

Draft Budget Review

for the fiscal year ending June 30, 2022

Consistent with the framework presented last month in the Salton Sea Authority "Strategic Priorities and Values", included herewith is a draft budget for the fiscal year ending June 30, 2022. The proposed budget is presented comparatively with the budget approved for 2020-2021, as well as 12-month operating results for the period ended December 31, 2020. It should be noted that the prior year budget process produced a revenue and spending plan that was, in hindsight, unachievable. In particular, the budget assumed that \$750,000 would be received for work performed in connection with Prop 68, though it is not expected that any material receipts will be realized in the current year. In addition, the business was affected by COVID-19 and the transition to a new Executive Director.

The budget as presented attempts to tie expenses to revenues such that if budget revenue targets are not achieved certain specific planned expenses would not be incurred. As a result, and although there are significant non-dues revenues included in the budget, a plan exists that would allow the organization to survive the full plan year on dues and grant income, or dues income alone if necessary, allowing the members an opportunity over the course of the coming year to orderly assess the long term purpose and viability of the organization.

A summary explanation of sources and uses of funds is presented below:

Revenues:

Member Dues – last year, against a backdrop of uncertainties from COVID 19, member dues were reduced by 10%. Coupled with the Authority's failure to realize other budgeted revenues, and a general difficulty to rigidly manage expenses in a COVID workplace, the Authority's reserves have been all but depleted. It is proposed that Member Dues be reinstated at \$150,000 (\$10,000 for TMDCI) for the current budget year. Except for last year's relief, dues have been at this level since 2013.

Ex Officio Dues – While this line-item revenue might not be realized in exactly this form, the Authority has had extensive discussions with the State of California regarding funding regular contributions to support the administrative burden of the Authority necessary to effectively serve its Partners. This contribution may be tied to a budgeted additional staffing position (discussed below). As provided in our By Laws, there may be opportunities to add other dues paying Ex Officio members to contribute to the productive work of the Authority.

Sponsorships – beyond Ex Officio dues, we have found that others are willing to invest in the work of the Authority, particularly in public relations and to fund internships. Sponsorships will be available to municipalities, special districts, corporations, and other non-governmental organizations and individuals, including philanthropy.

Grant Revenues – the budget includes \$250,000 in Proposition 68 receipts, expected to be realized from the North Lake Demonstration project and based on its current project budget and anticipated timing. The budget also includes \$80,000 in other grant revenues from a variety of “Specific Projects” being actively pursued by the Authority, as well as that available under Proposition 68 for the New River Project. To the extent these revenues are not realized, the resources necessary to properly service and administer these grants will be proportionally adjusted.

Expenses:

Salaries – Salary expense is projected to increase 5% overall, including benefits and burden. (This does not reflect or portend an increase in staff salaries of a like amount). In addition, the Salaries budget includes two new positions:

- Public Relations Director – This position would be funded by Ex Officio dues and/or sponsorships.
- College Intern – This position, recruited from a local university, would be funded by Sponsorships or other non-dues revenue.

Contract Services

- Advocacy reflects existing contracts for services in DC and Sacramento.
- Grant Administration expense is an integral part of Grant disbursement supervision and reflects currently engaged resources. To the extent grant revenues fail to materialize as budgeted this resource would be reduced commensurately or eliminated.
- Legal includes Board legal guidance and other general legal support. Some of this general legal support may be incurred in Washington, DC to support highly technical work specific to the United States Army Corps of Engineers.
- Accounting expenses are budgeted slightly higher than prior year reflecting an investment in more robust financial reporting and tracking tools for Board and management purposes.

Other General and Administrative Costs

- These costs are budgeted based on historical experience. Two special provisions should be highlighted:
 - o Public Relations – This expense would provide collateral material and other resources for public outreach and engagement. As with the new Director’s position budgeted in Salaries, if funding is not realized specifically for public relations purposes these expenses will not be incurred.
 - o Travel/Mileage – while the budget for this account is down 50% from prior years, this expense will be closely monitored to ensure efficient, responsible utilization.

