

San Gorgonio Pass Water Agency

DATE: July 26, 2021

TO: Board of Directors

FROM: Lance Eckhart, General Manager

BY: Tom Todd, Jr., Chief Financial Officer

SUBJECT: SETTING TAX RATE FOR FY 2021-22 – RESOLUTION 2021-12

RECOMMENDATION

The Board approve Resolution 2021-12, setting the tax rate for FY 2021-22.

PREVIOUS CONSIDERATION

- Finance & Engineering Workshop – July 16, 2021: The Board reviewed and discussed the proposed Debt Service Fund budget.

BACKGROUND

Each fiscal year, the Board must set the tax rate. The Board reviews the Debt Service Budget, then decides on a rate that will provide sufficient income to meet the Agency obligations for payments for the State Water Project and related expenses. Then the rate must be communicated to the County of Riverside Office of the Auditor-Controller. This must be communicated by August 5, 2021, to comply with State requirements.

ANALYSIS

The Board has reviewed the proposed Debt Service Budget for FY 2021-22. The budget included a proposed tax rate, which is set at such an amount that enough revenue will be generated to meet the expense requirements of the State Water Project and related expenses.

FISCAL IMPACT

The draft Debt Service Budget proposes \$25,632,403 in expenditures. If the tax rate is maintained at \$0.175 per \$100 of assessed value, the Agency could expect about \$22 million in tax revenue. Information from HdL Associates and the newly acquired Raftelis financial model, combined with the Agency's historical data, suggests an increased assessed valuation of about 10%. This level of revenue, even with the change in the allocation of SBE income, is expected to provide a total of just over \$26 million.

Income includes tax revenue, bond cover refunds, contributions towards Sites Reservoir planning costs from Beaumont-Cherry Valley Water District, and interest. The leftover

amount will be added to reserves, which will be needed to pay for the significantly increased EBX bond payments during years 2026, 2027, 2028, and 2029.

ACTION

The Board approve Resolution 2021-12, setting the tax rate for FY 2021-22.

ATTACHMENTS

Resolution 2021-12

RESOLUTION NO. 2021-12

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY DETERMINING THE AMOUNT OF MONEY NEEDED TO MAKE ANNUAL PAYMENTS FOR THE INTEREST AND PRINCIPAL ON GENERAL OBLIGATION BONDS AND FOR OTHER INDEBTEDNESS APPROVED BY THE VOTERS PRIOR TO JULY 1, 1978, AND/OR FOR WHICH A TAX LEVY IS REQUIRED UNDER ARTICLE 1, SECTION 10 OF THE UNITED STATES CONSTITUTION AND MAKING A TAX LEVY THEREOF.

WHEREAS, the Attorney General of the State of California has ruled in his opinion No. CV 78/90 that property taxes levied by local water districts necessary to provide for payments to the state under the state water supply contract fall within Section 1 (b) of Article XIII A of the California Constitution; now therefore,

BE IT RESOLVED by the Board of Directors of the San Gorgonio Pass Water Agency, as follows:

1. That said Board of Directors has determined that the amount of money needed to make annual payments during the fiscal year beginning July 1, 2021, and ending June 30, 2022, for the interest and principal on general obligation bonds and other indebtedness approved by the voters prior to July 1, 1978, and/or required by Article 1, Section 10 of the United States Constitution is **\$25,632,403** for payments on the Contract between the State of California Department of Water Resources and San Gorgonio Pass Water Agency for a water supply dated November 16, 1962, and hereby fixes the rate of tax which will raise the amount of money required by said Agency at the following amounts per hundred dollars of assessed valuation of taxable property within said Agency:

\$ 0.1750 State Water Contract

2. That the Board of Directors of the San Gorgonio Pass Water Agency does hereby certify the rate so fixed, and as herein before set forth, to the Board of Supervisors of the County of Riverside, State of California, and to the County Auditor of said County.

3. That pursuant to California Water Code - Appendix Section 101-27 the determination of the amount necessary to be raised by taxation for such purpose during the fiscal year and the order fixing the rate of tax made herein shall constitute a valid assessment of the property within the Agency and a valid levy of the taxes so fixed. Said levy is permitted by California Revenue and Taxation Code Section 93 and/or required by Article 1, Section 10 of the United States Constitution.

4. That a certified copy of this resolution be transmitted to the County Auditor of said County, and that when so transmitted, said certified copy shall constitute the certification required in Section 101-27 of the California Water Code - Appendix.

5. That funds received by the San Geronio Pass Water Agency pursuant to the aforesaid tax levy shall be placed in a separate fund identified for such indebtedness set forth above and shall be disbursed only for lawful payments on such indebtedness.

Said Resolution was adopted by roll call vote as follows:

AYES:

NOES:

ABSTAIN:

ABSENT:

I certify that the foregoing is a true and correct copy of Resolution No. 2021-12, adopted by the Board of Directors of the San Geronio Pass Water Agency at its regular meeting held on July 26, 2021.

Stephen J. Lehtonen, President of the Board

RESOLUTION NO. 2021-12

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE)

I, Lance E. Eckhart, the duly elected and acting Secretary of the Board of Directors of the San Gorgonio Pass Water Agency, hereby certify the foregoing to be a full and correct copy of Resolution No. 2021-12 adopted by the Board of Directors on July 26, 2021, at a duly held meeting at which a quorum was present.

I, Lance E. Eckhart, also hereby certify that a copy of this Resolution No. 2021-12 has been forwarded to the County Auditor/Controller's office for recording as of the date stated below and to the officer whose signature appears below.

Lance E. Eckhart
Secretary to the Board

DATE: _____

Received by Fendy Kao via Email
Officer – Supervising Accountant of
the Riverside Property Tax Division

DATE: _____