



San Geronio Pass Water Agency

Financial Plan Study Update

March 22, 2021





Agenda

- **Who We Are**
- **Our Experience**
- **Our Team**
- **Study Objectives & Project Tasks**
- **Financial Plan Model**
- **Questions**

Who is Raftelis?

The most experienced utility financial and management consulting practice in the nation.

With more than...

120+

consultants across the U.S.

Raftelis has provided financial/organizational assistance for

1,200+

public agencies and utilities

that serve more than

25%

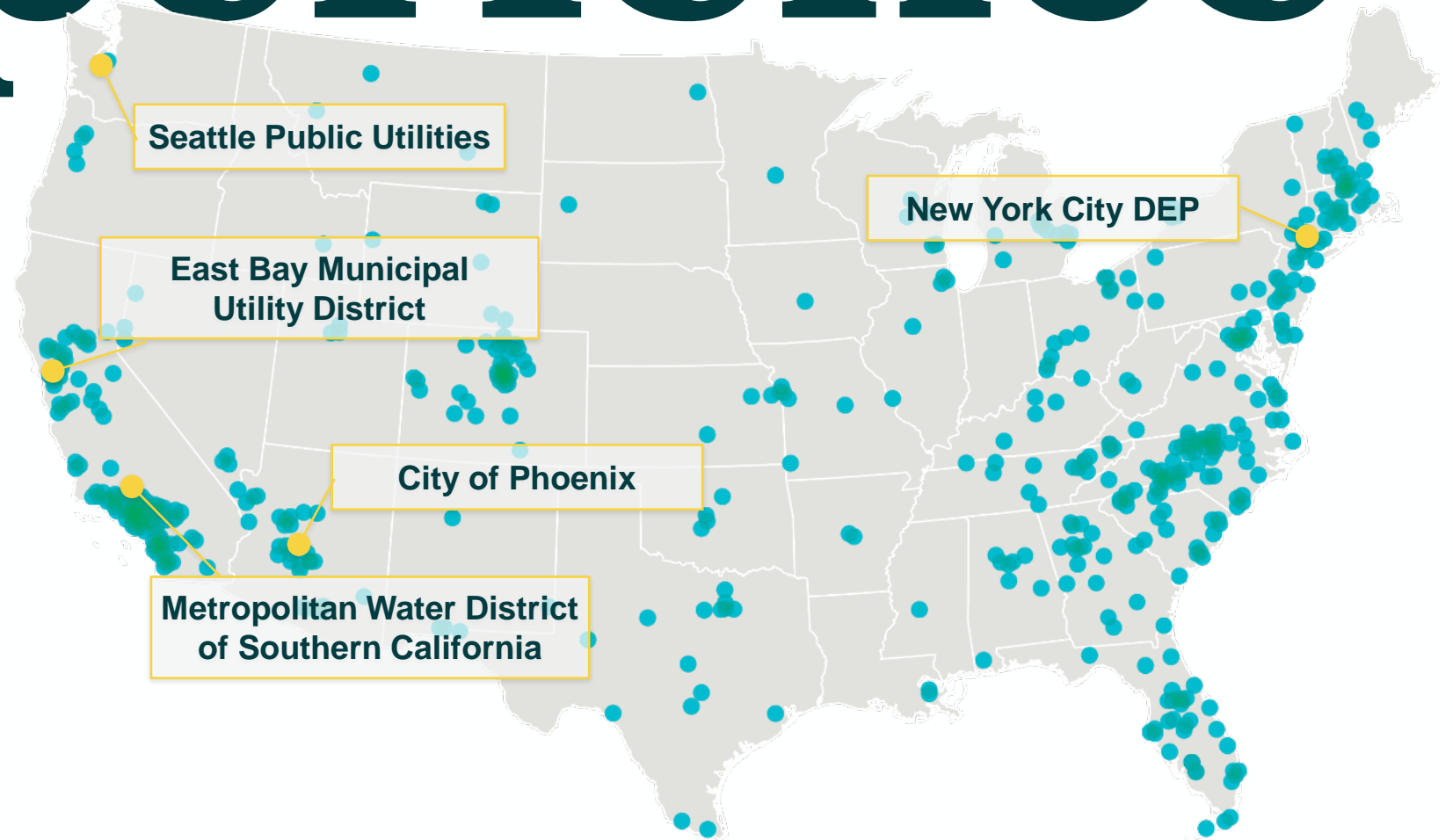
of the U.S. population

including the agencies serving

38/50

of the nation's 50 largest cities

NATIONAL Experience



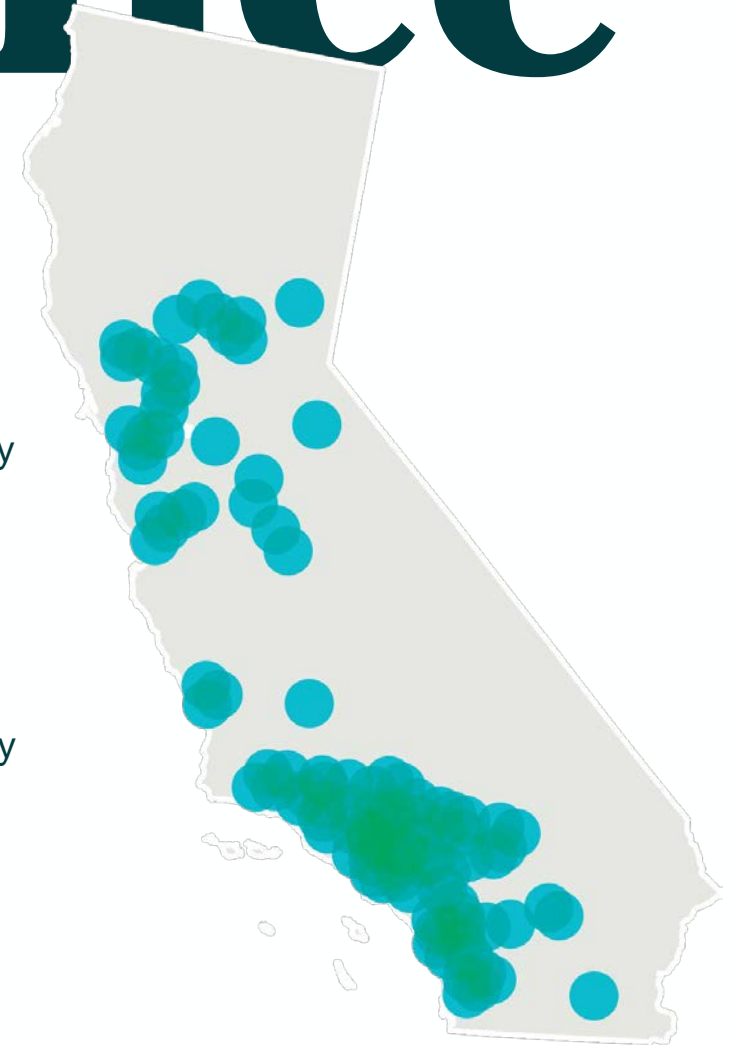
Raftelis has provided financial/organizational/technology assistance to utilities serving more than

