



Salinas Valley Basin
Groundwater Sustainability Agency

**Proposed
Annual Budget
FY 2020-21**

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Honorable Chair and Members of the Board of the Salinas Valley Basin Groundwater Sustainability Agency (GSA)

We are pleased to present the Proposed Budget for Fiscal Year 2020-21. The operating appropriations of \$1,347,850 are funded by \$1,200,000 in GSA fees, \$4,000 in investment earnings and \$143,850 from the existing fund balance.

The Fiscal Year 2020-21 Proposed Budget will keep GSA fees at the current level – no increase. This is the fourth fiscal year of the Agency and the second year that the Agency will be funded by Groundwater Sustainability Regulatory Fees. During the fiscal year the Agency will continue to work on the five Groundwater Sustainability Plans (GSPs) which are due January 2022. During this time, we will continue to develop information on which to refine future projections but remain focused on our primary directive of delivering Groundwater Sustainability Plans that are compliant with State of California regulations.

Highlights of FY 2020-21 Budget

Agency staff continues to work with Department of Water Resources (DWR) staff to close out the \$1.5 million Prop 1 grant that was used for the development of the 180/400 aquifer GSP. In addition, staff is working on obtaining a \$2.5 grant to fund the next five GSPs.

The proposed budget does not account for the future grants. It does keep GSA fees at the current level, relying on the use of \$143,850 from the existing fund balance of \$574,284.

The majority of the work in FY 2020-21 will be on development of the five remaining GSPs and implementation of the GSP for the 180/400 Foot Aquifer. This will require additional personnel.

The largest expenditure of \$292,650 is in Regional Government Services (RGS) management services contract. The increase is for additional personnel to keep the development of five subbasin GSPs on track. The budget is adding one Senior Advisor position for this purpose. and for implementation of the GSP for the 180/500 Foot Aquifer.

The next page has a summary of the Proposed Budget.

Salinas Valley Basin Groundwater Sustainability Agency					
Preliminary Budget					
FY 2020-21					
	Jul-Dec Year to Date	Revised Budget	2020-21 Proposed	Increase (Decrease)	Percent Change
Revenue					
440000 - Member Contributions					
440100 - GSA Fee	799,213	1,200,000	1,200,000	0	0.0%
444000 - Interest Income	4,112	4,000	4,000	0	0.0%
451000 - Prop 1 DWR Grant	406,967	960,988	0	-960,988	-100.0%
Total Revenue	1,210,292	2,164,988	1,204,000	-960,988	-44.4%
Expense					
520000 - Administrative Services	255,600	624,000	916,650	292,650	46.9%
530000 - Groundwater Sustainability	406,367	1,043,144	41,500	-1,001,644	-96.0%
530500 - Legal Services	19,055	60,000	60,000	0	0.0%
532300 - Grant Management Services	5,371	20,000	20,000	0	0.0%
540100 - Agency Financing Plan		25,000	25,000	0	0.0%
540200 - Facilitation Services	800	30,000	20,000	-10,000	-33.3%
540300 - Grant Writing / Lobbying	31,557	50,000	50,000	0	0.0%
540400 - Outside Specialty Legal Svcs		100,000	70,000	-30,000	-30.0%
540500 - Communications Consultant (RGS)		7,000	10,000	3,000	42.9%
550200 - Conferences / Training	188	7,100	7,100	0	0.0%
550300 - Dues and Subscriptions	904	3,000	3,000	0	0.0%
550400 - External Audit	4,500	5,500	6,000	500	9.1%
550500 - Auditor-Controller Collection		3,000	3,000	0	0.0%
550500 - GSA Fee Appeal Refunds		5,000	5,000	0	0.0%
550600 - Insurance Premium	740	3,000	4,000	1,000	33.3%
550700 - Legal Notices & Ads	1,050	10,000	5,000	-5,000	-50.0%
550800 - Office Supplies	664	4,500	4,500	0	0.0%
550900 - Postage and Delivery	463	3,000	3,000	0	0.0%
551000 - Printing and Reproduction	2,068	10,300	5,000	-5,300	-51.5%
551100 - Office Rent	1,500	3,000	3,000	0	0.0%
551200 - Technology	6,841	40,000	40,000	0	0.0%
551220 - Website Upgrade	236	2,000	2,000	0	0.0%
551250 - Agenda Management Software		3,700	3,700	0	0.0%
551300 - Travel Expense	2,123	20,000	10,000	-10,000	-50.0%
551400 - Bank Service Charges	156	500	500	0	0.0%
551500 - Recruitments		2,000	0	-2,000	-100.0%
551800 - Meals and Meeting Expense	236	2,500	2,500	0	0.0%
551810 - Mileage Reimbursement		1,000	1,000	0	0.0%
551900 - Board Stipends	5,858	26,400	26,400	0	0.0%
Total Expense	746,277	2,114,644	1,347,850	-766,794	-36.3%
Operating Surplus (Deficit)	464,015	50,344	-143,850	-194,194	
Beginnig Fund Balance		574,284	624,628		
Ending Fund Balance-Estimated		624,628	480,778		

