

# ***San Geronio Pass Water Agency***

**DATE:** June 21, 2021  
**TO:** Board of Directors  
**FROM:** Lance Eckhart, General Manager  
**BY:** Tom Todd, Jr., Finance Manager  
**SUBJECT: Proposed Budget for the General Fund for Fiscal Year 2021-22**

## **RECOMMENDATION**

Approve the budget as presented for the Fiscal Year (FY) 2021-22.

## **PREVIOUS CONSIDERATION**

- Board of Directors – June 7, 2121: The Board reviewed and discussed the proposed budget. After Board input, some changes were made, reflected in the latest version of the proposed budget.
- Engineering Workshop – June 14, 2021: The Board reviewed and discussed the revised proposed budget.

## **BACKGROUND**

Each fiscal year, the Board reviews and approves a budget for expenditures for the upcoming fiscal year. The Board starts the budget review process by reviewing estimates for the final amounts of the various expense categories for the current fiscal year. It then considers estimates for amounts to be expended for the upcoming fiscal year.

## **ANALYSIS**

For FY 2021-22, Staff is recommending several new expense items, mainly in the Consulting and Engineering category. Federal and State grants may be available for some projects. Therefore, the timing of projects with grant availability may be important, and professional grant consulting services are part of the proposed budget. The biggest project in the upcoming fiscal year is the Backbone Pipeline project. Other projects contemplated include further study for the Agency's overall infrastructure plan and continuing work on water banking opportunities. Also included are additional amounts for a new staff member, a rate study, building maintenance, and potential landscaping refurbishment.

This fiscal year marks a change in accounting practices which will re-allocate a tax income stream. Previously allocated to the Debt Service Fund, county-wide property tax distributed via the California State Board of Equalization was delivered to Riverside County in a lump sum for administrative convenience. Riverside County subsequently allocated these funds to various government entities within the County. The Agency began an in-depth review of this income stream as it reviewed its future financial obligations, including planned

participation in the Sites Reservoir project. Re-allocating this income allows the flexibility for the Agency to participate in needed water supply projects.

The results of the change in income re-allocation can be seen the following categories:

- General Fund Tax Revenue
- Consigned-SSWP Support Fund (*new category*)

Funds allocated to the Consigned-SWP Support Fund will stay in reserve for two to three years as the Agency evaluates its financial needs.

*Note: Information that is key to projecting the Debt Service Fund is not received until after July 1. Therefore, the General Fund and Debt Service Fund budgets are considered separately.*

### **FISCAL IMPACT**

Regarding revenue, the budget for FY 2021-22 anticipates approximately \$14 million in total revenue, which includes approximately \$4 million in potential water sales (depending on availability), approximately \$9.4 million in tax revenue, and approximately \$500,000 in other miscellaneous incomes.

Regarding expenses, the major anticipated expenditures for the upcoming FY include:

- Water purchases (80% of total budget)
  - Deliveries - \$6 million
  - Banking - \$2 million
- Salaries and Benefits
  - \$1.1 million (10% of total budget)
- Administrative and Professional Services
  - \$700,000 (6% of total budget)
- Consulting and Engineering Services
  - \$1.1 million (10% of total budget)
- Legal Services, Conservation, and Education, and Major and Capital Expenditures
  - \$500,000 (5% of total budget),

Total expected expenditures are approximately \$11.5 million. The General Fund is projected to add to its reserves approximately \$2.5 million.

The Consigned-SWP Support Fund is projected to receive around \$4 million, held in reserve.

### **ACTION**

Approve the FY 2021-22 General Fund Budget as presented.

### **ATTACHMENTS**

General Fund FY 2021-22 Budget.

