Overview

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  - 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

<table>
<thead>
<tr>
<th>Budget Result</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Program</td>
<td>($156,800)</td>
<td>($142,300)</td>
</tr>
<tr>
<td>Subscription Program</td>
<td>$89,900</td>
<td>$117,165</td>
</tr>
<tr>
<td>Combined Total</td>
<td>($66,900)</td>
<td>($25,135)</td>
</tr>
</tbody>
</table>

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
  o March 27\textsuperscript{th} – funding objectives
• Possible Opportunities for Increasing Revenues
  o Revenue Generating Programs
  o Grants/Special Revenues
  o New Members
• Possible Outcomes for Increasing Expenditures
  o Additional Programs (Core/Subscription)
  o 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

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 22, 2020</td>
<td>Draft budget to the EC</td>
</tr>
<tr>
<td>May 14, 2020</td>
<td>Draft budget to RWA Board for possible adoption</td>
</tr>
<tr>
<td>May 27, 2020</td>
<td>Budget back to EC if not adopted</td>
</tr>
<tr>
<td>Special Meeting – in June*</td>
<td>Budget to RWA Board for adoption</td>
</tr>
</tbody>
</table>

* Budget Policy 500.11 – approve a budget within 90 days of July 1
Questions and Discussion