ESTIMATED REVENUES

Historical Revenues

The first two fiscal years of the Agency were funded by member agency contributions of \$1,145,000 as shown below.

Agency	FY 2017-18	FY 2018-19	Total
County of Monterey	\$ 670,000	\$ 670,000	\$1,340,000
City of Salinas	330,000	330,000	660,000
City of Soledad	35,000	35,000	70,000
City of King	30,000	30,000	60,000
City of Gonzales	20,000	20,000	40,000
Water Resources Agency	20,000	20,000	40,000
Monterey One Water	20,000	20,000	40,000
Castroville CSD	20,000	20,000	40,000
	<u>\$ 1,145,000</u>	<u>\$ 1,145,000</u>	<u>\$2,290,000</u>

It is important to note that the agricultural industry provided \$250,000 of the Monterey County Contribution each year. Consideration of repayment of all funds will be considered by the GSA Board once all GSPs are completed.

Groundwater Sustainability Fee (SBVGSA Regulatory Fee) FY 2020-21

Below is a table of the estimated revenues from the Groundwater Sustainability Fee that the GSA Board approved on March 14, 2019. These fees will have no increase in FY 2020-21.

Groundwater Sustainability Fee Calculations							
Customer	Fee	Basis	Basis Quantity		Allowance for errors (3)	Basis for Fee	Estimated Fee Revenue (4)
Agriculture	\$ 4.79	per irrigated acres	250,457	(1)	(25,046)	225,411	\$ 1,080,000.00
All Other	\$ 2.26	per service connection	58,955	(2)	(5,896)	53,059	\$ 120,000.00
							<u>\$ 1,200,000.00</u>
Notes:							
(1) per table 9 - Agricultural Properties, of the GSA Fee Study							
(2) per table 10 - Water Systems, of the GSA Fees study							
(3) per table 11 - Regulatory Fee Calculation, of GSA Fee Study							
(4) rounded to the nearest 1,000							

The complete Fee Study approved by the GSA Board can be found on the SVBGSA website at <https://svbgsa.org/wp-content/uploads/2019/02/SVBGSA-Fee-Study-Final-Feb-4-2019.pdf>

EXPENDITURES BUDGET HIGHLIGHTS

Administrative Services - \$916,650

Management Services provided by RGS account for 68% of the budget.

The Agency staff positions make up \$886,650 in expenses. The estimated service hours and costs included in the budget for the staff positions are as follow:

Position	Estimated Annual Hours	RGS Hourly Rate	Estimated Cost
General Manager	1,750 (35 hours per week)	\$173.00	\$ 302,750
Deputy General Mgr.	1,500 (30 hours per week)	\$150.00	\$ 225,000
Senior Advisor to GM	1,500 (30 hours per week)	\$173.00	\$259,500
Senior Advisor Finance	360 (30 hours per month)	\$142.00	\$ 50,400
Clerk of the Board	360 (30 hours per month)	\$ 94.30	\$ 34,000
Deputy Clerk	240 (20 hours per month)	\$ 61.50	\$ 15,000

It should be noted that the above RGS estimated costs pay not only for the full cost of the employees, but also pay for RGS overhead. Unlike a typical government agency, which has escalating unfunded retirement liabilities and post-retirement liabilities for health insurance costs, the RGS billing rate pays all employee costs. Consequently, should the Agency decide to terminate the RGS contract, there will be no unfunded liabilities for the employees.

