

SAN GORGONIO PASS WATER AGENCY
Finance & Budget Committee Meeting
Agenda



SAN GORGONIO PASS
WATER AGENCY
A California State Water Project Contractor

June 19, 2025, at 3:30 p.m.

1210 Beaumont Avenue, Beaumont, CA 92223

*This meeting is being held virtually and in person.
Link and telephone option provided is available for the
convenience of the public.*

TO JOIN VIA ZOOM: [Zoom Teleconference Link](#)

TO JOIN THE MEETING BY TELEPHONE

CALL: 669-900-6833 | MEETING ID: 942 7637 8467

Members of the public who wish to comment on any item within the jurisdiction of the Agency or any item on the agenda may submit comments by emailing mcabral@sgpwa.com or may do so during the meeting. Comments will become part of the meeting record.

****In order to reduce feedback, please mute your audio when you are not speaking.***

*Esta reunión se llevará a cabo virtualmente y en persona.
El enlace y la opción telefónica proporcionada
es para la comodidad del público.*

PARA UNIRSE VÍA ZOOM: [Zoom Teleconference Link](#)

PARA UNIRSE A LA JUNTA CON LA OPCIÓN TELEFONICA

LLAMAR: 669-900-6833 | ID DE REUNIÓN: 942 7637 8467

Los miembros del público que deseen comentar sobre cualquier tema dentro de la jurisdicción de la Agencia o cualquier tema en la agenda pueden enviar comentarios por correo electrónico a mcabral@sgpwa.com o pueden hacerlo durante la reunión. Los comentarios pasarán a formar parte del registro de la reunión de la Junta.

****Para reducir los comentarios, silencia el audio cuando no estés hablando.***

1. Call to Order, Pledge of Allegiance, and Roll Call

2. Adjustment and Adoption of Agenda

3. Public Comment: Members of the public may address the Committee at this time concerning items relating to any matter within the Agency's jurisdiction. There will be an opportunity to comment on specific agenda items as the items are addressed. Speakers are requested to keep their comments to no more than five minutes. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Committee or Staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to Staff for follow-up.

1210 Beaumont Avenue | Beaumont | CA 92223
P: 951.845.2577 | F: 951.845.0281 | www.sgpwa.com

President

Mickey Valdivia

Vice President

Chander Letulle

Treasurer

Robert Ybarra

Secretary

Kevin Walton

Directors

Dr. Blair M Ball

Sarah Wargo

Larry Smith

General Manager

Lance Eckhart,

PG, CHG

Legal Counsel

Jeffrey Ferre

4. Approval of the Minutes

- A. Approval of the Minutes of the Finance & Budget Committee Meeting, May 28, 2025, [\(pg. 4\)](#)

5. New Business – Discussion and Possible Action:

- A. Ratification of Paid Invoices and Monthly Payroll for May 2025, [\(pg. 6\)](#)
- B. Review of Bank Reconciliation for May 2025, [\(pg. 9\)](#)
- C. Review of Budget Report for May 2025, [\(pg. 12\)](#)
- D. Review of Pending Legal Invoices for May 2025, [\(pg. 24\)](#)
- E. Gap Funding Report, [\(pg. 25\)](#)
- F. Review Appropriations Limit Report for FY 2025-26, [\(pg. 26\)](#)
- G. Consider Cost of Living Adjustment for FY 2025-26, [\(pg. 30\)](#)
- H. Consider Draft Debt Service Budget for FY 2025-26, [\(pg. 34\)](#)

6. Committee Member Comments

7. Announcements

- A. Regular Board Meeting, July 7, 2025 at 1:30 p.m.
- B. Regular Board Meeting, July 21, 2025 at 6:00 p.m.
- C. Finance & Budget Committee Meeting, July 24, 2025 at 10:00 a.m.

8. Adjournment

(1) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, during regular business hours. When practical, these public records will also be made available on the Agency's website, accessible at: www.sgpwa.com (2) Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

San Geronio Pass Water Agency

DATE: June 19, 2025

TO: Finance and Budget Committee

FROM: Lance Eckhart, General Manager

BY: Tom Todd, Jr., Chief Financial Officer

SUBJECT: Summary of Recommended Committee Actions

RECOMMENDATIONS

Recommendations for Finance and Budget Committee actions:

Item 4A: **Motion: The Committee approves the minutes.**

Item 5A: The Committee **accepts** payments as listed in the Check History reports for Accounts Payable and Payroll.

Item 5B: The Committee **accepts** the Bank Reconciliation.

Item 5C: The Committee **accepts** the Budget Report.

Motion: The Committee accepts items 5A-C.

Item 5D: **Motion: The Committee approves payment of the Legal Invoice.**

Item 5F: **Motion: The Committee recommends approval of the Appropriations Limit for FY 2025-26 by the Board.**

Item 5G: **Potential Motion: The Committee recommends approval of the Cost of Living Adjustment for FY 2025-26 by the Board.**

Item 5H: **Potential Motion: The Committee recommends consideration and approval of the Draft Debt Service Budget for FY 2025-26 by the Board.**

BACKGROUND

The Finance & Budget Committee reviews the necessary financial material during this meeting and will present its findings at the next regular Board meeting.

ACTION

The Committee takes the above listed actions and recommends Board ratification of the same.

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Finance and Budget Committee
May 28, 2025

THIS MEETING WAS HELD IN PERSON AND VIA ZOOM.

Committee Members Present:

In person

Robert Ybarra, Chair
Chander Letulle, Member
Kevin Walton, Member

Staff Present:

In person

Tom Todd, Jr., Chief Financial Officer
Lance Eckhart, General Manager

1. **Call to Order, Flag Salute, and Roll Call:** The San Gorgonio Pass Water Agency Finance and Budget Committee meeting was called to order by Chair Robert Ybarra at 10:05 a.m., May 28, 2025. Mr. Ybarra led the Pledge of Allegiance. Mr. Ybarra asked for a roll call. A quorum was present.
2. **Adjustment and/or Adoption of the Agenda.** The agenda was adopted as posted.
3. **Public Comment:** None.
4. **Approval of Minutes**
 - A. Approval of the Minutes of the Finance & Budget Committee Meeting, May 1, 2025.
Mr. Letulle moved, seconded by Mr. Walton, to approve the minutes of the Finance and Budget Committee meeting of May 1, 2025. Approved unanimously by voice vote.
5. **New Business**
 - A. Ratification of Paid Invoices and Monthly Payroll for April 2025
 - B. Review of Bank Reconciliation for April 2025
 - C. Review of Budget Report for April 2025
After review and discussion, Mr. Ybarra moved, seconded by Mr. Walton, to accept Items 5A-C. Approved unanimously by voice vote.
 - D. Review of Pending Legal Invoices for April 2025
After review and discussion, Mr. Letulle moved, seconded by Mr. Walton, to approve payment of the Legal Invoice. Approved unanimously by voice vote.
 - E. Gap Funding Report
The Committee reviewed the Gap Funding Report.

F. Review of Draft General Fund Budget for FY 2025-26

After review and discussion, Mr. Ybarra moved, seconded by Mr. Letulle, to forward the draft General Fund Budget for FY 2025-26 to the Board for review, discussion and possible approval. Approved unanimously by voice vote.

6. Committee Member Comments

There were no additional Committee comments.

7. Announcements

Mr. Ybarra reviewed the announcements:

- A. Regular Board Meeting, June 2, 2025, 1:30 p.m.
- B. Water Conservation and Education Committee Meeting, June 10, 2025, 1:30 pm
- C. Regular Board Meeting, June 16, 2025, 6:00 p.m.
- D. Finance & Budget Committee Meeting, June 26, 2025, 10:00 a.m.

8. Adjournment

The Finance and Budget Committee of the San Geronio Pass Water Agency was adjourned by Mr. Ybarra at 10:41 a.m.

Draft - Subject to Committee Approval

Robert Ybarra, Committee Chair

San Geronio Pass Water Agency
Check History Report
May 1 through May 31, 2025

ACCOUNTS PAYABLE

Date	Number	Name	Amount
5/2/25	121756	STANDARD INSURANCE COMPANY	831.62
5/2/25	121757	PUBLIC AGENCY RETIREMENT SERVICES	1,666.00
5/5/25	121758	ATAC EXTERMINATORS INC	89.00
5/5/25	121759	BEAUMONT-CHERRY VALLEY WATER DISTRICT	514.62
5/5/25	121760	BEST BEST & KRIEGER	23,865.01
5/5/25	121761	CALIFORNIA RURAL WATER ASSN	9,586.50
5/5/25	121762	CV STRATEGIES	22,518.75
5/5/25	121763	I. E. RESOURCE CONSERVATION DISTRICT	23,575.00
5/5/25	121764	PURCOR PEST SOLUTIONS	66.80
5/5/25	121765	SAN BERNARDINO VALLEY MUNI WATER DISTRICT	70,220.13
5/5/25	121766	UNLIMITED SERVICES	407.00
5/5/25	121767	UNDERGROUND SERVICE ALERT	10.00
5/5/25	121768	VERIZON BUSINESS	80.04
5/5/25	121769	WASTE MGT CORPORATE SERVICES	133.30
5/5/25	121770	WEAVER GRADING	2,200.00
5/19/25	121771	ACWA BENEFITS	1,126.91
5/19/25	121772	ALBERT WEBB ASSOCIATES	64,056.42
5/19/25	121773	CONTROL TEMP, INC.	185.00
5/19/25	121774	CRM TECH	5,650.00
5/19/25	121775	CRIDER PUBLIC RELATIONS	1,976.25
5/19/25	121776	CV STRATEGIES	18,853.75
5/19/25	121777	THE FERGUSON GROUP	2,500.00
5/19/25	121778	FRONTIER COMMUNICATIONS	377.40
5/19/25	121779	HDL COREN & CONE	6,689.43
5/19/25	121780	T. R. HOLLIMAN	525.00
5/19/25	121781	LAND ENGINEERING CONSULTANTS	30,436.50
5/19/25	121782	LENITY TECHNOLOGY	3,718.99
5/19/25	121783	MATTHEW PISTILLI LANDSCAPE SERVICES	3,025.00
5/19/25	121784	PUBLIC AGENCY RETIREMENT SERVICES	1,633.00
5/19/25	121785	PARS ADMINISTRATION	400.00
5/19/25	121786	PROVOST & PRITCHARD	13,637.00
5/19/25	121787	SAN BERNARDINO VALLEY MUNI WATER DISTRICT	56,057.15
5/19/25	121788	SOUTHERN CALIFORNIA GAS	74.74
5/19/25	121789	YUBA CITY	675,000.00
5/28/25	121790	CABAZON WATER DISTRICT	120,000.00
5/28/25	121791	HIGH VALLEYS WATER DISTRICT	387,932.50
5/28/25	121792	WELLS FARGO ELITE CREDIT CARD	12,253.62
5/2/25	901084	EMPLOYMENT DEVELOPMENT DEPARTMENT	2,668.70
5/2/25	901085	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	15,957.01
5/2/25	901086	CALPERS RETIREMENT	10,633.37
5/2/25	901087	CAL PERS RETIREMENT - SIP-457	5,039.00
5/2/25	901088	PAYCHEX	261.90
5/2/25	901089	LAWRENCE R. SMITH - REIMBURSEMENT	510.40
5/17/25	901090	EMPLOYMENT DEVELOPMENT DEPARTMENT	2,300.89
5/17/25	901091	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	13,847.16
5/17/25	901092	CALPERS RETIREMENT	10,633.37
5/17/25	901093	CAL PERS RETIREMENT - SIP-457	5,189.00

