



EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY

Memo

To: GSA members

From: Matt Zidar, Water Resources Manager

RE: Ad Hoc Budget and Steering Committee recommended budget and cost allocation

Date: May 1, 2020

This memo is to brief the GSAs regarding the proposed FY 20/21 Budget and GSA Cost allocation recommendation of the GWA Steering Committee and the Ad Hoc Budget Committee. It also serves as a request for written comment.

Background: The East San Joaquin Groundwater Authority (GWA) formed the Steering Committee at the February 2020 meeting. The Steering Committee met March 11, 2020 to begin discussion of the FY 20/21 budget and cost allocation strategy. At this meeting an Ad Hoc Budget Committee was formed¹ to help evaluate different cost allocation scenarios and develop a recommendation to the Steering Committee who would then take action to make a recommendation to the full GWA Board. Two Ad Hoc Budget committee meetings were held in April and a recommendation presented to the Steering Committee at their April 29, 2020 meeting. The Steering Committee considered the proposed Ad Hoc Budget Committee recommendation and adopted a motion to take the recommendation to the full Board, also directing staff to send the recommendation to the individual GSAs for their consideration. The intent is to provide time for the GSAs to evaluate the budget and cost allocation recommendation, develop their position and be prepared for subsequent GWA Board discussion at the May 13th GWA meeting. It is expected that the budget and cost allocation would then be considered for adoption by the full Board at the June 10th meeting. Written GSA comments should be submitted no later than May 29th so they can be consolidated and provided to the GWA Board in the June agenda package to be mailed on June 5th.

Discussion

The GWA adopted a 6-month budget in January 2020 for the balance of FY 19/20, also considering a range of approaches for allocating costs to each of the GSAs. At that time various cost allocation principles were developed and applied to the different expenditure categories (in-kind, equal share, minimum fee and proportionate). Different metrics were considered for assigning proportionate costs (groundwater pumping, population, land acreage). A range of cost allocation scenarios to distribute costs were developed and considered for the planned 6 month expenditures.

For the FY 20/21 budget (July 1, 2020 - June 30, 2021) a proposed budget has been developed (attached Table 1) showing the expenses for:

- Monitoring & Reporting (green) which are a combination of Zone 2 and GSA “in-kind” services assigned to the GSP implementation program

¹ Watkins (large ag), Lytle (urban), Zidar (staff) and Nakagawa (large ag), Herrick (low pumping, low population)

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- Program Management/Technical Support (blue), originally allocated as 'equal share' costs in the 6-month budget
 - Reserve Cost for 5 yr. Model and GSP update- Water Use/Population Split (corn flower), originally allocated by ratio of groundwater and population (e.g.; 50/50, 60/40, etc.)

Table 2, Budget Summary and GSAs Cost, shows the expense summary (\$1,021,000). The funding sources applied to meeting the expenses include the Proposition 68 Grant, Zone 2 contribution, GSA in kind, carryover of member contributions from the prior year, and the 2020-21 GSA member contributions (yellow highlight) needed to balance the budget. The revenue shortfall of approximately \$300,000 is the target amount needed from the member GSAs to balance the budget. This amount was then used to test different cost allocation scenarios.

After much deliberation and review of numerous scenarios, the Ad Hoc Budget Committee and Steering Committee is recommending the cost distribution shown in Table 3. The Ad Hoc Budget and Steering Committee believed that this was the clearest, easiest and most equitable way of allocating costs to generate the needed revenue to balance the budget, and recognized the principles and metrics previously discussed by the GWA. The total revenue needed to be generated (\$300K) to balance the budget was split 60 % groundwater pumping and 40% population. The analysis also included a minimum membership fee of \$8,500 and the adjustments to the East Side SJ GSA since they are not part of Zone 2. The table also shows the total cost per GSA and the percentage of the total costs contributed by the GSA.