25% of the U.S. population

Experience

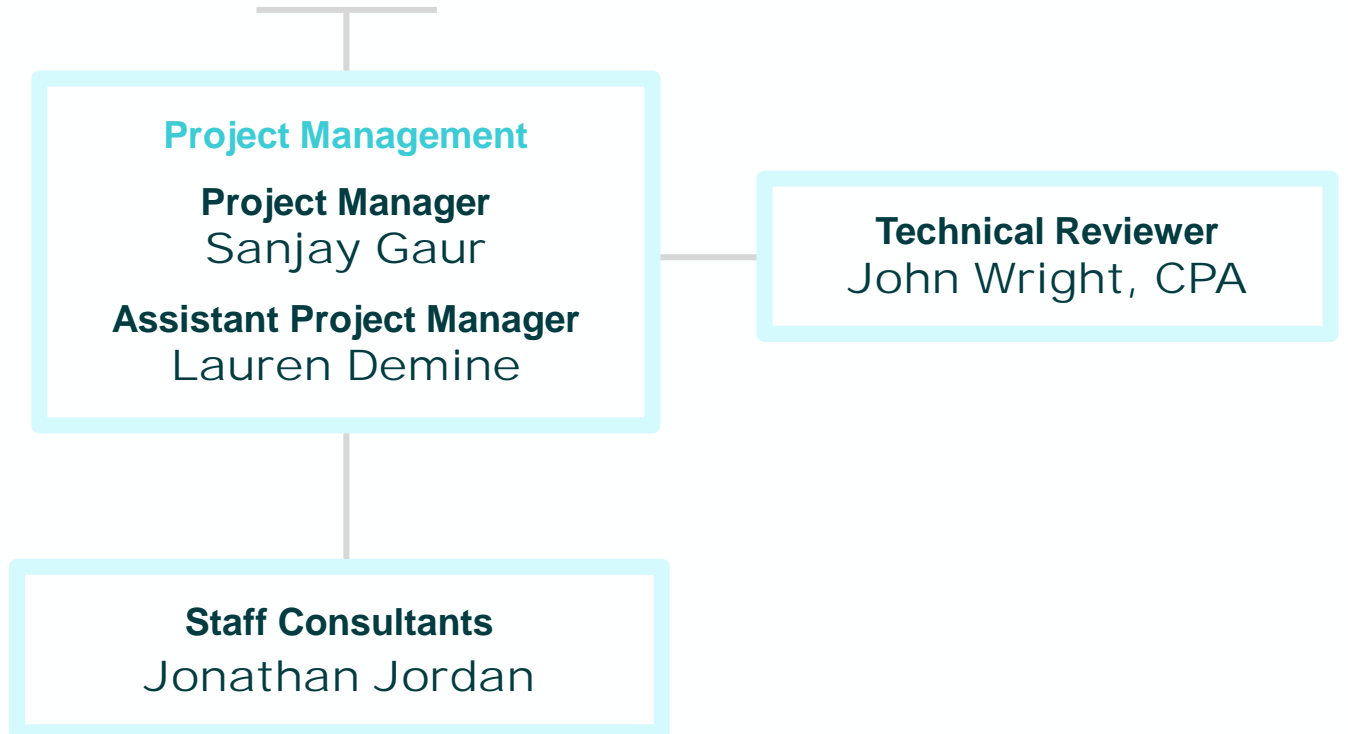
Partial list of financial plan and rate studies in the last 5 years

- Alameda County WD
- AVEK Water Agency
- Beaumont-Cherry Valley WD
- City of Beverly Hills
- City of Chino
- City of Chino Hills
- City of Huntington Beach
- City of Long Beach
- City of Ontario
- City of Orange
- City of Pomona
- City of Redlands
- City of San Clemente
- City of Santa Cruz
- City of Simi Valley
- City of Thousand Oaks
- Cucamonga Valley WD
- East Bay MUD
- East Valley WD
- Elsinore Valley MWD
- Helix WD
- Las Virgenes MWD
- MET
- MWDOC
- Mojave Water Agency
- Placer County Water Agency
- Rancho California WD
- Rincon del Diablo WD
- Santa Clara WD
- Santa Clarita Valley WD
- Santa Margarita WD
- South Mesa Water Company
- Sweetwater Authority
- Western Municipal WD
- Yorba Linda WD
- Zone 7 Water Agency



Our Team

SAN GORGONIO PASS WATER AGENCY



Study Objectives

- The Agency would like to evaluate the long-term financial condition, which incorporates:
 - › Understand the future risk of the Agency and developing the appropriate reserve policy
 - › Evaluate different scenarios associated with future liability associated with Delta Conveyance and the Sites Reservoir Project
 - › Project out revenues under different scenarios associated with property value increase
 - › Develop the appropriate financial plan to navigate through these uncertainties