San Gorgonio Pass Water Agency
Check History Report
May 1 through May 31, 2025

ACCOUNTS PAYABLE (CON'T)

Date	Number	Name	Amount
5/17/25	901094	PAYCHEX	269.50
5/17/25	901095	KEVIN D. WALTON - REIMBURSEMENT	1,493.58
5/17/25	901096	SARAH C. WARGO - REIMBURSEMENT	185.35
5/17/25	901097	ROBERT G. YBARRA - REIMBURSEMENT	2,567.44
5/19/25	901098	CALPERS HEALTH	13,353.86
5/19/25	901099	CALPERS RETIREMENT	343,000.00
5/19/25	901100	CALPERS CERBT	214,000.00
5/30/25	901110	DEPARTMENT OF WATER RESOURCES	1,186,779.00
TOTAL ACCOUNTS PAYABLE CHECKS			<u>3,390,561.96</u>

PAYROLL

Date	Number	Name	Amount
5/1/25	802946	MARICELA V. CABRAL	3,951.21
5/1/25	802947	EMMETT G. CAMPBELL	3,598.13
5/1/25	802948	LANCE E. ECKHART	6,682.23
5/1/25	802949	MATTHEW E. HOWARD	4,668.27
5/1/25	802950	CHANDER P. LETULLE	2,131.44
5/1/25	802951	LAWRENCE R. SMITH	2,935.04
5/1/25	802952	SCOTT W. TIRRELL	410.14
5/1/25	802953	THOMAS W. TODD, JR.	4,077.29
5/1/25	802954	MICHAEL R. VALDIVIA	2,935.05
5/1/25	802955	SARAH C. WARGO	2,877.57
5/1/25	802956	ROBERT G. YBARRA	2,935.04
5/16/25	802957	MARICELA V. CABRAL	3,850.54
5/16/25	802958	EMMETT G. CAMPBELL	3,598.12
5/16/25	802959	LANCE E. ECKHART	6,682.23
5/16/25	802960	MATTHEW E. HOWARD	4,668.29
5/16/25	802961	SCOTT W. TIRRELL	184.30
5/16/25	802962	THOMAS W. TODD, JR.	4,077.29
5/16/25	802963	KEVIN D. WALTON	2,805.33
TOTAL PAYROLL			<u>63,067.51</u>
TOTAL DISBURSEMENTS FOR MAY 2025			<u><u>3,453,629.47</u></u>

NOTES

*Reimbursements to Staff and Directors may include medical, wellness, travel or office expenditures.
Check and expenditure series numbers:

121xxx	Accounts payable checks
802xxx	Payroll direct deposits to employees
900xxx	Electronic Funds Transfers

SAN GORGONIO PASS WATER AGENCY
New Vendors List
June 2025

Vendor - Name and Address	Expenditure Type
---------------------------	------------------

no new vendors to report

9

**SAN GORGONIO PASS WATER AGENCY
DEPOSIT RECAP
FOR THE MONTH OF MAY 2025**

DATE	RECEIVED FROM	DESCRIPTION	AMOUNT
DEPOSIT TO CHECKING ACCOUNT			
5/6/25	STATE OF CALIF/DWR	BOND COVER REFUND	222,751.00
5/6/25	STATE OF CALIF/DWR	WSRB BOND COVER REFUND	164,266.00
5/6/25	STATE OF CALIF/DWR	POWER DEBT SERVICE REFUND	17,744.00
5/6/25	STATE OF CALIF/DWR	TEHACHAPIE 2ND AFTERBAY CVR RFND	4,427.00
5/6/25	STATE OF CALIF/DWR	EBX BOND COVER REFUND	1,340,518.00
5/8/25	RIVERSIDE COUNTY	PROPERTY TAXES SBE-UNITARY	8,423,364.15
5/12/25	RIVERSIDE COUNTY	PROPERTY TAXES HOMOWNERS' EXEMPT.	78,150.94
5/12/25	TOM TODD, JR.	CREDIT CARD REPAYMENT	87.82
5/15/25	RIVERSIDE COUNTY	PROPERTY TAXES SUPPLEMENTAL	471,609.84
5/20/25	SAN BERNARDINO COUNTY	PROPERTY TAXES - MAY25 DEPOSIT	10.04
5/20/25	BLAIR BALL	REPAYMENT - BREAKFAST MEETING	25.00
5/29/25	RIVERSIDE COUNTY	PROPERTY TAXES SECURED	10,969,918.69
5/29/25	BCVWD	WATER SALES	558,999.00
5/29/25	RIVERSIDE COUNTY	ARPA GRANT - HELI-HYDRANT	120,000.00
TOTAL FOR MAY 2025			22,371,871.48

SAN GORGONIO PASS WATER AGENCY

Local Water Purchases and Deliveries
Calendar Year 2025
DRAFT - Subject to Change
May 15, 2025

ORDERS (AF)					
City of Banning		BCVWD		YVWD	
Replenish	Pre-Stored	Replenish	Pre-Stored	Direct	Pre-Stored*
1,500	250	11,200	5,000	200	0

Delivery Point						Pre-Stored Water					
Month	Brookside East	LSGC	Noble Connect.	SBVMWD	Total	SGPWA Transfers-In	SGPWA Transfers-Out	SGPWA Balance	Banning Transfers-In	BCVWD Transfers-In	YVWD Transfers-In
Bal. Prior Year						Bal. Prior Year		1,595			
Jan	10		43		53	10		1,605			
Feb	397		637		1,034	397		2,002			
Mar	724		1,582	13	2,319	724		2,726			
Apr	572		1,401		1,973	572		3,298			
May	126		1,389		1,515	126		3,424			
Jun					0						
Jul					0						
Aug					0						
Sep					0						
Oct					0						
Nov					0						
Dec					0						
TOTALS	1,829	0	5,052	13	6,894	1,829	0		0	0	0

Billing Detail										
Month	City of Banning			BCVWD			YVWD			Totals
	Deliveries	Transfers-in	Total	Deliveries	Transfers-in	Total	Deliveries	Transfers-in	Total	
Jan			0	43		43			0	43
Feb			0	637		637			0	637
Mar			0	1,582		1,582	13		13	1,595
Apr			0	1,401		1,401			0	1,401
May			0	1,389		1,389			0	1,389
Jun			0			0			0	0
Jul			0			0			0	0
Aug			0			0			0	0
Sep			0			0			0	0
Oct			0			0			0	0
Nov			0			0			0	0
Dec			0			0			0	0
TOTALS	0	0	0	5,052	0	5,052	13	0	13	5,065

*Pre-stored water for YVWD will be delivered thru the Brookside East facility.

San Geronio Pass Water Agency
Budget Highlights

May 2025

Overall Summary

All expense categories are within budget with two exceptions, one of which has been noted in previous reports. All income line items have exceeded projections except for one line item.

General Fund (Green Bucket)

Income

Tax revenue from May exceed expectations. As a result, tax revenue has exceeded projections for the fiscal year. Current receipts are about 10% more than last fiscal year. An additional \$150,000 may be received from June through August, the end of the tax year.

However, Grant Revenue is much less than expected, which affects the category total significantly. Additional grant revenue is not expected before the end of the fiscal year.

Expenses

These categories were previously mentioned:

- Computer, Website and Phone Support
- Insurance and Bonds
- Dues and Assessments
- Yucaipa GSA

All categories are within budget at this time, except Legal Services, which has been previously reported.

The individual line items listed below have experienced excess expenses this month:

- Other-Post Employment Benefits (OPEB)
- Employee Education

Consigned – SWP Support Fund (Orange Bucket)

Tax revenue was received this month, which exceeded projections. Because Tax Collection Charges are a factor of the amount received, this line item has also exceed projections this month. In addition, interest is also exceeding expectations, which makes the net addition to reserves of the Orange Bucket significantly more than projected.

Debt Service Fund (Red Bucket)

Income

As mentioned under the General Fund, tax revenue from May exceed expectations. As a result, tax revenue has exceeded projections for the fiscal year. Current receipts are about 10% more than last fiscal year. Also, interest revenue is exceeding projections. This category is currently almost 11% more than projected for the fiscal year.

Expenses

Overall expenses for the Debt Service Fund are within budget. The individual line items listed below have experienced excess expenses this month:

- Purchased Water
- Benefits
- Water Transfers

These items are counter-balanced by other line items, which results in Debt Service expenses being under projections for this month.

Gap Funding Program

Banning Heights Mutual Water Company and Cabazon Water District's Heli-Hydrant project have increased the amount expended for Gap Funding beyond expectations. Income is below expectations, so while the whole category has expended more than projected, the purpose for the Gap Funding Program is being utilized for the significant projects that were envisioned.

