Overview

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FY20 Budget Highlights

- Fees – two components:
  - Base fee and groundwater fee
- Base fee – flat minimum fee for up to 6,000 connections
  - Plus connection fee > 6,000
  - Base fee should pay 40% of expenses
- Groundwater fee – based upon trailing 5 year average of groundwater pumped
- No change to base fee, per connection fee, and groundwater fee from FY19
- Base fee = $10,100
- Connection fee > 6,000 connections = $1.31 per connection
FY20 Budget Highlights – cont’d.

- Groundwater pumping fee = $6.00/AF
- Latest five year average of GW pumping = 66,614
- Fees lower than FY19 by ~ $5,300
  - Overall lower GW pumping
- Each agency’s fee is different – based upon GW pumped
  - Some pay more due to GW AF increase
- Net budget result in FY20:
  - Expenses > Fees = $82,050
  - Deficit absorbed by undesignated reserves from project savings or program objective delays
Budget Policies

• Budget Policy 400.3 – approve a budget within 90 days of July 1

• Administrative and Management Service Agreement Policy 100.2 – SGA shares 50% of the administrative costs incurred by RWA to run both organizations
  • RWA only to RWA; SGA only to SGA

• Compensation Policy 100.3 – Consistent with RWA, Pay schedule updated annually to the November CPI and/or new survey results, if applicable
Budget Policies – cont’d.

- Financial Commitment and Assignment Policy 400.2 – Framework for operating fund and other additional commitments ("designation")
  - Operating fund – 4 to 6 months
  - Other additional funds – special projects (SGMA; office costs)

- Defined Benefit Pension Plan Funding Policy 400.4 – accelerated funding of unfunded pension plan over four years
  - Additional payments beyond required
  - Quicker pace than CalPERS
    - Greater fluctuations – positive and negative
  - Re-calculated annual liability then amortized over four years for payment
FY21 Budget Assumptions

When FY20 Budget was approved, assumed:

• Approximately 4.4% increase in FY21

• Future increases could be higher, depending upon the magnitude of required obligations from SGMA

• Continued payment of unfunded pension liabilities

• Continued common cost sharing between RWA and SGA
FY21 Budget Outlook

• Increase in Staff costs
  • Current Staff is 2.2 FTE
  • FY21 add Annuitant Salary
  • Consider SGA Future Staffing

• Computer/Office Equipment Replacement
  • Server replacement moved up to FY21
  • Aging computers
  • Copier lease renewal
  • Printer replacement
  • Possible phone system upgrade

• Professional Fees & Office Expense – CPI or higher
Next Steps

• Chair typically appoints a Budget Subcommittee
• Subcommittee meets approximately two times
• Budget Approval at SGA’s April Board Meeting
• If Budget is not approved, Budget Subcommittee meets again to revise for SGA’s June Board Meeting
Questions and Discussion