



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA



Regional Water Authority *Fiscal Year 2021-22 Budget*

April 28, 2021



Overview

- Proposed Dues
- Budget Assumptions
- FY21/22 Revenues
- FY21/22 Expenses
- Unfunded Pension Plan Funding
- FY21/22 Budget Results
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- Timeline
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Proposed Dues

- New rate structure adopted in March 2021
- FY21/22 Budget planned to maintain general rates from FY20/21 Budget; 0% change in total dues
- Individual agency fee may change due to new structure and growth
- No changes to:
 - ✓ Associate Members
 - ✓ Affiliate Members
 - ✓ WEP Dues

Budget Assumptions

- Assumes no change in membership
- SGA shares 50% in common office/admin costs
 - SGA pays its own PERS
- Administrative 5.7 FTEs for RWA (of 9.0)
 - Compensation in accordance with RWA Policy 400.2
 - SGA pays for 50% of Administrative staff (equiv. of 2 FTE), 20% of Project Assistance time, 10% of Legislative and Regulatory Manager position, and 1 FTE in FY21/22 (combination of retired annuitant/Associate Program Manager)
- Approving budget does not approve subscription-based programs. For FY21/22:
 - Subscription programs help support core costs by 10%
 - WEP programs help support core costs by 20%

FY21/22 Revenues

- Member Dues – generally the same as FY20/21
- SGA Reimbursements – increase due to additional staffing and annual increase in office expenses
- Subscription Program Revenues:
 - WEP Subscription Program – revenues covers WEP PM staffing + overhead charges to the program
 - Staff Reimbursements – Program Management Fees charged to various Programs and Grants
 - Major Projects Program – new program; advanced funds
 - Resilience Program – new program; advanced funds
- Misc. and Interest Income – Interest is declining
- Total FY21/22 Revenues = \$2,283,212

FY21/22 Expenses

- Expenses are adjusted from FY20/21 budgeted amounts
- Staffing Expense – higher due to two new staff members. Offset by SGA and subscription programs
- Office Expense – higher due to annual increase, rent and utilities increase for additional office space, and one-time RWA 20th Anniversary costs
- Professional Fees – higher due to annual increase and additional funding for public outreach and communication services (Strategic Plan support)
- Other expenses – furniture for additional staff
- Core Project expenses – IRWM and Powerhouse Science Center payment
- Total FY21/22 Expenses = \$2,559,431





RWA's Unfunded Pension Plan Funding

- RWA Policy 500.15 – pay unfunded liability over 4 year rolling period
- CalPERS January 2021 letter estimates 6.30.19 balance at \$109,177 (post FY20/21 payment)
- Valuation report does not include FY19/20 or FY20/21 performance
- Faster funding does create volatility from year to year
- Staff recommends keeping current level of funding until new FY21/22 valuation report

FY21/22 Budget Results

- FY21/22 Budget Result is a planned deficit of (\$276,219)
- FY19/20 Audit shows a surplus of \$55,910
- FY20/21 Projected Budget Result is a surplus of \$196,678 as compared to the approved planned deficit of (\$195,379) due to:
 - ❖ Staff time reimbursements
 - ❖ FY21/22 expense budget savings
 - ❖ Major Projects Program advanced funding/restricted
 - ❖ Resilience Program advanced funding/restricted
 - ❖ Water Bank Phase I & II advanced funding/restricted
- Remaining shortfall will be offset by available cash balance
- Possibility for FY21/22 budget savings in Q1 and Q2 as conditions return to normal

Budget Outlook

- FY22/23 and FY23/24 forecast membership dues increase at 3% and then increase to 5% in FY24/25 and FY25/26
- Future years are compliant with the Operating Designation Policy parameters
- All non-designated cash is depleted
- Currently, there are no new programs forecasted beyond FY22/23 – \$50k plug in future years.
- A possible office relocation has been designated in FY21/22 for FY22/23 expense
- Any changes in current membership could have significant financial impact on future budgets

Timeline

Date	Action
May 6, 2021	Draft budget to RWA Board for possible adoption
May 26, 2021	Budget back to EC if not adopted
Special June Meeting	Budget to RWA Board for adoption



Questions and Discussion