

# **Sacramento Groundwater Authority Fiscal Year 21 Budget**

**SGA Board Meeting  
April 9, 2020**



**SACRAMENTO GROUNDWATER AUTHORITY**

# Overview

- Proposed Fees for FY21
- Budget policies
- CalPERS Unfunded Pension Liability
- Sustainable Groundwater Management Act
- Program Objectives FY21 Budget
- SGMA Designation
- Other Budget Assumptions
- Future Budget Outlook

# Proposed Fees for FY21

- 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
- Each agency's fee is different – based upon GW pumped
- Overall, an approximate 4% increase in fees from FY20.

## Proposed Fees for FY21 – con't.

- Base fee = \$10,605
- Connection fee > 6,000 connections = \$1.37 per connection
- Groundwater pumping fee = \$6.60/AF
- Latest five year average of GW pumping = 62,892
- Fees higher than FY20 by ~ \$27,000
  - Overall lower GW pumping
  - Some agencies pay more than others due to GW AF increase
- FY21 Expenses > Fees = \$251,993 includes SGMA
- Rising costs absorbed by undesignated reserves and/or from lowering the Operating Fund designation closer to 4 months (target is 4 to 6 months)

# 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 . Scheduled updated annually to the November CPI and/or new survey results
  - SGA adopted pay ranges February 14, 2019 (as required by CalPERS)
  - FY21 FTE is 2.8

## Budget Policies – con't.

- 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

# CalPERS 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 - \$14,500 for FY20
  - Balance at 6-30-19 estimated approximately \$56,500 plus interest
  - Payment re-calculated and new PERS estimate at 6-30-19 is \$94,530.
  - Payment plan has been adjusted to be compliant with SGA policy.

The logo for SGA, consisting of the letters 'SGA' in a bold, blue, sans-serif font with a slight shadow effect.

# **Sustainable Groundwater Management Act (SGMA)**

- In September 2014, the Sustainable Groundwater Management Act (SGMA) was signed
- Required the formation of local groundwater sustainability agencies (GSAs)
- Requires Groundwater Sustainability Plans (GSPs) be prepared in all high and medium priority basins
- SGA has been preparing for increased expenses to meet these requirements through designations.

The logo for the Sustainable Groundwater Act (SGA) is displayed in the bottom right corner. It consists of the letters "SGA" in a bold, blue, sans-serif font. The letters are slightly shadowed, giving them a three-dimensional appearance as if they are floating or resting on a surface.



# Program Objectives FY21 Budget

Project	Proposed Budget
Update GSP	\$10,000
Monitor water levels/quality	\$10,000
Maintain/improve data system	\$10,000
Basin Management Report	\$10,000
Groundwater modeling	\$20,000
SGMA Cost Share Designation Usage**	<u>\$ 54,700</u>
Total	<u>\$114,700</u>

\*\*No remaining SGMA designation after FY21  
Starting in FY22, new designation for FY25 GSP Update



# Other Budget Assumptions

- Assumes continued staffing and common cost sharing between RWA and SGA
- Computer server replacement costs at \$10,000
- Office expense increased by 3%
- Professional fees increased by 5%

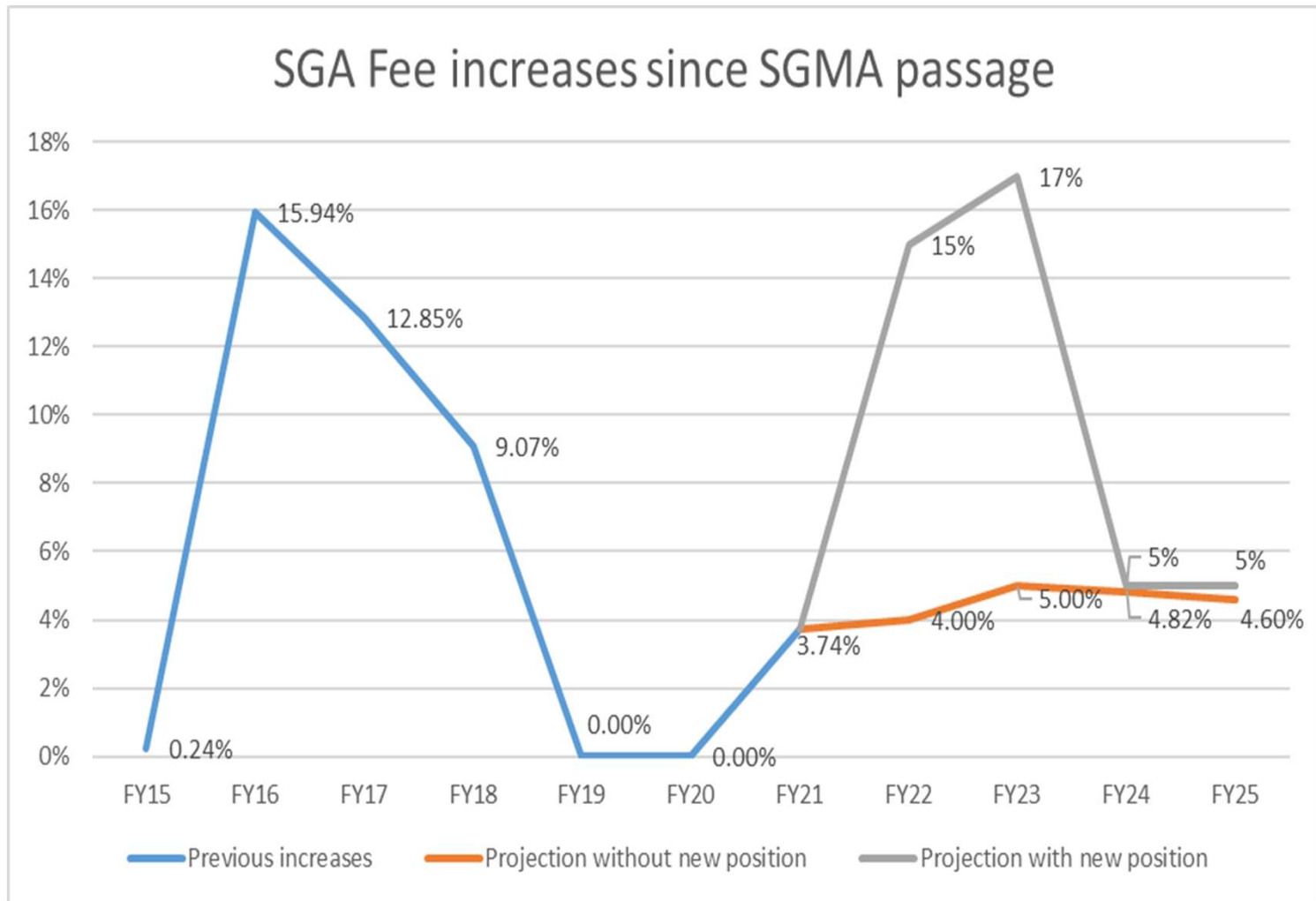
Note: Budget results may not be achieved



# Future Budget Outlook

- Approximately 15% increase in FY22 and 17% increase in FY23 for staff expansion
  - Adopting this proposed budget does not commit to FY22 budget (or beyond)
- Future increases could be higher, depending upon the magnitude of required obligations from SGMA
- Continued payment of unfunded pension liabilities
- May need additional office space for staff and lease expires in FY24

# Past and Future Budget Outlook



# Questions and Discussion

A high-speed photograph of a water droplet falling into a pool of water, creating concentric ripples. The background is a soft, light blue gradient.

**SGA**

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