

## **AGENDA ITEM 4: FISCAL YEAR 2021/2022 BUDGET HEARING**

### **BACKGROUND:**

In the March 10, 2021 board meeting, the draft fiscal year 2021/2022 (FY21/22) budget was presented for the purpose of identifying budgetary cash flow concerns. At this meeting, the Board authorized staff to send out early FY21/22 invoices to allow members to submit their contributions prior to FY21/22 budget approval to avoid anticipated cashflow shortages between May and August of 2021. Between receipt of early contribution payments and assuming timely approval of State DWR grant reimbursements for GSP development, SCGA's cash flow is currently projected to remain positive.

Similar in structure as the SGA method of calculating contributions, three elements are included in the proposed interim contribution methodology. The "Base" contribution element recognizes a minimum annual contribution level for select SCGA members with a fixed \$10,000 cost for non-signatory members and \$20,000 for signatory members. The "Connection" contribution element applies only to public water purveyors and is set at \$2.05 per public water service connection. A minimum "Connection" element of \$1,000 is used for smaller water purveyors with retail connections less than or equal to 1,000 connections. The "Usage" contribution element is treated as per the SCGA JPA with a unit pumping amount of \$9.42/AF. In total, fiscal year 2021/22 contributions are expected to be \$1,236,539. The total fiscal year budget is estimated to be \$2,915,083 with total outside contributions from state grants and partner GSA members estimated to be \$1,363,251. Details of the projected costs and individual member contributions have been provided as Attachment A and B of the attached resolution. Per Section 5.01(g) of the Authority's Policies and Procedures, a minimum balance of 20-percent of the projected annual expenditures shall be maintained in reserve to accommodate cash flow delays in projected revenue. Based on the \$2,915,083 budget, the calculated 20-percent minimum reserve balance of \$583,017 exceeds the proposed reserve of balance of \$157,805. To accommodate the lower reserve amount, an exception to Section 5.01(g) of the Policies and Procedures is being requested for the 2021/2022 fiscal year to account for the higher than normal annual cost associated with development of the GSP. On a monthly basis, staff will evaluate cash flow projections to identify if the operations account could result in a negative fund balance either due to incurred costs or the delay of planned member contributions, grant reimbursements, or GSA cost share payments. Staff will also coordinate with State DWR to affect

permitted changes in the timing of grant reimbursements, in accordance with the terms and conditions of the existing state grant contract agreement. The Board Chair will be notified of any projected critical funding periods and remedial actions being taken.

Staff recommends that the Board adopt the proposed resolution approving and funding the Authority's budget for fiscal year 2021/2022 and waive the provision for a 20-percent minimum reserve for fiscal year 2021/2022 as described in Section 5.01(g) of the Authority's Policies and Procedures.

**STAFF RECOMMENDATION:**

***Adopt the proposed resolution to approve and fund the Authority's administrative budget for fiscal year 2021/2022 and waive the provision for a 20-percent minimum reserve for fiscal year 2021/2022 as described in Section 5.01(g) of the Authority's Policies and Procedures.***

**SACRAMENTO CENTRAL GROUNDWATER AUTHORITY**

**RESOLUTION NO. 2021-03**

**RESOLUTION ADOPTING AND ASSIGNING COSTS TO FUND  
ADMINISTRATIVE AND PROGRAM BUDGETS FOR FISCAL YEAR  
2021/2022 AND ADJUST ANNUAL CONTRIBUTIONS**

**WHEREAS**, on August 29, 2006 the Joint Powers Agreement Between the City of Elk Grove, the City of Folsom, the City of Rancho Cordova, the City of Sacramento and the County of Sacramento Creating the Sacramento Central Groundwater Authority ("JPA") established a separate public entity identified as the Sacramento Central Groundwater Authority ("AUTHORITY") with its own Board of Directors; and

**WHEREAS**, the AUTHORITY was created to maintain the long-term sustainable yield of the Central Basin in accordance with the Central Sacramento County Groundwater Management Plan; and