As explained in Tables 4 and 5, all of the GSAs were sorted into a Population Class and a Groundwater Pumping Class. Table 4, Cost Allocation Class - Groundwater Pumping, shows five pumping classes (Col. 1), Agency Type and number of agencies per class (Col. 2), GSA Agencies assigned to the class based on their current pumping (Col 3), number of agencies in the class (Col. 4), Cost/GSA in the class (Col. 5), and the total costs or revenue generated per pumping class (Col. 6 = Col. 4 X Col. 5). The total revenue generated by this approach (\$170K) is 60% of the total cost based on groundwater pumping after the \$8,500 minimum fee has been factored into the analysis.

Table 5 shows the same information but for the population class analysis, which shows how \$114K, or 40% of the total cost of \$300,000 are allocated based on population to each GSA and after the \$8,500 minimum fee has been factored into the analysis.

The Steering Committee recommended showing a table comparing the other cost allocation scenarios. Table 6 shows different analysis. The highlighted columns show the recommended budget. The others scenarios were:

- 50/50 GW/Pop split of the Reserve costs with even split of the Program Management costs
- 50/50 GW/Pop split of total Reserve and Program Management costs with a minimum membership cost of \$5,000 assumed
- 60/40 GW/Pop split of total Reserve and Program Management costs with a minimum membership cost of \$5,000 assumed
- Equal share split of all costs

I should also be noted that all of the scenarios included an assumed total Zone 2 contribution of \$225,000 and an adjustment to the East Side San Joaquin GSA costs to reflect that areas outside the County are unable to be subsidized by Zone 2.

Attachments

Eastern San Joaquin Groundwater Authority

Table1 DRAFT 2020-2021 Budget

5/8/2020

Expense

A.	Monitoring and Reporting - In Kind	Staff	Prof Service	Other	Total
1	Level Monitoring	\$ 125,000			\$ 125,000
2	Quality Monitoring	\$ 50,000			\$ 50,000
3	Annual Reporting	\$ 17,500			\$ 17,500
4	Data Management System Implementation and Upd	\$ 20,000			\$ 20,000
	Subtotal	\$ 212,500	\$ -	\$ -	\$ 212,500
	Program Management/Technical Support Equal Share				
B.	Public Outreach and Website Maintenance				
1	Mailing List Maintenance	\$ 2,500			\$ 2,500
2	Newsletter				
3	Outreach	\$ 10,000			\$ 10,000
4	Maintain Website		\$ 10,000		\$ 10,000
	Subtotal	\$ 12,500	\$ 10,000		\$ 22,500
C.	Analysis/Special Study Contingency				
1	Prop 68 (DMS, Wells, Funding/Financing)	\$ 25,000	\$ 325,000	\$ 25,000	\$ 375,000
2		\$ -			\$ -
	Subtotal	\$ 25,000	\$ 325,000		\$ 350,000
D.	Program Management				
1	Legal Services	\$ 5,000	\$ 40,000		\$ 45,000
2	SGMA Coordination	\$ 15,000			\$ 15,000
3	Budgeting/Accounting/Financial	\$ 36,000			\$ 36,000
4	Project Development Support	\$ 15,000			\$ 15,000
5	GWA Meetings/Coordination	\$ 60,000		\$ 10,000	\$ 70,000
6	Contractor and Grant Management	\$ 15,000	\$ 10,000		\$ 25,000
7	Rent & Misc Expenses	\$ 5,000			\$ 5,000
	Subtotal	\$ 151,000	\$ 50,000	\$ 10,000	\$ 211,000
E.	Grant Writing	\$ 10,000	\$ 15,000	\$ -	\$ 25,000
	Subtotal	\$ 198,500	\$ 400,000	\$ 10,000	\$ 608,500
	Reserve Cost - Water Use/Population Split				
F.	Model Refinements		\$ 50,000		\$ 50,000
G.	5-year Evaluation Reports		\$ 150,000		\$ 150,000
	Subtotal	\$ -	\$ 200,000	\$ -	\$ 200,000
	Total	\$ 411,000	\$ 600,000	\$ 10,000	\$ 1,021,000

