

**Before the Board of Directors of the  
Salinas Valley Basin Sustainable Groundwater Management Agency**

**Resolution No. 2018-06** )  
Adopting FY 2018-19 Budget )

WHEREAS, the Salinas Valley Basin Groundwater Sustainability Agency (Agency) Budget and Finance Committee reviewed the preliminary budget for fiscal year 2018-19 on May 3 and June 12, and has recommended that the Board of Directors adopt the final budget; and,

WHEREAS, the Board of Directors reviewed the preliminary budget on May 10; and,

WHEREAS, the Agency JPA members have agreed to provide funding for FY 2018-19 in accordance with the JPA agreement; NOW, THEREFORE,

BE IT RESOLVED, by the Board of Directors of the Salinas Valley Basin Groundwater Sustainability Agency as follows:

1. The above recitals are true and correct.
2. The FY 2018-19 Budget, attached hereto and incorporated herein by reference, is hereby adopted.
3. All appropriations encumbered by contract in FY 2017-18 that remain unspent as of June 30, 2018, are hereby reappropriated and encumbered for the same use and purpose in FY 2018-19.

PASSED AND ADOPTED on this 14th day of June, 2018 by the following vote, to-wit:

AYES: Directors Alejo, Brennan, Calcagno, Granillo, Lipe, McHatten, Pereira, Secondo, Stefani, and Chair Gunter

NOES: None

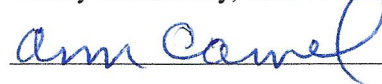
ABSENT: Director McIntyre

ABSTAIN: None

I, Ann Camel, Clerk of the Board of Directors of the Salinas Valley Basin Groundwater Sustainability Agency, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Directors duly made and entered in the minutes thereof

Dated: 6/14/18

Ann Camel, Clerk of the Board of Directors of the Salinas Valley Basin  
Groundwater Sustainability Agency,  
County of Monterey, State of California

  
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**Salinas Valley Basin**  
Groundwater Sustainability Agency

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**Annual Budget**  
**FY 2018-19**

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Office: 1441 Schilling Place, Salinas, CA 93901

Mail: PO Box 1350, Carmel Valley, CA 93924

(831) 471-7518

[www.svbgsa.com](http://www.svbgsa.com)

May 10, 2018

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 2018-19. The operating appropriations of \$1,068,000 are funded by \$1,145,000 in contributions from the member agencies. The will generate a surplus of \$77,000. The proposed use of this surplus is to establish a Cash Flow Reserve.

Fiscal Year 2018-19 is the second fiscal year of the Agency. This will be a pivotal year as the GSA works on two major initiatives - 1) develop an ongoing funding mechanism strategy for operations beyond June 30, 2019, and 2) continue work on developing the Groundwater Sustainability Plan (GSP), the purpose for which the GSA was established. While there is not much history on which to base future projections, the 2018-19 budget is based on accomplishing the two major initiatives just mentioned.

### **Highlights of FY 2018-19 Operating Budget**

The 2018-19 budget is based on the \$1,145,000 in JPA member contributions found in the JPA agreement. The budget uses those monies to pay for management services, development of an ongoing funding mechanism and development of the GSP.

At the end of fiscal year 2017-18 any remaining contracts (i.e. rate study and GSP) will be brought forward to 2018-19 along with the funding sources (i.e. remaining cash and Prop 1 grant). These items will then be incorporated into the 2018-19 budget.

The largest budget increase is \$179,800 in RGS management service hours. It is primarily for the General Manager and Senior Advisor to spend more time on developing the GSP and the new funding source for operations. It also includes more hours for the Clerk of the Board and RGS support staff.

The second largest increase of \$104,000 is an increase in RGS management services for the additional services of a Hydrologist, Deputy Clerk of the Board and Grant Management services which are needed for the development of the GSP and management of all the additional stakeholder meetings and the Prop 1 grant.

On the next page is a summary of the proposed budget followed by a more detailed discussion of how it was developed.

