

**TO:** Water Forum Coordinating Committee

**FROM:** Ashlee Casey, Interim Executive Director

**DATE:** March 25, 2025

**SUBJECT:** Fiscal Year 2025/26 Proposed Operating Budget

Attached for your review is the proposed Fiscal Year (FY) 2025/26 budget and Water Forum Reserve Policy that was approved on Monday, December 16, 2024.

The operating budget includes funding for the Water Forum Successor Effort (WFSE) Fund (7103) in the amount of \$1,050,519 and the Habitat Management Element (HME) Fund (7104) in the amount of \$922,621 for a total amount of \$1,973,140. This is an overall decrease of \$361,095 from FY 2024/25 primarily due to the Water Forum 2.0 effort coming to an end. We have included new items in the proposed budget including the cost of insurance and the City of Sacramento citywide cost plan. These items were excluded from prior budgets in error. The remaining budget includes funding for ongoing operating and consulting needs that will be discussed during the Plenary meeting.

The Water Forum is in the midst of renegotiation of the Water Forum Agreement through the Water Forum 2.0 process. Based on the schedule for completion of the process, the proposed budget for FY 2025-26 is scheduled to be adopted prior to the finalized Water Forum 2.0 Agreement. It is the intent of the Water Forum parties to complete the renegotiation and sign the new agreement by June 30, 2025. However, the new funding methodology will be utilized under the existing Water Forum Agreement for the proposed FY 2025-26 budget.

The fund reserves are estimated based on FY 2023/24 yearned accounting are tracked on an annual basis. Over the past several years, fund balance has been drawn down to pay for additional expenses, including the Water Forum 2.0 process. At the end of FY 2024/25, the WFSE fund is estimated at \$275,000 and the HME fund is estimated at \$541,000. Attached is the final Water Forum Reserve Policy that will be adopted by City Council with the proposed FY 2025/26 Operating Budget and annual funding agreements.

**Attachments:**

FY 2025/26 Proposed Budget  
Five Year Proposed Operating Reserve  
Five Year Proposed Grant Reserve

## Water Forum Budget Projection Summary

	FY 25 Adopted	FY 26 Proposed
Fund 7103 - Water Forum Successor Effort	1,393,949	1,050,519
Fund 7104 - Habitat Management Element	940,286	922,621
<b>Total Revenue Need</b>	<b>2,334,235</b>	<b>1,973,140</b>

**Water Forum Successor Effort (WFSE)  
Fund 7103 FY26 - FY30  
Projected Costs**

	Account Codes	FY 25 Adopted	FY 26 Proposed <sup>(4)</sup>
<b>Staff / Labor and Benefits</b>		<b>1,165,126</b>	<b>1,142,530</b>
Permanent staff <sup>(1)</sup>		1,165,126	1,065,728
Employee services contingency	413240		76,802
<b>Operating Services and Supplies</b>		<b>122,516</b>	<b>149,965</b>
<b>Office and Supplies</b>		<b>75,131</b>	<b>105,435</b>
Leased office space	444010	58,451	53,538
Office Parking spaces	444010	4,680	4,860
Postage	461010	200	207
Printing and Binding	455010	900	932
Office Supplies	461020	2,000	2,070
Rental of Equipment (photocopier)	444020	900	932
Catering (Food Program)	463010	6,500	6,500
Security Services	434030	1,500	1,148
Insurance	452010	0	35,249
<b>Travel and Training</b>		<b>19,385</b>	<b>19,773</b>
Training/Conferences	432010	12,735	12,990
Transportation	458010	1,900	1,938
Meals	458020	925	944
Lodging	458030	2,850	2,907
Other Travel Expenses	458030	975	995
<b>Information Technology</b>		<b>24,000</b>	<b>20,617</b>
<b>Telecommunications</b>		<b>12,000</b>	<b>8,257</b>
Cellular Telephone	453020	2,000	506
Communication Lines	453030	10,000	7,751
<b>Equipment and Software</b>		<b>12,000</b>	<b>12,360</b>
Computer Software	461210	5,500	5,665
Computer Equipment	474410	5,000	5,150
Computer Software Maintenance	443050	1,500	1,545
<b>Human Resources (recruitment, memberships)</b>		<b>4,000</b>	<b>4,140</b>
Subscriptions And Publications	464020	1,000	1,035
Memberships and Sponsorships	481150	3,000	3,105
<b>City of Sacramento/HME - Shared Resources Costs</b>		<b>(546,753)</b>	<b>(459,476)</b>
Accounting <sup>(2)</sup>		39,000	0
Legal		9,533	9,621
Citywide Cost Plan <sup>(2)</sup>		0	85,818
DOU Fiscal & Admin Services (Reimbursement)/Charge		(100,000)	(103,700)
HME Cost Share Reimbursement		(495,286)	(451,215)
<b>Consulting Services for General Operations</b>		<b>653,060</b>	<b>191,000</b>
Communications and Outreach	433060	50,000	56,000
Facilitation Support	433030	0	70,000
Grant Support	433030	0	30,000
Legal	433020	5,000	25,000
Website and SharePoint	433060	30,000	10,000
Water Forum 2.0 MYOP		568,060	
<b>Total Expenses</b>		<b>1,393,949</b>	<b>1,024,019</b>
<b>Operating Reserve Needs<sup>(3)</sup></b>		<b>-</b>	<b>26,500</b>
<b>Total Revenue Need</b>		<b>1,393,949</b>	<b>1,050,519</b>

**Notes:**

1) There are no assumptions for additional staff; however, if the Water Forum is successful in obtaining substantial grant funding, an augmentation could be needed in the future.