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FY 2024-25
FOR THE ELEVEN MONTHS ENDING ON MAY 31, 2025

				FISCAL YEAR JULY 1, 2024 - JUNE 30, 2025				
				1	2	3	4	5
				ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
GENERAL FUND								
GENERAL FUND - INCOME							Remaining %	8%
1	WATER SALES	7,100,000		7,100,000		8,908,060.83	25.5%	
2	OTHER WATER SALES	0		0		0.00	NA	
3	TAX REVENUE	12,400,000		12,400,000		12,571,555.89	1.4%	
4	INTEREST	270,000		270,000		654,292.31	142.3%	
5	GOV'T CONTRIBUTIONS	42,000		42,000		0.00	-100.0%	
6	GRANT REVENUE	6,000,000		6,000,000		121,065.00	-98.0%	
7	OTHER MISCELLANEOUS INCOME	35,000		35,000		43,607.92	24.6%	
8	TOTAL GENERAL FUND INCOME	25,847,000	0	25,847,000		22,298,581.95	-13.7%	
GENERAL FUND - EXPENSES								
COMMODITY PURCHASE								
12	PURCHASED WATER FOR DELIVERY	8,500,000		8,500,000		3,930,337.20	53.8%	
13	PURCHASED WATER FOR BANKING (FUTURE SALE)	1,000,000		1,000,000		0.00	100.0%	
14	TOTAL COMMODITY PURCHASE	9,500,000	0	9,500,000		3,930,337.20	58.6%	
SALARIES AND EMPLOYEE BENEFITS								
17	SALARIES	640,000	25,000	665,000		553,210.49	16.8%	
18	PAYROLL TAXES	52,000	3,000	55,000		50,750.71	7.7%	
19	PAYROLL SERVICE	6,000	6,000	12,000		8,083.05	32.6%	
20	RETIREMENT	250,000	100,000	350,000		349,489.89	0.1%	
21	OTHER POST-EMPLOYMENT BENEFITS (OPEB)	145,000	50,000	195,000		206,659.41	-6.0%	
22	HEALTH INSURANCE	54,000	3,000	57,000		46,875.13	17.8%	
23	ACWA BENEFITS	9,000	1,000	10,000		7,578.66	24.2%	
24	DISABILITY INSURANCE	6,000		6,000		4,914.56	18.1%	
25	WORKERS COMPENSATION INSURANCE	6,000		6,000		3,253.46	45.8%	
26	SGPWA STAFF MEDICAL REIMBURSEMENT	11,000		11,000		6,245.37	43.2%	
27	EMPLOYEE EDUCATION	4,000		4,000		5,764.42	-44.1%	
28	TOTAL SALARIES AND EMPLOYEE BENEFITS	1,183,000	188,000	1,371,000		1,242,825.15	9.3%	

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FY 2024-25
FOR THE ELEVEN MONTHS ENDING ON MAY 31, 2025

				FISCAL YEAR JULY 1, 2024 - JUNE 30, 2025				
				1	2	3	4	5
				ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
GENERAL FUND - EXPENSES								
	ADMINISTRATIVE AND PROFESSIONAL SERVICES						Remaining %	8%
	DIRECTOR EXPENDITURES							
33	DIRECTORS FEES	275,000		275,000		205,644.65	25.2%	
34	DIRECTORS TRAVEL AND EDUCATION	80,000		80,000		57,530.45	28.1%	
35	DIRECTORS MEDICAL REIMBURSEMENT	43,000		43,000		9,903.77	77.0%	
	OFFICE EXPENDITURES							
37	OFFICE EXPENSE	40,000		40,000		25,925.59	35.2%	
38	POSTAGE	1,000		1,000		867.93	13.2%	
39	TELEPHONE	8,000		8,000		8,002.92	0.0%	
40	UTILITIES	17,000		17,000		3,682.96	78.3%	
	SERVICE EXPENDITURES							
42	COMPUTER, WEBSITE AND PHONE SUPPORT	54,000		54,000		63,608.33	-17.8%	
43	GENERAL MANAGER AND STAFF TRAVEL	25,000	10,000	35,000		39,861.60	-13.9%	
44	SUCCESSION PLANNING	65,000		65,000		21,500.00	66.9%	
45	INSURANCE AND BONDS	55,000		55,000		57,805.89	-5.1%	
46	ACCOUNTING AND AUDITING	22,000		22,000		20,000.00	9.1%	
47	DUES AND ASSESSMENTS	45,000		45,000		61,327.32	-36.3%	
48	OTHER PROFESSIONAL SERVICES	35,000		35,000		15,375.00	56.1%	
49	BANK CHARGES	1,000		1,000		0.00	100.0%	
50	MISCELLANEOUS EXPENSES	1,000		1,000		0.00	100.0%	
	MAINTENANCE AND EQUIPMENT EXPENDITURES							
52	TOOLS PURCHASE AND MAINTENANCE	2,000		2,000		603.78	69.8%	
53	MAINTENANCE AND REPAIRS - VEHICLE	10,000	15,000	25,000		14,624.75	41.5%	
54	MAINTENANCE AND REPAIRS - BUILDING	40,000		40,000		37,019.10	7.5%	
55	MAINTENANCE AND REPAIRS - FIELD	50,000		50,000		35,487.20	29.0%	
	COUNTY EXPENDITURES							
57	LAFCO COST SHARE	10,000		10,000		7,800.78	22.0%	
58	ELECTION EXPENSE	150,000		150,000		45,821.40	69.5%	
59	TAX COLLECTION CHARGES	60,000		60,000		50,571.34	15.7%	
60	TOTAL ADMINISTRATIVE AND PROFESSIONAL SERVICES	1,089,000	25,000	1,114,000		782,964.76	29.7%	

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FY 2024-25
FOR THE ELEVEN MONTHS ENDING ON MAY 31, 2025

				FISCAL YEAR JULY 1, 2024 - JUNE 30, 2025				
				1	2	3	4	5
				ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
GENERAL FUND - EXPENSES								
	CONSULTING AND ENGINEERING SERVICES						Remaining %	8%
	PLANS & CONSTRUCTION							
65	INFRASTRUCTURE PLAN - Phase 2	25,000		25,000		4,809.60	80.8%	
66	BACKBONE INFRASTRUCTURE STUDY AND DESIGN	150,000		150,000		0.00	100.0%	
67	BUNKER HILL BANKING AND RECOVERY PROGRAM	75,000		75,000		0.00	100.0%	
68	COUNTY LINE RECHARGE	1,250,000		1,250,000		176,342.40	85.9%	
69	SMALL SYSTEM ASSISTANCE PROGRAM	210,000		210,000		97,960.89	53.4%	
70	SIGNAGE AND FRONTAGE BROOKSIDE EAST	75,000		75,000		0.00	100.0%	
71	MONITORING WELL DRILLING	2,300,000		2,300,000		563,344.77	75.5%	
72	HELI-HYDRANT	1,800,000		1,800,000		0.00	100.0%	
	OTHER PROJECTS							
74	WATER BANKING INVESTIGATIONS	25,000		25,000		0.00	100.0%	
75	SAN GORGONIO GSA	50,000		50,000		27,691.20	44.6%	
76	YUCAIPA GSA VERBENIA GSA	10,000		10,000		24,568.79	-145.7%	
77	FLUME MONITORING AND SUPPORT	30,000		30,000		0.00	100.0%	
	STUDIES AND REPORTS							
79	FINANCIAL MODELING + NEXUS RATE STUDY	90,000		90,000		74,524.02	17.2%	
80	USGS STUDIES AND MONITORING	300,000		300,000		50,944.00	83.0%	
81	WATER PORTFOLIO	100,000		100,000		52,755.44	47.2%	
82	LOCAL SUPPLIES	50,000		50,000		9,425.00	81.2%	
83	LOCAL RECHARGE FEASIBILITY STUDIES	750,000		750,000		0.00	100.0%	
84	UWMP SUPPORT AND ANNUAL REPORT COMPLETION	25,000		25,000		885.00	96.5%	
	GENERAL ENGINEERING SERVICES							
86	ON-CALL AGENCY ENGINEER	250,000		250,000		136,467.29	45.4%	
87	GRANT SUPPORT SERVICES	75,000		75,000		24,000.00	68.0%	
88	STATE + FEDERAL ADVOCACY	30,000		30,000		0.00	100.0%	
89	SAWPA REGIONAL PROJECTS	36,000		36,000		28,484.21	20.9%	
90	GENERAL ENGINEERING and ENVIRONMENTAL	75,000		75,000		0.00	100.0%	
91	TOTAL CONSULTING AND ENGINEERING SERVICES	7,781,000	0	7,781,000		1,272,202.61	83.6%	

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FY 2024-25
FOR THE ELEVEN MONTHS ENDING ON MAY 31, 2025

				FISCAL YEAR JULY 1, 2024 - JUNE 30, 2025				
				1	2	3	4	5
				ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
GENERAL FUND - EXPENSES								
							Remaining %	8%
	LEGAL SERVICES							
96	LEGAL SERVICES	200,000	60,000	260,000	271,920.86	-4.6%		
97	TOTAL LEGAL SERVICES	200,000	60,000	260,000	271,920.86	-4.6%		
	CONSERVATION AND EDUCATION							
100	SCHOOL EDUCATION PROGRAMS	60,000		60,000	42,972.00	28.4%		
101	PUBLIC INFORMATION AND EDUCATION	260,000		260,000	156,926.24	39.6%		
102	SPONSORSHIPS	0		0	8,950.00	NA		
103	TRANSFER TO PASS WATER AGENCY FOUNDATION	32,000		32,000	10,000.00	68.8%		
104	65th ANNIVERSARY CELEBRATION	20,000		20,000	11,836.25	40.8%		
105	TOTAL CONSERVATION AND EDUCATION	372,000	0	372,000	230,684.49	38.0%		
	MAJOR AND CAPITAL EXPENDITURES							
	BUILDING AND EQUIPMENT							
109	BUILDING	50,000		50,000	0.00	100.0%		
110	FRONT LANDSCAPING	75,000		75,000	0.00	100.0%		
111	FURNITURE AND OFFICE EQUIPMENT	25,000		25,000	0.00	100.0%		
112	OTHER EQUIPMENT	20,000		20,000	0.00	100.0%		
113	VEHICLES	125,000		125,000	0.00	100.0%		
	OTHER ITEMS							
115	SITES RESERVOIR	560,000		560,000	560,000.00	0.0%		
116	TOTAL MAJOR AND CAPITAL EXPENDITURES	855,000	0	855,000	560,000.00	34.5%		
118	TRANSFERS TO OTHER FUNDS			0				
120	TOTAL GENERAL FUND EXPENSES	20,980,000	273,000	21,253,000	8,290,935.07	61.0%		
122	GENERAL FUND NET INCOME YTD	4,867,000	-273,000	4,594,000	14,007,646.88			

