



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA



Regional Water Authority

Fiscal Year 2020-21 Budget

May 14, 2020



Overview

- Proposed Dues Increase
- Proposed Associate and Affiliate Dues
- Budget Assumptions
- FY21 Budgeted Revenues
- FY21 Budgeted Expenses
- Water Efficiency Program (WEP)
- RWA's Unfunded Pension Plan Funding
- Projected Budget Results
- Budget Outlook
- Questions and Discussion

Proposed Dues Increase

- FY21 Budget – Projected dues increase – 5%
 - FY20 budgeting projected 18% increase for FY21
- FY19 costs below projections (\$290,700>cash)
 - Manager of Technical Services served as Interim Executive Director for four months
 - Office and Admin expenses below estimates
 - Increased interest income
- FY20 budget below projections (\$125,458 improvement)
 - Staffing and Admin expenses below estimates
 - Increased Subscription Program Revenues
 - Increased interest income



Proposed Associate and Affiliate Dues

These memberships help with RWA's communication outreach for messaging, branding and education purposes.

- Associate member Dues – 3% increase
 - No voting
 - Lesser of RWA annual dues or 3%, whichever is lower
- No change in Affiliate Dues - \$750

Budget Assumptions

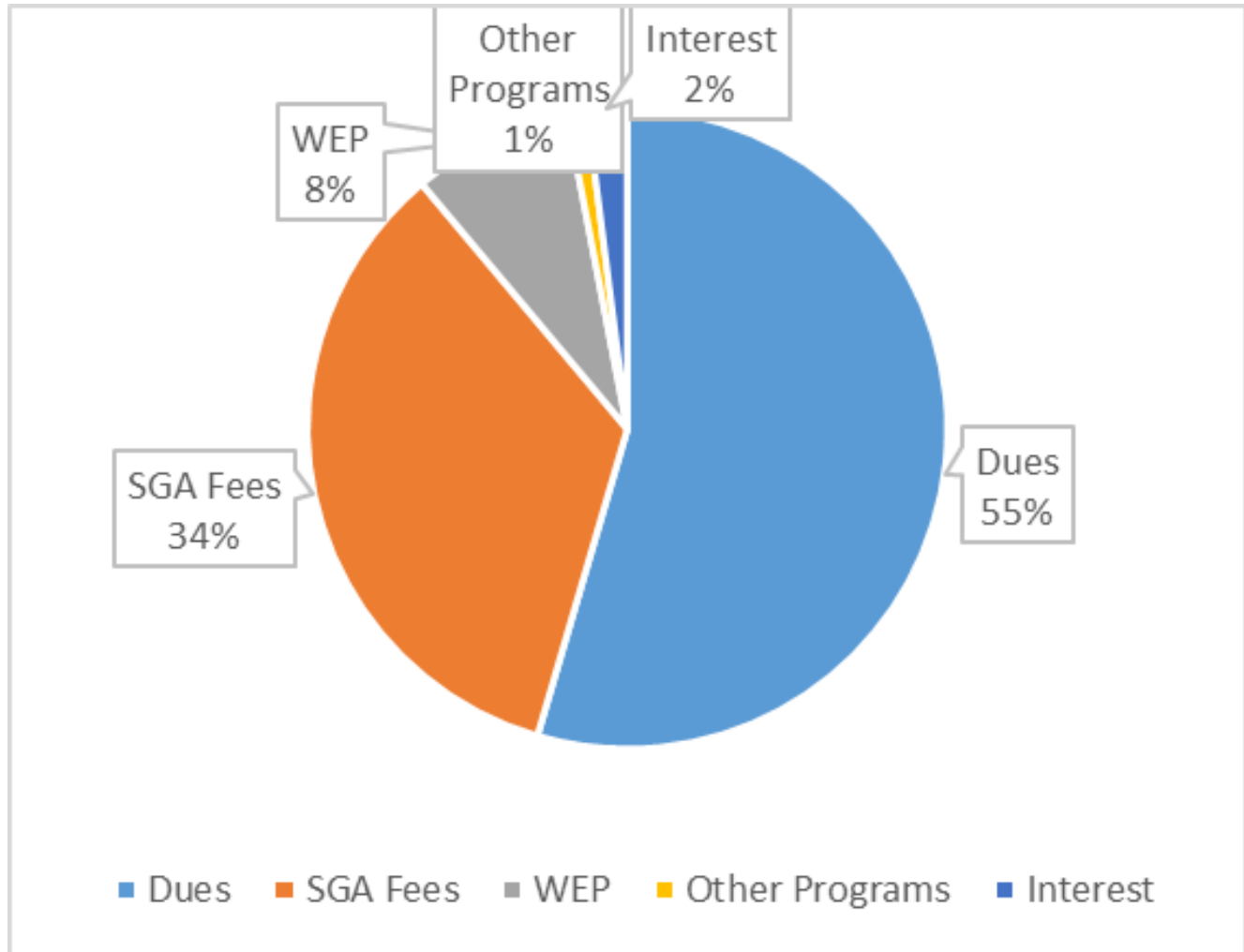
- SGA shares 50% in common office/admin costs
 - SGA pays its own PERS
- Administrative 4.7 FTEs for RWA (of 7.5)
 - Follows RWA Policy 400.2 for staff increases
 - SGA pays for .5 FTE annuitant and .10 FTE of Legislative and Regulatory Manager position
- Approving budget does not approve subscription based programs
 - Subscription programs support RWA core costs by 10%
- Assumes no change in membership
- Budget results may not be achieved



