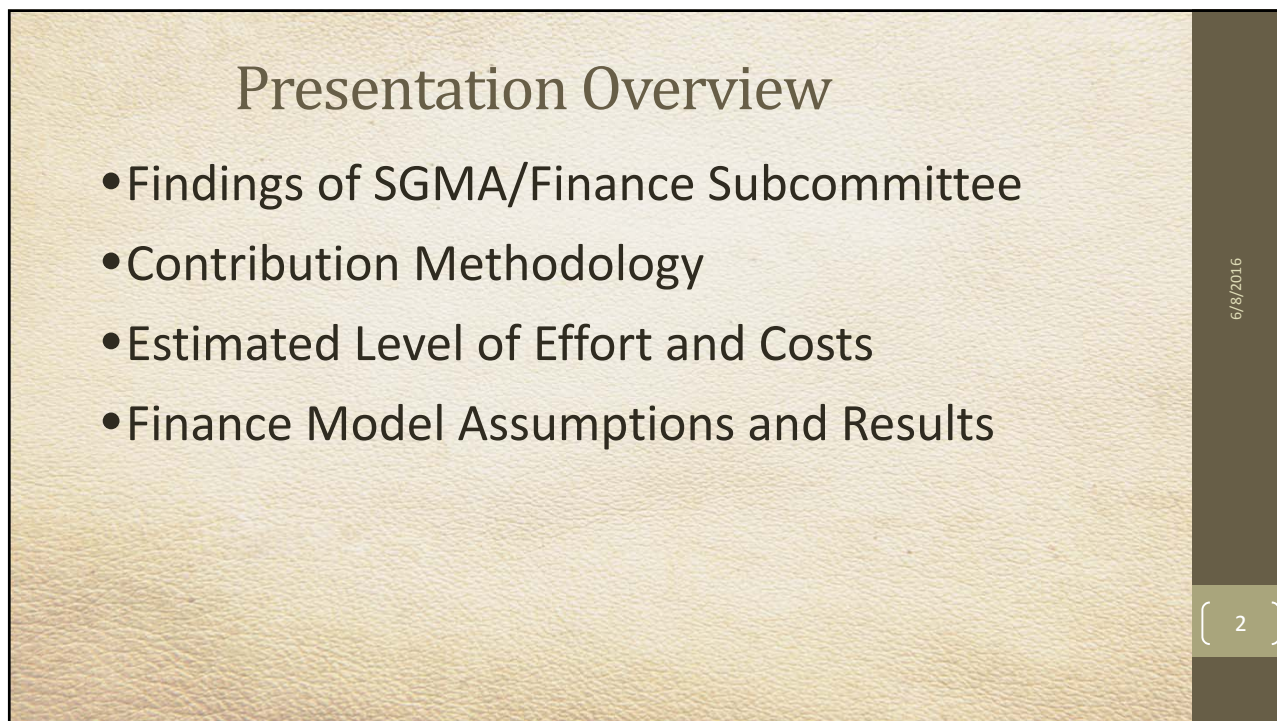
The slide features a background image of a rural landscape with a dirt road leading towards a small town and hills. A semi-transparent map of California is overlaid on the right side of the image. The title 'SCGA 2016/17 Finance Update' is prominently displayed in the center. Below the title, the subtitle 'SCGA Update of Financial Methodology' and the date 'June 8, 2016' are shown. In the bottom right corner, the text 'June 2016 Board Hearing' is present. A vertical sidebar on the right contains the date '6/8/2016' and a page indicator '[ 1 ]' in a green box.

# SCGA 2016/17 Finance Update

*SCGA Update of Financial Methodology*  
June 8, 2016

*June 2016 Board Hearing*

6/8/2016  
[ 1 ]

The slide has a solid light beige background. The title 'Presentation Overview' is centered at the top. Below the title is a bulleted list with four items. A vertical sidebar on the right contains the date '6/8/2016' and a page indicator '[ 2 ]' in a green box.

## Presentation Overview

- Findings of SGMA/Finance Subcommittee
- Contribution Methodology
- Estimated Level of Effort and Costs
- Finance Model Assumptions and Results

6/8/2016  
[ 2 ]

## SGMA/Finance Subcommittee Findings

- Current finance methodology results in funding shortage
- SCGA's JPA provides a means to adjust contributions
- Conversion to a SGA-like methodology is appropriate model
- A base contribution is needed to stabilize funding resources
- County Staffing Agreement should continue for FY 2016/17

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## Contribution Methodology

6/8/2016

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## Contribution Categories

- **Base or Minimum Annual Contribution**

- Basis: Membership
- Benefit: Stabilizes funding



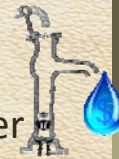
- **Connection**

- Basis: Number of Water Service Accounts
- Benefit: Assures access to alternative sources of water



- **Usage**

- Basis: Amount of Groundwater Pumped
- Benefit: Groundwater is maintained as a sustainable water supply



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## Updated Methodology

- **Base**

- JPA Appointed Members contribute \$10,000
- Signatory Members contribute 2 times Appointed Members or \$20,000

