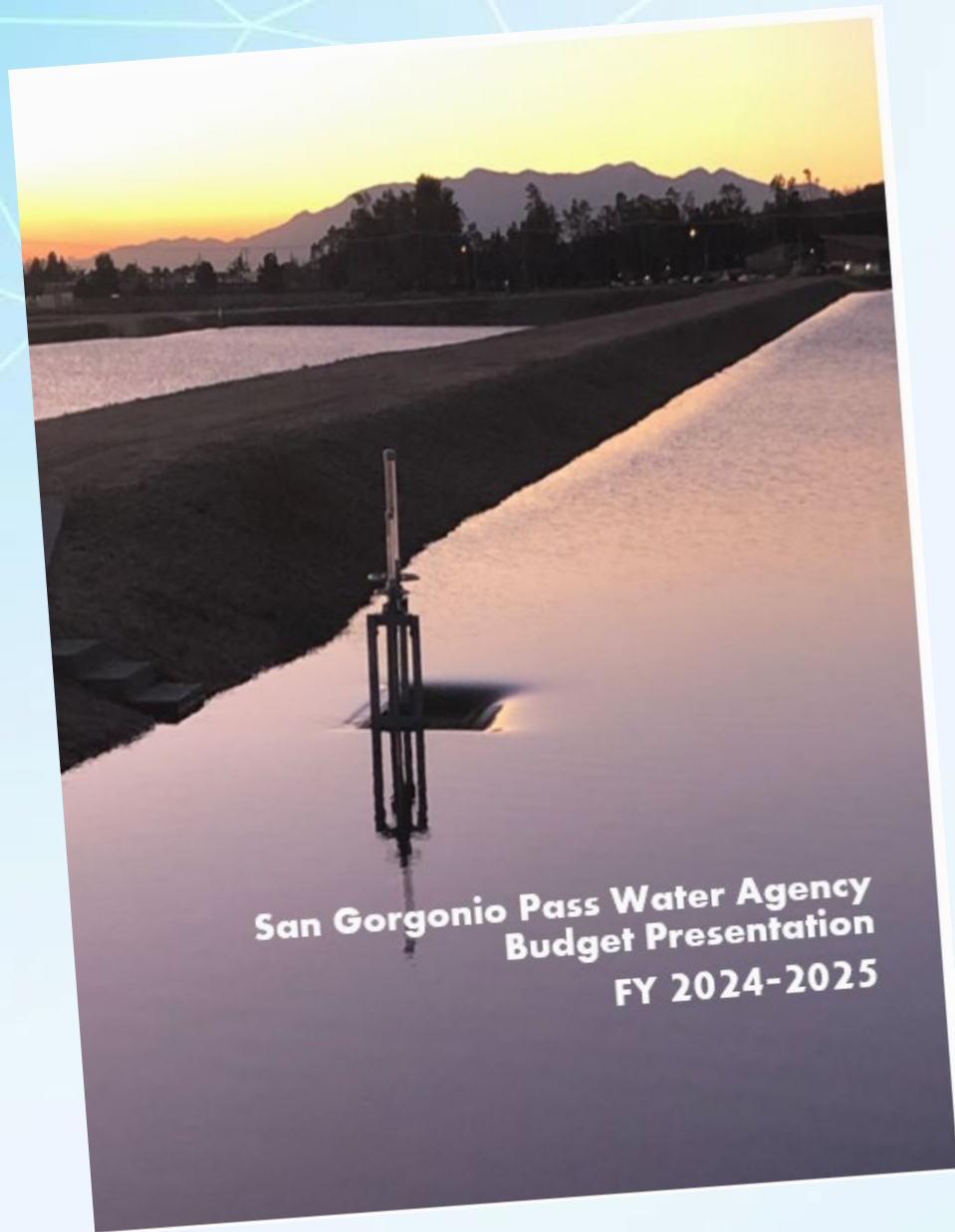




BUDGET PRESENTATION UPDATE

Board of Directors – February 5, 2024



Elements of the FY 2024-25 Budget Presentation

Report from the
General Manager

Report from the
Chief Financial
Officer

Project
Descriptions

Water Operations
Projections

Report from HdL –
Tax Revenue
Projections

Proposed Budget
Spreadsheets

Review of Current
Status of Funds:
'Bucket Report'

