,695	\$ 17,560	2,475	2,659	\$ 15,952	\$ 33,512	\$ 32,399	\$ 1,113	3.44%
Citrus Heights Water District	19,535	19,757	\$ 28,122	1,024	1,300	\$ 7,799	\$ 35,921	\$ 33,977	\$ 1,944	5.72%
Del Paso Manor Water District	1,799	1,799	\$ 10,100	1,247	1,178	\$ 7,069	\$ 17,169	\$ 17,583	\$ (414)	-2.35%
Fair Oaks Water District	13,986	14,031	\$ 20,621	1,782	2,148	\$ 12,889	\$ 33,510	\$ 31,254	\$ 2,256	7.22%
Folsom, City of	1,065	1,072	\$ 10,100	-	-	\$ -	\$ 10,100	\$ 10,100	\$ -	0.00%
Golden State Water Company	1,751	1,750	\$ 10,100	901	831	\$ 4,988	\$ 15,088	\$ 15,506	\$ (418)	-2.70%
Natomas Mutual Water Company	125	125	\$ 10,100	35	35	\$ 210	\$ 10,310	\$ 10,310	\$ -	0.00%
Orange Vale Water Company	5,758	5,729	\$ 10,100	-	-	\$ -	\$ 10,100	\$ 10,100	\$ -	0.00%
Rio Linda/Elverta Water District	4,631	4,637	\$ 10,100	2,461	2,352	\$ 14,110	\$ 24,210	\$ 24,866	\$ (656)	-2.64%
Sacramento, City of	45,933	46,661	\$ 63,366	15,779	18,132	\$ 108,790	\$ 172,156	\$ 157,086	\$ 15,070	9.59%
Sacramento, County of	3,324	3,332	\$ 10,100	4,516	4,417	\$ 26,500	\$ 36,600	\$ 37,198	\$ (598)	-1.61%
Sacramento Suburban	46,661	46,661	\$ 63,366	27,224	23,612	\$ 141,672	\$ 205,038	\$ 226,709	\$ (21,671)	-9.56%
San Juan Water District	3,488	3,414	\$ 10,100	-	-	\$ -	\$ 10,100	\$ 10,100	\$ -	0.00%
TOTALS	185,908	187,189	\$ 310,824	67,804	66,614	\$ 399,685	\$ 710,509	\$ 715,859	\$ (5,350)	-0.75%

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.