- **Connection (applies only to member water purveyors)**

- Contribution based on number of retail service connections
- Minimum connection contribution = \$8,000, if total connections < 6,000
- Set unit cost per water service connection = \$0.67/conn
- Calculated contribution (>Min) = \$8,000 + (total connections – 6,000 connections) X \$0.67/conn

- **Usage**

- Average groundwater usage = average pumping over last 3 years
- Ag/Ag-Res usage adjustment set to not exceed 25% of total estimated pumping
- Set unit cost per acre-foot = \$3.11/AF
- Calculated contribution = \$3.11/AF X average adjusted groundwater usage

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## Inflationary Adjustments

- No inflationary adjustments included in updated methodology
- Any future adjustment may be based on a modified cost index (e.g., ENR CCI + CPI)

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## Estimated Level of Effort and Costs

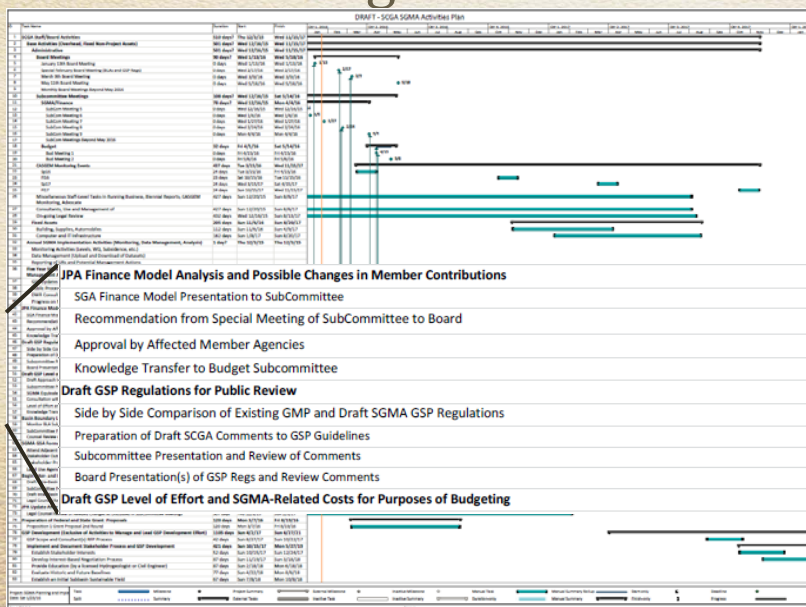
Forecast  
Estimated Level of  
Effort and Costs



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[ 8 ]

# Task Scheduling and Level of Effort



6/8/2016

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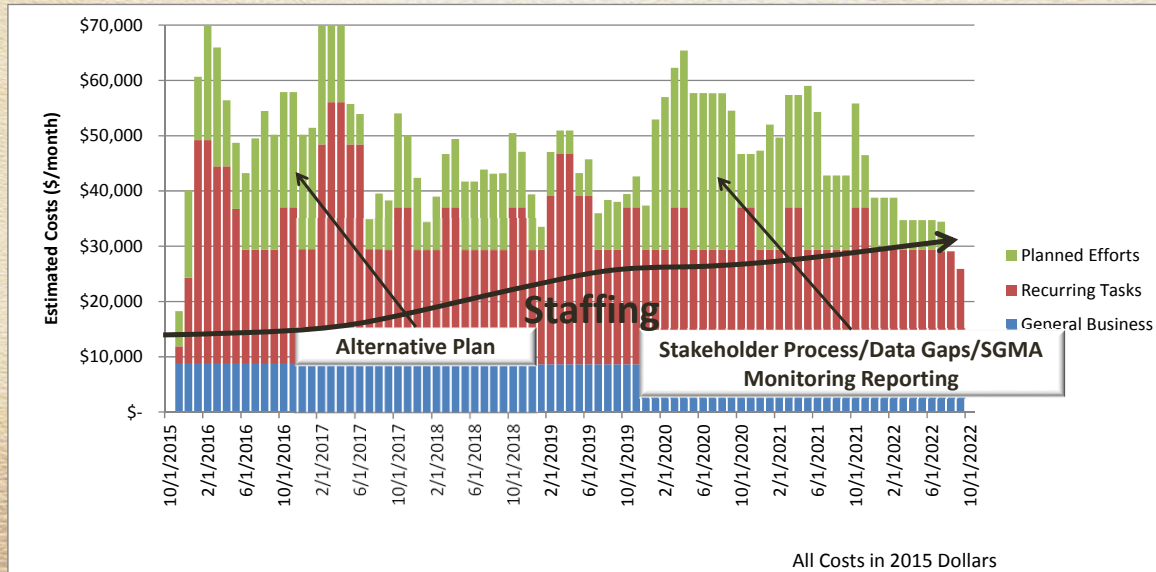
## Summary of Estimated Costs

