



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,

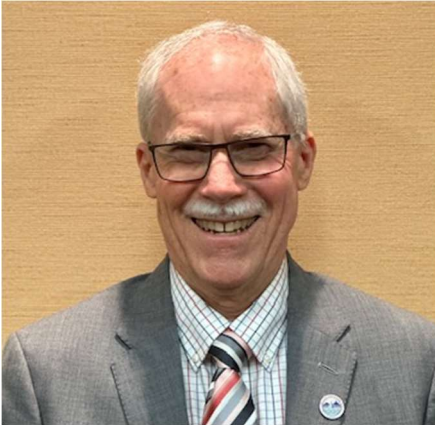
these actions position the Agency as a leader in addressing statewide water infrastructure needs.

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

Respectfully,

A handwritten signature in black ink, appearing to read "James E. Zook". The signature is fluid and cursive, with the first name "James" written in a smaller, more legible script than the last name "Zook", which is more stylized.

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 temporarily on hold due to permitting issues, but the situation must be addressed, so this amount has been added to cover the extra efforts needed going forward.

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.

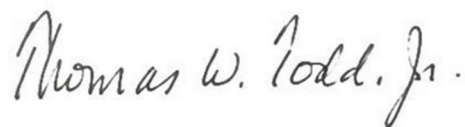
The SWP will face a number of challenges in the coming years. Besides the expected effects of inflation and cost increases, and repairs needed to aging infrastructure, the SWP will continue to face environmental and mandated restrictions that reduce the delivery capability of the Project. This not only 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.

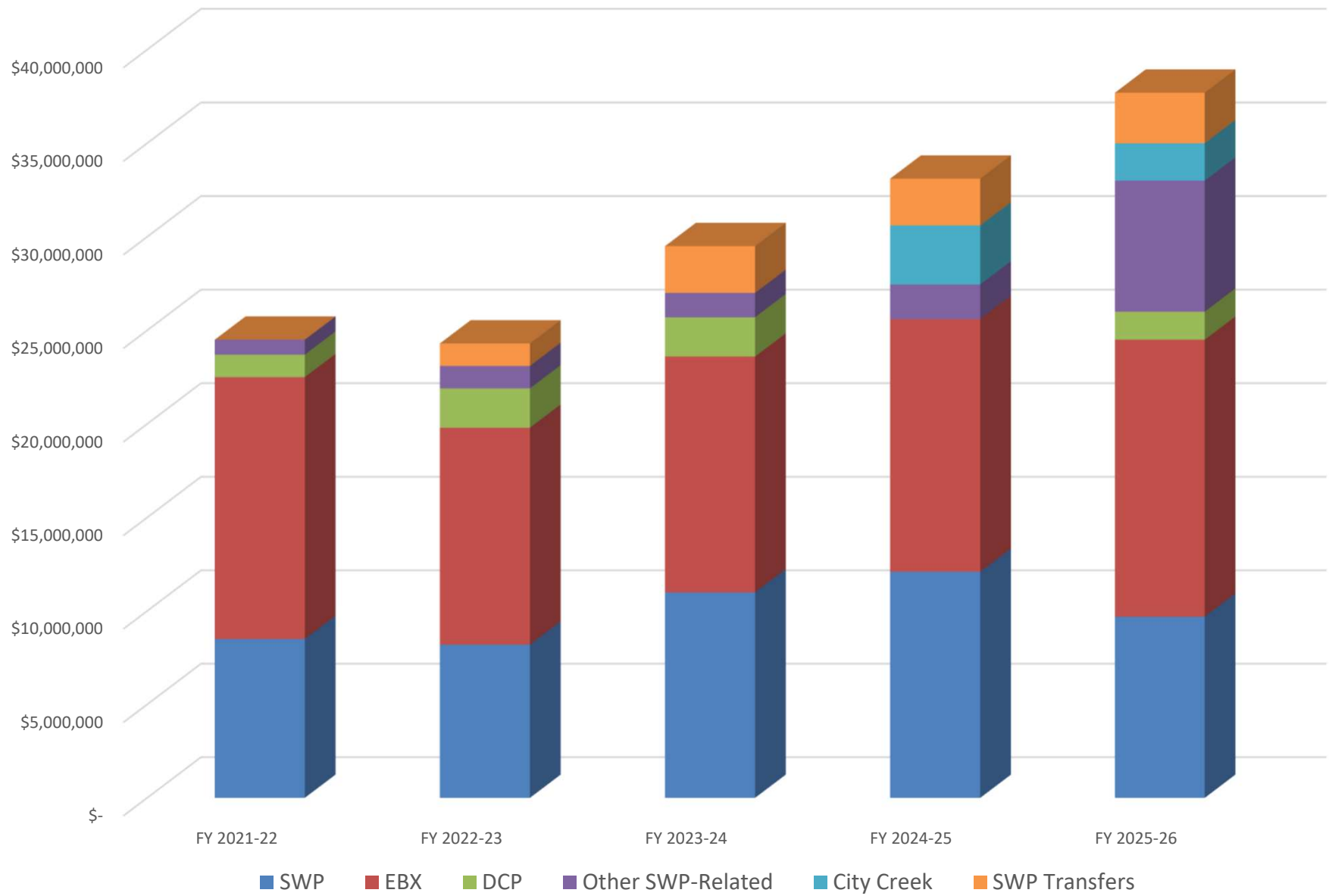
This mindset is increasingly important as the Agency faces uncertain impacts from future activities. The Agency is currently well-positioned to meet its obligations; it is important that it be able to continue to do so. **Maintaining the current level of income would be an effective investment (at this time) in future stability for taxpayers as well as supporting resiliency 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.