**WHEREAS**, the JPA identifies member annual contributions to fund the purposes of the AUTHORITY; and

**WHEREAS**, Section 8(e) of the JPA provides for the AUTHORITY's adjustment of funding contributions subject to compliance with Section 8 (c) which requires an affirmative vote of eleven of the sixteen members of the governing board that includes affirmative votes by all of the representatives of the Cities of Elk Grove, Folsom, Rancho Cordova and Sacramento, and the County of Sacramento; and

**WHEREAS**, an exception to Section 5.01(g) of the Policies and Procedures requiring a minimum reserve balance of 20-percent of the projected annual expenditures is necessary for the 2021/2022 fiscal year to account for the higher than normal annual cost associated with development of the GSP; and

**WHEREAS**, the AUTHORITY's administrative budget for fiscal year 2021/2022 is specified in Attachment A. The budget includes projections of revenues, staff expenses, consultant expenses, office expenses and Groundwater Management Plan related expenses. The administrative budget is required to finance the administrative activities necessary to manage the Central Sacramento County groundwater management area.

**NOW, THEREFORE**, be it resolved by the SCGA Board of Directors:

1. The above recitals are correct and the SCGA Board of Directors so finds and determines.
2. The SCGA Board of Directors further finds and determines that:
  - a. The SCGA administrative budget for fiscal year 2021/2022 as specified in Attachment A is hereby adopted; and
  - b. The annual contributions to fund the SCGA administrative budget for fiscal year 2021/2022 are revised from the initial funding contributions identified in the JPA Section 8(d), and annual contributions for fiscal year 2021/2022 will be calculated pursuant to Attachment B; and
  - c. An exception to Section 5.01(g) of the Policies and Procedures is authorized for the 2021/2022 fiscal year to account for the higher than normal annual cost associated with development of the GSP; and
  - d. Billing for the fiscal year 2021/2022 annual contributions has previously been mailed as approved by the Board of Director's March 10, 2021 action authorizing early contribution payments and all payments not already received shall become due upon the adoption of the this resolution and be received no later than July 31, 2021.

ON A MOTION by Director **Rauh**, and seconded by Director **Thompson**, the foregoing resolution was passed and adopted by the Board of Directors of SCGA this 12th day of May, 2021, by the following vote, to wit:

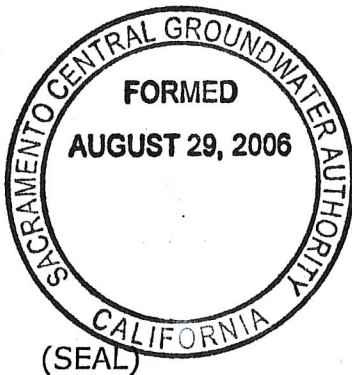
AYES: Directors, Thandi, Eising, Fadl, Ewart, Williams, Kamilos, Oneto, Trask, Goulart, Rauh, Thompson, Wackman, Jacobs, Ramirez, Schubert


NOES: Directors,

ABSENT: Directors, Hennig

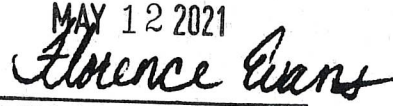
ABSTAIN: Directors,

RECUSAL: Directors,  
(PER POLITICAL REFORM ACT (§ 18702.5.))



  
**PAUL SCHUBERT**, Chair of the Board of Directors of the Sacramento Central Groundwater Authority, a duly formed Joint Powers Authority

**FILED**  
BOARD OF DIRECTORS

MAY 12 2021  
BY   
CLERK OF THE BOARD

ATTEST:   
Clerk of the Board of Directors of  
the Sacramento Central Groundwater Authority

In accordance with Section 25103 of the Government Code of the State of California a copy of the document has been delivered to the Chairman on **5-12-21**

By   
Deputy Clerk, Board of Directors

**ATTACHMENT A - FISCAL YEAR 2021-2022 Authority's Budget (Page 1 of 3)**

FUND: Sacramento Central Groundwater Authority (096B)

ACTIVITY: Groundwater Supply Operations (0960001)