Charts – Financial
Matters

Agency Map and
Board Members

Agency
Organization Chart

Current list of
Acronyms

Report from the General Manager

- Prior year summary
- Current projects
- Operations and Planning
- Priorities for coming year
- New Projects



Report from the Chief Financial Officer

- Current Budget Highlights
- Agency Overview
- Potential Financial Challenges
- Brief Economic Review
- Brief Investment Review
- New Accounting Practices

San Geronio Pass Water Agency

DATE: April 22, 2024
TO: Board of Directors
FROM: Lance Eckhart, General Manager
BY: Tom Todd, Jr., Chief Financial Officer

SUBJECT: YEAR-TO-DATE BUDGET REVIEW FY 2023-24

By definition, a budget is a plan to coordinate resources and expenditures (quote from the Merriam-Webster dictionary). A budget is a useful tool to plan the use of financial resources to meet an organization's mission statement. When most people hear the word "budget," they think in financial terms. But planning how the financial resources will be used has a great impact on how the organization's personnel resources are deployed as well.

A common misconception about budgets is that they constrain an organization and interfere with its operations. As the definition states, a budget is a plan, and is designed to help deploy resources to enact the plan. As with any plan, sometimes adjustments are necessary because of unplanned and unexpected events.

Timely reviews help an organization make these adjustments and thereby "stay on course." Monitoring the budget helps assess the financial progress the organization is making toward meeting goals and objectives that support the mission statement. This six-month review is designed to give a deeper look at the Agency's progress in FY 2023-24.

Executive Summary

Overall, the expenditure and income levels are performing as expected, and the Agency is on-track to end the fiscal year as planned. As this is a six month review, 50% of the annual approved budget amount would be a suggested target to review income and expenditure levels. In the General Fund, the overall expenditure percentage is 25%, or 75% remaining to be expended. Income is trailing, as only 20% has been received, but it is performing as expected. In the Debt Service Fund, the overall expenditure level is 58%, or 42% remaining to be expended. Income is higher than the General Fund, at 36%, with 64% to be received, but is also performing as expected.

Unrestricted Funds – General Fund Revenue

General Fund income is derived primarily from two sources, water sales and tax revenue. Both of these revenue sources are out of phase with a six-month cycle, for different reasons.



Project Descriptions

PROJECT DESCRIPTIONS

Infrastructure Plan

This results of this project will provide the Agency with a suggested plan for the use of current facilities and a potential list of future facilities that will allow the Agency to fulfill its mission of delivering water to the region.

Backbone Pipeline Feasibility Study

This study will investigate the feasibility of installing a form of conveyance from San Geronio Pass Water Agency facilities to deliver water to groundwater facilities within the Banning and Cabazon Groundwater Basins. The study will identify potential alignments for a pipeline, identify necessary facilities to facilitate the delivery of State Water Project water to other water supply

Small System Assistance Program

The Agency has contracted with Central Valley Regional Water Association, a nonprofit whose mission is to assist California small water systems with a variety of services, including temporary personnel, water system review and diagnosis, planning, and other activities that would help to improve the efficiency and management of the small water systems. The Agency has outlined the scope of their efforts to include work for Cherry Valley Water Company, High Valley Water District, Cabazon Water District, and mapping of Agency facilities.