**Salinas Valley Basin Groundwater Sustainability Agency**

**Two Year Budget Comparison**

**FY 2018-19**

	2017-18	2018-19	Increase	
	Budget	Proposed	(Decrease)	% Change
<b>Ordinary Revenues/Expense</b>				
<b>Revenues</b>				
440000 · Member Contributions	1,145,000	1,145,000	0	0%
451000 · Prop 1 DWR Grant	1,500,000	0	-1,500,000	0%
<b>Total Revenues</b>	<b>2,645,000</b>	<b>1,145,000</b>	<b>-1,500,000</b>	<b>0%</b>
<b>Expense</b>			0	
520000 · Administrative Services	255,500	435,300	179,800	70%
530000 · Groundwater Sustainability Plan	1,924,006	140,000	-1,784,006	-93%
532100 · Consulting Hydrologist (RGS)		54,000		
532200 · Deputy Clerk of the Board (RGS)		10,800		
532300 · Grant Management Services (RGS)		40,000		
530500 · Legal Services	60,000	60,000	0	0%
540100 · Financing Plan Consultant	97,000	43,000	-54,000	-56%
540110 · Financing Plan Other Services	12,000		-12,000	-100%
540200 · Facilitation Services	16,000	30,000	14,000	88%
540300 · Grant Writing / Lobbying	62,000	20,000	-42,000	-68%
540400 · Outside Specialty Legal Svcs		40,000	40,000	
540500 · Communications Consultant (RGS)	20,000	20,000	0	0%
550200 · Conferences / Training	12,500	7,100	-5,400	-43%
550300 · Dues and Subscriptions	3,000	3,000	0	0%
550600 · Insurance Premium	2,300	3,000	700	30%
550700 · Legal Notices & Ads	3,000	10,000	7,000	233%
550800 · Office Supplies	2,500	4,500	2,000	80%
550900 · Postage and Delivery	1,000	3,000	2,000	200%
551000 · Printing and Reproduction	6,000	10,300	4,300	72%
551100 · Office Rent	10,000	3,000	-7,000	-70%
551200 · Technology	3,500	13,000	9,500	271%
551220 · Website Upgrade	5,000		-5,000	-100%
551250 · Agenda Management Software	3,600	3,600	0	0%
551300 · Travel Expense	10,000	20,000	10,000	100%
551400 · Bank Service Charges	300	500	200	67%
551500 · Recruitments	10,000	2,000	-8,000	-80%
551800 · Meals and Meeting Expenses	2,500	2,500	0	0%
551810 · Mileage Reimbursement	1,000	1,000	0	0%
551900 · Board Stipends	22,500	26,400	3,900	17%
5XXX · External Annual Audit	0	5,000	5,000	
5XXX · Contingency (5%)	28,025	57,000	28,975	103%
<b>Total Expense</b>	<b>2,573,231</b>	<b>1,068,000</b>	<b>-1,505,231</b>	<b>-58%</b>
<b>Net Ordinary Income</b>	<b>71,769</b>	<b>77,000</b>	<b>5,231</b>	<b>7%</b>
<b>Other Revenues/Expense</b>			0	
<b>Other Revenue</b>			0	
702000 · Interest Income	200	200	0	0%
<b>Total Other Revenue</b>	<b>200</b>	<b>200</b>	<b>0</b>	<b>0%</b>
<b>Net Other Revenue</b>	<b>200</b>	<b>200</b>	<b>0</b>	<b>0%</b>
<b>Operating Budget Surplus</b>	<b>71,969</b>	<b>77,200</b>	<b>5,231</b>	<b>7%</b>
<b>Allocation of Surplus:</b>				
Reserve for Cash Flow		77,200		

## **FY 2018-19 BUDGET AT A GLANCE**

### **Revenues**

Operating revenues are estimated at \$1,145,000 per the JPA formation document. The funding comes from contributions from the following member agencies:

1)	County:	\$670,000
2)	WRA:	\$ 20,000
3)	City of Salinas:	\$330,000
4)	City of Gonzales:	\$ 20,000
5)	City of Soledad:	\$ 35,000
6)	MontereyOneWater	\$ 20,000
7)	City of King:	\$ 30,000
8)	Castroville CSD	\$ 20,000

The only additional revenue beyond the JPA member agency contributions is the Prop1 Grant from Department of Water Resources (DWR) for \$1.5 million. Whatever amount is not received in FY 2017-18 will be carried-forward to FY 18-19.

