

San Gorgonio Pass Water Agency

DATE: June 12, 2023
TO: Board of Directors
FROM: Lance Eckhart, General Manager
BY: Tom Todd, Jr., Chief Financial Officer
SUBJECT: PROPOSED GENERAL FUND BUDGET FOR FY 2023-24

RECOMMENDATION

Approve the proposed budget for the General and Consigned SWP Funds for FY 2023-24

PREVIOUS CONSIDERATION

- Board of Directors - Finance and Engineering Workshop and Regular Meeting– May 15, 2023: The Board reviewed and discussed the proposed budget. After Board input, some changes were made, reflected in the latest version of the proposed budget.
- Board of Directors – May 22, 2023: The Board reviewed and discussed the revised proposed budget.

BACKGROUND

The Board reviews and approves the General Fund Budget for the coming fiscal year. Staff prepares a draft budget, which is presented to the Board. The Board discusses and makes suggestions for changes until satisfied, then approves the budget. The new budget takes effect July 1.

DISCUSSION

The major changes in the proposed budget for FY 2023-24 relate to water deliveries and purchases. The abundant rainfall since December 2022 has dramatically changed these foundational elements of the Agency budget.

Last year's budget for water sales was \$2,375,320. The projected year-end total is likely to be about \$5,100,000. The proposed budget amount for FY23-24 is \$7,800,000.

Last year's budget for purchased water was \$5,493,829. The projected year-end total is likely to be about \$6,900,000. The proposed budget amount for FY23-24 is \$9,100,000.

In addition, Staff proposes to budget \$2,000,000 for water purchases for future sales. This category has been included in previous budgets but without a dollar amount because

there was not sufficient water supply to meet current demands, so there was nothing available for future sales.

In addition, the following items are new to the budget for FY23-24:

- Signage and Frontage for Brookside East (row 68)
- Water Banking Investigations (row 70)
- Agency Engineer (row 85)

The following items have been deleted from the proposed budget for FY23-24:

- SCADA Integration
- GIS Services
- Audio-Visual Upgrade
- Property Purchase – Brookside West

Here is a brief comparison of the projected outcome of last year’s budget in relation to the proposed budget for FY23-24:

	Budget FY 22-23 (Revised)	Final FY 22-23 (Projected)	Budget FY 23-24 (Proposed)
Income	12,937,320	16,405,401	19,790,000
Expense	15,027,509	14,468,281	19,279,000
Net (+/-)	-2,090,509	1,937,120	511,000

The original budget for FY 22-23 resulted in an addition to reserves of about \$1,200,000. The budget was revised to include the purchase of real property, which changed the net proceeds to a withdrawal of \$2,000,000 from reserves.

As a result of the increased water supply in the second half of the fiscal year, both water sales and purchased water were significantly increased. While they tend to offset each other, this year, the increased sales had a more significant effect on net income than the increase in the cost of purchased water.

Tax revenue was approximately \$1,200,000 greater than budgeted, and expenses were \$2,000,000 less (not spent) than budgeted. All these factors combined to result in net income changing from a withdrawal from reserves of \$2,000,000 to an addition to reserves of \$2,000,000.

FISCAL IMPACT



In summary, Income will increase by 53% due to increased water sales and tax revenue. On the Expense side, Salaries and Employee Benefits will increase by about 13% due to inflation and new staff. Administrative and Professional Services will increase by about 15%, primarily due to an increase in water-related administrative and water treatment

costs. Consulting and Engineering Services will increase by 44%, primarily due to new projects and the proposed Agency Engineer. Major and Capital Expenses are reduced because the real property purchase was completed.

Overall, the proposed budget projects a net increase in reserves in the General Fund for FY 2023-24 of about \$500,000.



For the Consigned SWP Fund, the proposed budget projects a net increase in reserves for FY 2023-24 of about \$6,600,000.

ACTION

Approve the proposed General Fund and Consigned SWP Fund budget for FY 2023-24.

