Overview

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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.
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.
# Program Objectives FY21 Budget

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

<table>
<thead>
<tr>
<th>Project</th>
<th>Proposed Budget</th>
</tr>
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<tbody>
<tr>
<td>Update GSP</td>
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<tr>
<td>Monitor water levels/quality</td>
<td>$10,000</td>
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<tr>
<td>Maintain/improve data system</td>
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<tr>
<td>Basin Management Report</td>
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<tr>
<td>Groundwater modeling</td>
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<tr>
<td>SGMA Cost Share Designation Usage**</td>
<td>$54,700</td>
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<tr>
<td>Total</td>
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</tbody>
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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

SGA Fee increases since SGMA passage

- Previous increases
- Projection without new position
- Projection with new position

Year: FY15, FY16, FY17, FY18, FY19, FY20, FY21, FY22, FY23, FY24, FY25

- FY15: 0.24%
- FY16: 15.94%
- FY17: 15%
- FY18: 12.85%
- FY19: 0.00%
- FY20: 0.00%
- FY21: 9.07%
- FY22: 3.74%
- FY23: 4.00%
- FY24: 4.82%
- FY25: 4.60%