Sacramento Groundwater Authority
Fiscal Year 2021 - 2022
Budget

SGA Board Meeting
February 11, 2021
Overview

• Fiscal Year 2021 Year-End Forecast
• Fiscal Year 2022 Budget Assumptions
• Budget Policies
• FY22 Budget Outlook
• Fee Calculations
• Fees - Past and Future Budget Outlook
• Timeline
Fiscal Year 2021 Year-End Forecast

• As a result of COVID-19:
  o Expect an operating surplus in certain categories (travel, meetings, office costs, etc.) but still projecting a deficit due to SGMA grant retention withholding
  o Reduce reimbursements to RWA
  o Longer A/P and A/R turnover time
  o 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:
  o Scheduled server and computer replacements
  o Phone System Upgrade (long-term savings)
  o 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
  o Plus connection fee > 6,000
  o Base fee should pay ~ 40% of expenses
• Groundwater fee – based upon trailing 5-year average of groundwater pumped
• FY21 Base fee = $10,605 (≤ 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

SGA Fee increases since SGMA passage

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