



**Regional Water Authority**  
BUILDING ALLIANCES IN NORTHERN CALIFORNIA



# Regional Water Authority

## *Fiscal Year 2020-21 Budget Overview*

March 12, 2020

# Overview

- Benefits of RWA Membership
- Membership & Dues
- Significant Historical Assumptions
- Budget Designations
- Budget Projections
- Budget Drivers for the FY21 Budget
  - Unfunded Pension Plan Funding
  - Strategic Plan Implementation & Outcomes
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# 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



# Membership & Dues

## RWA MEMBERSHIP – 21 Members

- Dues are based on number of retail connections
- FY19 budget projected 15% increase for FY20
- FY20 budget increased dues by 5%
- FY21, FY22 and FY23 projected dues increase at 18%, 17% and 15%, respectively
  - Delayed increase may result in higher increases in out years

## ASSOCIATE MEMBERSHIP – 5 Members

- No voting
- Associates pay annual fee equal to .1% of their annual operating budget rounded up to the next even thousand (maximum being \$13,802 in FY20)
- FY20 Associate Dues – 3% increase

## AFFILIATE MEMBERSHIP – 10 Members

- FY20 Affiliate Dues - \$750





## Significant Historical Assumptions

- SGA shares 50% in common office/admin costs
  - Administrative and Management Service Agreement Policy 100.2
  - Expenses are RWA only to RWA; SGA only to SGA
  - SGA pays its own PERS
- Administrative 4.8 FTEs for RWA (of 7)
  - Compensation Policy 400.2
  - Salaries within range of salary survey plus potential for COLA (2%) and merit (4%)
  - Staff pays the full 7% employee share of their pension contributions.
- Approving budget does not approve subscription-based programs
  - Subscription programs support RWA core costs – 10%
- Assumes no change in membership

# Budget Designations

- Financial Commitment and Assignment Policy 500.1 – Framework for operating fund and other additional commitments (“designation”)
  - Operating fund – 4 to 6 month
  - Membership Dues Stabilization – 15%
  - Subscription Program Stabilization – 10%
  - Powerhouse Science Center – \$200k remaining
  - Some designations were moved to expense budget in FY20 (office move, **strategic plan**, pension plan, etc.)
  - Other additional funds – special projects, sponsorships, etc.
  - Non-designated Cash



# Budget Projections

Budget Result	FY20	FY21
Core Program	(\$156,800)	(\$142,300)
Subscription Program	\$89,900	\$117,165
Combined Total	(\$66,900)	(\$25,135)

FY20 Core Budget deficit was offset mostly by depletion of the **Strategic Plan Fund (\$50k)** and Non-designated cash (\$98k).

FY21 Core Budget deficit is to be offset by reduction of Operating Fund designation 4.5 months or higher increase in dues (already at 18%).



## Budget Drivers

### FY21 Budget Drivers:

- Lobbying Program is fully funded from core dues – planned **\$50,000** increase
- Continue shifting 10% per year of WEP staffing and office costs to RWA core program – capped at 50% in FY21 and going forward
- Computer equipment replacements – advance \$15,000 from FY22 budget for server (est. \$20k)
- Pension Liability Increase
- Potential OPEB Trust Contribution Changes
- Strategic Plan Implementation and Outcomes





# Unfunded Pension Plan Funding

- Budget follows Policy 500.15
- CalPERS 7.26.18 letter estimates 6.30.19 balance at \$58,000 (after FY19 \$63K payment)
- Resulted in an Approved Budget of \$15,000 per year over the next four years – paid in full by end of FY23

October 2019 Revised CalPERS estimate in:

- FY19 balance is \$125,318 (before FY20 \$15k payment)
- Increase is due to change in CalPERS methodology, change in discount rate projections, and updated mortality studies
- \$110,318 remaining balance is now split amongst remaining three years at \$36,773 – increase of approx. \$22,000 per year until end of FY23
- Ensures adherence to Policy 500.15



# Strategic Plan Implementation & Outcomes

- Strategic Plan Workshop 2
  - March 27<sup>th</sup> – funding objectives
- Possible Opportunities for Increasing Revenues
  - Revenue Generating Programs
  - Grants/Special Revenues
  - New Members
- Possible Outcomes for Increasing Expenditures
  - Additional Programs (Core/Subscription)
  - Additional Staff and/or Consultant Costs

# Budget Savings

FY21 Potential Budget Savings:

- Staffing cost savings
- Advancement of Strategic Plan Expense
- RFP/RFQ for Professional/Consultant Services
- Insurance Reimbursement

# Timeline

Date	Action
March 25, 2020	Exec. Comm. Budget Workshop
April 22, 2020	Draft budget to the EC
May 14, 2020	Draft budget to RWA Board for possible adoption
May 27, 2020	Budget back to EC if not adopted
Special Meeting – in June*	Budget to RWA Board for adoption

\* Budget Policy 500.11 – approve a budget within 90 days of July 1



## Questions and Discussion