FISCAL YEAR 2021-2022

	Actual 2016-17	Actual 2017-18	Actual 2018-19	Actual 2019-20	Adopted 2020-21	Amended Budget (After AAR) 2020-21	Estimated Actual 2020-21	Estimated 2021-22
<b>MEANS OF FINANCING</b>								
Reserves:								
Prior Year Fund Balance	\$ 248,868	\$ 110,227	\$ 162,332	\$ 131,150	\$ 135,477	\$ 135,477	\$ 135,477	\$ 30,188
Revenues:								
Contributions from Member Agencies	585,588	641,695	852,707	873,490	1,238,530	1,236,530	1,604,638	285,616
Interfund Charges (Transfer In / Out) reimbursement from SCGA	-	-	-	-	-	-	-	-
WPP fund	-	-	-	-	-	-	-	-
Reserve Release	103,437	118,334	-	-	173,815	307,895	307,895	-
Interest Income	6,443	6,417	15,770	18,301	6,001	6,001	6,000	6,000
Grant Reimbursement/Contributions from Other Agencies	-	-	-	-	1,363,251	1,363,251	781,193	1,089,510
Encumbrance Rollover from Prior Year	-	-	-	-	-	-	-	-
<b>Total Means of Financing</b>	<b>\$ 924,104</b>	<b>\$ 878,553</b>	<b>\$ 1,020,809</b>	<b>\$ 1,022,950</b>	<b>\$ 2,915,083</b>	<b>\$ 3,049,163</b>	<b>\$ 2,928,094</b>	<b>\$ 1,421,514</b>
<b>FINANCING USES</b>								
Provision for Reserves	\$ -	\$ -	\$ 186,109	\$ 68,688	\$ -	\$ -	\$ -	\$ 24,747
Interfund Charges (Transfer In / Out) reimbursement from SCGA	-	-	-	-	-	-	-	-
WPP fund	-	-	-	-	-	-	-	-
Salaries / Benefits	-	-	-	-	-	-	-	-
Services & Supplies	810,826	728,231	693,550	816,605	2,915,083	3,049,163	2,894,906	1,398,767
Other Charges	-	-	-	-	-	-	-	-
<b>Total Financing Uses</b>	<b>\$ 810,826</b>	<b>\$ 728,231</b>	<b>\$ 889,659</b>	<b>\$ 887,473</b>	<b>\$ 2,915,083</b>	<b>\$ 3,049,163</b>	<b>\$ 2,894,906</b>	<b>\$ 1,421,514</b>
<i>AJE for prior year reduction in interest revenue</i>	<i>\$ (3,352)</i>							
<b>ENDING FUND BALANCE</b>	<b>\$ 110,227</b>	<b>\$ 152,332</b>	<b>\$ 131,150</b>	<b>\$ 135,477</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,188</b>	<b>\$ -</b>

20% Minimum Reserve Amount

\$ 279,383

20% Minimum Reserve Amount minus Grants and Other Contributions

\$ 66,401

**ATTACHMENT A - FISCAL YEAR 2021-2022 Authority's 2-Year Budget Breakdown  
(Page 2 of 3)**

ATTACHMENT A - Reserve Account Contributions/(Releases) Authority's Budget (Page 2 of 3)	Estimated Actual FY20/21 Budget (w/ ARR)	Estimated FY21/22 Budget
<b>Reserve Account</b>		
Reserve Account Balance 7/1	\$ 487,097	\$ 159,202
Reserve Account Contributions/(Releases)	(307,895)	24,747
Remaining Reserve Balance	<u>\$ 159,202</u>	<u>\$ 183,949</u>
<b>Operating Account</b>		
Beginning Operating Fund Balance	\$ 135,477	\$ 30,188
Revenues:		
Contributions from Member Agencies	1,694,539	295,816
Reserve Release	307,895	-
Interest Income	6,000	6,000
Grants/Contributions from Other Agencies	781,183	1,089,510
<b>Total Means of Financing</b>	<u>\$ 2,925,094</u>	<u>\$ 1,421,514</u>
<b>FINANCING USES</b>		
Salaries/Benefits	\$ -	\$ -
Services & Supplies:		
Staff Expenses	448,784	458,620
Consultant Expenses	2,420,105	919,293
Office Expenses	26,017	18,854
Provision for Reserve	-	24,747
<b>Total Financing Uses</b>	<u>\$ 2,894,906</u>	<u>\$ 1,421,514</u>