Annual Estimated Costs	2015/16(Por.)	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>1.General Business</b>							
Administrative, Staff Meetings (internal business duties)	\$ 63,333	\$ 95,000	\$ 94,974	\$ 94,969	\$ 94,969	\$ 94,969	\$ 94,969
Accounting (Financials, Audits, etc.) -- <b>Included in Administrative Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Counsel (non-project related)	\$ 25,463	\$ 38,195	\$ 38,195	\$ 38,195	\$ 38,195	\$ 38,195	\$ 38,195
Consultant Contract Management	\$ 6,154	\$ 9,231	\$ 9,176	\$ 9,165	\$ 9,165	\$ 9,165	\$ 9,165
<b>Subtotal</b>	<b>\$ 94,951</b>	<b>\$ 142,426</b>	<b>\$ 142,346</b>	<b>\$ 142,330</b>	<b>\$ 142,330</b>	<b>\$ 142,330</b>	<b>\$ 142,330</b>
<b>2.Recurring Tasks</b>							
Board/Committee Meetings and Preparation	\$ 178,954	\$ 206,807	\$ 206,807	\$ 206,807	\$ 206,807	\$ 206,807	\$ 206,807
Biennial State of the Basin	\$ -	\$ 46,317	\$ -	\$ -	\$ -	\$ -	\$ -
Groundwater Model Update	\$ -	\$ 48,833	\$ -	\$ 48,833	\$ -	\$ -	\$ -
CASGEM Monitoring	\$ 15,380	\$ 30,760	\$ 30,760	\$ 30,760	\$ 30,760	\$ 30,760	\$ 15,380
Management of Special GW Projects Management	\$ 266	\$ 3,196	\$ 3,196	\$ 3,196	\$ 3,196	\$ 3,196	\$ 3,196
<b>Subtotal</b>	<b>\$ 194,600</b>	<b>\$ 335,913</b>	<b>\$ 240,763</b>	<b>\$ 289,597</b>	<b>\$ 240,763</b>	<b>\$ 240,763</b>	<b>\$ 225,383</b>
<b>3.Planned Efforts</b>							
JPA Finance Model Analysis	\$ 9,340	\$ 16,120	\$ -	\$ -	\$ -	\$ -	\$ -
Review of Draft GSP Regulations	\$ 22,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assess GSP Level of Effort (for Budgeting)	\$ 38,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Basin Boundary Line Adjustment Actions (Protest, Submittal)	\$ 24,508	\$ 4,431	\$ -	\$ -	\$ -	\$ -	\$ -
GSA Formation (i.e., participation in stakeholder activities, on-going meetings)	\$ 12,154	\$ 33,643	\$ 1,764	\$ -	\$ -	\$ -	\$ -
Intra- and Inter-Basin GSA Coordination Agreements	\$ -	\$ 6,268	\$ 26,476	\$ 3,177	\$ -	\$ -	\$ -
JPA Updates	\$ 8,633	\$ 14,800	\$ 2,467	\$ -	\$ -	\$ -	\$ -
Federal and State Grant Proposals	\$ 1,327	\$ 3,982	\$ 3,982	\$ 3,982	\$ 664	\$ -	\$ -
<b>Alternative Development and Stakeholder Processes</b>	\$ -	\$ 152,340	\$ 59,550	\$ 52,448	\$ -	\$ -	\$ -
Alt to GSP Development, 5 Year Updates	\$ -	\$ 8,800	\$ 34,720	\$ 47,077	\$ 184,308	\$ 180,259	\$ 32,533
GSA Facilities Planning, Coordination, CEQA, CIP	\$ -	\$ -	\$ -	\$ -	\$ 16,856	\$ 76,878	\$ 85,486
GSP Monitoring, Data Management, Annual Reporting (	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal</b>	<b>\$ 116,608</b>	<b>\$ 240,384</b>	<b>\$ 128,958</b>	<b>\$ 106,684</b>	<b>\$ 201,827</b>	<b>\$ 257,137</b>	<b>\$ 118,019</b>
<b>Totals</b>	<b>\$ 406,159</b>	<b>\$ 718,723</b>	<b>\$ 512,067</b>	<b>\$ 538,610</b>	<b>\$ 584,920</b>	<b>\$ 640,230</b>	<b>\$ 485,732</b>

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## Estimated Costs (2015 Dollars)



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## Full Time Equivalents (FTEs) – Example



= 1 FTE

Fixed: Accounting/IT/Finance Support at half



Position	2015/16	2017/18	2019/20
Exec Director			
Senior Engr (Contract)			
Hydrogeologist (Contract)			
Assoc/Asst Civil/Tech			
Counsel			
Total FTEs	2.5	5.0	6.0

6/8/2016

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# Finance Model Assumptions

Forecast  
Estimated  
Level of Effort  
and Costs

Establish  
Finance  
Model  
Assumptions

6/8/2016

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## Minimum Operating Expenses (\$MOEs)

- \$MOEs are independent of groundwater usage
- SGMA compliance, now the law, increases \$MOEs
- **\$MOEs = General Business + Recurring Tasks**
- **Connection + Base  $\approx$  \$MOEs**

Keeping SCGA's Doors Open

All Costs in 2015 Dollars

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## Updated Model Assumptions

