

# **Sacramento Groundwater Authority Fiscal Year 22 Budget**

**SGA Board Meeting  
April 8, 2021**



**SACRAMENTO GROUNDWATER AUTHORITY**

# 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



# OPEB

- 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



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