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Benefits of RWA Membership

- Forum for Regional Collaboration (Water Policy & 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
- Operational savings to our members
FY2020-21 Budget Review

• Successfully passed FY20 audit with surplus of $55,910

• Settled all outstanding insurance claims from the office flood. Resulted in new carpet, paint, and 60% replacement of the office furniture. Net Cost: $1000 deductible split with SGA.

• IT Upgrades (budgeted cost, cost neutral, or savings):
  – Upgraded computer server,
  – Completed the scheduled replacements of 60% computer hardware,
  – Updated all office computers to O365/added VPN licenses,
  – Upgraded the office copier and printer, and
  – Replaced the office phone system with VOIP system.

• Completed the Strategic Plan Update
FY2020-21 Budget Review (cont’d)

• Launched two new Subscription Programs: Major Projects and Resilience – added new staff position, Strategic Affairs Manager

• Programs/Grants added include:
  o Regional Water Bank Phase II
  o Proposition 1 IRWM Grant
  o Groundwater Substitution Transfer Support

• Programs resulted in significant revenue to offset staffing expenses:
  – FY20 – Program Staff Reimbursements of $138,294
  – FY21 – Est. Program Staff Reimbursements of $66,039
Budget Policies

• SGA shares 50% in common office/admin costs
  • Administrative and Management Service Agreement Policy 100.2
  • SGA fully reimburses 100% SGA Only Costs

• Compensation Policy 400.2: salaries within range plus potential for COLA and merit

  Administrative 5.7 FTEs for RWA (out of 9.0 FTEs):
  50% - Executive Director, Manager of Technical Services, FASM, and Exec. Assistant (2 FTE)
  80% - Project Research Assistant (.8 FTE)
  90% - Legislative & Reg. Affairs Manager (.9 FTE)
  100% - Strategic Affairs and WEP Managers (2 FTE)*

* subscription based funded positions
Budget Policies (cont’d)

• Financial Commitment and Assignment Policy 500.1 – Framework for operating fund and other additional commitments (“designation”)
  ➢ Operating fund – 4 to 6 months
  ➢ Membership Dues Stabilization –15%
  ➢ Subscription Program Stabilization –10%
  ➢ Powerhouse Science Center –$175k remaining
  ➢ Other additional funds – subscription programs, special projects, sponsorships, office move, etc.
  ➢ Non-designated Cash

• Board must approve the Fiscal Year budget within 90 days of July 1st
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 aggregate dues

• Individual agency fee may change due to new structure and growth

• No changes to:
  ✓ Associate Members
  ✓ Affiliate Members
  ✓ WEP Dues
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

- **Total FY21/22 Expenses = $2,559,431**
RWA’s Unfunded Pension Plan Liability

- 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)
- 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
  - FY20/21 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 Powerhouse Science Center Fund ($25k) and 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

• Budget results cannot be assured
Questions and Discussion