- All Members contribute some base minimum annual amount
- Member water purveyors provide a retail water connection contribution
- Ag and Ag-Res groundwater usage reduction accounts for only the amount of water removed from basin
- Only JPA Members are asked to contribute
- Rates maintained to be proportional to SGA Finance Model
- **No** Inflationary Increases

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## Model Assumptions, Continued

- Minimum fund balance = 6 months of expense, or 20% of operating expenses, whichever is greater
- Contributions occur during July – Sept of each year
- Overall contributions remain constant over model period

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Forecast  
Estimated  
Level of Effort  
and Costs

Establish  
Finance Model  
Assumptions

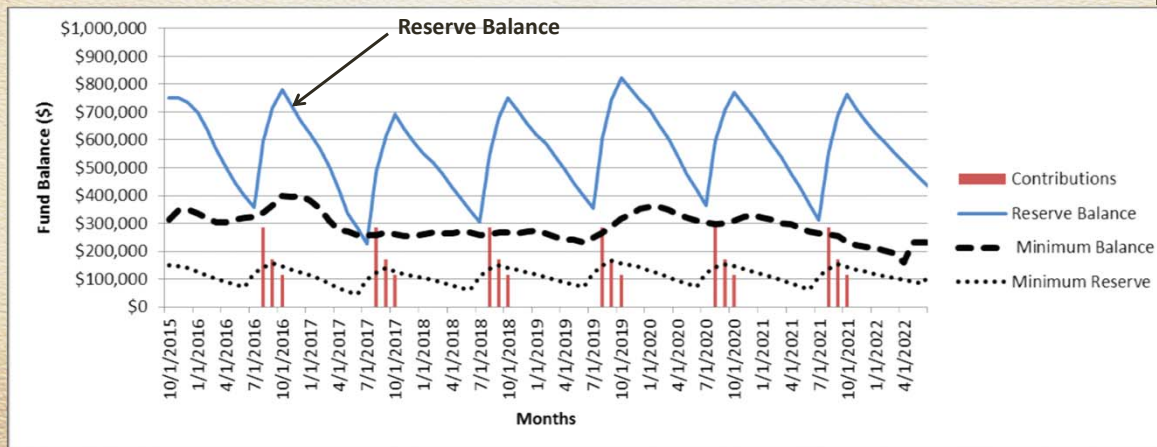
Determine  
Contribution  
Requirements

# Determine Contribution Requirements

6/8/2016

( 17 )

## Calibration and Constraints



6/8/2016

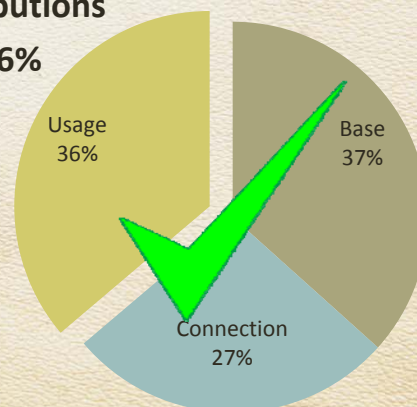
( 18 )

## Member Contributions

SCGA Member Contributions						
Agency	Base (Minimum Annual Contribution)	Retail Water Connections (Provided by Member Agencies)	Connection (\$MCC or Calculated Connection)	Calculated Average Adjusted Groundwater Usage Amount (Acre Feet)	Usage	Proposed FY Total Estimated Contributions
City of Folsom	\$ 20,000	19,434	\$ 17,001	-	\$ -	\$ 37,001
City of Rancho Cordova	\$ 20,000		\$ -			\$ 20,000
City of Sacramento	\$ 20,000	57,052	\$ 42,205	1,000	\$ 3,110	\$ 65,315
City of Elk Grove	\$ 20,000		\$ -			\$ 20,000
County of Sacramento/ SCWA	\$ 20,000	49,792	\$ 37,341	21,211	\$ 65,965	\$ 123,306
FRCD/Elk Grove Water District	\$ 10,000	12,159	\$ 12,127	4,237	\$ 13,176	\$ 35,303
Rancho Murieta CSD	\$ 10,000	1,800	\$ 8,000	-	\$ -	\$ 18,000
Cal-Am Water Company	\$ 10,000	31,350	\$ 24,985	17,169	\$ 53,396	\$ 88,381
Golden State Water Company	\$ 10,000	14,839	\$ 13,922	5,594	\$ 17,396	\$ 41,319
Omochumne-Hartnell Water District	\$ 10,000	0	\$ -	-	\$ -	\$ 10,000
SRCS	\$ 10,000		\$ -		\$ -	\$ 10,000
Ag Interests	\$ 10,000		\$ -	15,066	\$ 46,855	\$ 56,856
Ag-Res Interests	\$ 10,000		\$ -	2,436	\$ 7,576	\$ 17,576
Comm/Industrial Self Supplied	\$ 10,000		\$ -	-	\$ -	\$ 10,000
Public Agency Self Supplied	\$ 10,000		\$ -	-	\$ -	\$ 10,000
Conservation Land Owners	\$ 10,000		\$ -	-	\$ -	\$ 10,000
<b>TOTALS</b>	<b>\$ 210,000</b>	<b>186,426</b>	<b>\$ 155,580</b>	<b>66,713</b>	<b>\$ 207,475</b>	<b>\$ 573,057</b>
Percent of Total Annual	37%		27%		36%	