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FY 2024-25
FOR THE ELEVEN MONTHS ENDING ON MAY 31, 2025

				FISCAL YEAR JULY 1, 2024 - JUNE 30, 2025				
				1	2	3	4	5
				ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
CONSIGNED - SWP SUPPORT FUND								
							Remaining %	8%
CONSIGNED - SWP SUPPORT FUND - INCOME								
INCOME								
130		UNITARY TAX REVENUE ALLOCATED		7,200,000		7,200,000	8,884,661.70	23.4%
131		INTEREST		240,000		240,000	630,251.40	162.6%
132		OTHER INCOME		0		0	0.00	NA
133		TOTAL SWP SUPPORT FUND INCOME		7,440,000	0	7,440,000	9,514,913.10	27.9%
CONSIGNED - SWP SUPPORT FUND - EXPENSES								
EXPENDITURES								
139		TAX COLLECTION CHARGES		18,000		18,000	22,407.19	-24.5%
140		OTHER EXPENSES		0		0	0.00	NA
141		TOTAL SWP SUPPORT FUND EXPENSES		18,000	0	18,000	22,407.19	-24.5%
143		TRANSFERS TO OTHER FUNDS						
145		CONSIGNED - SWP SUPPORT FUND NET INCOME YTD		7,422,000	0	7,422,000	9,492,505.91	

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FY 2024-25
FOR THE ELEVEN MONTHS ENDING ON MAY 31, 2025

				FISCAL YEAR JULY 1, 2024 - JUNE 30, 2025				
				1	2	3	4	5
				ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
DEBT SERVICE FUND								
DEBT SERVICE FUND - INCOME							Remaining %	8%
INCOME								
153	TAX REVENUE	29,400,000		29,400,000		29,400,000	31,503,801.86	7.2%
154	INTEREST	1,000,000		1,000,000		1,000,000	2,302,642.20	130.3%
155	CONTRIBUTIONS - GOVERNMENT	0		0		0	0.00	NA
156	DWR CREDITS - BOND COVER, OTHER	3,400,000		3,400,000		3,400,000	3,615,327.20	6.3%
157	TOTAL DEBT SERVICE FUND INCOME	33,800,000	0	33,800,000		33,800,000	37,421,771.26	10.7%
DEBT SERVICE FUND - EXPENSES								
EXPENSES								
160	PURCHASED WATER-SWP	0	1,800,000	1,800,000		1,833,838.00		-1.9%
161	SALARIES	500,000		500,000		418,977.66		16.2%
162	PAYROLL TAXES	35,000		35,000		24,661.04		29.5%
163	BENEFITS	320,000		320,000		378,299.44		-18.2%
164	SWP LEGAL SERVICES	0		0		0.00		NA
165	SWP UTILITIES	10,000		10,000		9,352.46		6.5%
166	STATE WATER CONTRACT AUDIT	7,000		7,000		6,495.00		7.2%
167	STATE WATER CONTRACTOR DUES	55,000		55,000		39,185.00		28.8%
168	DELTA CONVEYANCE FINANCING AUTHORITY	30,000		30,000		0.00		100.0%
169	WATER TREATMENT EXPENSE	100,000		100,000		53,749.37		46.3%
170	EBX CONTRACT OPERATIONS	400,000		400,000		264,202.17		33.9%
171	SWP ENGINEERING AND MAINTENANCE	3,400,000		3,400,000		90,766.94		97.3%
172	WATER TRANSFERS	2,500,000		2,500,000		2,626,205.50		-5.0%
173	STATE WATER CONTRACT PAYMENTS	25,600,000		25,600,000		22,855,774.00		10.7%
174	TAX COLLECTION CHARGES	160,000		160,000		147,675.37		7.7%
175	TOTAL DEBT SERVICE FUND EXPENSES	33,117,000	0	34,917,000		28,749,181.95		17.7%
177	TRANSFERS FROM RESERVES			0.00		0.00		
179	DEBT SERVICE NET INCOME YTD	683,000	0	-1,117,000		8,672,589.31		

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FY 2024-25
FOR THE ELEVEN MONTHS ENDING ON MAY 31, 2025

				FISCAL YEAR JULY 1, 2024 - JUNE 30, 2025				
				1	2	3	4	5
				ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
GAP FUNDING PROGRAM								
GAP FUNDING PROGRAM - INCOME								
185	CABAZON WATER DISTRICT #1		96,000			96,000	0.00	100.0%
186	SOUTH MESA WATER COMPANY		2,000,000			2,000,000	0.00	100.0%
187	HIGH VALLEYS WATER DISTRICT		500,000			500,000	0.00	100.0%
188	BANNING HEIGHTS MUTUAL WATER CO.		0			0	0.00	NA
191	TOTAL INCOME		2,596,000	0	2,596,000	0.00	100%	
GAP FUNDING PROGRAM - EXPENSES								
194	CABAZON WATER DISTRICT #1		0		0	292,664.18	NA	
195	SOUTH MESA WATER COMPANY		5,000,000		5,000,000	5,847,530.11	-17.0%	
196	HIGH VALLEYS WATER DISTRICT		1,000,000		1,000,000	908,627.50	9.1%	
197	BANNING HEIGHTS MUTUAL WATER CO.		0		0	566,528.75	NA	
198	CABAZON WATER DISTRICT #2		0		0	600,000.00	NA	
200	TOTAL EXPENSE		6,000,000	0	6,000,000	8,215,350.54	-36.9%	
202	GAP FUNDING PROGRAM NET BALANCE YTD		-3,404,000	0	-3,404,000	-8,215,350.54		

San Gorgonio Pass Water Agency

List of Some Acronyms and Vendors and Their Functions

Acronym	Name	Function and Information
ACWA	Association of California Water Agencies	Affinity organization that provides conferences, training, lobbying and insurance services for water agencies in California
ACWA JPIA	ACWA Joint Powers Insurance Agency	Designation for payments made for property, liability and workers compensation insurance
ACWABE	ACWA Benefits	Designation for dental, vision and life insurance
ALWEAS	Albert Webb Associates	Provides engineering consulting services
ARPA	American Rescue Plan Act	Grants from the Federal Government, channeled to counties, to fund specific projects.
AVEK	Antelope Valley-East Kern Water Agency	State Water Contractor
BBK	Best Best & Krieger	Provides legal counsel
BCVWD	Beaumont-Cherry Valley Water District	Provides retail water service in Beaumont
BHMWC	Banning Heights Mutual Water Company	Mutual water company within Agency boundaries
CalPERS	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
CWD	Cabazon Water District	Retail water agency within Agency boundaries
DUCCLE	Ducking Clean	Provides building maintenance for outside cleaning - gutters and solar panels
DWR	Department of Water Resources	Branch of the California government that is responsible for managing the SWP
EBE	East Branch Enlargement	Construction projects along the East Branch of the SWP to increase capacity
EBX	East Branch Extension	Infrastructure from East Branch of SWP to SGPWA service area
EDD	Employee Development Department	State of California department for collection of employment taxes
EFTPS	Electronic Federal Tax Payment System	Federal system for collection of employment taxes
ERSC	Engineering Services of Southern California	Provides engineering consulting services
ESRI	ESRI	Provides mapping services
FSA	Flexible Spending Account	Pre-tax deduction for health and dependent-care expenses
GSA	Groundwater Sustainability Act	or Groundwater Sustainability Agency; required under SGMA to manage groundwater
GSP	Groundwater Sustainability Plan	Plan required under SGMA to manage groundwater assets
HCN	HCN Bank	Local regional bank; formerly the Bank of Hemet
HdL Coren & Cone		Provide tax revenue consulting services.
HOX	Homeowners Exemption	Exemption for homeowners; also a tax revenue income received by the Agency
HVWD	High Valleys Water District	Mutual water company within Agency boundaries

San Gorgonio Pass Water Agency

List of Some Acronyms and Vendors and Their Functions

Acronym	Name	Function and Information
IERCD	Inland Empire Resources Conservation District	Special District that provides conservation education
LAFCO	Local Agency Formation Commission	Branch of Riverside County government; reviews district and agency formation
LAIF	Local Agency Investment Fund	Financial organization sponsored by the state California for public agencies to investment surplus money on a short-term basis
LAMMA	Local Agency Money Market Account	Investment account provided by HCN for local agencies
MAPILA	Matthew Pistilli Landscape Services	Provides landscape and gardening services
OAP	Off-Aqueduct Power	DWR invoice for specific facilities that are not directly part of the SWP aqueduct
OPEB	Other Post-Employment Benefits	
PARS	Public Agency Retirement Services	Provider of defined contribution plans, of which the Agency participates
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	
RPTTF	Redevelopment Property Tax Trust Fund	Proceeds of redevelopment properties that are sold and distributed to County entities.
SAWPA	Santa Ana Watershed Project Authority	Coordinates activities to protect the Santa Ana watershed
SBE	State Board of Equalization	AKA Unitary taxes
SBVMWD	San Bernardino Valley Municipal Water District	State Water Contractor in San Bernardino County and a partner with EBX
SCADA	Supervisory Control and Data Acquisition	Electronic monitoring and control system used by DWR and other water purveyors
SCWC	Southern California Water Coalition	
SGMA	Sustainable Groundwater Management Act	A legislative package that requires local agencies to form GSAs and develop GSPs.
SMIF	Surplus Money Investment Fund	State of California depository for government funds that are not currently needed
SMWC	South Mesa Water Company	Retail water agency within Agency boundaries
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	Professional 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

San Gorgonio Pass Water Agency

List of Some Acronyms and Vendors and Their Functions

Acronym	Name	Function and Information
USGS	U.S. Geological Survey	Federal agency that provides groundwater data and modeling
UWMP	Urban Water Management Plan	
WEF	Water Education Foundation	
WSRB	Water System Revenue Bonds	Bonds sold by the state of California to pay for SWP construction
YTD	Year to Date	
YVWD	Yucaipa Valley Water District	Retail water district with part of its service area within Agency boundaries
		Version 250131

