



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA



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
- Timeline
- 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

Sources	FY18	FY19	FY20	FY21
Subscription Program Dues ~ FY 18 balance \$86,800**	\$135,000	\$60,000		
Strategic Plan Fund ~ FY 18 balance \$109,700		\$60,000	\$49,700	
Core Dues			\$70,300	\$120,000
Expenses	\$135,000	\$120,000	\$120,000	\$120,000



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.

	Based on FY19 Budget	Proposed Budget	Difference
FY20	\$63,000	\$15,000	-\$48,000
FY21	\$63,000	\$15,000	-\$48,000
FY22	\$63,000	\$15,000	-\$48,000
FY23	<u>\$ -0-</u>	<u>\$15,000</u>	<u>\$15,000</u>
Total	<u>\$189,000</u>	<u>\$60,000</u>	<u>-\$129,000</u>

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

Date	Action
March 14, 2019	Draft budget to RWA Board for possible adoption
March 27, 2019 April 24, 2109	Budget back to EC if not adopted
May 2, 2019	Budget to RWA Board for adoption



Questions and Discussion