

Sacramento Groundwater Authority Fiscal Year 2021 - 2022 Budget

**SGA Board Meeting
February 11, 2021**



SACRAMENTO GROUNDWATER AUTHORITY

Overview

- Fiscal Year 2021 Year-End Forecast
- Fiscal Year 2022 Budget Assumptions
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Fiscal Year 2021 Year-End Forecast

- As a result of COVID-19:
 - Expect an operating surplus in certain categories (travel, meetings, office costs, etc.) but still projecting a deficit due to SGMA grant retention withholding
 - Reduce reimbursements to RWA
 - Longer A/P and A/R turnover time
 - Decrease in rate of return on investments and interest-bearing accounts (PERS, LAIF, BofA, etc.)
- Received full reimbursement of prior year office flood costs
- Upgrades made this year:
 - Scheduled server and computer replacements
 - Phone System Upgrade (long-term savings)
 - Copier and Postage Meter (no additional charge)

Fiscal Year 2022 Budget Assumptions

When FY21 Budget was approved, FY22 assumed:

- Smaller budget deficit in FY22 as a result of SGMA retention being released
- Approximately 15% increase in FY22 to fund proposed additional staffing was estimated in FY21 budget
- No remaining SGMA designation (ended in FY21)
- Interest income would decrease
- Continued payment of unfunded pension liabilities
- Continued common cost sharing between RWA and SGA

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
- Compensation Policy 400.2: salaries within range plus potential for COLA and merit for eligible staff
- Administrative 2.8 FTEs for SGA (out of 8.5 FTEs):
 - 50% - Executive Director, Manager of Technical Services, FASM, & Exec. Assistant (2 FTE)
 - 20% - Project Research Assistant (.2 FTE)
 - 10% - Legislative & Reg. Affairs Manager (.1 FTE)
 - 100% - Part-time Annuitant (.5 FTE)*

** contract expires January 2022*



Budget Policies – cont'd.

PERS

- SGA has their own PERS account
- Employees pays their full share of employee PERS obligation
- SGA Unfunded Liability Statement
- 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
 - Recommend Keeping Current Level of Funding
 - Next CalPERS valuation report is FY22

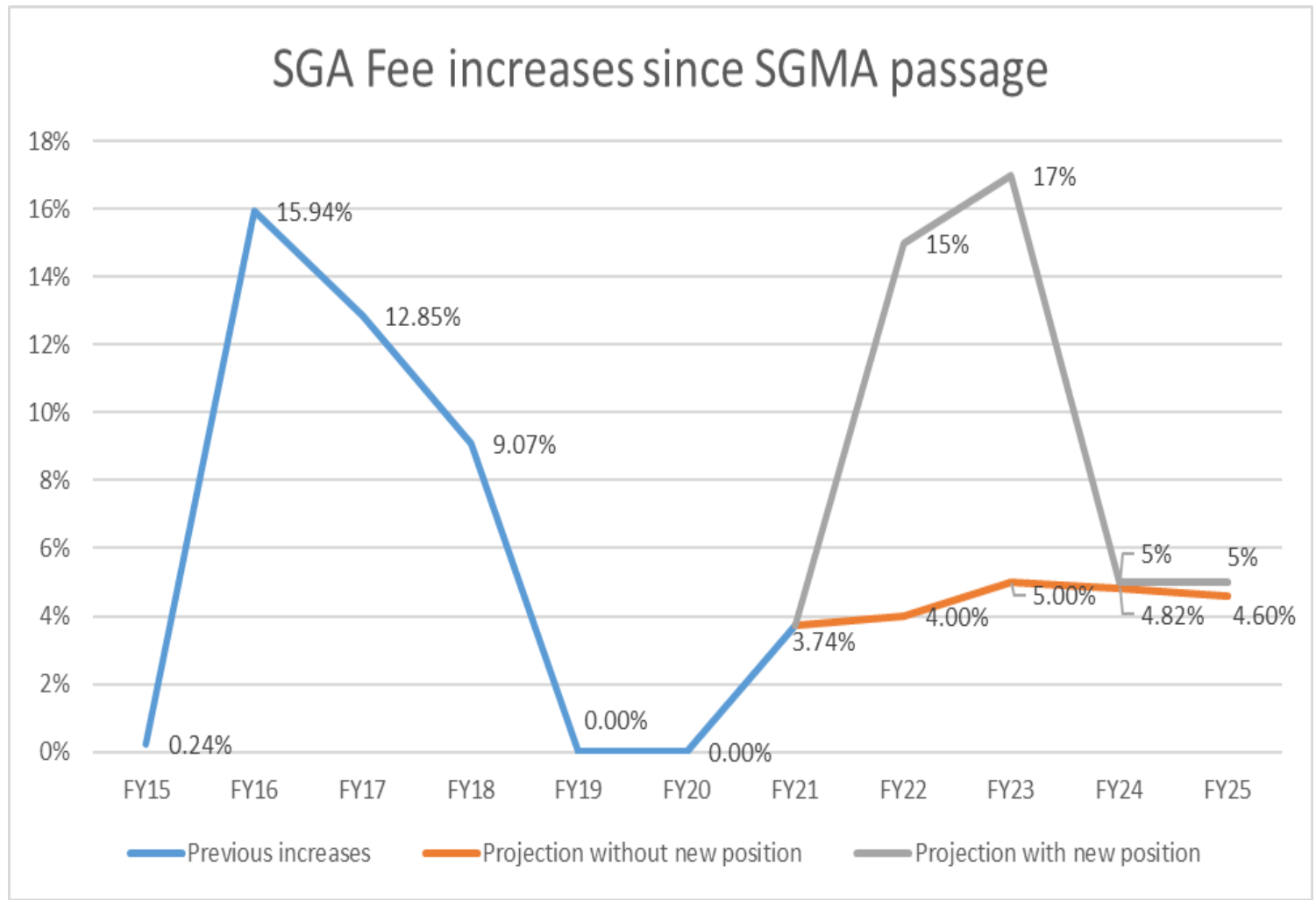
FY22 Budget Outlook

- Increase in staff costs
- PERS liability will increase with next valuation report
- Grant revenues will increase with release of retainage and grant expenses will decrease as SGMA project comes to an end
- Professional Fees & Office Expense – CPI or higher
- Un-designated cash is depleted
- Operating Designation coverage will fall into 4 – 5 month range
- Potential Designation for future office expansion

Fees Calculations

- Fees – two components: Base and groundwater
- Base fee – minimum fee 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
- FY21 Base fee = \$10,605 (\leq 5% increase per year)
- FY21 Connection fee > 6,000 connections = \$1.37 per connection
- Groundwater pumping fee = \$6.60/AF
- Latest five-year average of GW pumping = 62,892
- Overall lower GW pumping results in higher per A/F
- Each agency's fee is different – based upon GW pumped

Past and Future Budget Outlook



Timeline

- Chair typically appoints a Budget Subcommittee in February
- 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



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