ATTACHMENTS

DRAFT #3 Proposed Budget FY 2023-24

SAN GORGONIO PASS WATER AGENCY

DRAFT GENERAL FUND AND CONSINGED FUND BUDGET FOR FY 2023-24

Based on April 2023 Budget Report

DRAFT

		FISCAL YEAR JULY 1, 2022 - JUNE 30, 2023				FY JULY 1, 2023 - JUNE 30, 2024	
		1	2	3	4	5	6
		TOTAL REVISED BUDGET	ACTUAL MAY, 2023	PROJECTED YEAR-END	Over/Under Budget	PROPOSED FY 2023-24	FY22-23 to FY23-24
GENERAL FUND							
GENERAL FUND - INCOME							
1	WATER SALES	2,375,320	3,775,525	5,100,000	114.7%	7,800,000	increase
2	TAX REVENUE (INCLUDES SBE)	9,775,000	10,973,490	11,000,000	12.5%	11,800,000	increase
3	INTEREST	70,000	112,975	123,246	76.1%	130,000	increase
4	DESIGNATED REVENUES	685,000	172,409	172,500	-74.8%	50,000	decrease
5	OTHER (REIMBURSEMENTS, TRANSFERS)	32,000	8,851	9,656	-69.8%	10,000	decrease
6	TOTAL GENERAL FUND INCOME	12,937,320	15,043,251	16,405,401	26.8%	19,790,000	53.0%
GENERAL FUND - EXPENSES							
COMMODITY PURCHASE							
8	PURCHASED WATER FOR DELIVERY	5,493,829	5,539,952	6,900,000	-25.6%	9,100,000	increase
9	PURCHASED WATER FOR BANKING (Asset - Future Sale)	0	0	0		2,000,000	increase
10	TOTAL COMMODITY PURCHASE	5,493,829	5,539,952	6,900,000	-25.6%	11,100,000	102.0%
SALARIES AND EMPLOYEE BENEFITS							
13	SALARIES	571,000	484,811	528,884	7.4%	630,000	increase
14	PAYROLL TAXES	61,000	45,210	49,319	19.1%	63,000	increase
15	PAYROLL SERVICE	4,000	3,926	4,283	-7.1%	5,000	increase
16	RETIREMENT	115,000	106,988	116,714	-1.5%	135,000	increase
17	OTHER POST-EMPLOYMENT BENEFITS (OPEB)	40,000	50,373	30,224	24.4%	75,000	increase
18	HEALTH INSURANCE	80,000	49,169	53,639	33.0%	80,000	no change
19	ACWA BENEFITS (takes place of Dental + Life; add Vision)	7,000	6,234	6,801	2.8%	10,000	increase
20	DISABILITY INSURANCE	6,000	4,301	4,692	21.8%	6,000	no change
21	WORKERS COMP INSURANCE	5,000	3,033	3,309	33.8%	5,000	no change
22	SGPWA STAFF MISC. MEDICAL	10,000	6,330	6,905	30.9%	10,000	no change
23	EMPLOYEE EDUCATION	4,000	0	0	100.0%	4,000	no change
24	TOTAL SALARIES AND EMPLOYEE BENEFITS	903,000	760,374	804,770	10.9%	1,023,000	13.3%