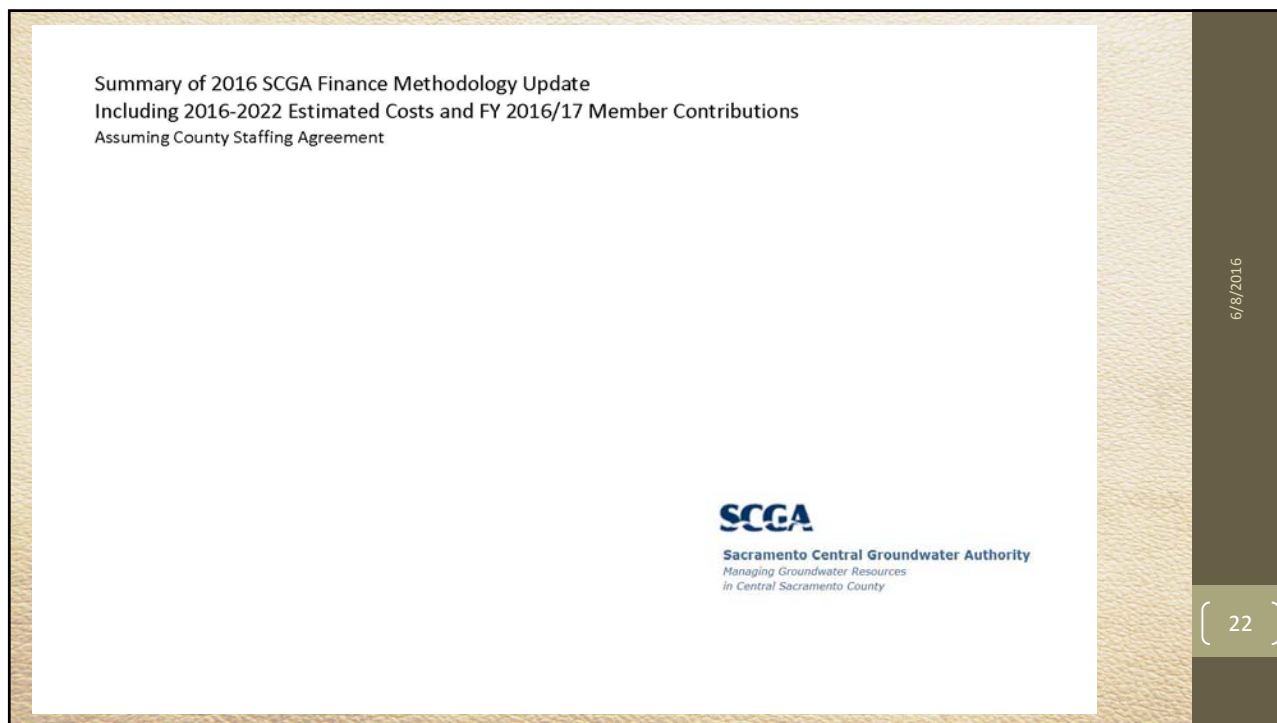
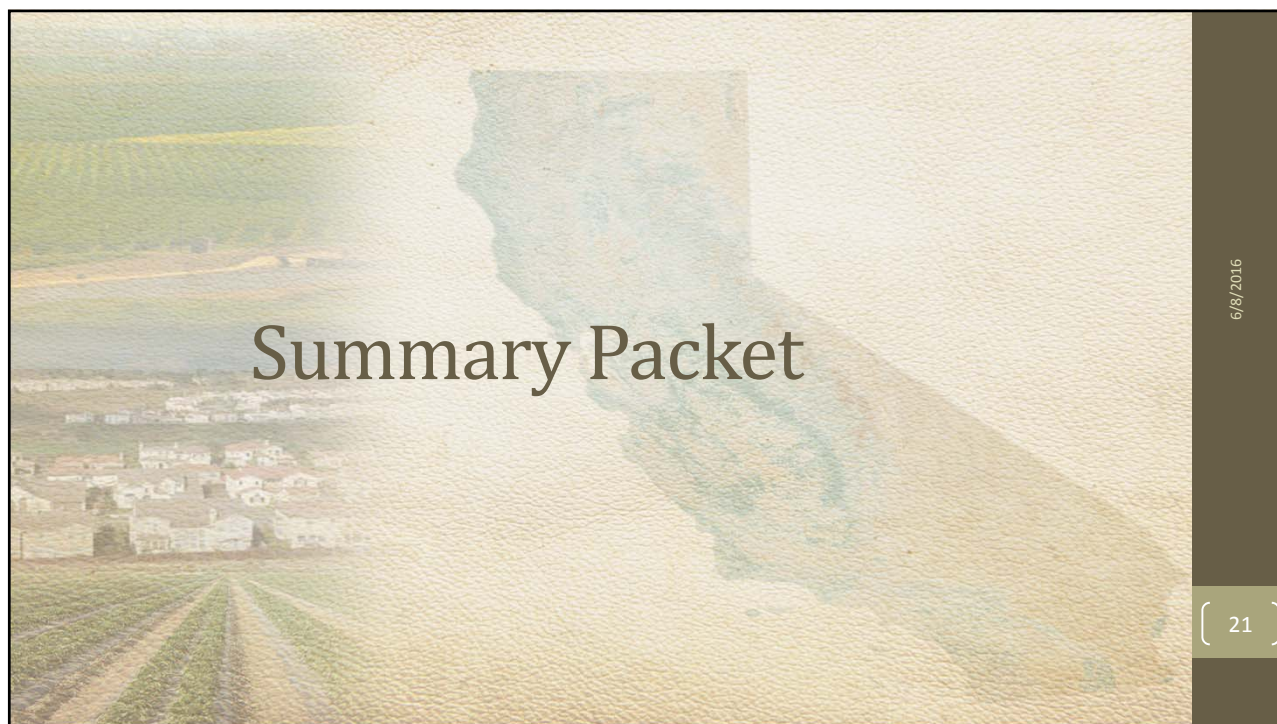
## Test for Minimum Operating Expenses (\$MOEs)