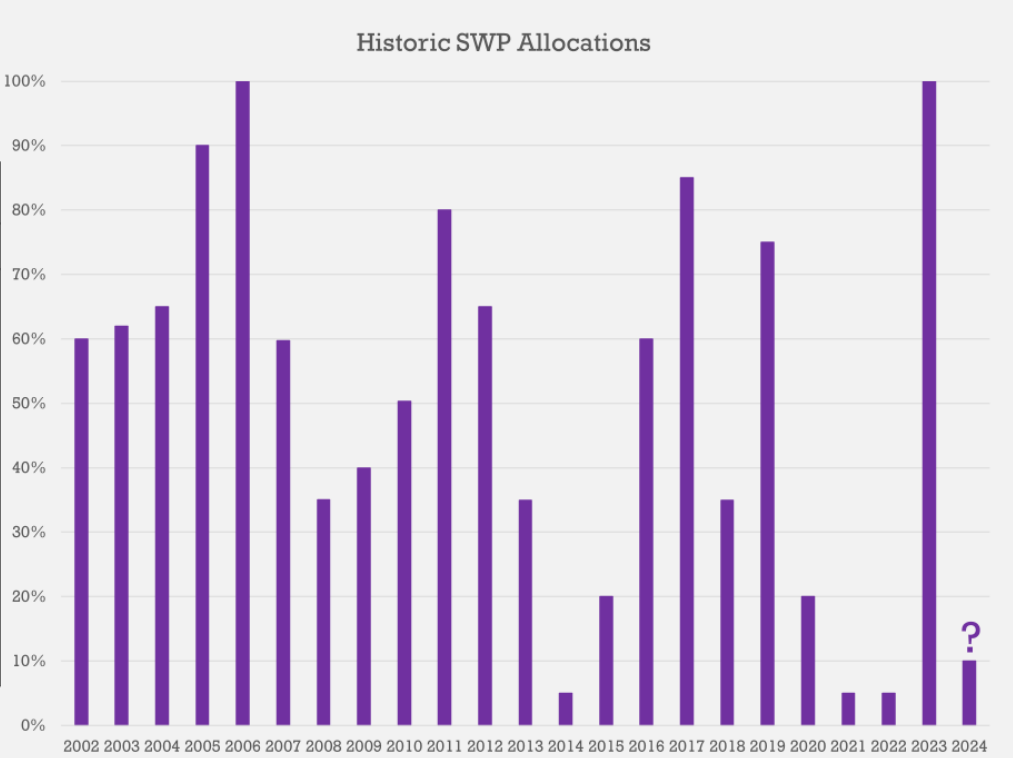
On-Call Engineer

The Agency will contract with one or more engineering firms to provide services as needed for project design and implementation, studies, consultation, CEQA, and other services that require engineering expertise.

Water Operations Projections

Portfolio @ 100%		
	TOTAL (AF)	Delivered
SWP - Carryover	2,231	✓
SWP – CCWA Return Water	800	✓
SWP – City of Yuba Transfer	495	✓
SWP – Article 21	5,075	✓
SWP - Table A	17,300	✓
SWP - Ventura	10,000	✓
Subtotal SWP	35,901	
Non-SWP - Nickel Water	1,700	✓
Total	37,601	

**Subject to Final Verification*



2023 SWP Allocation & Portfolio Update

Report from HdL Tax Revenue Projections



SAN GORGONIO PASS WATER 2023/24 PROPERTY TAX REVIEW

2023/24 TAXABLE VALUE: \$15,467,699,383 +13.17% GROWTH FROM 2022/23: \$13,667,911,521

VALUE CHANGE BY CAUSE

Cause of Value Change	Chg. from 2022/23	% of 2022/23 Tax Value	% of All Chg. from 2022/23
Parcel Adds/Drops Net Change	\$138,002,841	1.01%	7.7%
Change from CPI 2.0% Growth	\$230,209,208	1.68%	12.8%
Prior Year Transfer of Ownership	\$951,119,048	6.96%	52.8%
New Construction - Non-Res.	\$185,099,087	1.35%	10.3%
New Construction - Residential	\$112,684,057	0.82%	6.3%
Prop. 8 - Reduce/Recapture Net	-\$11,636,256	-0.09%	-0.6%
Unsecured Value Change	\$115,499,493	0.85%	6.4%
Cross-Reference Value Change	\$6,494,497	0.05%	0.4%
Other Changes*	\$72,315,887	0.53%	4.0%
Total Change	\$1,795,787,862	13.17%	Growth

*Other Changes may include effects of assessment appeals, roll-back sales, and changes to assessed exemptions, personal property, or off-valued property values.