Table 2 Budget Summary and GSAs Cost

Expense

Other Inkind		
A. Monitoring, Reporting and Data Management (zone 2)	\$	212,500
B. Program Management/Tech Support	\$	608,500
C. Reserve	\$	200,000
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	\$	1,021,000

Othe Funding Sources

Zone 2 Contribution	\$	(225,000)
GSA Inkind	\$	(63,000)
Proposition 68 Round 3 Grant	\$	(325,000)
GSA Cost Allocation 2019-20 Carry Over	\$	(110,000)
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2020-21 GSA Member Contribution Needed	\$	(298,000)
	\$	(1,021,000)

Carry Over

Six month budget billed to GSAs	\$	270,000
Expense Assumptions (WC contract)	\$	160,000
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Carry Over Assumptions	\$	110,000

Table 3 Pumping and Population Class, 60/40, Eastside Adj Cost Allocation

GSA	Pumping	Population	EastSide GSA Non-Zone 2 Adjustment	Adjusted for Minimum	%
CDWA	\$ 3,000	\$ 2,000	\$ (1,000)	\$ 8,500	2.8%
CSJWCD	\$ 25,000	\$ 3,500	\$ (1,000)	\$ 27,500	9.2%
Eastside SJ GSA	\$ 17,500	\$ 3,500	\$ 15,000	\$ 36,000	12.0%
LCSD	\$ 3,000	\$ 2,000	\$ (1,000)	\$ 8,500	2.8%
LCWD	\$ 3,000	\$ 2,000	\$ (1,000)	\$ 8,500	2.8%
Lodi	\$ 5,000	\$ 13,000	\$ (1,000)	\$ 17,000	5.7%
Manteca	\$ 5,000	\$ 13,000	\$ (1,000)	\$ 17,000	5.7%
NSJWCD	\$ 25,000	\$ 7,000	\$ (1,000)	\$ 31,000	10.3%
OID	\$ 10,000	\$ 2,000	\$ (1,000)	\$ 11,000	3.7%
SDWA	\$ 3,000	\$ 3,500	\$ (1,000)	\$ 8,500	2.8%
SEWD	\$ 25,000	\$ 13,000	\$ (1,000)	\$ 37,000	12.3%
SJC #1	\$ 17,500	\$ 7,000	\$ (1,000)	\$ 23,500	7.8%
SJC #2	\$ 3,000	\$ 7,000	\$ (1,000)	\$ 9,000	3.0%
SSJ GSA	\$ 10,000	\$ 7,000	\$ (1,000)	\$ 16,000	5.3%
Stockton	\$ 5,000	\$ 25,000	\$ (1,000)	\$ 29,000	9.7%
WID GSA	\$ 10,000	\$ 3,500	\$ (1,000)	\$ 12,500	4.2%
Subtotal	\$ 170,000	\$ 114,000		\$ 300,500	

SJC #2 costs are paid by California Water Service under the MOU with the County

Table 4 Cost Allocation Class		Groundwater			
GW Pumping Class (ac-ft/ year) ¹	Agency Type Per Class (Ag/Ur)	Agency Name	Agency Per Class	Cost/GSA	Total Cost Per Pumping Class
100K+	3 - Ag	CSJWCD; NSJWCD; SEWD	3	\$ 25,000	\$75,000
60K+ to 100K	2 - Ag	Eastside SJ; SJC #1	2	\$ 17,500	\$35,000
30K+ to 60K	3 - Ag	WID; SSJ; OID	3	\$ 10,000	\$30,000
10k+ to 30K	3 - Ur	Lodi; Manteca; Stockton	3	\$ 5,000	\$15,000
0 to 10K	3 - Ur 2 - Ag	LCSD; LCWD; SJC #2; CDWA; SDWA	5	\$ 3,000	\$15,000
Total					\$170,000

