Overview

- Fees (Base and Groundwater)
- Additional Staffing
- CalPERS and PERS Unfunded Liability
- OPEB
- SGMA/GSP Program Budget
- SGA Designations
- SGA Budget Outlook
- Questions
FY22 SGA Fees

• Fees – two components: base & groundwater

• Base fee – flat minimum fee for up to 6,000 connections
  • Proposed at $12,196
  • Higher due to increase in Operating Costs
  • Base fee covers 44% of expenses

• Groundwater fee – based upon trailing 5-year average of groundwater pumped
  • Proposed at $7.10 per acre foot
  • Increase in groundwater pumping average
  • GW fee covers 56% of expenses

• Connection fee > 6,000 connections = $1.58 per connection
FY22 SGA Fees – cont’d.

• Overall, FY22 fee increase is 15% as projected in FY21 budget

• Each agency’s fee is different – based upon GW pumped
  • Some pay more due to GW AF increase

• Net budget result in FY22:
  • Expenses = Fees = Balanced Budget
  • Undesignated cash reserves will help offset future year budgets (applied towards budget deficits, reduced agency fees, or unplanned expenditures)
Additional Staffing

- Board direction was to add a Project Manager to FY22 staffing levels (total of 3.3 FTE)
- For recruitment flexibility purposes, the salary for this position has been budgeted at top step of the Associate Project Manager with benefits for approximately six months
- Recruitment process to begin in Fall 2021
- Other related increased expenses for new position including items such as professional development, training, travel, rent, dues and subscriptions, computer hardware, software, and maintenance, furniture and ADP fees for payroll.
CalPERS and PERS Unfunded Liability

- CalPERS
  - SGA has its own PERS account
  - Employees pay the entire employee share
  - PERS employer cost will increase with additional staffing
  - Possible for new staff to be PEPRA (vs. Classic)

- PERS Unfunded Liability
  - Staff recommends to keep current level of funding until FY22 Evaluation Report
  - Anticipates increased liability in the future due to lower than planned FY20/21 discount rates
  - Staff does not recommend paying off entire future unfunded liability at this time
• Other Post Employment Benefits (OPEB)
  • SGA shares OPEB costs with RWA
  • OPEB costs are declining with additional annual payments being made
  • Costs fluctuate when active retirees move on to Medicare; replaced with future retirees and their replacement hires
  • Cafeteria Plan changes caps future OPEB costs
  • OPEB evaluation report in FY22 will adjust balance to account for discount rate variance
  • Discount rate adjustment will likely decrease OPEB coverage; last reported at 90%
  • Possible FY22 Health Excise Tax - unconfirmed
SGMA/GSP Program Budget

- SGMA/GSP Program Budget
  - Annual Basin Management Report, Monitoring Water Quality Levels, Maintain/Improve DMS, and Groundwater Modeling costs have been reduced to $40k in FY22 and then increased 5% annually in future years
  - Designation for initial SGMA/GSP ended as of FY21 budget
  - New Designation for future 5-Year GSP Update begins in FY22
SGA Designations

- Designations
  - $20k per year for next three years ($60k total) for SGA’s share of FY27 GSP 5-Year Update
  - $20k per year for next three years ($60k total) for Groundwater Modeling expended in FY25/26
  - $20k in FY22 for FY23/24 for possible office expansion and relocation
SGA Budget Outlook

- Five Year Budget Outlook
  - Fees are projected at a declining rate of 8% and then 6% over the next five years
  - Future expenses may change dependent upon:
    - GSP future requirements
    - PERS and OPEB Updated Reports
    - Office expansion/relocation options
  - SGA’s future cash balance declines annually; stays within operating designation policy limits
  - Possible SCGA integration would influence future costs and long-term liabilities
Questions and Discussion