VALUE CHANGE BY COMPONENT

Area	Chg. from 2022/23	% Chg. from 2022/23
San Gorgonio Pass Water	\$1,795,787,862	13.17%
Countywide	\$35,518,678,244	9.62%

PRIOR AND CURRENT YEAR TOP 10 TAXPAYERS (NET VALUE)

Rank	2023/24 Top Taxpayers	% Chg. Activity
1	110 Logistics Owner LLC	
2	Chelsea Goa Realty Partnership	+2.0%
3	Mpid II Inland Empire Krb	
4	Lpc Banning (+\$158.0M)	+344.5%
5	Amazon Com Services LLC	+23.1%
6	CJ Foods Manufacturing Beaumont Corp	+25.4%
7	Exeter 630 Nicholas LP	+293.2%
8	User Crossroads	-78.1%
9	Nestle Waters North America Inc	+2.0%
10	Britton Beaumont	+2.0%

Parcel(s) Activity:
 (S) Newer Transfer of Ownership (may affect next year)
 (P) Prior Year Transfer of Ownership
 (A) Valuation Appeal
 Parcel Count Change:
 (+) Increased
 (-) Decreased

Data Source: Riverside County Assessor 2023/24 Tax Rolls; Prepared on 6/19/2023 by PC
 This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

REVENUE SUMMARY

Gen. Pl. 04-917
 Owners 04-917

VAL

Use:
 Resi:
 Com:
 Indus:
 Unse:
 Vaca:
 Cros:
 Agric:
 Recr:
 Misc:
 Govt:
 Instt:
 Unkr:
 OBE:

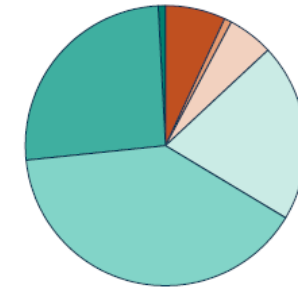


SAN GORGONIO PASS WATER 2023/24 PROPERTY TAX REVIEW

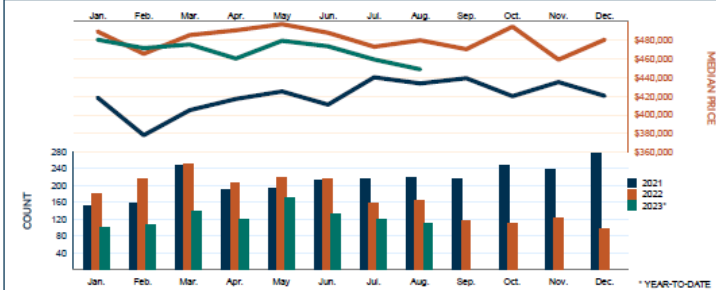
NOTABLE

- The largest secured roll increase was on an industrial site at 2000 E. John Street owned by LPC Banning with growth of \$158.6 million after the addition of improvement values at this location this year. This is an industrial distribution warehouse under development being offered for lease. The site is Banning 'An industrial property owned by Exeter 630 Nicholas at the same location on Nicholas Road with an increase of \$99.6 million after this property was purchased last year for \$131 million and the sale price has been enrolled as the market value this year. This is the location of an industrial warehouse in Beaumont and ICON Fitness is the main tenant.
- The largest decline was posted by Fairway Canyon Community Association where no value was enrolled on this open space area adjacent to a large housing site. This is in Beaumont
- The CPI for 2024-25 is trending above 2%.

DETACHED SINGLE-FAMILY HOME - LAST SOLD



DETACHED SINGLE-FAMILY HOME SALES MONTHLY



Data Source: Riverside County Assessor 2023/24 Tax Rolls; Prepared on 6/19/2023 by PC
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Proposed Budget Spreadsheets

AGENCY	
-24	
GORGONIO PASS WATER AGENCY	
BUDGET REPORT FOR FY 2023-24	
MONTHS ENDING ON DECEMBER 31, 2023	
FISCAL YEAR JULY 1, 2023 - JUNE 30, 2024	

SAN GORGONIO PASS WATER AGENCY					
BUDGET REPORT FOR FY 2023-24					
FOR THE SIX MONTHS ENDING ON DECEMBER 31, 2023					
FISCAL YEAR JULY 1, 2023 - JUNE 30, 2024					
1	2	3	4	5	