FY21 Budgeted Revenues

- Dues
- SGA Service Agreement
- Subscription Program Revenues
 - WEP
 - Other Subscription Programs
- Miscellaneous Revenues
- Interest Income

FY21 Budgeted Revenues (*cont'd.*)





FY21 Budgeted Expenses

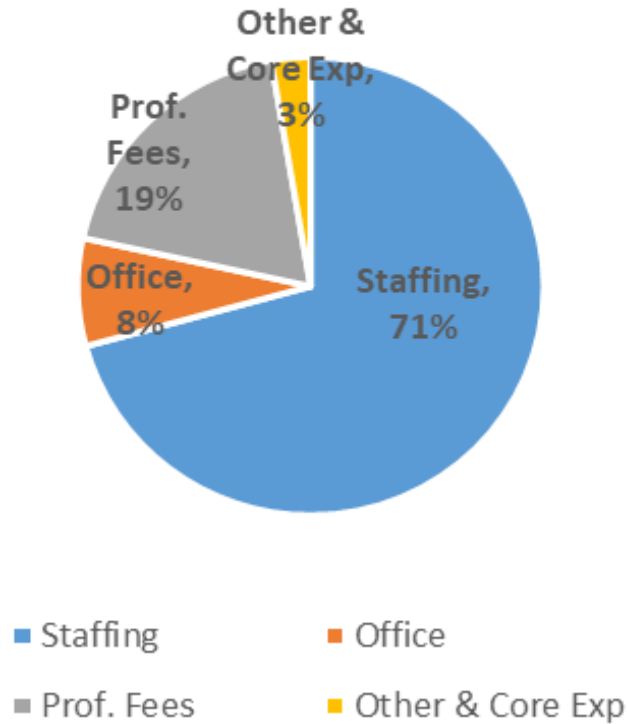
- Staff Expense Category
 - Salaries and Benefits (incl. WEP) covers health, vision, dental, PERS, and employee allowances
 - Employees pay full share of employee PERS
 - SGA Fee reimburses 37% of staffing cost and almost \$100k towards Office and Professional Fees budget categories
- Office Expense Category
 - Increase in Rent & Insurance costs
 - Includes some contingency

FY21 Budgeted Expenses (*cont'd.*)

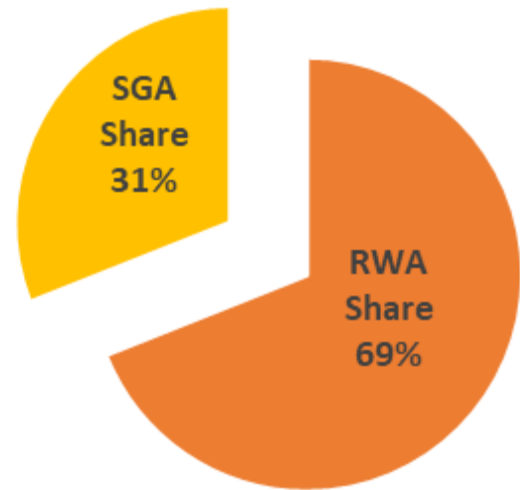
- Professional Fees Category
 - Can be RWA only or SGA shared
 - RWA Only: Legal, Advocacy, PR, and Strategic Plan
 - RWA/SGA shared: HR, Financial, Audit, Actuarial, and General Consulting (non-project)
- Other Expense Category – furniture purchases, office move, and computer replacements (shared)
- RWA Core Project Expenses – IRWM and Powerhouse Science Center

FY21 Budgeted Expenses (cont'd.)

RWA Expenses



RWA and SGA Cost Share



Total Expenses = \$2,135,529

Cost Share: RWA = \$1,473,679 and SGA = \$661,850





Water Efficiency Program (WEP)

FY21 Proposed Budget to pay 40% of WEP staffing and office costs for assisting with RWA Core functions (water supply, energy, regs. & compliance).