**ATTACHMENT A - FISCAL YEAR 2021-2022 Quarterly Operating Expenses and Revenues (Page 3 of 3)**

Operating Expenses	Amended Budget (\$ Dollar)	Notes
<b>1. Staff Expenses</b>		"Staff Expenses" were not covered in the cost breakdown provided in the GMP
Administration Support	\$ 326,830	County Administrative and Technical Staff, etc. (G/L 20283403)
Legal Counsel	105,000	County Counsel (G/L 20263100)
Financial	20,000	County Water Resource Finance/Accounting Staff (G/L 20283403)
AFS Contract Services	5,290	Contract payment & writing allocation costs and AR (G/L 20293401=\$647 and G/L 20291900=\$4,643)
Travel/Conference	1,500	G/L 20202900
<b>Total Staff Expenses</b>	<b>\$ 458,620</b>	
<b>2. Consultant Expenses</b>		
Audit Report	\$ 6,000	Audit Expense (G/L 20260600)
Technical Services	913,293	Consultant Services (G/L 20269100)
<b>Total Consultant Expenses</b>	<b>\$ 919,293</b>	
<b>3. Office Expenses</b>		
General Liability Insurance	\$ 7,800	Annual premium paid to Sacramento County Risk Management (G/L 20206200)
IT Support/Web Support	5,904	Website Development and Maintenance (G/L 20271100)
Office Supplies/Postage	5,000	G/L 20207600
Dues & Subscriptions	150	Membership dues (G/L 20206100)
<b>Total Office Expenses</b>	<b>\$ 18,854</b>	
<b>GRAND TOTAL</b>	<b>\$ 1,386,767</b>	

Note 1. List of projected outside legal services with estimated costs for current fiscal year only.

	Dollars (\$)
1 County Counsel	\$ 65,000
2 Rates - Colantuono Highsmith & Whatley	20,000
3 On-Call Special Counsel	20,000
<b>Total</b>	<b>\$ 105,000</b>

Note 2. List of projected consultant services with estimated costs for current fiscal year only.

	Dollars (\$)
1 On-Call - GEI Exec Director remainder	\$ 80,000
2 On-Call - GEI (Staffing)	380,000
3 Rate Study - HDR remainder	55,000
4 LWA GSP Development	503,265
5 WC GSP Development	193,234
6 GSA Reimbursements for GSP Development	(288,198)
<b>Total</b>	<b>\$ 913,293</b>



**ATTACHMENT B (Page 1 of 2)**  
**Authority's Members Contribution (FISCAL YEAR 2021-2022)**

	Base Contribution	Connection Contribution	Groundwater Usage Contribution	Total Annual Contribution
<b>Board Members</b>				
City of Folsom	\$ 20,000	\$ 10,699	\$ -	\$ 30,639
City of Rancho Cordova	20,000	-	-	20,000
City of Sacramento	20,000	105,670	9,180	134,850
City of Elk Grove	20,000	-	-	20,000
County of Sacramento/ SCWA	20,000	60,555	100,037	180,592
FRCD/Elk Grove Water District	10,000	14,171	21,476	45,647
Cal-Am Water Company	10,000	41,221	84,941	136,162
Golden State Water Company	10,000	16,909	48,690	75,599
Orochumne-Hartnell Water District (See Note 1)	-	-	-	-
Rancho Marieta CSD (See Note 1)	-	-	-	-
SRCSO	10,000	-	-	10,000
Ag Interests	-	-	75,623	75,623
Ag-Res Interests	-	-	24,704	24,704
Comm/Industrial Self Supplied	-	-	-	-
Public Agency Self Supplied	-	-	-	-
Conservation Land Owners	-	-	-	-
<b>Total</b>	<b>\$ 140,000</b>	<b>\$ 249,165</b>	<b>\$ 304,651</b>	<b>\$ 783,816</b>

Note 1: These agencies are listed without a designated contribution amount due to Board of Directors' August 12, 2020 approval of the amendments to the JPA, including boundary and membership adjustments. They are listed here to acknowledge the formal amendments to the JPA have not been officially adopted by all of the JPA signatories.