36	POSTAGE	65	PLANS & CONSTRUCTION
37	TELEPHONE	66	INFRASTRUCTURE PLAN -
38	UTILITIES	67	BACKBONE INFRASTRUCT
39	SERVICE EXPENDIT	68	BUNKER HILL BANKING AN
40	COMPUTER, WE	69	CALIMESA AREA RECHARG
41	GENERAL MANA	70	SMALL SYSTEM ASSISTAN
42	INSURANCE ANI	71	SIGNAGE AND FRONTAGE
43	ACCOUNTING AI	72	OTHER PROJECTS
44	DUES AND ASSE	73	WATER BANKING INVESTI
45	OTHER PROFES	74	SAN GORGONIO GSA
46	PUBLIC INFORM	75	YUCAIPA GSA VERBENIA G
47	BANK CHARGES	76	FLUME MONITORING AND :
48	MISCELLANEOU	77	STUDIES AND REPORTS
49	MAINTENANCE AND	78	FINANCIAL MODELING
50	TOOLS PURCHA	79	USGS STUDIES AND MONI
51	MAINTENANCE /	80	INFRASTRUCTURE AND EA
52	MAINTENANCE /	81	DISCHARGE PERMIT
53	MAINTENANCE /	82	WATER PORTFOLIO
54	CONTRACT OPE	83	LOCAL SUPPLIES
55	WATER TREATM	84	LOCAL RECHARGE FEASIB
56	COUNTY EXPENDIT	85	UWMP SUPPORT AND ANN
57	LAFCO COST SH	86	STRATEGIC PLAN UPDATE
58	ELECTION EXPE	87	GENERAL ENGINEERING SER
59	TAX COLLECTIO	88	AGENCY ENGINEER
60	TOTAL ADMINISTRA	89	GRANT SUPPORT SERVICE
		90	FEDERAL - STATE ADVOCA
		91	SAWPA REGIONAL PROJEC
		92	GENERAL ENGINEERING, C
		93	TOTAL CONSULTING AND ENG

98	LEGAL SERVICES
99	LEGAL SERVICE
100	TOTAL LEGAL SERV
101	CONSERVATION AN
102	SCHOOL EDUCA
103	ADULT EDUCATI
104	SPONSORSHIPS
105	CONSERVATION
106	TOTAL CONSERVAT
107	MAJOR AND CAPITA
108	BUILDING AND EQUI
109	BUILDING
110	FURNITURE ANE
111	OTHER EQUIPMI
112	SITES RESERVO
113	TOTAL MAJOR AND
114	TRANSFERS TO OT
115	TOTAL GENERAL FL
116	GENERAL FUND NET

SAN GORGONIO PASS WATER AGENCY					
BUDGET REPORT FOR FY 2023-24					
FOR THE SIX MONTHS ENDING ON DECEMBER 31, 2023					
FISCAL YEAR JULY 1, 2023 - JUNE 30, 2024					
1	2	3	4	5	
ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget	
CONSIGNED - SWP SUPPORT FUND					
CONSIGNED - SWP SUPPORT FUND - INCOME					
INCOME					
130	UNITARY TAX REVENUE ALLOCATED	6,600,000	6,600,000	0.00	-100.0%
131	INTEREST	15,000	15,000	72,021.34	380.1%
132	OTHER INCOME	0	0	0.00	
133	TOTAL SWP SUPPORT FUND INCOME	6,615,000	6,615,000	72,021.34	-98.9%
CONSIGNED - SWP SUPPORT FUND - EXPENSES					
EXPENDITURES					
139	TAX COLLECTION CHARGES	16,000	16,000	0.00	100.0%
140	OTHER EXPENSES	0	0	0.00	
141	TOTAL SWP SUPPORT FUND EXPENSES	16,000	16,000	0.00	100.0%
143	TRANSFERS TO OTHER FUNDS				
145	CONSIGNED - SWP SUPPORT FUND NET INCOME YTD	6,599,000	6,599,000	72,021.34	

The State of the Buckets

Review of Current
Status of Funds:
'Bucket Report'