### **Operating Expenditures**

The majority of the operating expenses are related to the development of the GSP and the funding source for ongoing operations.

### **Use of 2017-18 Operating Budget Surplus**

The FY 2017-18 budget is expected to yield a year-end balance of around \$500,000. This is due to the fact that the agency did not begin incurring costs until August 1, 2017 and it used RGS services which was less expensive to start up compared to a fully staffed agency. The year-end balance is recommended to be used for the following items:

\$500,000     set funds aside for reserves for cash flow

The GSA will need to start developing a reserve for cash flow purposes. At present the GSA revenue is all received within one or two months of the start of the fiscal year. However, as it develops a funding strategy, depending on the source of revenue selected the GSA will need sufficient cash on hand to pay anywhere from one to two months (\$95,000 to \$190,000) of expenses to as much as 6 months of expenses (\$570,000).

## **EXPENDITURES BUDGET HIGHLIGHTS**

### **Management Services - \$435,300 (41%)**

Management Services provided by RGS account for 41 % of the budget.

Following are the estimated service hours included in the budget:

<b>Position</b>	<b>Estimated annual hours</b>
General Manager	1,820 (35 hours per week)
Senior Advisor	420 (35 hours per month)
Clerk of the Board	360 (30 hours per month)

Administrative services are budgeted to increase \$179,800 in 2018-19. While the Administrative services costs will increase 2.5% per the RGS agreement, the majority of the increase is due to additional hours being spent by the General Manager, Senior Advisor and Clerk of the Board for a full fiscal year and more meetings due to the work of Hansford Economic Consulting on the funding methodology and the work of HydroMetrics WRI on the GSP plan.

### **New Services (Positions) - \$104,800**

The budget reflects the following new positions which RGS will bring on board as needed:

<b>Position</b>	<b>Estimated Hours</b>	<b>Estimated Cost</b>
Hydrologist	30 hrs. per month	\$54,000
Deputy Clerk of the Board	10 hrs. per month	\$10,800
Grant Management Services	35 hrs. per month	\$40,000

The Hydrologist will assist the General Manager to review the technical aspects of the work performed by the GSP consultant and by Monterey County Water Resources Agency staff. The Deputy Clerk of the Board will assist with coordinating the numerous stakeholder meetings that will be taking place and will fill-in for the Clerk of the Board as needed. Grant Management Services will be utilized to track and report to the California Department of Water Resources on the Prop. 1 Grant. There are numerous reporting requirements that must take place on a timely basis so the GSA can be reimbursed promptly for expenses incurred. RGS will put a system in place to track and report on the GSP Grant.

### **Legal Services - \$60,000**

The legal services budget will continue to be capped at \$60,000 per the agreement with the County.

### **Financing Plan Consultant - \$43,000**

This amount is budgeted in case the GSA should follow a funding methodology that requires more public input, such as an election. The FY 2017-18 budget includes the funding for the current contract.

### **Facilitation Services - \$30,000**

This line item will be used to pay CBI Consulting for facilitation services. The grant that has been paying for CBI services is expected to be all used within the next 6 months. CBI has been an integral part of building consensus among the GSA members and their services will be needed as the GSA decides on a new funding methodology and continues work on the GSP.

### **Grant Writing/Lobbying - \$20,000**

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 rates that will need to be paid by constituents.

### **Communications Consultant - \$20,000**

The work of the communications consultant is crucial in order to deliver a unified message for the rate study consultant and the GSP consultant. Their work is also crucial as the GSA begins to utilize social media and the website to provide information. The consultant is provided by RGS.

### **Travel Expense - \$20,000**

The travel budget is being increased by \$10,000 as more meetings are anticipated in Sacramento and with other GSA's in order to develop a GSP that will meet the needs of the Salinas Valley and meet the requirements of the State.

### **CONCLUSION**

The budget as presented funds all required operating expenditures and leaves a surplus of \$77,200. Since this is only the second year of operations for the GSA, it is anticipated that there will be changes in the budget throughout the year. The first major budget adjustment will take place when the books are closed for the fiscal year ended June 30, 2018 and we know how much savings is available to carry forward to FY 2018-19.

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

Respectfully submitted,

Gary Petersen  
General Manager

Roberto Moreno  
Senior Advisor