**Base Contribution Component**

- Annual Base Contribution is \$10,000 for non-signatory public agency members and \$20,000 for signatory members

**Connection Contribution Component**

- Annual Connection Contribution is \$1,000 plus \$1.11 per connection for number of water service connections over the 1,000 connection minimum

- An annual minimum Connection Contribution of \$1,000 is assessed for water districts with less than the 1,000 connection minimum

**Groundwater Usage Component**

- Annual Groundwater Usage Contribution is \$5.1/acre-foot of groundwater pumped from the basin averaged over previous three calendar years

- Annual Groundwater Usage Contribution by Agriculture is 25-percent of the estimated annual pumping (as determined by SCWA) at the rate of \$5.1/acre-foot and paid out of SCWA Zone 13 funds

- Annual Groundwater Usage Contribution by Agriculture/Residential is 25-percent of the estimated annual pumping (as determined by SCWA) at the rate of \$5.1/acre-foot and paid out of SCWA Zone 13 funds

**ATTACHMENT B (Page 2 of 2)**  
**Groundwater Usage Component (FISCAL YEAR 2021-2022)**

Water Purveyors	Pumping Amount (acre-feet)	Exclusion (acre-feet)	Net Pumping (acre-feet)	Rate (\$/acre-foot)	Contribution
Commercial/Industrial Self Supplied	0	0	0	5.10	-
Public Agencies/Self Supplied	0	0	0	5.10	-
FRCD/Elk Grove Water District	4,211	0	4,211	5.10	21,476
Orochumne-Hardinell Water District	0	0	0	5.10	-
Rancho Murieta OSD	0	0	0	5.10	-
California-American Water Co.	16,655	0	16,655	5.10	84,941
Golden State Water Company	9,547	0	9,547	5.10	48,690
County of Sacramento/ SCWA	19,615	0	19,615	5.10	100,037
City of Sacramento	1,800	0	1,800	5.10	9,180
<b>Ag and Conservation Land Owners</b>	25% of estimated pumping (See Note 1)				
Agricultural Interests	59,312	25%	14,828	5.10	75,623
Conservation Land Owners	0	25%	0	5.10	-
<b>Agriculture-Residential</b>	25% of estimated pumping (See Note 1)				
Agriculture-Residential	19,376	25%	4,844	5.10	24,704
<b>Total \$</b>					<b>364,661</b>

Note 1. 25% of estimated Ag and Ag-Res pumping is used to account for net groundwater loss from crop evapotranspiration, consumption, and runoff losses

**Water Service Connection Component (FISCAL YEAR 2021-2022)**

Water Purveyors	Number of Connections	Minimum Number of Connections	Number of Connections Exceeding Minimum	Rate (\$/connection)	Contribution
Commercial/Industrial Self Supplied	-	1,000	-	1.11	-
Public Agencies/Self Supplied	-	1,000	-	1.11	-
City of Folsom	9,684	1,000	8,684	1.11	10,639
City of Sacramento	95,297	1,000	94,297	1.11	105,670
FRCD/Elk Grove Water District	12,866	1,000	11,866	1.11	14,171
Orochumne-Hardinell Water District	-	1,000	-	1.11	-
Rancho Murieta OSD	-	1,000	-	1.11	-
California-American Water Co.	37,235	1,000	36,235	1.11	41,221
Golden State Water Company	15,332	1,000	14,332	1.11	16,909
County of Sacramento/ SCWA	54,653	1,000	53,653	1.11	60,555
<b>Total \$</b>					<b>249,166</b>