Other Funds

Unrestricted
Unitary Tax

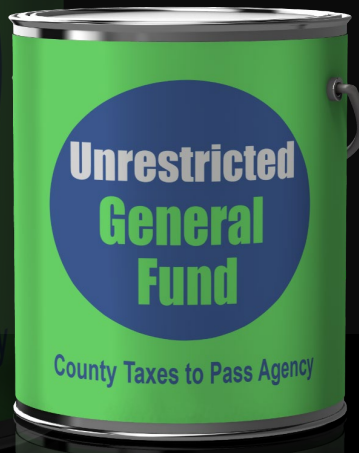
Debt Service

SGPWA Special Tax

We Control Income

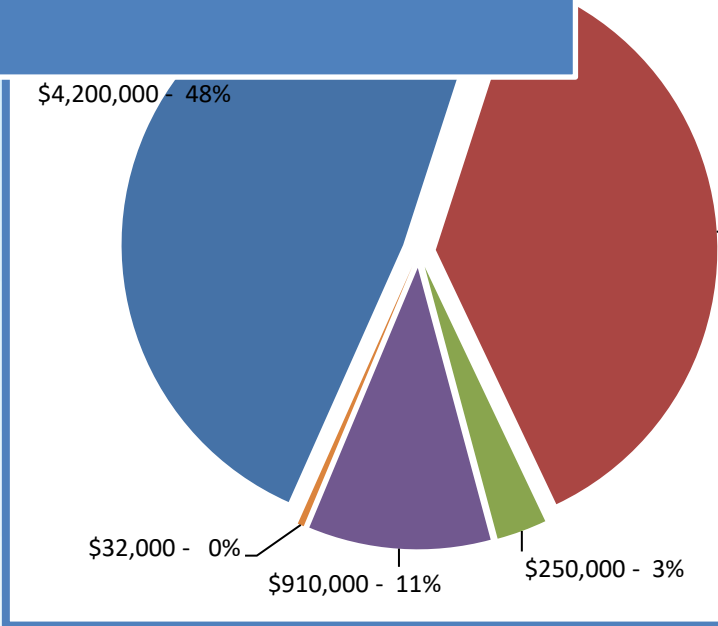
We DON'T Control Income

We DON'T Control Income

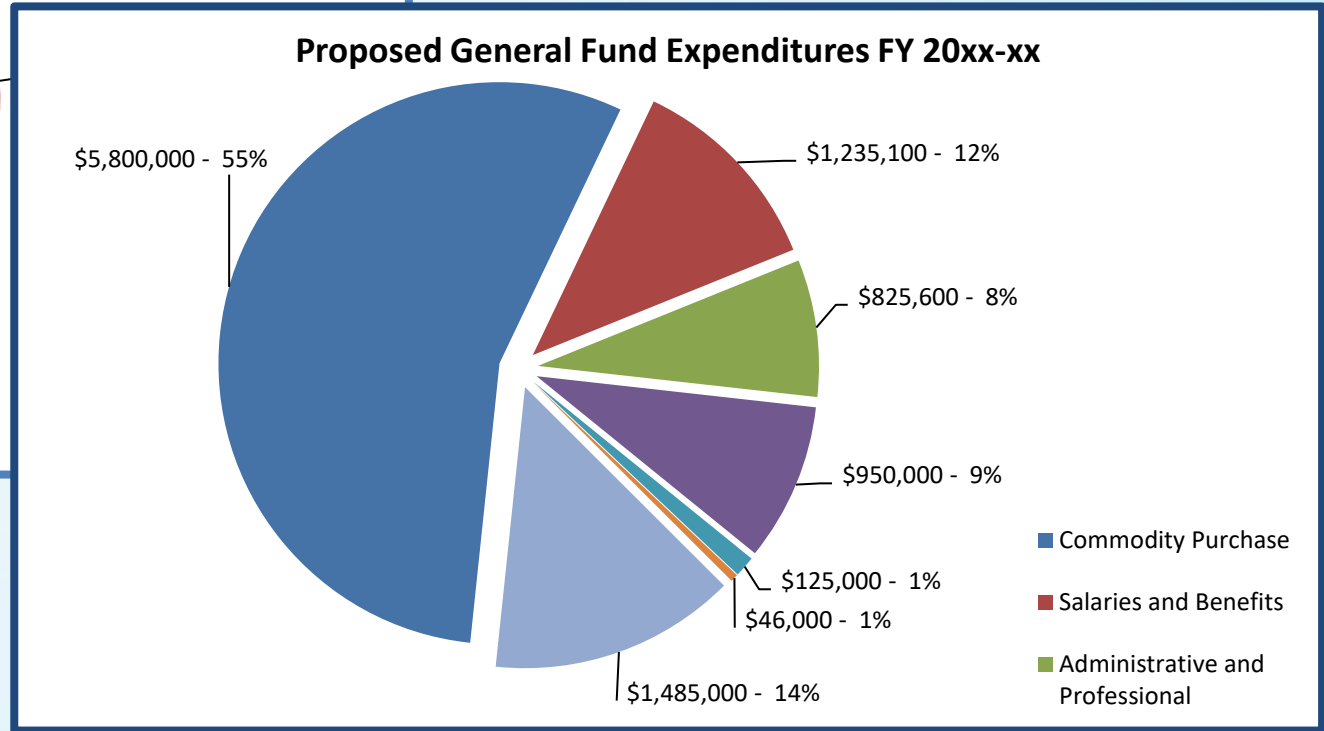


Charts – Financial Matters

Revenue FY 20xx-xx



Proposed General Fund Expenditures FY 20xx-xx



Agency Maps and Board Members



Board of Directors 2024



Larry Smith
Director, Division 5



Dr. Blair M Ball
Director, Division 4



Ron Duncan
Director, Division 1



Mickey Valdivia
President, At Large No. 1



Kevin Walton
Secretary, Division 3

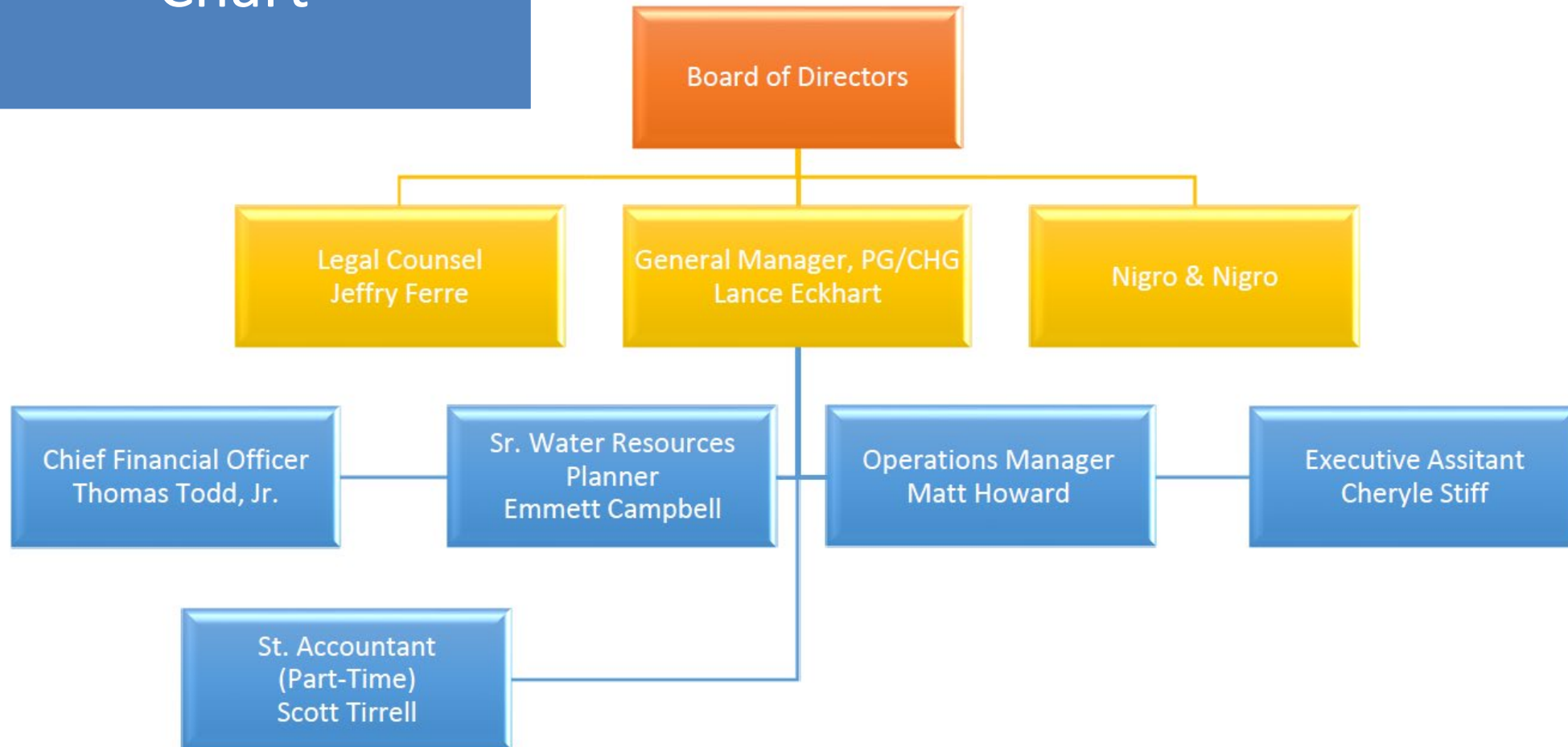


Chander Letulle
Vice President, Division 2



Robert Ybarra
Treasurer, At Large No. 2

Agency Organization Chart



Current List of Acronyms

San Gorgonio Pass Water Agency		
List of Some Acronyms and Vendors and Their Functions		
Acronym	Name	Function
CAIPEERS	California Public Employees Retirement System	Provides retirement and health insurance services for public agencies in California
CAMP	California Asset Management Plan	Financial entity that advises and manages investments for public agencies in California