SAN GORGONIO PASS WATER AGENCY

**LEGAL INVOICES
ACCOUNTS PAYABLE INVOICE LISTING**

<u>VENDOR</u>	<u>INVOICE NBR</u>	<u>COMMENT</u>	<u>AMOUNT</u>
BEST, BEST & KRIEGER	250531	LEGAL SERVICES MAY 2025	21,755.40

TOTAL PENDING INVOICES FOR APPROVAL JUNE 2025

21,755.40

San Geronio Pass Water Agency
Gap Funding Program
Summary Report
Report Date: June 11, 2025

OVERALL Current Balance: 8,095,350.54

(Owed to Agency)

Cabazon Water District #1	(CWD owes us) - Current Balance: 292,664.18
----------------------------------	----------------------------------------------------

Gap Funding Maximum: 1,300,000

Approximate Project Cost: 1,700,000.00

Approximate Gap Funding Available: 1,007,335.82

Payments Made to CWD: 1,576,885.54

Payments Received from CWD: 1,284,221.36

12/2/24

292,664.18

3/13/25

95,745.70

Cabazon Water District #2	(CWD owes us) - Current Balance: 480,000.00
----------------------------------	----------------------------------------------------

Gap Funding Maximum: 500,000

Approximate Project Cost: 600,000.00

Approximate Gap Funding Available: 20,000.00

Payments Made to CWD: 600,000.00

Payments Received from CWD: 120,000.00

4/29/25

360,000.00

5/28/25

120,000.00

5/28/25

120,000.00

South Mesa Water Company	(SMWC owes us) - Current Balance: 5,847,530.11
---------------------------------	-------------------------------------------------------

Gap Funding Maximum: 7,000,000

Approximate Project Cost: 10,300,000.00

Approximate Gap Funding Available: 1,152,469.89

Payments Made to SMWC: 6,325,017.13

Payments Received from SMWC: 477,487.02

1/14/25

2,097,743.37

High Valleys Water District	(HVWD owes us) - Current Balance: 908,627.50
------------------------------------	-----------------------------------------------------

Gap Funding Maximum: 1,000,000

Approximate Project Cost: 1,000,000.00

Approximate Gap Funding Available: 91,372.50

Payments Made to HVWD: 908,627.50

Payments Received from HVWD: 0.00

4/28/25

520,695.00

2/28/25

387,932.50

Banning Heights Mutual Water Co.	(BHMWC owes us) - Current Balance: 566,528.75
-----------------------------------------	------------------------------------------------------

Gap Funding Maximum: 1,500,000

Approximate Project Cost: 3,756,000.00

Approximate Gap Funding Available: 933,471.25

Payments Made to BHMWC: 566,528.75

Payments Received from BHMWC: 0.00

3/27/25

331,036.75

San Gorgonio Pass Water Agency

DATE: June 26, 2025

TO: Finance and Budget Committee

FROM: Lance Eckhart, General Manager

BY: Tom Todd, Jr., Chief Financial Officer

SUBJECT: ADOPT RESOLUTION 2025-0? APPROPRIATIONS LIMIT

RECOMMENDATION

Adopt Resolution 2025-0?, Appropriations Limit for FY 2025-26

BACKGROUND

The Gann Limit was approved by voters on November 6, 1979 and incorporated into the California Constitution in Article XIII B. Also known as the Appropriations Limit, this bill was intended to keep California legislators from overspending limited tax resources during a time when other voter-approved measures severely limited available tax revenue (think Proposition 13).

Ballot initiatives in 1988 and 1990 weakened the Gann Limit, so that today, the calculation and adoption of the Appropriations Limit by public agencies is considered a housekeeping item, with little or no impact on an agency's ability to disburse tax revenue.

ANALYSIS

The calculation for the current fiscal year starts with the previous year's amount, then adjusts it by multiplying it by the factors for California per-capita personal income and the population change for Riverside County. This information is provided by the California Department of Finance, which posts it on their website.

The attached calculation of the Appropriations Limit for the San Gorgonio Pass Water Agency shows that we are limited to spending a bit over \$90.1 million in FY 2025-26. The combined expenditure budgets for the Agency are expected to total around \$57 million, so the Agency is well within the Appropriations Limit for FY25-26.

FISCAL IMPACT

There is no fiscal impact as a result of this action.

ACTION

Adopt Resolution 2025-0?, Appropriations Limit for FY 2025-26

ATTACHMENTS

Appropriations Limit calculation for FY 2025-26

Resolution 2024-0?, Appropriations Limit for FY 2025-26



**SAN GORGONIO PASS WATER AGENCY
APPROPRIATIONS LIMIT
FISCAL YEAR ENDING 6/30/2026**

APPROPRIATIONS LIMIT FYE 6/30/2025			84,452,886
	<u>Percent</u>	<u>Ratio</u>	
ADJUSTMENT FOR PERCENTAGE CHANGES			
California Per Capita Personal Income From 2025	6.44	1.0644	
Annual Polpulation Change From 2025	0.27	1.0027	
PERCENT CHANGE AS A FACTOR:			<u>106.7274%</u>
APPROPRIATIONS LIMIT FYE 6/30/2026			<u><u>90,134,359</u></u>

THE ABOVE APPROPRIATION LIMITS WERE CALCULATED IN ACCORDANCE WITH
PROPOSITION 111 WHICH AMENDED ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION.

Posted June 10, 2025

RESOLUTION NO. 2025-0?

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SAN GORGONIO PASS WATER AGENCY ESTABLISHING THE
APPROPRIATIONS LIMIT FOR FISCAL YEAR 2025-26**

WHEREAS, Article XIII B of the California Constitution places an annual limitation upon appropriations from proceeds of taxes by each local government of the State of California; and

WHEREAS, Section 7910 of the California Government Code implements Article XIII B of the California Constitution by requiring each local jurisdiction to establish, by resolution, its appropriations limit for each fiscal year, and to make the documentation used in determining the appropriations limit available to the public fifteen days prior to adoption of the resolution establishing the appropriations limit; and

WHEREAS, The San Gorgonio Pass Water Agency has documented its calculations of the Agency's appropriations limit for Fiscal Year 2025-26, and notice of said calculations has been posted on the Agency's outside bulletin board (said notice being visible from the public walkway in front of the Agency's building) and the calculations have been made available to the public at least fifteen days prior to the adoption of this resolution;

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

1. The appropriation limit applicable to this Agency pursuant to Article XIII B of the California Constitution for Fiscal Year 2025-26 is hereby established and determined to be the sum of \$90,134,359.
2. A copy of the documentation used in the determination of the Fiscal Year 2025-26 appropriations limit shall be affixed hereto and shall be available for public inspection.
3. Pursuant to Section 7910 of the California Government Code, any judicial action or proceeding to attach, review, set aside, void or annul the establishment of the Fiscal Year 2025-26 appropriations limit as set forth herein must be commenced within forty-five days of the adoption of this resolution.

Resolution No. 2025-0? was adopted by the following roll call vote:

Ayes:

Noes:

Abstain:

Absent:

I hereby certify that the foregoing is a true and correct copy of Resolution No. 2025-0? adopted by the Board of Directors of San Gorgonio Pass Water Agency at its meeting on July 7, 2025.

Kevin Walton, Secretary to the Board

San Gorgonio Pass Water Agency

DATE: June 26, 2025

TO: Finance and Budget Committee

FROM: Lance Eckhart, General Manager

BY: Tom Todd, Jr., Chief Financial Officer

SUBJECT: COST-OF-LIVING ADJUSTMENT (COLA) FOR FY 2025-26

RECOMMENDATION

The Board authorize a 2.5% cost-of-living adjustment for Staff, effective July 1, 2025.

PREVIOUS CONSIDERATION

- The Board considers a COLA every year as part of the budget cycle

BACKGROUND

A cost-of-living adjustment helps counteract the increases of inflation that employees experience and helps them maintain the buying power of their salary. Because General Manager compensation is determined and formalized by separate Board action, this action is for Staff and may affect Board compensation.

By providing COLAs, the Agency accomplishes two objectives: 1) encourages employees to remain with the Agency, and 2) maintains competitive salary levels to attract new employees.

ANALYSIS

Determination of a COLA percentage is a data-driven process. The Bureau of Labor Statistics keeps records of consumer prices for the United States, subdivided into multiple categories and regional areas. The Agency uses this data to determine if a COLA is warranted.

COLA is determined by comparing the consumer price index at a specific point in the year to the same point in the previous year. The Agency has consistently made the calculation in April, using the data from March. By using the same month each year, there is no possibility of under- or over-counting the change in the index.

The Agency also uses the same demographic each year. The index used is the 'All Urban Consumers' and 'All Items.' Until 2017, the Los Angeles area was the geographic identifier. In 2017, the BLS sub-divided the Los Angeles area, and the Agency currently uses the Riverside-San Bernardino-Ontario statistical area.

The Board has been consistent in its approach to COLAs. If a COLA is warranted, it has been granted. If a COLA is negative or minimal, it has not been granted. In recent history, from 2007-2010 (recession years), the Board did not approve an adjustment because the increase was minimal, or there was a decrease. The Board also did not grant a COLA in 2015 because it was minimal. In years when COLA has been an increase, the Board has consistently approved the calculated amount, even in years when inflation was significant.

Currently, the economy seems to be on an even keel. The Federal Reserve Board is uncertain about what it will do with the interest rate, but appears to be holding it at this time. Tariffs have made the news, but do not seem to be impacting the economy as much as expected.

Adjustments are historical by definition; COLAs are not forward-looking. The index changes on the basis of historical data collected. So, granting a COLA tries to restore buying power, after the negative effects of inflation have already been experienced. The effects of a recession in the future do not change the effects of inflation that have already been experienced in the previous 12 months.

For the years between 2024 and 2025, the index for the Riverside-San Bernardino-Ontario area, March to March, has changed from 133.144 to 136.511. This represents a 2.53% increase in 12 months. By comparison, the U.S. City Average, March to March, has changed from 312.332 to 319.799, which represents a 2.39% increase.

The formula for determining the percentage change compared to the previous year is the difference between the years compared to the previous year and looks like this: the current-year value minus the previous-year value (difference between the years) divided by the previous-year value.