2) The Accounting budgeted transfer will be deleted in FY26 when the Citywide Cost Plan charges are implemented. The City of Sacramento has covered the Citywide Costs in error since WF inception. The Citywide Cost Plan includes all citywide shared services including but not limited to Finance, Human Resources, City Council, City Clerk, Information Technology, etc.

3) The Operating Reserve will be funded over the first five years of the new agreement to minimize funding impacts to purveyors and to maintain at least \$100,000 in available fund balance for unplanned needs. The Operating Reserve excludes costs associated with operating programs. In the event of full revenue loss, programs will be suspended until revenues are available.

4) FY26 Final includes the adjustments for the final position budgeting report, updated liability insurance premium, final adjustments to COS cost share, final adjustments to citywide cost plan, and misc. IT adjustments. Savings will be added to professional services that will later be applied to employee services to support possible overages for Executive Director or Senior Engineer when either position is filled at a higher total compensation rate.

**Water Forum Habitat Management Element (HME) Fund 7104 FY26 - FY30  
Projected Costs**

	<b>FY 25 Adopted</b>	<b>FY 26 Proposed</b>
<b>City of Sacramento/WFSE - Shared Resources Costs</b>	<b>495,286</b>	<b>451,215</b>
WFSE Cost Share Reimbursement	495,286	451,215
<b>Consulting Services for Core Programs</b>	<b>445,000</b>	<b>591,406</b>
Grant Support	30,000	76,406
River Corridor Health - Habitat Enhancement Projects	150,000	-
River Corridor Health - Required Monitoring and Decision Support	95,000	120,000
State of the River - Metrics Reporting and Data Informatics/Visualization	-	150,000
River Corridor Health Program - Technical Support	-	110,000
Flows and Operations - Technical Expertise	170,000	135,000
<b>Total Expenses</b>	<b>940,286</b>	<b>1,042,621</b>
<b>Grant Reserve Funds</b>	<b>491,000</b>	<b>296,000</b>
Grant Reserve Annual Allocation	-	18,500
River Corridor Health - Science and Monitoring	-	(120,000)
Grant Match for USBR WaterSMART Grant (\$650,000)	(195,000)	-
<b>Remaining Grant Reserve</b>	<b>296,000</b>	<b>194,500</b>
<b>Total Revenue Needs</b>	<b>940,286</b>	<b>922,621</b>

**Water Forum Successor Effort (WFSE - 7103)**  
**Fund 7103 FY26 - FY30**  
**WFSE (7103 Fund) Projected Fund Balance and Reserve Needs**

	FY25	FY 26	FY 27	Projected		
				FY 28	FY 29	FY 30
<b>Fund Balance &amp; Reserves</b>						
<b>Beginning Fund Balance<sup>(1)</sup></b>	<b>285,000</b>	<b>275,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
Fund Balance Changes <sup>(2)</sup>	(10,000)	26,500	26,500	26,500	26,500	23,258
Emergency Operating Reserve Balance <sup>(3)</sup>	-	(201,500)	(26,500)	(26,500)	(26,500)	(23,258)
<b>Ending Fund Balance</b>	<b>275,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Operating Reserve Balance</b>		<b>201,500</b>	<b>228,000</b>	<b>254,500</b>	<b>281,000</b>	<b>304,258</b>

**Notes:**

1) FY24 Yearend Actuals have not been audited. The ending fund balance for FY24 and beginning fund balance for FY25 are subject to change until the Annual Comprehensive Financial Report (ACFR) is released in January 2025.

2) FY25 Fund Balance usage is estimated at \$10K for the University Enterprises contract that was not fully spent in FY24. Future years will be used to fund the Emergency Operating Reserve for WFSE operating costs only.

3) The Emergency Operating Reserve will be funded over the first five years to minimize funding impacts to purveyors. Initial funding comes from remaining WFSE fund balance (7103). In the event of full revenue loss, programs will be suspended until revenues are available. The Reserve will be available for emergencies and will cover 120-day of operating costs, and excludes costs associated with consulting services for general operations and core programs. In addition, the Water Forum will maintain at least \$100,000 in available fund balance for unplanned needs.

**Water Forum FY26 - FY30**

**HME (7104 Fund) Projected Fund Balance and Reserve Needs**

	FY25	FY 26	FY 27	Projected		
				FY 28	FY 29	FY 30
<b>Fund Balance &amp; Reserves</b>						
<b>Beginning Fund Balance<sup>(1)</sup></b>	<b>541,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
Fund Balance Changes <sup>(2)</sup>	(491,000)	18,500	18,500	18,500	18,500	-
Transfers to Grant Reserve	-	(18,500)	(18,500)	(18,500)	(18,500)	-
<b>Ending Fund Balance</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Grant Fund Reduction for Projects/Matches</b>	<b>(195,000)</b>	<b>(120,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grant Reserve Balance</b>	<b>296,000</b>	<b>\$ 194,500</b>	<b>\$ 213,000</b>	<b>\$ 231,500</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>

**Notes:**

1) FY24 Yearend Actuals have not been audited. The ending fund balance for FY24 and beginning fund balance for FY25 are subject to change until the Annual Comprehensive Financial Report (ACFR) is released in January 2026.

2) Water Forum will create a grant reserve at the end of FY25 to ensure funding availability to pursue grants by using all but \$50,000 of the remaining HME fund balance (7104). There is a need of \$195,000 for a grant match in FY25 and grant related operating expenses of \$120,000. If grant reserves are used in any given Fiscal Year, the reserve will be replenished to \$250,000 over the next five years to limit the impacts on contributors. HME funding was contributed by the County of Sacramento Zone 13 and the City of Sacramento. Funding from the grant match will be used to fund grant related HME efforts only.