- Check for 5 Year Avg \$MOEs vs. Contributions
- General Business + Recurring Costs = 66%
- Base + Connection = 64%

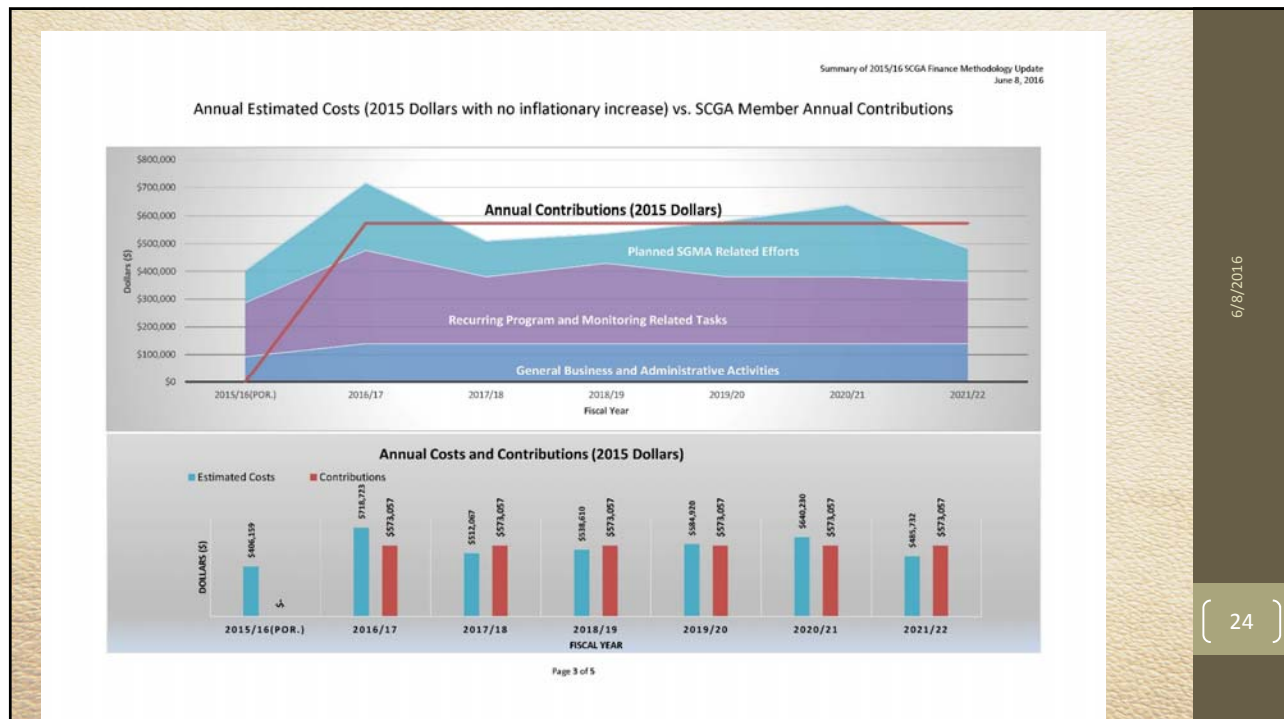


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SCGA Estimated Fiscal Year Costs										
Annual Estimated Costs	2015/16(Por.)	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	6.5 Year Total	Average Annual (2016/17-2020/21)	
<b>General Business</b>										
Administrative, Staff Meetings	\$63,333	\$95,000	\$94,974	\$94,969	\$94,969	\$94,969	\$94,969	\$633,183	\$94,976	
Accounting (currently rolled-up in Administrative)	0	0	0	0	0	0	0	0	0	
Legal Counsel (non-project related)	\$25,463	\$38,195	\$38,195	\$38,195	\$38,195	\$38,195	\$38,195	\$254,635	\$38,195	
Consultant/Contract Management	\$6,154	\$9,231	\$9,176	\$9,165	\$9,165	\$9,165	\$9,165	\$61,222	\$9,181	
<b>Subtotal</b>	<b>\$94,951</b>	<b>\$142,426</b>	<b>\$142,346</b>	<b>\$142,330</b>	<b>\$142,330</b>	<b>\$142,330</b>	<b>\$142,330</b>	<b>\$949,041</b>	<b>\$142,352</b>	
<b>Recurring Tasks</b>										
Board/Committee Meetings and Preparation	0	0	0	0	0	0	0	0	0	
Biennial State of the Basin	\$178,954	\$206,807	\$206,807	\$206,807	\$206,807	\$206,807	\$206,807	\$1,419,798	\$206,807	
Groundwater Model Update	0	\$46,317	0	0	0	0	0	\$46,317	\$9,263	
CASGEM Monitoring	0	\$48,833	0	\$48,833	0	0	0	\$97,667	\$19,533	
Management of Special GW Projects Management	\$15,380	\$30,760	\$30,760	\$30,760	\$30,760	\$30,760	\$15,380	\$184,560	\$30,760	
<b>Subtotal</b>	<b>\$266</b>	<b>\$3,196</b>	<b>\$3,196</b>	<b>\$3,196</b>	<b>\$3,196</b>	<b>\$3,196</b>	<b>\$3,196</b>	<b>\$19,442</b>	<b>\$3,196</b>	
<b>Planned Efforts</b>										
JPA Finance Model Analysis	0	0	0	0	0	0	0	0	0	
Review of Draft GSP Regulations	\$9,340	\$16,120	0	0	0	0	0	\$25,460	\$3,224	
Assess GSP Level of Effort (for Budgeting)	\$22,427	0	0	0	0	0	0	\$22,427	0	