This is the calculation for the current year: 136.511 (current year value) minus 133.144 (previous year value) = 3.367 (difference between the years); 3.367 divided by 133.144 = 2.5% .

Historically, COLA takes effect for Staff on July 1, concurrent with the beginning of the new fiscal year.

FISCAL IMPACT

The COLA amount the Board authorizes will affect the budget for Staff salaries in the General Fund and in the Debt Service Fund. The amount the Board authorizes may affect

Board compensation, depending on a future Board decision. Based on projected budget amounts for these categories, an estimate of the increases due to COLA is as follows:

- General Fund Staff: up to \$15,000
- Debt Service Staff: up to \$11,000

This represents 0.1% of the overall approved General Fund Budget for FY 2025-26.

ACTION

The Board authorize a 2.5% cost-of-living adjustment for Staff, effective July 1, 2025.

ATTACHMENTS

CPI Comparison Data Table

SAN GORGONIO PASS WATER AGENCY						
CPI Comparison						
Time Period: Thru March or April 2025						
Area	Month	Yr	Previous	Current	Difference	% change
US City	May	24	304.127	314.069	9.942	3.27%
	Jun	24	305.109	314.175	9.066	2.97%
	Jul	24	305.691	314.540	8.849	2.89%
	Aug	24	307.026	314.796	7.770	2.53%
	Sep	24	307.789	315.301	7.512	2.44%
	Oct	24	307.671	315.664	7.993	2.60%
	Nov	24	307.051	315.493	8.442	2.75%
	Dec	24	306.746	315.605	8.859	2.89%
	Jan	25	308.417	317.671	9.254	3.00%
	Feb	25	310.326	319.082	8.756	2.82%
	Mar	25	312.332	319.799	7.467	2.39%
R-S-O	May	24	128.768	133.144	4.376	3.40%
	Jul	24	129.525	133.943	4.418	3.41%
	Sep	24	131.372	133.113	1.741	1.33%
	Nov	24	131.372	133.179	1.807	1.38%
	Jan	25	131.358	132.853	1.495	1.14%
	Mar	25	133.144	136.511	3.367	2.53%



San Geronio Pass Water Agency

DRAFT Debt Service Budget FY 2025-26

FROM THE GENERAL MANAGER



Lance Eckhart, PG, CHG

I am pleased to present the proposed Debt Service Budget for Fiscal Year 2025–26. This budget reaffirms the Agency’s long-standing commitment to regional water security and responsible financial stewardship. It supports our primary mission—importing, delivering, and managing State Water Project (SWP) supplies for the San Geronio Pass region.

Our Five-Year Strategic Plan calls for sound financial planning and leadership in long-term infrastructure investments. This year’s budget reflects that with our continuing contribution toward the Delta Conveyance Project (DCP)—a project essential for improving flexibility, reliability, and resilience in California’s water delivery system. Our participation, along with sustained support for the Sites Reservoir Project, positions the Agency to help lead the state’s response to climate-driven challenges.

We anticipate increased SWP costs, including higher base contract payments, additional costs for purchased water based on allocation, and the City Creek Crossing remediation. These increases are anticipated and have been carefully planned for. Our stable tax revenue and reserves allow us to absorb these increases while continuing to meet obligations without disruption.


While the Debt Service Fund is primarily structured to fulfill SWP-related contracts, it also enables broader regional resilience. Through reliable imported water delivery, we support local recharge efforts, economic development, and joint efforts with regional partners.

This year’s budget reflects our commitment to long-term infrastructure investment and prudent financial planning, as outlined in our Five-Year Strategic Plan. The next phase of our contributions toward the Delta Conveyance Project (DCP) is included—an essential step to improve California’s water delivery flexibility, reliability, and climate resilience. Coupled with our on-going investment in the Sites Reservoir Project,

these actions position the Agency as a leader in addressing statewide water infrastructure needs.

This budget also reflects our strategic, forward-looking mission—balancing current commitments with long-term investments to ensure water reliability for decades to come. Thank you for your continued leadership and guidance.

Respectfully,

A handwritten signature in black ink, appearing to read "James E. Zook". The signature is stylized with a large, looped "G" for the first name and a more complex, looped "Zook" for the last name.

FROM THE CHIEF FINANCIAL OFFICER



Thomas W. Todd, Jr.

“A budget is a spending plan that helps manage an organization, not a program limit.”

The Debt Service Fund (also known as the Red Bucket) is dedicated to fulfilling our obligation to the State of California for the State Water Project and our primary objective: importing water to the Pass area. While the General Fund supports the many regional initiatives the Agency participates in, and is available for a multitude of activities and expenditures, the focus of the Debt Service Fund is providing the water resources necessary to sustain the Agency’s service area.

As FY 2024-25 comes to a close, we are once again in a positive position: tax revenue has exceeded projections, and State Water Project payments are less than expected.

As a result, the Debt Service Fund will conclude FY 2024-25 within budget and with a surplus.

Adding to Debt Service reserves will serve the Agency well as we begin to pay for generational opportunities such as the Delta Conveyance Project and the Sites Reservoir Project. In addition, repairs and upgrades to aging infrastructure, such as subsidence remediation, will begin to impact our State Water payments in the future.

There are three major expense categories charged to the Debt Service Fund. The biggest category is the State Water Contract Payments. As part of our obligation to pay for our share of the State Water Project (SWP), the Agency is assessed an allocated amount of costs to operate and maintain the SWP. State Water Contract Payments are derived from the annual Statement of Charges issued by the Department of Water Resources. They are shown in a table later in this document.

In addition, for this fiscal year, the Agency will pay 100% of the SWP water

delivery charges from the Debt Service Fund. This includes fixed costs for facilities needed to transport water, as well as variable costs related to electrical service and infrastructure.

And as in previous years, the Agency will pay for water transfers out of the Debt Service Fund. Water Transfers are the line item for expenditures related to transfer agreements the Agency has with other State Water Contractors. An example of this is the transfer agreement we have with the City of Ventura. Throughout the year, we may enter into other transfer agreements with other State Water Contractors, and those expenditures would be added to this line item.

These three categories account for about 90% of the expenditures from the Debt Service Fund in FY 2025-26.

The other line items account for activities directly related to the delivery of water through the SWP. Personnel costs and administration, along with operations and maintenance, are included in this category of expenses. Water Treatment Expense, EBX Contract Operations, and SWP Engineering and Maintenance are three line items that are used to account for costs that we share with San Bernardino Valley Municipal Water District (SBVMWD) to efficiently operate the East Branch Extension.

For FY25-26, the SWP Engineering and Maintenance line item includes \$2 million to share the cost of repairing the City Creek Crossing with SBVMWD. The design of the project is underway; construction is expected to start later in 2025.

Altogether, total expenses for the Debt Service Fund are projected to be about \$37.7 million.

One thing to note that causes some confusion: the Statement of Charges is issued on a calendar basis, while our financial cycle operates on a fiscal year basis, from July 1 to June 30. So, any budget we consider has DWR charges from two different calendar years.

Due to some changes suggested by the Board, we have changed the way we consider the Debt Service Budget for the coming fiscal year. In order to allow the Finance and Budget Committee to review the proposed budget first, we are using the May Estimate issued by DWR, rather than the Statement of Charges, which is not available until July 1. When the Statement of Charges is received, the Finance Department will make any revisions necessary to bring the budget in line with the best available information.

Once that is done, the budget will be presented to the Board for consideration.

At the same time the Board considers the Debt Service Budget, it also considers and approves a tax rate that will support the activities related to the SWP. Of necessity, the Board considers what is required for the coming year, but also considers what will be necessary in the years ahead.

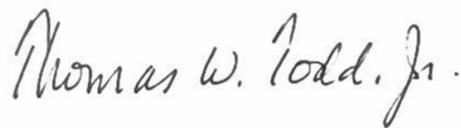
The SWP will face a number of challenges in the coming years. Besides the expected effects of inflation and cost increases, and repairs needed to aging infrastructure, the SWP will continue to face environmental and mandated restrictions that reduce the delivery capability of the Project. This not only makes the Project more expensive, but it also reduces the amount of water available for delivery, making the overall cost doubly expensive.

The Agency is well prepared to meet these unique challenges. The Board has a long history of considering the impacts future years will have on the resources available to the Agency, and taking action to prepare for those contingencies. One example of the Board's forward thinking is the decision it made years ago to set aside tax revenue for future 'balloon payments' for the East Branch Extension. As a result, funds have been set aside in reserves and are ready for deployment.