Project Tasks

1. Project Initiation, Management, and Data Collection
2. Financial Plan Development
 - i. Development of Model Framework
 - ii. Review Financial Reserve Policies
3. Financial Plan Workshop
4. Board of Directors Workshop
5. Model Training

Financial Plan Model



Financial Challenges of Managing a Utility System

A FINANCIAL MODEL CAN BE A TOOL TO NAVIGATE THROUGH THESE CHALLENGES

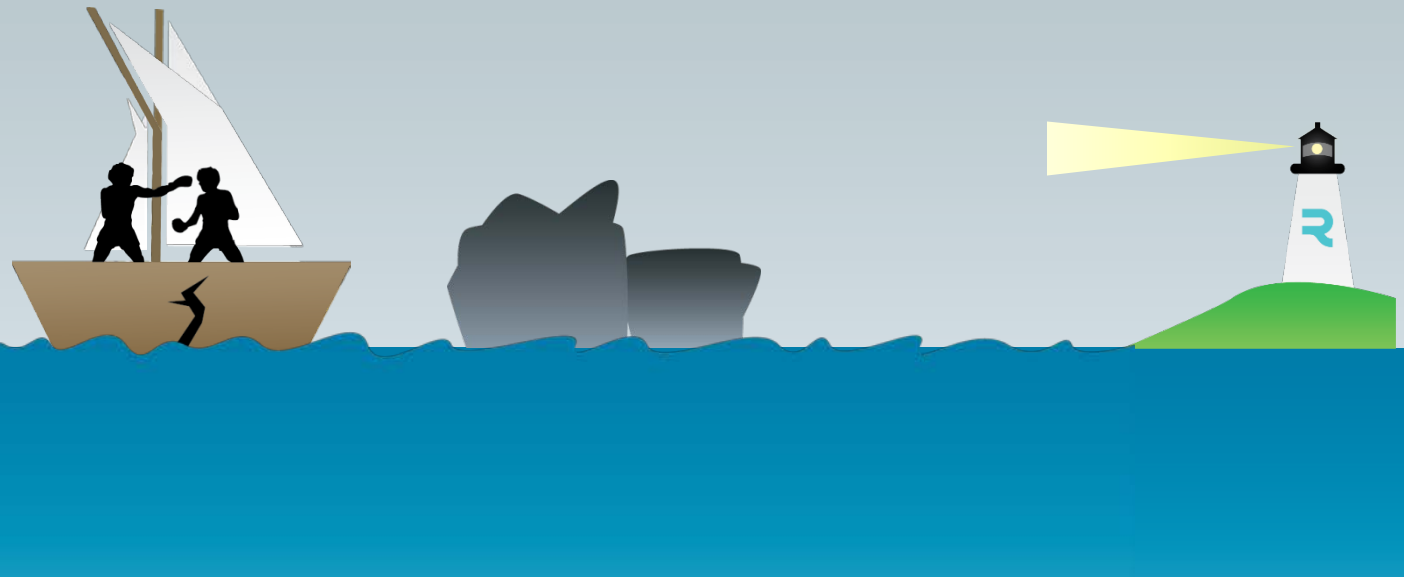
Properties of Utility System

- Capital intensive
- Highly fluctuating capital cost
- Unknown liability
- Increasing regulatory demand