- Deferred shifting of additional 10%
- WEP projected increase is estimated at 3% in FY21
 - WEP's last increase was in 2018
 - Subject to Committee approval

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.*

	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>	

*Could be higher in FY22

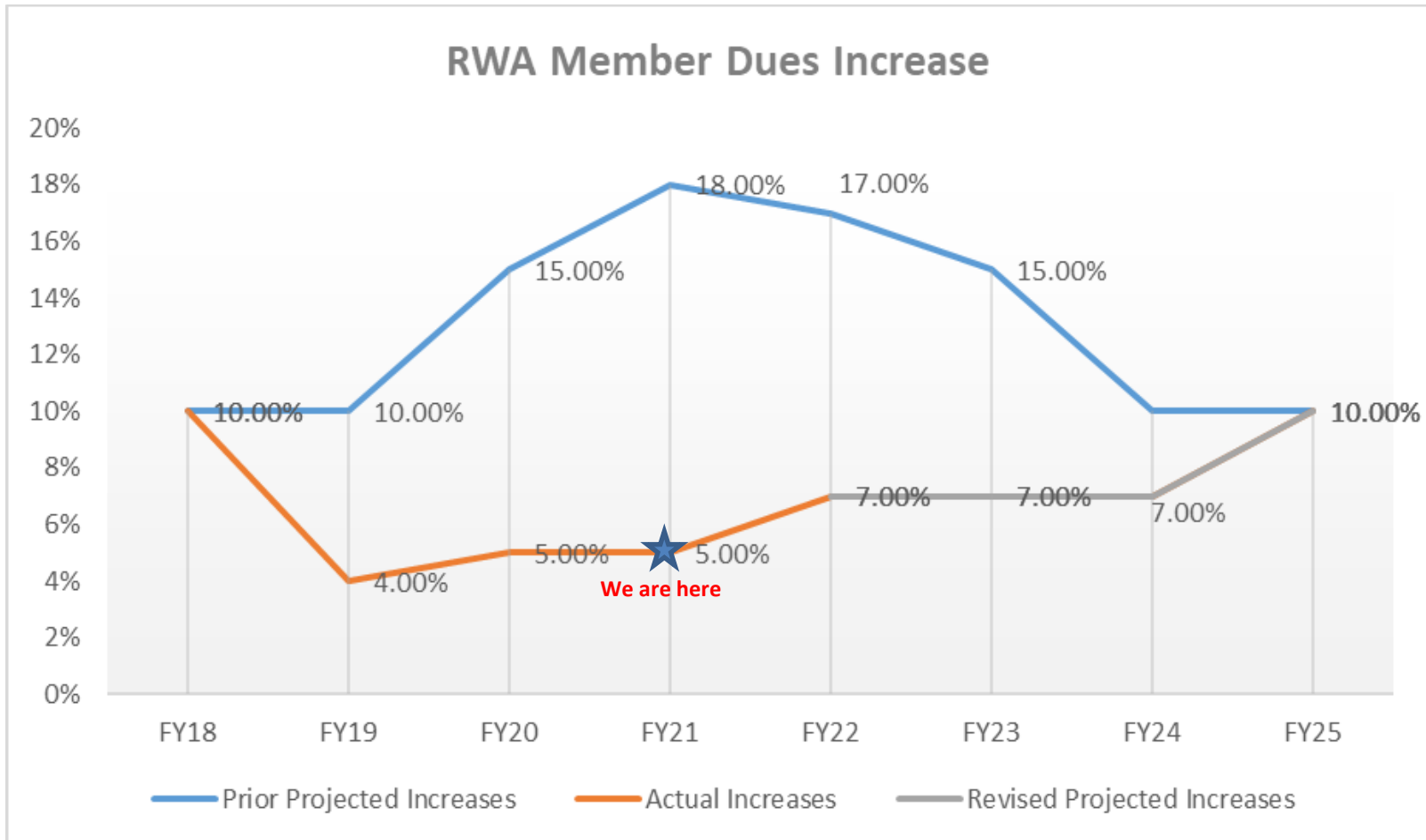
Projected Budget Results

Budget Results	Proposed FY21
Core Program	(\$195,379)
Subscription Programs	(\$13,267)
Combined Total	(\$208,646)

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

Budget Outlook

- FY22 through FY24 dues increase at 7% for cashflow and 10% in FY25 to meet Operating Fund coverage.





Budget Outlook (*cont'd.*)

- SGA Staff expansion in FY22
- Depletion of non-designated cash and lowering Operating Fund coverage starting FY23
- No new programs forecasted beyond FY21...
 - Prop 1 IRWM, Water Bank, stimulus money and other grant opportunities
- Any changes in current membership could have significant impact on rate increases in the future.



Questions and Discussion