



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA



Regional Water Authority

Fiscal Year 2021-22 Budget

May 6, 2021

Overview

- Benefits of RWA Membership
- FY20/21 Budget Review
- Budget Policies
- Proposed Dues
- FY21/22 Revenues
- FY21/22 Expenses
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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:
 - Regional Water Bank Phase II
 - Proposition 1 IRWM Grant
 - 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