SAN GORGONIO PASS WATER AGENCY
DRAFT GENERAL FUND AND CONSINGED FUND BUDGET FOR FY 2023-24

Based on April 2023 Budget Report

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GENERAL FUND - EXPENSES							
	ADMINISTRATIVE AND PROFESSIONAL SERVICES				Remaining %		
	DIRECTOR EXPENDITURES						
29	DIRECTORS FEES	250,000	163,134	177,965	28.8%	264,000	increase
30	DIRECTORS TRAVEL AND EDUCATION	30,000	33,404	36,440	-21.5%	50,000	increase
31	DIRECTORS MISC. MEDICAL	40,000	4,018	4,383	89.0%	46,000	increase
	OFFICE EXPENDITURES						
33	OFFICE EXPENSE	20,000	14,514	15,834	20.8%	20,000	no change
34	POSTAGE	1,000	641	699	30.1%	1,000	no change
35	TELEPHONE	9,000	8,365	9,126	-1.4%	10,000	increase
36	UTILITIES	6,000	6,212	6,777	-12.9%	8,000	increase
	SERVICE EXPENDITURES						
38	COMPUTER, WEB SITE AND PHONE SUPPORT	40,000	40,612	44,304	-10.8%	50,000	increase
39	GENERAL MANAGER AND STAFF TRAVEL	15,000	16,574	18,081	-20.5%	25,000	increase
40	INSURANCE AND BONDS	26,000	30,054	30,054	-15.6%	35,000	increase
41	ACCOUNTING AND AUDITING	23,000	20,250	20,500	10.9%	23,000	no change
42	DUES AND ASSESSMENTS	35,000	40,333	40,333	-15.2%	45,000	increase
43	OTHER PROFESSIONAL SERVICES	60,000	73,153	79,803	-33.0%	75,000	increase
44	PUBLIC INFORMATION	60,000	43,705	47,678	20.5%	60,000	no change
45	BANK CHARGES	1,000	54	59	94.1%	1,000	no change
46	MISCELLANEOUS EXPENSES	3,000	0	0	100.0%	2,000	decrease
	MAINTENANCE AND EQUIPMENT EXPENDITURES						
48	TOOLS PURCHASE AND MAINTENANCE	1,000	381	415	58.5%	3,000	increase
49	VEHICLE REPAIR AND MAINTENANCE	7,000	6,847	7,470	-6.7%	10,000	increase
50	MAINTENANCE AND REPAIRS - BUILDING	30,000	19,961	21,776	27.4%	30,000	no change
51	MAINTENANCE AND REPAIRS - FIELD	25,000	8,965	9,779	60.9%	40,000	increase
52	CONTRACT OPERATIONS AND MAINTENANCE	125,000	73,651	80,346	35.7%	220,000	increase
53	WATER TREATMENT EXPENSE	65,000	16,692	18,209	72.0%	130,000	increase
	COUNTY EXPENDITURES						
55	LAFCO COST SHARE	7,000	7,854	8,568	-22.4%	9,000	increase
56	ELECTION EXPENSE	125,000	61,380	66,960	46.4%	0	decrease
57	TAX COLLECTION CHARGES	46,000	48,884	50,000	-8.7%	52,000	increase
58	TOTAL ADMINISTRATIVE AND PROFESSIONAL SERVICES	1,050,000	739,637	795,559	24.2%	1,209,000	15.1%

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GENERAL FUND - EXPENSES							
	CONSULTING AND ENGINEERING SERVICES				Remaining %		
	PLANS & CONSTRUCTION						
63	INFRASTRUCTURE PLAN - Phase 2	125,000	5,477	5,975	95.2%	25,000	decrease
64	BACKBONE INFRASTRUCTURE STUDY AND DESIGN	230,000	160,876	175,501	23.7%	150,000	decrease
65	BUNKER HILL BANKING AND RECOVERY PROGRAM	75,000	0	0	100.0%	75,000	no change
66	CALIMESA AREA RECHARGE	250,000	88,905	96,987	61.2%	250,000	no change
67	SMALL SYSTEM ASSISTANCE PROGRAM	40,000	20,856	22,752	43.1%	150,000	increase
68	SIGNAGE AND FRONTAGE BROOKSIDE EAST	NEW				100,000	NEW
	OTHER PROJECTS						
70	WATER BANKING INVESTIGATIONS	NEW				100,000	NEW
71	SAN GORGONIO GSA	90,000	53,210	58,047	35.5%	50,000	decrease
72	YUCAIPA GSA VERBENIA GSA	10,000	3,070	3,349	66.5%	10,000	no change
73	FLUME MONITORING AND SUPPORT	30,000	0	0	100.0%	30,000	no change
74	SCADA INTEGRATION	5,000	0	0		Delete	Delete
	STUDIES AND REPORTS						
75	FINANCIAL MODELING	100,000	7,917	8,637	91.4%	70,000	decrease
76	USGS STUDIES AND MONITORING	165,000	156,598	170,834	-3.5%	250,000	increase
77	INFRASTRUCTURE AND EASEMENT INVENTORY	75,000	0	0	100.0%	75,000	no change
78	DISCHARGE PERMIT	25,000	0	0	100.0%	25,000	no change
79	WATER PORTFOLIO	50,000	84,233	115,000	-130.0%	125,000	increase
80	LOCAL SUPPLIES	50,000	32,530	35,488	29.0%	50,000	no change
81	LOCAL RECHARGE PROJECTS	200,000	30,715	33,508	83.2%	700,000	increase
82	UWMP SUPPORT AND ANNUAL REPORT COMPLETION	50,000	6,695	7,304	85.4%	25,000	decrease
83	STRATEGIC PLAN UPDATE	60,000	25,101	27,383	54.4%	20,000	decrease
	GENERAL ENGINEERING SERVICES						
85	AGENCY ENGINEER	NEW				250,000	NEW
86	GRANT SUPPORT SERVICES	75,000	44,959	49,046	34.6%	75,000	no change
87	FEDERAL/STATE ADVOCATE	30,000	0	0	100.0%	30,000	no change
88	SAWPA REGIONAL PROJECTS	60,000	46,011	50,194	16.3%	36,000	decrease
89	GENERAL ENGINEERING, CEQA, EIR, ETC	150,000	0	0	100.0%	150,000	no change
90	GIS SERVICES	40,000	0	0		Delete	Delete
91	TOTAL CONSULTING AND ENGINEERING SERVICES	1,955,000	767,152	860,003	56.0%	2,821,000	44.3%