**SAN GORGONIO PASS WATER AGENCY  
PROPOSED GENERAL FUND BUDGET FY 2021-22  
BASED ON BUDGET REPORT FY 2020-21**

# DRAFT

	FY 2020-21			FY 2021-22		
	1	2	3	4	5	6
	ADOPTED BUDGET	ESTIMATED FINAL	ESTIMATED PERCENT	PROPOSED BUDGET	% CHANGE FINAL to FYE21	% OF TOTAL BUDGET
<b>GENERAL FUND - INCOME</b>						
<b>INCOME</b>						
WATER SALES	4,200,000	3,371,000.00	-19.74%	4,100,000	21.6%	29.2%
TAX REVENUE	3,300,000	3,845,000.00	16.52%	4,100,000	6.6%	29.2%
TAX REVENUE - SBE				5,300,000	new	37.8%
INTEREST	250,000	100,000.00	-60.00%	87,000	-13.0%	0.6%
DESIGNATED REVENUES	910,000	640,000.00	-29.67%	400,000	-37.5%	2.9%
OTHER (REIMBURSEMENTS, TRANSFERS)	32,000	55,000.00	71.88%	32,000	-41.8%	0.2%
<b>TOTAL GENERAL FUND INCOME</b>	<b>8,692,000</b>	<b>8,011,000.00</b>	<b>-7.83%</b>	<b>14,019,000</b>	<b>75.0%</b>	<b>100.0%</b>
<b>GENERAL FUND - EXPENSES</b>						
<b>COMMODITY PURCHASE</b>						
PURCHASED WATER FOR DELIVERY	6,000,000	4,455,000.00	-25.75%	6,000,000	34.7%	52.2%
PURCHASED WATER FOR BANKING (Asset - Future Sale)				2,000,000	new	17.4%
<b>TOTAL COMMODITY PURCHASE</b>	<b>6,000,000</b>	<b>4,455,000.00</b>	<b>-25.75%</b>	<b>8,000,000</b>	<b>79.6%</b>	<b>69.7%</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>						
SALARIES	543,000	487,459.56	-10.23%	500,000	2.6%	4.4%
PAYROLL TAXES	48,000	47,224.87	-1.61%	45,000	-4.7%	0.4%
RETIREMENT	470,000	425,000.00	-9.57%	440,000	3.5%	3.8%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	63,000	37,500.00	-40.48%	39,000	4.0%	0.3%
HEALTH INSURANCE	78,000	74,806.92	-4.09%	83,000	11.0%	0.7%
DENTAL INSURANCE	6,100	4,400.00	-27.87%	8,000	81.8%	0.1%
LIFE INSURANCE	1,700	1,486.38	-12.57%	1,000	-32.7%	0.0%
DISABILITY INSURANCE	5,800	5,478.23	-5.55%	6,000	9.5%	0.1%
WORKERS COMP INSURANCE	4,500	4,000.00	-11.11%	4,000	0.0%	0.0%
SGPWA STAFF MISC. MEDICAL	12,000	6,441.46	-46.32%	9,000	39.7%	0.1%
EMPLOYEE EDUCATION	3,000	190.00	-93.67%	4,000	2005.3%	0.0%
<b>TOTAL SALARIES AND EMPLOYEE BENEFITS</b>	<b>1,235,100</b>	<b>1,093,987.42</b>	<b>-11.43%</b>	<b>1,139,000</b>	<b>4.1%</b>	<b>9.9%</b>

