Regional Water Authority

Fiscal Year 2019-20 Budget

February 27, 2019
Overview

- Benefits of RWA Membership
- Proposed Dues Increase
- Associate Member Dues
- Significant Historical Assumptions
- Strategic Plan Implementation and Funding
- Water Efficiency Program (WEP) Manager Cost Shift
- Powerhouse Science Center
- Succession Planning
- RWA’s Unfunded Pension Plan Funding
- FY19 Budget Augmentation
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- Questions and Discussion
Benefits of RWA Membership

- Forum for Regional Collaboration on Water Policy and Projects
- Venue for Information Sharing
- Regional Voice/Presence on Statewide Issues
- Legislative/Regulatory Representation
- Facilitate Regional Planning
- Regional Implementation of Projects and Programs
- Collaborative savings (chemicals, labor compliance)
- Successful model for grant funding
Proposed Dues Increase

• FY 20 Budget – Projected dues increase – 5%
  – FY 19 budgeting projected 15% increase for FY 20

• FY 18 costs below projections ($168,900>cash)
  – Advocacy position vacant until November
  – Legal, PR below estimates
  – IRWM costs funded by subscription versus core

• FY 21, 22 and 23 projected at 18%, 15% and 15% respectively
  – Delayed increase results in higher increases in out years
Associate Member Dues

- Associate member Dues – 3% increase
  - No voting
  - Lesser of RWA annual dues or 3%, whichever is lower
Significant Historical Assumptions

- SGA shares 50% in common office/admin costs
  - SGA pays its own PERS
- Administrative 4.8 FTEs for RWA (of 7)
  - Salaries within range of salary survey plus potential for COLA (2%) and merit (4%)
  - Consulting HR support
- Approving budget does not approve subscription based programs
  - Subscription programs help support RWA core costs – 10% in FY19
- Assumes no change in membership
Strategic Plan Implementation and Funding

- In FY17, RWA transitioned to a full-time staffing for a legislative/regulatory position
  - Funding from Strategic Plan in FY18; Core dues in FY19
- In 2018, RWA Board voted to fund the lobbyist as a core program
- Funding shifts over time to core dues - $70,300 in FY20
  - 100% funding from core in FY21

<table>
<thead>
<tr>
<th>Sources</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
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<tbody>
<tr>
<td>Subscription Program</td>
<td>$135,000</td>
<td>$60,000</td>
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<td>Dues ~ FY 18 balance</td>
<td>$86,800**</td>
<td>$60,000</td>
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<tr>
<td>Strategic Plan Fund ~ FY 18 balance</td>
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<td>$60,000</td>
<td>$49,700</td>
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<td>Dues ~ FY 18 balance</td>
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<td>Core Dues</td>
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<td>Expenses</td>
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Water Efficiency Program (WEP)

The WEP program manager assists RWA core functions
- State Water Board emergency regulations
- Water supply data collection/analysis
- Water Energy study
- RWA annual report
- SB606/AB1668 Compliance

Continue shifting 10% per year of WEP staffing and office costs to be paid by RWA core program
- Core expected to pay 40% of WEP in FY20; cap at 50% in FY21
- Increases core dues over time
- Recognizing that water efficiency is a core function of RWA
  - WEP may spend savings on additional programs or reduce fees
Powerhouse Science Center

- RWA sponsoring
  - Science education and information in Northern California
    - Money collected from agencies over 5 years and placed in designation
    - Payments will be made over 15 years
    - Additional members yielded $13K additional funds
    - Overage will be credited on FY20 invoice
Succession Planning

• Upcoming retirement in FY19/FY20
• Uncertainty in salary and benefits for FY20
  – Finance Manager at Tier 2? Not included in budget
• Overlapping salaries during transition
  – Budgeted approximately $20K in one-time transition costs for FY20
  – If unused, will be set aside in succession planning fund
• Budgeted at Executive Director present salary
RWA’s Unfunded Pension Plan Funding

- Budget follows Policy 500.15
- Lower payments due to favorable market performance @ 6.30.17
- CalPERS 7.26.18 letter estimates 6.30.19 balance at $58,000 (after FY19 $63K payment)
- Faster funding does create volatility from year to year. Could be higher in FY21.

<table>
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<tr>
<th>Year</th>
<th>Based on FY19 Budget</th>
<th>Proposed Budget</th>
<th>Difference</th>
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<tbody>
<tr>
<td>FY20</td>
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<td>FY21</td>
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<tr>
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<tr>
<td>FY23</td>
<td>$ -0-</td>
<td>$15,000</td>
<td>$15,000</td>
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<tr>
<td>Total</td>
<td>$189,000</td>
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FY19 Budget Augmentation

• FY 18 Budget – $60,000 budgeted for IRWM consulting costs
  – To fund the IRWM plan update
  – Actual costs paid for by grant money
  – Available budget to be used as partial funding for regional reliability program
  – To complete conjunctive use analysis in FY19

• Budget reflects transfer of $60K in core cash to regional reliability program for FY18, but to be used in FY19.
  – Should have been designated in FY18, but was not
  – This transfer is a budget augmentation for FY19.
## Timeline

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<td>March 14, 2019</td>
<td>Draft budget to RWA Board for possible adoption</td>
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<td>March 27, 2019</td>
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<td>April 24, 2019</td>
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<tr>
<td>May 2, 2019</td>
<td>Budget to RWA Board for adoption</td>
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Questions and Discussion