Table 5 Cost Allocation Class		Population			
Population Class	Agency Type Per Class (Ag/Ur)	Agency Name	Agency Per Class	Prelim Cost Category	Total Cost Per Population Class
100K+	1-Ur	Stockton	1	\$ 25,000	\$25,000
40K to 100K	1- Ag 2 -Ur	SEWD; Lodi; Manteca	3	\$ 13,000	\$39,000
15K+ to 40K	2: Ag 2 - Ur	SJC #1; NSJWCD; SSJ GSA; SJC #2	4	\$ 7,000	\$28,000
5k+ to 15K	4 - Ag	Eastside; SDWA; CSJWCD; WID	4	\$ 3,500	\$14,000
0 to 5K	1 - Ag 2 - Ur	LCD; CDWA; OID; LCWD	4	\$ 2,000	\$8,000
Total					\$114,000

TABLE 6 - Comparison Cost Allocation of Methods for FY20/21

GSA	Recommended	%	50/50, Even Split	%	50/50 w/ Minimum	%	60/40 w/ Minimum	%	Equal Share	%
CDWA	\$ 8,500	2.8%	\$ 11,317	3.8%	\$ 5,621	1.9%	\$ 5,826	1.9%	\$ 17,750	5.9%
CSJWCD	\$ 27,500	9.2%	\$ 28,545	9.6%	\$ 24,571	8.2%	\$ 28,094	9.4%	\$ 17,750	5.9%
Eastside SJ GSA	\$ 36,000	12.0%	\$ 5,333	1.8%	\$ 30,661	10.2%	\$ 32,023	10.7%	\$ 33,750	11.3%
LCSD	\$ 8,500	2.8%	\$ 9,349	3.1%	\$ 4,444	1.5%	\$ 4,419	1.5%	\$ 17,750	5.9%
LCWD	\$ 8,500	2.8%	\$ 10,375	3.5%	\$ 4,584	1.5%	\$ 4,494	1.5%	\$ 17,750	5.9%
Lodi	\$ 17,000	5.7%	\$ 8,201	2.8%	\$ 16,672	5.6%	\$ 14,937	5.0%	\$ 17,750	5.9%
Manteca	\$ 17,000	5.7%	\$ 16,754	5.6%	\$ 18,406	6.1%	\$ 16,570	5.5%	\$ 17,750	5.9%
NSJWCD	\$ 31,000	10.3%	\$ 31,787	10.7%	\$ 28,138	9.4%	\$ 31,352	10.5%	\$ 17,750	5.9%
OID	\$ 11,000	3.7%	\$ 15,155	5.1%	\$ 9,843	3.3%	\$ 10,872	3.6%	\$ 17,750	5.9%
SDWA	\$ 8,500	2.8%	\$ 11,601	3.9%	\$ 5,933	2.0%	\$ 5,796	1.9%	\$ 17,750	5.9%
SEWD	\$ 37,000	12.3%	\$ 37,342	12.5%	\$ 34,248	11.4%	\$ 37,279	12.4%	\$ 17,750	5.9%
SJC #1	\$ 23,500	7.8%	\$ 9,466	3.2%	\$ 17,334	5.8%	\$ 18,764	6.3%	\$ 17,750	5.9%
SJC #2	\$ 9,000	3.0%	\$ 11,317	3.8%	\$ 12,425	4.1%	\$ 11,190	3.7%	\$ 17,750	5.9%
SSJ GSA	\$ 16,000	5.3%	\$ 23,703	7.9%	\$ 19,245	6.4%	\$ 19,499	6.5%	\$ 17,750	5.9%
Stockton	\$ 29,000	9.7%	\$ 52,766	17.7%	\$ 58,019	19.3%	\$ 48,483	16.2%	\$ 17,750	5.9%
WID GSA	\$ 12,500	4.2%	\$ 15,166	5.1%	\$ 9,855	3.3%	\$ 10,402	3.5%	\$ 17,750	5.9%
Subtotal	\$ 300,500	0.0%	\$ 298,176		\$ 300,000		\$ 300,000		\$ 300,000	