

Sacramento Groundwater Authority Proposed Fiscal Year 2023-2024 Budget

**SGA Board Meeting
April 13, 2023**



SACRAMENTO GROUNDWATER AUTHORITY

Overview

- FY2023-2024 Fees
- FY2023-2024 Expenses
- CalPERS, PERS UAL, and OPEB
- FY2023-2024 Program Budget
- FY2023-2024 Budget Results
- SGA Budget Outlook
- Questions & Discussion

FY2023-2024 Fees

- Fees – two components: base & groundwater
- Base fee – flat minimum fee for up to 6,000 connections
 - Proposed at \$12,196
 - 0% increase for the last 2 years
 - Connection fee > 6,000 connections = \$1.58 per connection
 - Base fee covers 42% of expenses
- Groundwater fee (GW) – based upon trailing 5-year average of groundwater pumped
 - Proposed at \$7.10 per acre foot
 - 0% increase for the last 2 years
 - Increase in groundwater pumping average
 - GW fee covers 58% of expenses

FY2023-2024 Expenses

- Staffing & Benefits – covers 3.3 FTE includes up to 6% for staff COLA plus applicable merit. Inclusive of 5-year salary survey for staff in 2022.
- Operating expenses increased at 3% CPI and 5% for professional services unless otherwise specified
- Re-establish Technical Support to \$40k annually to assist with in-house work as needed
- One time expense for Office Relocation, IT reconfiguration and Furniture - \$20k represents SGA's share
- FY23-24 Rent reflects incentive discounts – future years reflect increase in rent expense

CalPERS, PERS UAL, and OPEB

CalPERS

- SGA has its own PERS account
- Employees pay the entire employee share
- PERS employer cost will increase with additional staffing in the future (mostly PEPRA)

PERS Unfunded Actuarial Liability (UAL)

- Based on January 2023 letter from CalPERS, approximate balance for unfunded liability is \$0
- Per SGA Policy 400.4, no additional payment is needed

Other Post Employment Benefits (OPEB)/Retiree Health

- Will increase due to additional retirements in 2022-23



FY2023-2024 Program Budget

SGMA – Original GSP

- ✓ Original GSP submitted before the end of January 2022 deadline - still pending approval
- ✓ Additional funds in budget - \$25,000 under DWR/GSP corrective action if needed

GSP Implementation

- ✓ GSP Implementation began in FY2022
- ✓ GSP Implementation Budget is in accordance with Table 10.1 details future SGA (\$83171 annually) and its GSA partner static contributions over the next five years
- ✓ Designation for GSP Implementation for carry forward balances from year to year



FY2023-2024 Budget Results

- Overall, fee increase is 0% but \$14,465 in additional revenues from SGA members based on reported numbers
- Interest income is estimated much higher - \$19,500 than in prior years
- Net budget result:
 - Expenses > Fees by \$216,539
 - Undesignated cash reserves will offset budget deficits
 - Excess cash reserves mostly comes from prior year(s) operational savings: low consulting and professional fees, hiring savings, reduced office and travel expenses resulting from the pandemic.

SGA Budget Outlook

Two Year Budget Outlook:

- Fees projected to increase at 4% and 10%
- Future expenses may change dependent upon:
 - November 2023 CPI
 - GSP future requirements
 - PERS and OPEB Updated Reports
- SGA's future cash balance declines annually; falls below operating designation policy limits in FY2025-2026; possibility to adjust up if there are savings
- As with any budget, numbers are based on estimates. Actual budget results may not be achieved.

Questions and Discussion



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