Summary:

The 2021-2022 Budget was prepared against a backdrop of significant prior year revenue shortfalls, expense overruns, and their associated impacts to reserves. It also takes into consideration a return to some semblance of “normalcy” as the COVID pandemic is brought under control and usual and customary activity resumes. Although the projected fiscal year end budgeted cash reserves are below the Board guidelines, management is confident that spending can be paired with revenue to ensure efficient, full year operations – with adjustments to spending as necessary to achieve that goal.

We welcome your comments and recommendation. Based on that feedback, this item will be reviewed, revised if appropriate, and brought back to the board next month for approval.

Salton Sea Authority

Draft Review Budget

FY 21/22

REF		FY 20/21 Total Adopted Budget	12 mo trailing through Dec-2020	FY 21/22 Proposed Budget
1	INCOME			
2	Local Gov/Member Dues	\$ 549,000	\$ 549,000	\$ 610,000
3	Ex Officio Dues			\$ 150,000
4				
5	Non-Dues Revenues	-		
6	Sponsorships			\$ 50,000
7				
8	Grant Revenues - Net	750,000		
9	North Lake Demonstration Project			250,000
10	Other Grants			80,000
11	Grant Funding for Project Management	79,600	206,926	-
12	Pooled Cash Allocated Interest	1,500		1,000
13	Miscellaneous Revenue	700	1,056	-
14	TOTAL INCOME	1,380,800	756,982	1,141,000
15	Conditional Revenue			
16	EXPENSES			
17	Salaries & Benefits			
18	Total Salaries	366,700	256,890	371,800
19	Total Benefits	113,200	111,961	166,200
20				
21	Total Salaries & Benefits	479,900	368,851	538,000
22				
23	Contract Services / Professional			
24	6010 · Admin Support B		4,072	
25	5012 · Executive Director Support		21,585	
26	Policy and Program Support	150,000	198,262	-
27	DC Advocates	-		84,000
28	Sacramento Advocate	-		60,000
29	Grant Administration	-	68,560	100,000
30	Attorney - General	75,000	119,159	
31	Attorney - Board Council			25,000
32	Attorney - General Legal			50,000
33	Audit & Accounting	96,700		
34	General Accounting		49,942	55,000
35	Audit		17,810	20,000
36				
37	Total Contract Services / Professional	321,700	479,390	394,000
38				
39	Equipment Maintenance	8,400	11,708	12,000
40	Capital Equipment <\$5,000	2,500	557	2,400
41	Insurance	8,900	11,138	9,300
42	Office Exp./Operating Supplies	3,000	4,350	6,000
43	Office Exp./Online Services	1,400	3,126	3,000
44	Postage & Mail	1,800	1,598	-
45	Printing Services	4,000		-
46	Dues & Subscriptions	10,000	12,597	10,000
47	Memberships			
48	Conferences & Seminars			
49	Periodicals			
50	Communications	5,000	5,172	-
51	Communications & Outreach		10,625	-
52	Public Relations	-		36,000
53	Travel/Mileage	56,000	22,632	48,000
54	Utilities	3,000		3,000
55	Grant Funded Administrative Services	-		24,000
56	Contract Services / WRI & Archive Mgmt.	5,000		-
57	TOTAL EXPENSES	910,600	931,744	1,085,700
58				
59				
60	Grant Expenses for Outside Services	383,400	207,298	-
61	Net Loss from Grant Servicing		371	
62				
63	NET ADDITION (USE) OF RESERVES	\$ 86,800	\$ (381,688)	\$ 55,300
64	Operating Losses from Grant Servicing			
65	Transfer Out		\$ (2,920)	
66	Net Income		\$ (384,609)	
67				
68				
69				
70				
71	Projected Beginning General Fund Cash 7/1/21			\$ 50,000
72	Use of Reserves for FY 21/22 Budget			\$ 55,300
73	Projected Ending General Fund Cash 6/30/22			\$ 105,300
74	90 Days Operating Reserve Target			\$ 271,000
75	(Under)/Over Reserves			\$ (165,700)

90 days	
\$	50,000
\$	55,300
\$	105,300
\$	271,000
\$	(165,700)