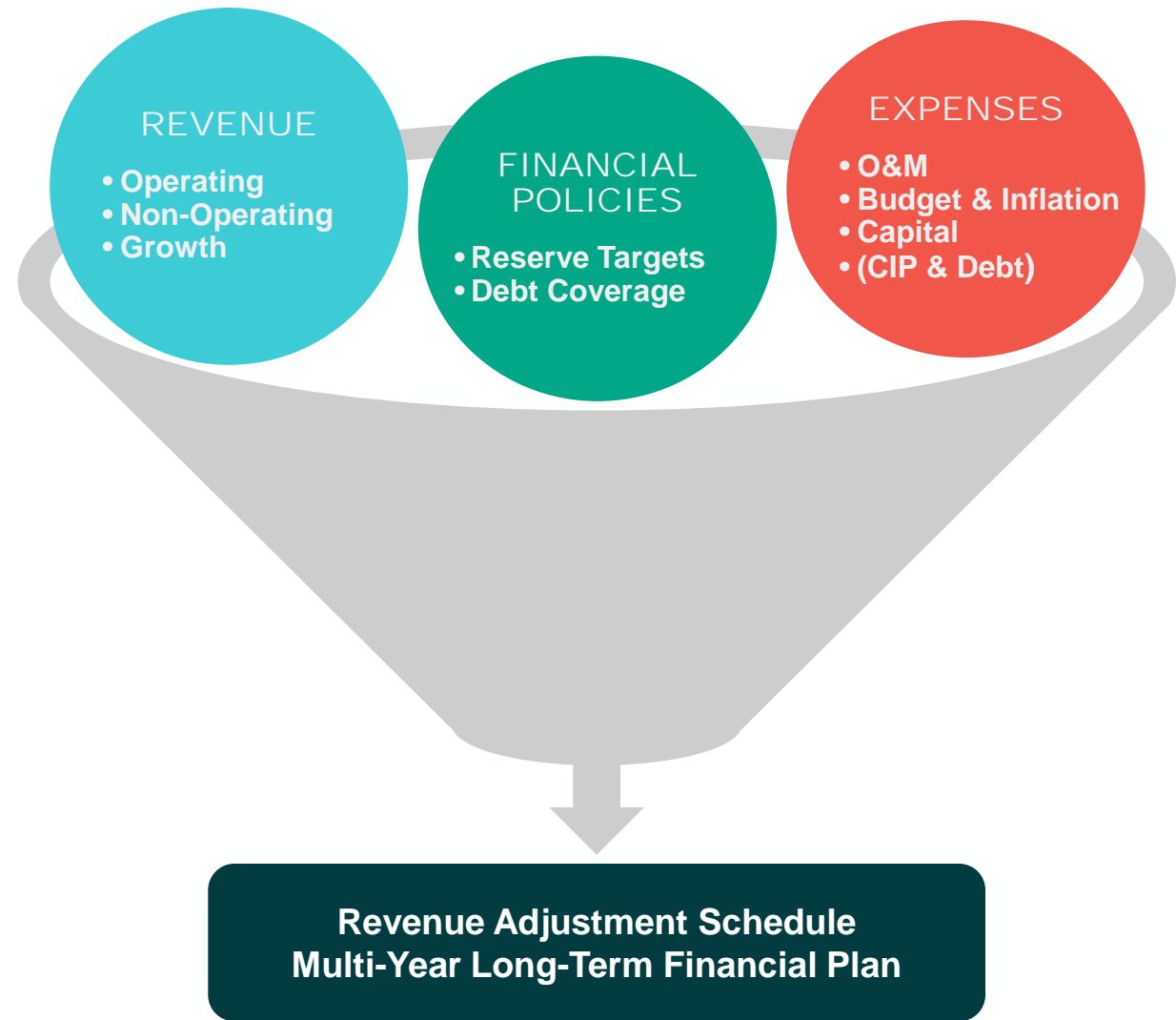
Political Acceptance on Rates

- Rate stability
- Affordability
- Equity
- Environmental stewardship



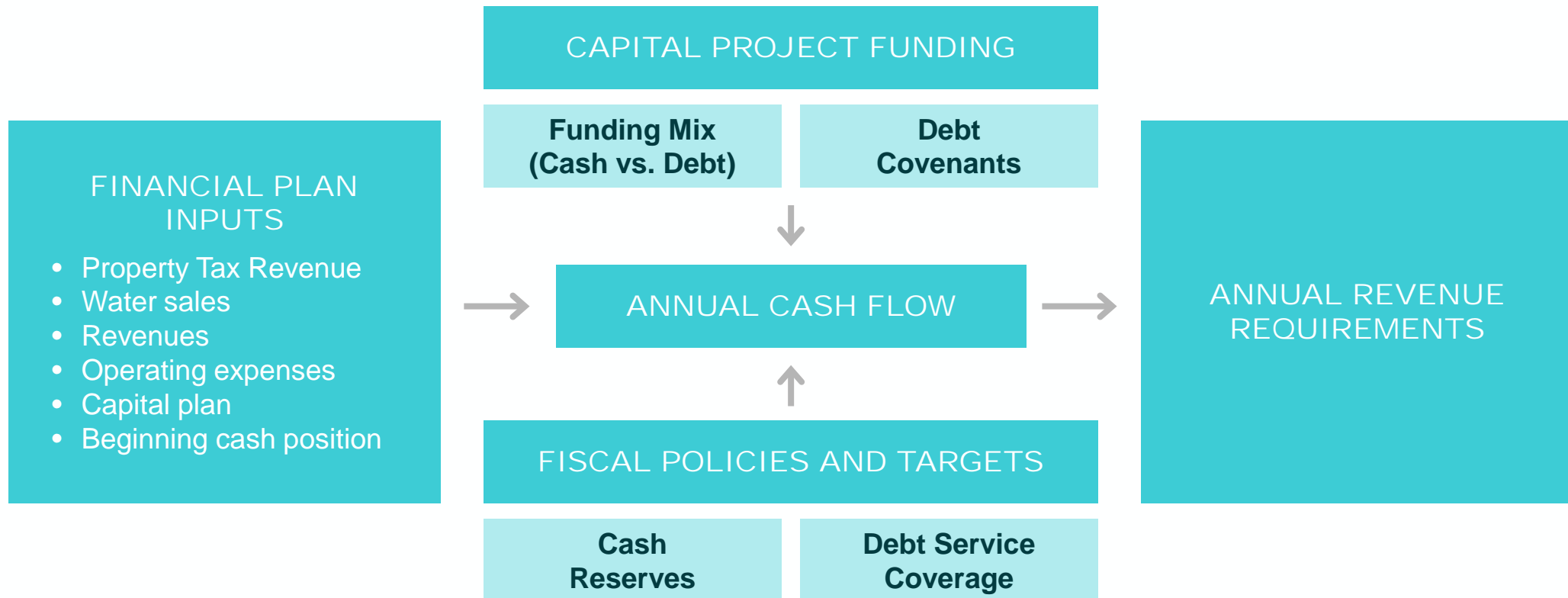
Financial Plan

Financial Plan models yearly cash flow and reserve balances



Revenue Requirements & Financial Planning

FINANCIAL PLAN ELEMENTS



Revenues

- General Fund
 - › Water Sales
 - › Tax Revenue
 - › Interest
 - › Designated Revenues
 - › Capacity Fee
 - › Lease Revenue
 - › Other (Reimbursements, Transfers)
- Debt Service Fund
 - › Tax Revenue
 - › Interest
 - › DWR Credits - EBX Bond Cover
 - › DWR - Other Credits



Expenses

- General Fund
 - › Water Purchases
 - Table A, Nickel, Other Sources
 - › Salaries & Employee Benefits
 - › Administrative & Professional
 - › General Engineering
 - › Legal Services
 - › Conservation & Education
 - › General Fund Capital Expenditures
 - Fiesta Recharge, current Sites Reservoir costs, O&M, etc.
- Debt Service Fund
 - › Salaries and Benefits
 - › State Water Contract Payments
 - T-invoice
 - EBX
 - Tehachapi Second Afterbay
 - Devil Canyon, Off-Aqueduct Power, etc.
 - › Delta Conveyance (current costs)
 - › Water Transfers
 - › Operations & Maintenance
 - › Other Expenditures
 - Legal Services, Tax Collection Charges, etc.



Financial / Rate Model

Custom-built for each client

Designed for use by client staff now and in the future

Non-proprietary

User-friendly

Cutting-edge dashboard and scenario analysis

Our Model Features



Comprehensive Analysis

- Thorough review on risk / impacts to utilities' financial health



Independent validation

- Confirms methodology and results
- Incorporates best industry practices



Facilitate decision making through scenario analysis tools

- Ease of understanding through graphical interface (Dashboard)
- Develop consensus
- User friendly – navigation, updates, reports

Q&A



Thank you!

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