In addition to the assigned agency staffing costs, there is an additional \$30,000 in RGS Administrative Support for accounting services, IT support and senior management of Agency staff.

Administrative services are budgeted to increase \$292,650 in 2020-201. While all staffing costs are budgeted to increase 2.5% per the RGS contract, the majority of the increase is due to the addition of a Senior Advisor. The current Deputy General Manager will transition to General Manager, the current General Manager will transition to a Senior Advisor and a new Deputy General Manager will be hired. All the positions will be needed to support stakeholder and community meetings as we begin to prepare GSPs for five subbasins simultaneously. This position is also necessary for a smooth succession plan while creating organizational capacity to plan for GSP implementation and funding.

Ground Water Sustainability Plan (GSP) - \$41,500

The appropriations of \$41,500 in FY 2020-21 is to pay for potential costs to the Water Resources Agency. Once the Agency is awarded a \$2.5 million grant for GSP development, the budget for the development of the GSP will be increased substantially.

Legal Services - \$60,000

The legal services budget for Agency General Counsel will continue to be capped at \$60,000 per the agreement with the County. Thus far legal services have fallen well below budget projections however costs could increase at any time given the litigious nature of this work

Grant Management Services - \$20,000

The grant management services budget pays for grant administration of the existing \$1.5 million grant and the anticipated new \$2.5 million grant.

Agency Financing Plan Consultant - \$25,000

This fee is to pay for the annual GSA Fee update that is required to submit the fee annually to the Auditor-Controller for placement on the tax roll.

The cost includes GIS work to join Assessor Parcel Numbers with the County GIS data and County's Small Water Systems Database, as well as accessing data from the Public Water Systems database from State Water Resources Control Board. Once the database is prepared, cross referencing with existing databases will be required to determine any changes that may have occurred. Additional effort will also be required to refine datasets to more accurately assess fees.

Facilitation Services - \$20,000

This line item will be used to pay the Consensus Building Institute (CBI) or other organizations for facilitation services. It is expected that some level of facilitation services will still be required as the GSA continues work on the GSPs.

Grant Writing/Lobbying - \$50,000

The GSA has been very successful in obtaining grants to pay for facilitation services and GSP preparation services. The GSA will continue to look for grants in order to minimize the GSA fees that will need to be paid by constituents. In FY 20-21 the Agency is looking to add lobbying efforts at the State level.

Outside Specialty Legal Services - \$70,000

This line item will be used to pay outside legal services.

Technology (GIS Data Management System) - \$40,000

Montgomery's scope of work for developing the GSP includes developing a data management system (DMS) that is capable of storing and reporting information relevant

to the development or implementation of the GSP. The DMS is also required for submittal of data to the State of California Department of Water Resources (DWR) once DWR develops a suitable platform.

Montgomery has developed a DMS that includes a custom database for hydrologic data, such as well information, groundwater levels, and groundwater extraction. This is referred to as the HydroSQL database. Additionally, the DMS includes an EnviroData database for water quality data. The DMS is hosted on Montgomery's secure web platform and is currently used by Montgomery staff and its project partners to assist with the development of the GSP.

In the interest of transparency, the Agency is providing this wealth of information to the public by means of a Public Web Portal on the Agency's website. The public portal will include all data not covered by confidentiality agreements.

The cost to make the data available to the public is \$9,000 for the portal setup and training and \$29,000 for data updates and hosting over the course of the budget year. Staff considers this an important expenditure as the ability to make this information available to the public will increase our success in the planning efforts.

All Other Accounts

All other accounts have minimal changes.

Fund Balance

At June 30, 2019 the Agency had a fund balance of \$574,284. The FY 2019-20 anticipates a surplus of \$50,344 bringing the fund balance to \$624,628. The FY 2020-21 Proposed Budget anticipates using \$143,850 from that fund balance leaving a June 30, 2021 fund balance of \$480,778.

CONCLUSION

The budget as presented funds all required operating expenditures. It is anticipated that there will be changes in the budget throughout the year, especially once the Agency receives notification of receiving a \$2.5 million grant.

The Board of Directors' approval of this budget will allow the GSA to continue working on the GSPs, the purpose for which the GSA was formed.

Respectfully submitted,

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