



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



# Regional Water Authority

## *Fiscal Year 2020-21 Budget*

April 22, 2020



# Overview

- Proposed Dues Increase
- Proposed Associate Member Dues
- Budget Assumptions
- Water Efficiency Program (WEP)
- RWA's Unfunded Pension Plan Funding
- Revised Budget Projections
- Budget Outlook
- Timeline
- Questions and Discussion

# Proposed Dues Increase

- FY 21 Budget – Projected dues increase – 7%
  - FY 20 budgeting projected 18% increase for FY 21
- FY 19 costs below projections (\$290,700>cash)
  - Executive Director vacancy for four months
  - Office and Admin expenses below estimates
  - Increased interest income
- FY 20 budget below projections (\$125,458 improvement)
  - Staffing and Admin expenses below estimates
  - Increased Subscription Program Revenues
  - Increased interest income
- FY 22, 23, 24 and 25 projected at 7% annually for baseline projection.



## Proposed Associate Member Dues

- Associate member Dues – 3% increase
  - No voting
  - Lesser of RWA annual dues or 3%, whichever is lower
- No change in Affiliate Dues

## Budget Assumptions

- SGA shares 50% in common office/admin costs
  - SGA pays its own PERS
- Administrative 4.7 FTEs for RWA (of 7.5)
  - Salaries within range of salary survey plus potential for COLA (2%) and merit (4%)
  - SGA pays for .5 FTE annuitant and .10 FTE of Legislative and Regulatory Manager position
- Approving budget does not approve subscription based programs
  - Subscription programs help support RWA core costs by 10%
- Assumes no change in membership



# 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

Delayed shifting of additional 10% per year of WEP staffing and office costs

- Core expected to pay 50% of WEP in FY21 at the cap
- FY21 Proposed Budget to pay 40%
- WEP projected increase is estimated at 3% in FY21
  - Subject to Committee approval
  - WEP's last increase was in 2018



# RWA's Unfunded Pension Plan Funding

- Budget follows Policy 500.15
- CalPERS October 2019 letter estimates 6.30.19 balance at \$125,318 (after FY19 \$63K and FY20 \$15k payments)
- Faster funding does create volatility from year to year. Could be higher in FY22.

	Based on FY21 Proposed Budget	Running Total
Prior FY21	\$78,000	-\$110,000
FY21	\$36,667	-\$73,333
FY22	\$36,667	-\$36,666
FY23	<u>\$36,666</u>	<u>\$0</u>
Total	<u>\$188,000</u>	

# Revised Budget Projections

Budget Result\$	Proposed FY20	Projected FY20	Proposed FY21
Core Program	(\$156,800)	(\$31,342)	(\$176,779)
Subscription Programs	\$89,900	\$255,961	(\$13,267)
Combined Total	(\$66,900)	\$224,619	(\$190,046)

- FY21 Core Budget deficit is to be offset by Powerhouse Science Center Designation and Non-designated Cash.





## Budget Outlook

- FY22 and future years set membership dues increase at a constant 7% for cashflow projection purposes.
  - Staff expansion in FY22 for SGA with increased SGA reimbursement in RWA projections
- Future years show depletion of non-designated cash and lower Operating Fund coverage starting FY24
- Currently, there are no new programs beyond FY21. This is not likely the case and revenues will improve.
  - Prop 1 IRWM, Water Bank, and potentially stimulus money
- Any changes in current membership could have significant impact on rate increases in the future.

# Timeline

Date	Action
May 14, 2020	Draft budget to RWA Board for possible adoption
May 27, 2020	Budget back to EC if not adopted
Special June Meeting	Budget to RWA Board for adoption



## Questions and Discussion