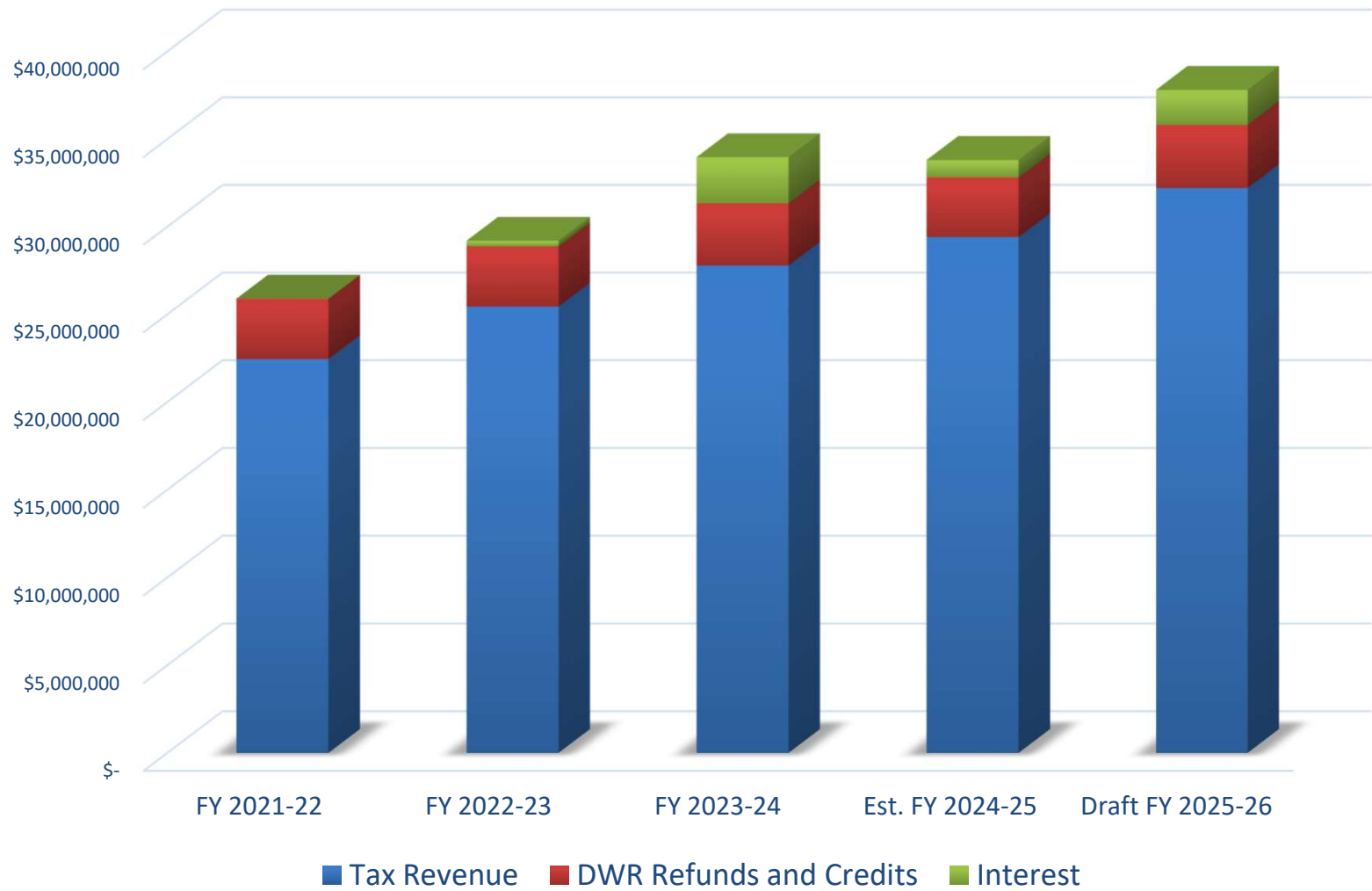
This mindset is increasingly important as the Agency faces uncertain impacts from future activities. The Agency is currently well-positioned to meet its obligations; it is important that it be able to continue to do so. **Maintaining the current level of income is vitally important to stability for taxpayers as well as resilience for the Agency.**

This budget reflects the Agency's commitment to fulfilling its obligations to the State of California as well as its obligations to the taxpayers of the region. By participating in generational opportunities and maintaining adequate funding and reserves, the Agency can continue to provide an adequate water supply to our region.

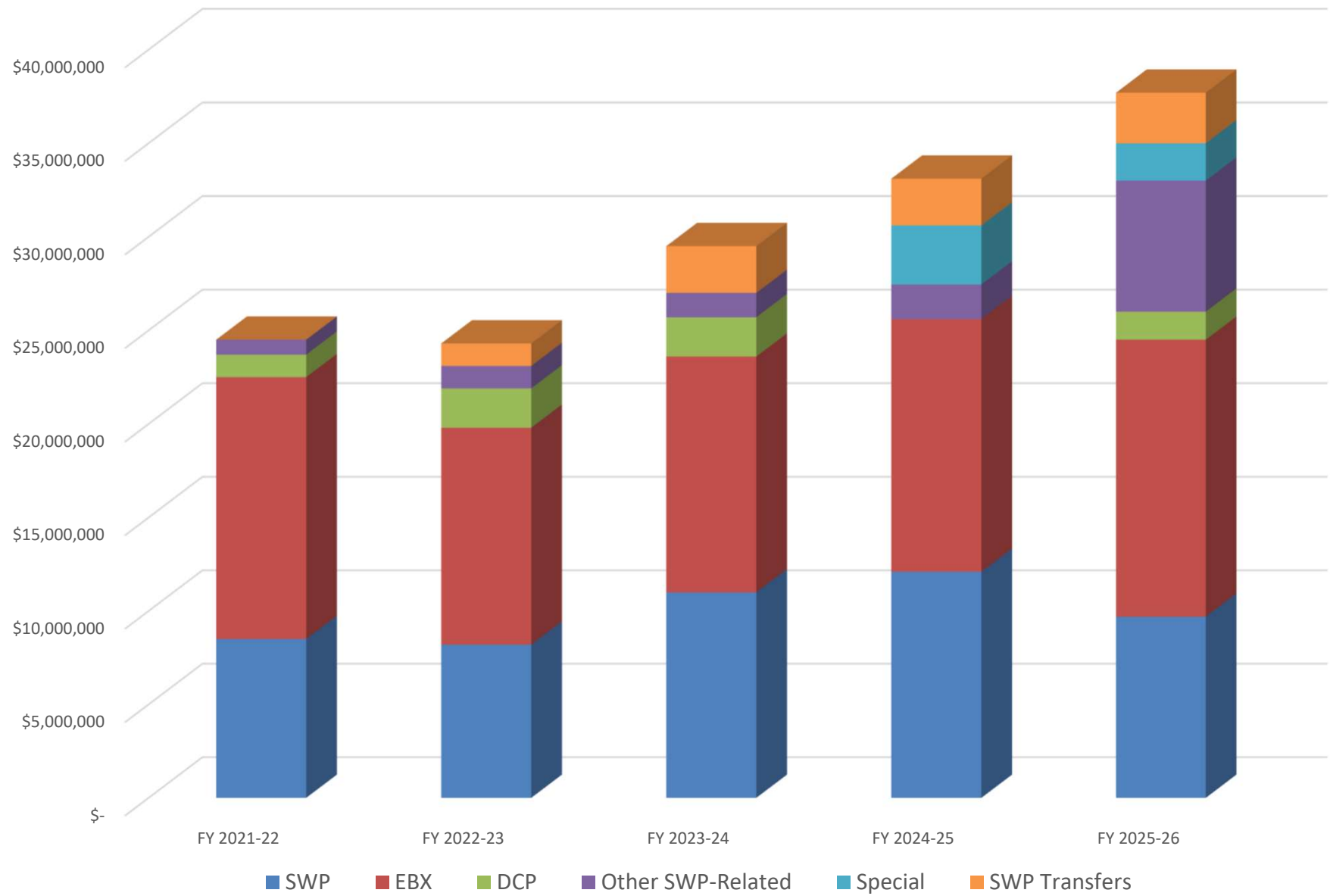
Respectfully,

A handwritten signature in cursive script that reads "Thomas W. Todd, Jr.".

Debt Service Fund Income by Type



Debt Service Expenditures by Fiscal Year



DRAFT

SAN GORGONIO PASS WATER AGENCY
DRAFT DEBT SERVICE FUND BUDGET FOR FY 2025-26
BASED ON MAY 2025 BUDGET REPORT

				FISCAL YEAR JULY 1, 2024 - JUNE 30, 2025				FY JULY 1, 2025 - JUNE 30, 2026	
				1	2	3	4	5	6
				TOTAL REVISED BUDGET	ACTUAL MAY 2025	PROJECTED YEAR END	Over/Under Budget	PROPOSED FY 2025-26	%Projected to Proposed
DEBT SERVICE FUND - INCOME									
INCOME									
153	TAX REVENUE			29,400,000	31,503,801.86	32,403,801.86	10.2%	32,700,000	0.9%
154	INTEREST			1,000,000	2,302,642.20	2,486,853.57	148.7%	2,000,000	-19.6%
155	CONTRIBUTIONS - GOVERNMENT			0	0.00	0.00	0.0%	0	
156	DWR CREDITS - BOND COVER, OTHER			3,400,000	3,615,327.20	3,615,327.20	6.3%	3,400,000	-6.0%
157	TOTAL DEBT SERVICE FUND INCOME			33,800,000	37,421,771.26	38,505,982.63	13.9%	38,100,000	-1.1%
DEBT SERVICE FUND - EXPENSES									
EXPENSES									
160	SWP PURCHASED WATER			1,800,000	1,833,838.00	2,145,590.46	-19.2%	4,800,000	
161	SALARIES			500,000	418,977.66	452,495.87	9.5%	640,000	41.4%
162	PAYROLL TAXES			35,000	24,661.04	26,633.92	23.9%	40,000	50.2%
163	BENEFITS			320,000	378,299.44	408,563.40	-27.7%	400,000	-2.1%
164	SWP UTILITIES			10,000	9,352.46	10,100.66		12,000	%NA
165	STATE WATER CONTRACT AUDIT			7,000	6,495.00	7,014.60	-0.2%	8,000	14.0%
166	STATE WATER CONTRACTOR DUES			55,000	39,185.00	39,185.00	28.8%	45,000	decrease
167	STATE WATER LEGAL SERVICES			0	0.00	0.00	#DIV/0!	1,000	#DIV/0!
168	DELTA CONVEYANCE FINANCING AUTHORITY			30,000	0.00	0.00	100.0%	30,000	no change
169	WATER TREATMENT EXPENSE			100,000	53,749.37	84,000.00	%NA	100,000	19.0%
170	EBX CONTRACT OPERATIONS			400,000	264,202.17	355,000.00	11.3%	400,000	12.7%
171	SWP ENGINEERING AND MAINTENANCE			3,400,000	90,766.94	150,000.00	95.6%	2,400,000	1500.0%
172	WATER TRANSFERS			2,500,000	2,626,205.50	2,626,205.00	0.0%	2,700,000	2.8%
173	STATE WATER CONTRACT PAYMENTS			25,600,000	22,855,774.00	23,436,162.00	8.5%	26,000,000	10.9%
174	TAX COLLECTION CHARGES			160,000	147,675.37	160,000.00		170,000	6.3%
175	TOTAL DEBT SERVICE FUND EXPENSES			34,917,000	26,915,343.95	29,900,950.91	14.4%	37,746,000	8.1%
176									
177	TRANSFERS FROM RESERVES			0	0.00	0.00	0.00	0	
178									
179	DEBT SERVICE NET INCOME YEAR-END			-1,117,000	10,506,427.31	8,605,031.73	-870.4%	354,000	