COBRA	Consolidated Omnibus Budget Reconciliation Act	Designation for continued health coverage
CONTEM	Control Temp, Inc.	Provides building maintenance for heating and air conditioning
DUCCLE	Ducking Clean	Provides building maintenance for outside cleaning - gutters and solar panels

DWR	Department of Water Resources
EBX	East Branch
EDD	Employee Development
EFTPS	Electronic Funds Transfer Payment System
ERSC	Engineering Research and Consulting Services
ESRI	Environmental Systems Research Institute
GSA	Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan
HCN	HCN Bank
HdL Coren & Cone	Homeowner Association
HOX	Homeowner Association
IERCD	Inland Empire Regional Council of Governments
LAFCO	Local Agency Formation Commission
LAIF	Local Agency Inland Empire
LAMMA	Local Agency Mutual Water Association
MAPILA	Matthew Pisano
OAP	Off-Aqueduct
OPEB	Other Post-Employment Benefits

San Gorgonio Pass Water Agency		
List of Some Acronyms and Vendors and Their Functions		
Acronym	Name and Function	Version
PPIC	Public Policy Institute of California	Think tank on issues in California
PROPRI	Provost & Pritchard	Provides engineering and other consulting services
RC	Riverside County	
RDV	Redevelopment	
SBE	State Board of Equalization	
SCADA	Supervisory Control and Data Acquisition	
SMIF	Surplus Money Investment Fund	State of California depository for government funds that are not currently needed
SRJP	Sites Reservoir Joint Powers Authority	Joint powers authority formed to construct and manage Sites Reservoir
STAINS	Standard Insurance Company	Disability insurance provider
SWC	State Water Contractors	Affinity organization representing districts and agencies that have a water supply contract with the state of California
SWP	State Water Project	System of reservoirs, aqueducts, and pump stations that distributes water throughout the state of California; governed by agreements called water supply contracts
TSAB	Tehachapi Second After-Bay	A DWR facility that SGPWA participates in
UNIVAR	Univar Solutions, Inc.	Provides EarthTec solution for water treatment
UWMP	Urban Water Management Plan	
WSRB	Water System Revenue Bonds	Bonds sold by the state of California to pay for SWP construction
YTD	Year to Date	