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GENERAL FUND - EXPENSES							
	LEGAL SERVICES				Remaining %		
94	LEGAL SERVICES - GENERAL	125,000	118,046	128,778	-3.0%	150,000	increase
95	TOTAL LEGAL SERVICES	125,000	118,046	128,778	-3.0%	150,000	20.0%
CONSERVATION AND EDUCATION							
98	SCHOOL EDUCATION PROGRAMS	35,000	17,300	18,873	46.1%	45,000	increase
99	ADULT EDUCATION AND SOCIAL MEDIA	10,000	2,456	2,679	73.2%	10,000	no change
100	SPONSORSHIPS	6,000	3,915	4,271	28.8%	6,000	no change
101	OTHER CONSERVATION, EDUCATION AND P. R.	10,000	14,563	15,887	-58.9%	20,000	increase
102	TOTAL CONSERVATION AND EDUCATION	61,000	38,234	41,710	31.6%	81,000	32.8%
MAJOR AND CAPITAL EXPENDITURES							
BUILDING AND EQUIPMENT							
106	BUILDING	60,000	0	0	100.0%	50,000	decrease
107	AV-UPGRADE	85,000	87,832	403,700	-22.0%	Delete	Delete
108	FURNITURE AND OFFICE EQUIPMENT	75,000	39,418	43,001	42.7%	25,000	decrease
109	OTHER EQUIPMENT	10,000	7,505	8,187	18.1%	20,000	increase
110	SITES RESERVOIR - 2023	1,960,000	1,400,000	1,527,273	22.1%	2,800,000	increase
111	PROPERTY PURCHASE - BROOKSIDE WEST	3,250,000	3,255,304	3,255,304	-0.2%	Delete	Delete
112	TOTAL MAJOR AND CAPITAL EXPENDITURES	5,440,000	4,790,056	4,937,462	9.2%	2,895,000	-46.8%
114	TRANSFERS TO OTHER FUNDS						
116	TOTAL GENERAL FUND EXPENSES	15,027,829	12,753,451	14,468,281	3.7%	19,279,000	28.3%
118	GENERAL FUND NET INCOME YEAR TO DATE	-2,090,509	2,289,800	1,937,120	-192.7%	511,000	124.4%

SAN GORGONIO PASS WATER AGENCY
DRAFT GENERAL FUND AND CONSINGED FUND BUDGET FOR FY 2023-24

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GAP FUNDING

Cabazon Water District

120	INCOME					1,000,000
				Remaining %		
121	EXPENSE					500,000
122	NET BALANCE YEAR TO DATE					500,000

SAN GORGONIO PASS WATER AGENCY
DRAFT GENERAL FUND AND CONSIGNED FUND BUDGET FOR FY 2023-24
 Based on April 2023 Budget Report

DRAFT

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		1	2	3	4	5	6
		TOTAL REVISED BUDGET	ACTUAL MAY, 2023	PROJECTED YEAR-END	Over/Under Budget	PROPOSED FY 2023-24	FY22-23 to FY23-24
CONSIGNED - SWP SUPPORT FUND							
SWP SUPPORT FUND - INCOME					Comparison:		0%
INCOME							
132	SBE TAX REVENUE ALLOCATED	4,490,000	6,298,223	6,298,223	40.3%	6,600,000	increase
133	INTEREST	0	14,000	15,000		15,000	
134	OTHER INCOME	0	0	0			
135	TOTAL SWP SUPPORT FUND INCOME	4,490,000	6,312,223	6,313,223	40.6%	6,615,000	4.8%
SWP SUPPORT FUND - EXPENSES					Remaining %		
EXPENDITURES							
141	TAX COLLECTION CHARGES	11,300	15,924	16,000	-41.6%	16,000	increase
142	OTHER EXPENSES	0	0	0		0	
143	TOTAL SWP SUPPORT FUND EXPENSES	11,300	15,924	16,000	-41.6%	16,000	0.0%
145	TRANSFERS TO OTHER FUNDS						
147	SWP SUPPORT FUND NET INCOME YTD - RESERVES	4,478,700	6,296,299	6,297,223	40.6%	6,599,000	4.8%