Basin Boundary Line Adjustment Actions (Protest, Submittal)	\$38,220	0	0	0	0	0	0	\$38,220	0	
GSA Formation (i.e., participation in stakeholder activities, on-going meetings)	\$24,508	\$4,431	0	0	0	0	0	\$28,939	\$886	
Intra- and Inter-Basin GSA Coordination Agreements	\$12,154	\$33,643	\$1,764	0	0	0	0	\$47,560	\$7,081	
JPA Updates	0	\$6,268	\$26,476	\$3,177	0	0	0	\$35,922	\$7,184	
Federal and State Grant Proposals	\$8,633	\$14,800	\$2,467	0	0	0	0	\$25,900	\$3,453	
GSP Stakeholder Processes	\$1,327	\$3,982	\$3,982	\$3,982	\$664	0	0	\$13,936	\$2,522	
GSP Development, Adoption, and DWR Submittal, 5 Year Updates	0	\$152,340	\$59,550	\$52,448	0	0	0	\$264,338	\$52,868	
GSA Facilities Planning, Coordination, CEQA, CIP	0	\$8,800	\$34,720	\$47,077	\$184,308	\$180,259	\$32,533	\$487,698	\$91,033	
GSP Monitoring, Data Management, Annual Reporting	0	0	0	0	\$16,856	\$76,878	\$85,486	\$179,219	\$18,747	
<b>Subtotal</b>	<b>\$116,608</b>	<b>\$240,384</b>	<b>\$128,958</b>	<b>\$106,684</b>	<b>\$201,827</b>	<b>\$257,137</b>	<b>\$118,019</b>	<b>\$1,169,618</b>	<b>\$186,998</b>	
<b>Totals</b>	<b>\$406,159</b>	<b>\$718,723</b>	<b>\$512,067</b>	<b>\$538,610</b>	<b>\$584,920</b>	<b>\$640,230</b>	<b>\$485,732</b>	<b>\$3,886,441</b>	<b>\$598,910</b>	
<b>Contributions</b>	<b>0</b>	<b>\$573,057</b>	<b>\$573,057</b>	<b>\$573,057</b>	<b>\$573,057</b>	<b>\$573,057</b>	<b>\$573,057</b>	<b>\$3,438,342</b>	<b>\$573,057</b>	



## Unit Cost Factors and Assumptions Used in Finance Methodology Update

Base or Minimum Annual Contribution		
JPA Signatory Members	\$	20,000
JPA Members	\$	10,000
Connection Contribution		
Minimum Number of Retail Water Connections		6,000
Minimum Connection Contribution	\$	8,000
Unit Cost Applied to Connections	\$/Conn	9.67
Groundwater Usage Contribution		
Ag/Ag-Res Pumping Reduction to Adjust Estimated Groundwater Usage		12%
Unit Cost Applied to Average Adjusted Groundwater Usage	per AF	\$ 3.11