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	ADOPTED BUDGET	ESTIMATED FINAL	ESTIMATED PERCENT	PROPOSED BUDGET	% CHANGE FINAL to FYE21	% OF TOTAL BUDGET
<b>GENERAL FUND - EXPENSES</b>						
<b>ADMINISTRATIVE AND PROFESSIONAL SERVICES</b>						
DIRECTOR EXPENDITURES						
DIRECTORS FEES	117,000	106,262.87	-9.18%	120,000	12.9%	1.0%
DIRECTORS TRAVEL AND EDUCATION	15,000	479.46	-96.80%	25,000	5114.2%	0.2%
DIRECTORS MISC. MEDICAL	21,000	18,533.21	-11.75%	28,000	51.1%	0.2%
OFFICE EXPENDITURES						
OFFICE EXPENSE	15,000	21,810.23	45.40%	20,000	-8.3%	0.2%
POSTAGE	600	600.00	0.00%	1,000	66.7%	0.0%
TELEPHONE	11,500	11,131.55	-3.20%	12,000	7.8%	0.1%
UTILITIES	5,000	5,030.20	0.60%	5,000	-0.6%	0.0%
SERVICE EXPENDITURES						
COMPUTER, WEB SITE AND PHONE SUPPORT	25,000	33,377.05	33.51%	35,000	4.9%	0.3%
GENERAL MANAGER AND STAFF TRAVEL	12,000	2,000.00	-83.33%	15,000	650.0%	0.1%
INSURANCE AND BONDS	23,000	24,000.00	4.35%	25,000	4.2%	0.2%
ACCOUNTING AND AUDITING	21,000	21,000.00	0.00%	21,000	0.0%	0.2%
STATE WATER CONTRACT AUDIT	6,000	5,555.00	-7.42%	6,000	8.0%	0.1%
DUES AND ASSESSMENTS	35,000	31,440.00	-10.17%	35,000	11.3%	0.3%
OTHER PROFESSIONAL SERVICES	100,000	119,236.63	19.24%	80,000	-32.9%	0.7%
BANK CHARGES	1,500	693.19	-53.79%	2,000	188.5%	0.0%
MISCELLANEOUS EXPENSES	500	0.00	-100.00%	5,000	denominator 0	0.0%
MAINTENANCE AND EQUIPMENT EXPENDITURES						
TOOLS PURCHASE AND MAINTENANCE	1,000	0.00	-100.00%	1,000	denominator 0	0.0%
VEHICLE REPAIR AND MAINTENANCE	8,000	8,657.78	8.22%	10,000	15.5%	0.1%
MAINTENANCE AND REPAIRS - BUILDING	25,000	13,007.76	-47.97%	47,000	261.3%	0.4%
MAINTENANCE AND REPAIRS - FIELD	25,000	9,144.49	-63.42%	25,000	173.4%	0.2%
CONTRACT OPERATIONS AND MAINTENANCE	140,000	75,000.00	-46.43%	100,000	33.3%	0.9%
WATER TREATMENT EXPENSE	75,000	50,000.00	-33.33%	50,000	0.0%	0.4%
COUNTY EXPENDITURES						
LAFCO COST SHARE	7,500	6,500.00	-13.33%	7,000	7.7%	0.1%
ELECTION EXPENSE	125,000	125,000.00	0.00%	0	-100.0%	
TAX COLLECTION CHARGES	10,000	9,733.61	-2.66%	10,000	2.7%	0.1%
<b>TOTAL ADMINISTRATIVE AND PROFESSIONAL SERVICES</b>	<b>825,600</b>	<b>698,193.03</b>	<b>-15.43%</b>	<b>685,000</b>	<b>-1.9%</b>	<b>6.0%</b>