SAN GORGONIO PASS WATER AGENCY
DEPARTMENT OF WATER RESOURCES EXPENSE REQUIREMENTS
FOR THE FISCAL YEAR 2025-26

DRAFT

DEPARTMENT OF WATER RESOURCES			
		Statement of Charges	May Estimate
		FOR THE	FOR THE
INVOICE		PERIOD	PERIOD
INVOICE (type) - NUMBER (attachment)		JUL - DEC 2025	JAN - JUN 2026
Water Supply - T Invoice - ATTACHMENT 1		4,197,924	4,254,282
Delta Conveyance Project		0	1,500,000
Sites Reservoir		0	0
Other			
Sub-Total Water Supply		4,197,924	5,754,282
OAP - O Invoice- ATTACHMENT 1-1			
RAS - U Invoice - ATTACHMENT 1-2		0	0
EBX - X Invoice - ATTACHMENT 1-5		11,852,040	2,963,010
Tehachapi - TAB Invoice - ATTACHMENT 1-6		21,664	20,500
DWR FIXED CHARGES		16,071,628	8,737,792
TOTAL DWR STATEMENT OF CHARGES			24,809,420
OTHER DWR CHARGES			
Health Rivers and Landscapes			110,000
CONTINGENCY			1,000,000
TOTAL OTHER CHARGES			1,110,000
TOTAL PROJECTED DWR EXPENDITURES (rounded)			26,000,000

**SAN GORGONIO PASS WATER AGENCY
ADDITIONAL DEBT SERVICE EXPENSES
FOR THE FISCAL YEAR 2025-26**

DRAFT

ADDITIONAL DEBT SERVICE EXPENSES

Purchased Water	4,800,000
Debt Service Salaries	640,000
Debt Service Payroll Taxes	40,000
Debt Service Benefits	400,000
Debt Service Utilities	12,000
State Water Contract Audit	8,000
SWC Contractor Dues	45,000
SWP Legal Services	1,000
Delta Conveyance Financing Authority	30,000
Water Treatment	100,000
EBX Contract Operations	400,000
SWP Engineering and Maintenance	2,400,000
Tax Collection Charges	170,000

TOTAL ADDITIONAL EXPENSES	9,046,000
---------------------------	-----------

WATER TRANSFERS

Ventura Water Transfer	2,200,000
Other Water Transfers	500,000

TOTAL WATER TRANSFERS	2,700,000
-----------------------	-----------

GRAND TOTAL DEBT SERVICE EXPENDITURES	37,746,000
----------------------------------------------	-------------------

DRAFT

**SAN GORGONIO PASS WATER AGENCY
DEBT SERVICE REVENUE REQUIREMENTS
CALCULATION OF TAX RATE ALTERNATIVES FOR FY 2025-26**

STEP ONE: REVIEW PROJECTED DEBT SERVICE EXPENSES

DWR Contract Payments	26,000,000
Purchased Water	4,800,000
Water Transfers	2,700,000
Other Debt Service Expenditures	4,246,000
Total Projected Debt Service Expenditures	37,746,000

STEP TWO: REVIEW PROJECTED NON-TAX DEBT SERVICE REVENUE

Other Debt Service Revenue (does not include tax revenue)	
Estimate of Bond Cover Refunds and Credits	3,400,000
Estimate of SGPWA Allocated Interest	2,000,000
Other Revenue	0
Total Other Debt Service Revenue	5,400,000

STEP THREE: DETERMINE CURRENT INCOME RATE

Tax Revenue (Projected) FY 2024-25	31,503,801
Tax Rate	17.50
Income derived for each cent of tax FY 2023-24	1,800,217

STEP FOUR: CALCULATE POTENTIAL INCOME RATE FOR FY 2025-26

Income derived for each cent of tax FY 2024-25	1,800,217
Estimated percentage increase in assessed value	6.7%
Estimated percentage delinquency rate FY 2024-25	-2.8%
Net percentage revenue increase	3.9%
Estimated increase in tax revenue for 1 cent	70,208
Estimate of revenue for each cent of tax FY 2025-26	1,870,426

STEP FIVE: COMPARE PROJECTED EXPENSES WITH POTENTIAL REVENUE

Alternative Tax Rates	Reduced Rate	Reduced Rate	Maintain Rate	Increased Rate	Increased Rate
Potential Tax Rates for FY 2025-26	17.00	17.25	17.50	17.75	18.00
Potential Tax Revenue FY 2025-26	31,797,236	32,264,843	32,732,449	33,200,056	33,667,662
Projected Non-Tax Debt Service Revenue	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000
Estimate of Total Debt Service Revenue FY 2025-26	37,197,236	37,664,843	38,132,449	38,600,056	39,067,662

PROJECTED NET RESERVES FY 2025-26

Net Reserves: decrease (negative) or increase (positive)	-548,764	-81,157	386,449	854,056	1,321,662
-----------------------------------------------------------------	-----------------	----------------	----------------	----------------	------------------

LINE ITEM AND PROJECT DESCRIPTIONS, page 1

DEBT SERVICE FUND INCOME

Tax Revenue (reference line #153)

Tax revenue for the Debt Service Fund comes from the Agency's authority to levy a tax. The rate is based on the assessed valuation of property located within the Agency's service area and is currently set at 17.5 cents per \$100 of assessed value. Riverside County has projected a delinquency rate of about 2.8%. Combined with a projected increase in assessed value of about 6.7% for FY 2025-26 yields a 3.9% increase for FY2025-26.

Government Contributions (#155)

The Agency participates in a number of joint efforts in which other districts and agencies agree to share the cost. Sometimes, the Agency is the lead agency for a study or a consulting contract. This line item relates to items that can be allocated to the Debt Service Fund only. This budget item is for income that is reimbursed to the Agency for these expenditures. Currently, no projects are contemplated that would be included in this line item.

DWR Credits (#156)

The Agency receives credits from the Department of Water Resources (DWR) for a number of items, mostly in the form of bond cover refunds. A bond cover is a stipulation in the bond covenants attached to the bonds sold by DWR. The cover is designed to provide a reserve and an alternative payment mechanism in case a State Water Contractor should default on their payment. This provides additional assurance to potential purchasers of DWR bonds and the bondholders that lowers the risk associated with bond payment defaults. The cover amount is 25% of the face value of the bond. For this provision, the bond issuer (DWR) receives a discount in the interest rate. DWR administers this by collecting the cover amount when the payment is due, holding the income in an interest-bearing account (California's Surplus Money Investment Fund (SMIF)) for one year, then returning the funds to the Contractors, along with an allocation of interest earned while deposited in SMIF.

DEBT SERVICE FUND EXPENSES

SWP Purchased Water (#160)

This line item records the expenses related to delivering State Water Project water to the Agency service area. This line item has been transitioned to the Debt Service fund starting in January 2025. For FY 2025-26, the cost of delivering water to the region will be fully borne by the Debt Service Fund.

LINE ITEM AND PROJECT DESCRIPTIONS, page 2

SWP Utilities (#164)

This covers charges for phone service, electric service, and monitoring services for Agency turnouts.

State Water Contract Audit (#165)

The Agency participates in the Independent Audit Association (IAA), which includes most of the other Contractors except for the Metropolitan Water District. The IAA contracts with Ernst & Young, a major accounting firm, to perform an annual audit of DWR procedures. This helps the Contractors review the procedures DWR uses to calculate the Statement of Charges, to help make sure no mistakes are being made.

State Water Contractor Dues (#166)

The Agency is a member of the State Water Contractors, an association of 27 of the public agencies that have contracted with the State of California to receive a water supply through the State Water Project. The SWC represents the legal, policy and regulatory interests of the 27 State Water Project Contractors who are responsible for the capital, operations, and maintenance costs of the SWP. The Agency pays a proportional share of the cost to operate the SWC.

SWP Legal Services (#167)

This line item is for legal services related to the State Water Project (SWP). Past expenditures were made for Agency participation in Environmental Impact Review (EIR) challenges or other matters that Contractors decided were necessary. Minimal expenses are expected for FY25-26.

Delta Conveyance Financing Authority (#168)

The Agency is a founding member of the Delta Conveyance Financing Authority (DCFA), which was formed to explore possible alternatives for funding solutions for the Delta Conveyance Project. The DCFA is currently waiting for further developments in the DCP, which will determine what future steps the DCFA might consider to advance the project. The DCFA has sufficient funds in reserve to maintain their current level of activity, but has indicated that they may need contributions from member agencies if it is decided that additional work is to be done.

Water Treatment Expense (#169)

This pays for the expenditures related to treating SWP deliveries with algaecide (copper sulfate) to reduce the occurrence of algae at the various delivery points in the region. This was determined by Staff to be a necessary expense of delivering water, so included in the Debt Service Fund.

LINE ITEM AND PROJECT DESCRIPTIONS, page 3

EBX Contract Operations (#170)

EBX Contract Operations are charges paid to San Bernardino Valley Municipal Water District (SBVMWD) to operate the East Branch Extension (EBX). SBVMWD calculates the charges based on staff time needed to operate EBX to deliver water. Originally, the Agency split the invoices evenly between the General Fund (known as Contract Operations and Maintenance) and the Debt Service Fund. After consideration by Staff and discussion with Legal Counsel, it was decided that all of the expenses should be borne by the Debt Service Fund.

SWP Engineering and Maintenance (#171)

The Agency shares the other costs of improvements and maintenance of the EBX with SBVMWD. There are a variety of routine costs, for example, air conditioning maintenance, or fuel for back-up generators. We also share the costs of major repairs and improvements. SBVMWD is currently working on the repair of the City Creek Crossing. We are responsible for approximately 18% of these costs, which are divided into two major categories, design and construction. The design element is expected to cost the Agency about \$150,000 this fiscal year. The construction contract for the repairs is projected to cost about \$16 million in total, of which the Agency would be responsible for about \$3 million, of which \$2 million is expected to be paid in FY25-26. Construction is likely to start later in 2025.

Water Transfers (#172)

In 2022, the Agency entered into an agreement with the City of Ventura to receive their water supply for the next 20 years. This line item is for the annual cost of that agreement. The expense of other water transfers to the Agency from other Contractors would also be included in this line item.

State Water Contract Payments (#173)

This is the line item that accounts for the payments the Agency makes to the State of California for its participation in the State Water Project. This is the largest part of the Debt Service expenditures, approximately 70% this year. Other items that are paid for the State Water Project include State Water Project Purchased Water and Water Transfers. Combined together, these expense categories make up about 90% of the Debt Service budget.