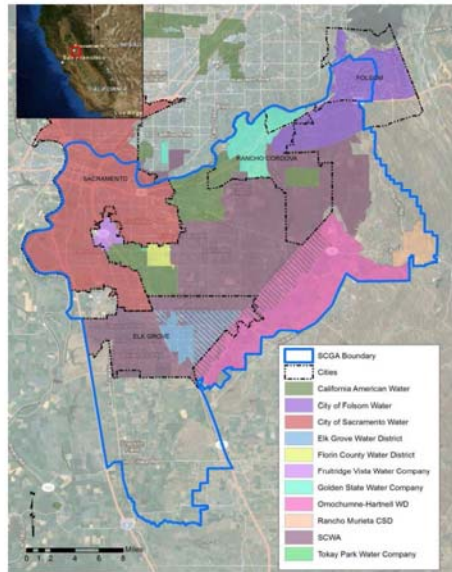
## Definition of Member Contributions

- **Base (Minimum Annual) Contribution**
  - JPA Appointed Members contribute a fixed amount
  - Signatory Members contribute 2 times Appointed Members amount
- **Connection Contribution**
  - Applies only to SCGA Member water purveyors
  - Based on the number of retail service connections within SCGA
  - Includes a Minimum Connection Contribution (\$MCC)
  - If number of retail connections fall below the Minimum Number of Connections, Member contributes \$MCC
  - A set Unit cost per connection applies:
    - Calculated Connection Contribution Amount = \$MCC + (total connections - minimum connections) \* Unit cost
  - Connection Contribution is greater of the two (i.e., \$MCC vs. Calculated Connection Contribution Amount)
- **Usage**
  - Average groundwater extraction = average pumping over last 3 yrs
  - For Ag/Ag-Res Members, total estimated usage is multiplied by a reduction percentage to account for net consumptive water use, including evapotranspiration and incidental irrigation runoff
    - Estimated Groundwater Usage X Pumping Reduction Percentage = Average Adjusted Groundwater Usage
  - A set unit cost per acre-foot is multiplied by the average adjusted groundwater usage amount

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Summary of 2015/16 SCGA Finance Methodology Update  
June 8, 2016

## SCGA Boundaries Relative to Member and Non-Member Agencies



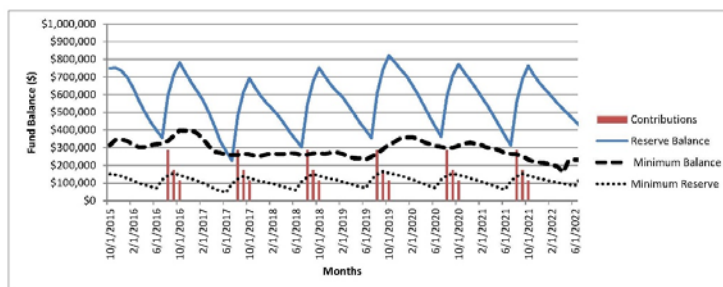
6/8/2016

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## SCGA Member Contributions by Member Agency

Agency	Base (Minimum Annual Contribution)	Retail Water Connections (Provided by Member Agencies)	Connection (\$MCC or Calculated Connection)	Calculated Average Adjusted Groundwater Usage Amount (Acre Feet)	Usage	Proposed FY 2016/17 Total Estimated Contributions
City of Folsom	\$ 20,000	19,434	\$ 17,001	-	\$ -	\$ 37,001
City of Rancho Cordova	\$ 20,000	-	\$ -	-	\$ -	\$ 20,000
City of Sacramento	\$ 20,000	57,052	\$ 42,205	1,000	\$ 3,110	\$ 65,315
City of Elk Grove	\$ 20,000	-	\$ -	-	\$ -	\$ 20,000
County of Sacramento/ SCWA	\$ 20,000	40,792	\$ 37,341	21,211	\$ 65,965	\$ 123,306
FRCD/Elk Grove Water District	\$ 10,000	12,159	\$ 12,127	4,237	\$ 13,176	\$ 35,303
Rancho Murietta CSD	\$ 10,000	1,800	\$ 8,000	-	\$ -	\$ 18,000
Cal-Am Water Company	\$ 10,000	31,350	\$ 24,985	17,169	\$ 53,396	\$ 88,381
Golden State Water Company	\$ 10,000	14,839	\$ 13,922	5,594	\$ 17,396	\$ 41,319
Orochumne-Hartnell Water District	\$ 10,000	0	\$ -	-	\$ -	\$ 10,000
SRCD	\$ 10,000	-	\$ -	-	\$ -	\$ 10,000
Ag Interests	\$ 10,000	-	\$ -	15,066	\$ 46,855	\$ 56,856
Ag-Res Interests	\$ 10,000	-	\$ -	2,436	\$ 7,576	\$ 17,576
Comm/Industrial Self Supplied	\$ 10,000	-	\$ -	-	\$ -	\$ 10,000
Public Agency Self Supplied	\$ 10,000	-	\$ -	-	\$ -	\$ 10,000
Conservation Land Owners	\$ 10,000	-	\$ -	-	\$ -	\$ 10,000
<b>TOTALS</b>	<b>\$ 210,000</b>	<b>186,426</b>	<b>\$ 155,580</b>	<b>66,713</b>	<b>\$ 207,478</b>	<b>\$ 673,057</b>
Percent of Total Annual Contribution	37%		27%		36%	

## Estimated Future Reserve Balance



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End of Presentation

6/8/2016

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