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<b>GENERAL FUND - EXPENSES</b>						
<b>CONSULTING AND ENGINEERING SERVICES</b>						
<b>NEW INITIATIVES</b>						
INFRASTRUCTURE PLAN - Phase 2*				125,000	new	1.1%
BACKBONE INFRASTRUCTURE STUDY AND DESIGN*				250,000	new	2.2%
BUNKER HILL BANKING AND RECOVERY PROGRAM				50,000	new	0.4%
CALIMESA AREA RECHARGE				50,000	new	0.4%
SMALL SYSTEM ASSISTANCE PROGRAM				30,000	new	0.3%
GRANT SUPPORT SERVICES				75,000	new	0.7%
FEDERAL/STATE ADVOCATE					new	0.0%
<b>OTHER PROJECTS</b>						
SAN GORGONIO GSA	500,000	434,131.15	-13.17%	25,000	-94.2%	0.2%
YUCAIPA GSA	30,000	4,200.00	-86.00%	15,000	257.1%	0.1%
FEE STUDIES (combined)	76,000	3,800.00	-95.00%	60,000	1478.9%	0.5%
USGS	115,000	97,284.00	-15.41%	150,000	54.2%	1.3%
FLUME MONITORING AND SUPPORT	30,000	0.00	-100.00%	50,000	denominator 0	0.4%
SCADA INTEGRATION	5,000	0.00	-100.00%	30,000	moved	0.3%
EASEMENT INVENTORY				25,000	new	0.2%
DISCHARGE PERMIT				25,000	new	0.2%
LOCAL SUPPLIES				50,000	new	0.4%
UWMP COMPLETION	125,000	120,000.00	-4.00%	5,000	-95.8%	0.0%
<b>GENERAL ENGINEERING SERVICES</b>						
BASIN MONITORING TASK FORCE	30,000	31,000.00	3.33%	33,000	6.5%	0.3%
GENERAL ENGINEERING, CEQA, EIR, ETC	15,000	7,000.00	-53.33%	65,000	828.6%	0.6%
GIS SERVICES	5,000	5,000.00	0.00%	10,000	100.0%	0.1%
*These programs likely to span 2 years, so this is 1/2 of the estimated expense.						
<b>TOTAL CONSULTING AND ENGINEERING SERVICES</b>	<b>756,000</b>	<b>539,415.15</b>	<b>-28.65%</b>	<b>1,123,000</b>	<b>108.2%</b>	<b>9.8%</b>

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<b>GENERAL FUND - EXPENSES</b>						
<b>LEGAL SERVICES</b>						
LEGAL SERVICES - GENERAL	125,000	121,618.92	-2.70%	140,000	15.1%	1.2%
<b>TOTAL LEGAL SERVICES</b>	125,000	121,618.92	-2.70%	140,000	15.1%	1.2%
<b>CONSERVATION AND EDUCATION</b>						
SCHOOL EDUCATION PROGRAMS	16,000	16,000.00	0.00%	16,000	0.0%	0.1%
ADULT EDUCATION AND SOCIAL MEDIA	10,000	0.00	-100.00%	10,000	denominator 0	0.1%
SPONSORSHIPS	5,000	500.00	-90.00%	6,000	1100.0%	0.1%
OTHER CONSERVATION, EDUCATION AND P. R.	15,000	0.00	-100.00%	20,000	denominator 0	0.2%
<b>TOTAL CONSERVATION AND EDUCATION</b>	46,000	16,500.00	-64.13%	52,000	215.2%	0.5%
<b>MAJOR AND CAPITAL EXPENDITURES</b>						
<b>BUILDING AND EQUIPMENT</b>						
BUILDING	10,000	0.00	-100.00%	225,000	denominator 0	2.0%
IT UPGRADE				100,000	new	0.9%
FURNITURE AND OFFICE EQUIPMENT	25,000	17,200.00	-31.20%	15,000	-12.8%	0.1%
OTHER EQUIPMENT	0	56,000.00	denominator 0	5,000	-91.1%	0.0%
<b>MT. VIEW CONNECTION</b>						
INTEGRATION AND PROGRAMMING	7,500	7,500.00	0.00%	moved		
<b>NOBLE TURNOUT EXPANSION</b>						
INTEGRATION AND PROGRAMMING	2,500	4,100.00	64.00%	moved		
BUNKER HILL CONJUNCTIVE USE PROJECT	40,000	0.00	-100.00%	moved		
SITES RESERVOIR	1,400,000	1,400,000.00	0.00%	moved		
<b>TOTAL MAJOR AND CAPITAL EXPENDITURES</b>	1,485,000	1,484,800.00	-0.01%	345,000	-76.8%	3.0%
<b>TRANSFERS TO OTHER FUNDS</b>	0	0				
<b>TOTAL GENERAL FUND EXPENSES</b>	10,472,700	8,409,514.51	-19.70%	11,484,000	36.6%	100.0%
<b>GENERAL FUND NET INCOME YEAR TO DATE</b>	-1,780,700	-398,515		2,535,000		