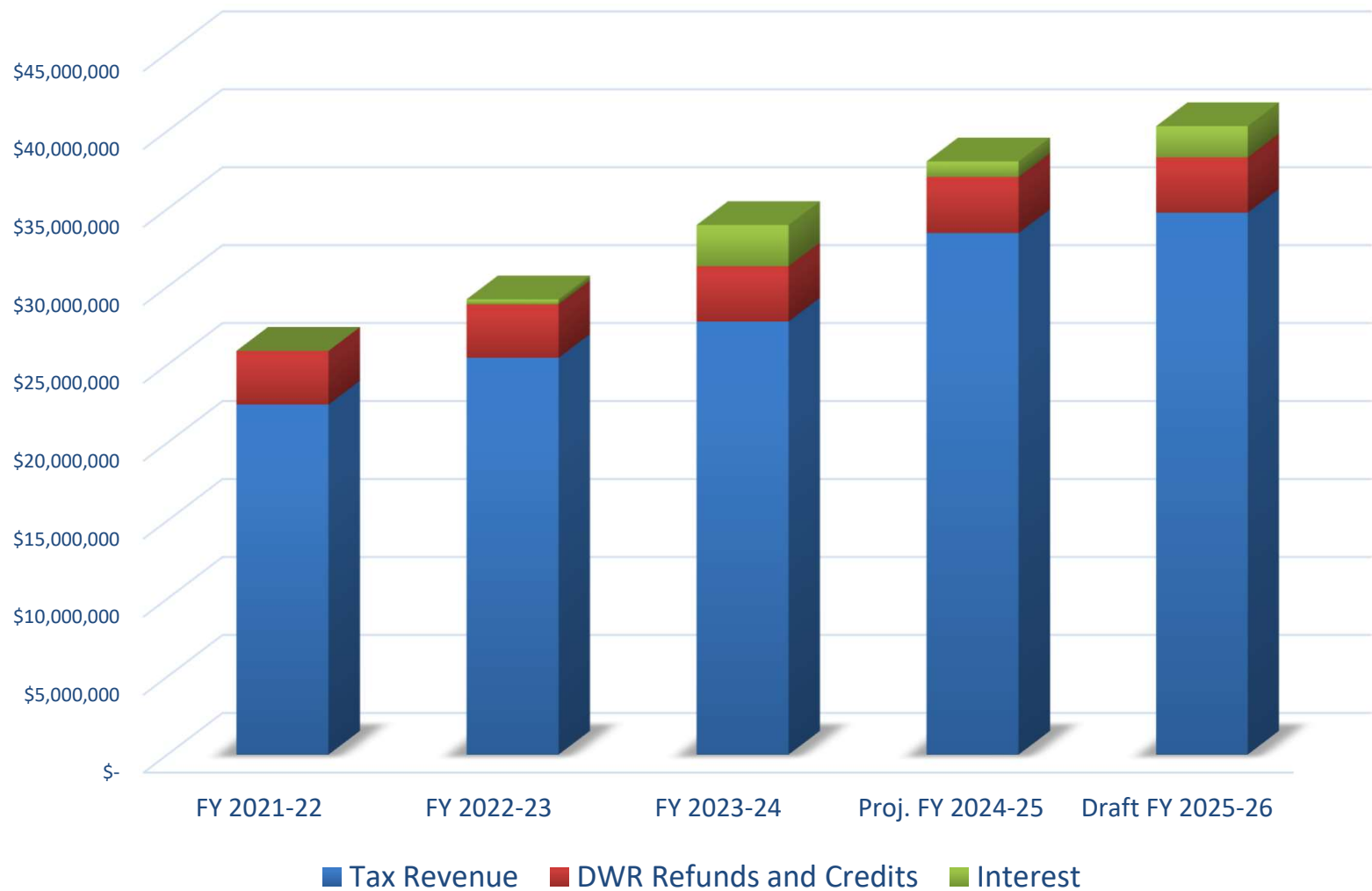
Respectfully,

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

Debt Service Expenditures by Fiscal Year



Debt Service Fund Income by Type



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

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DEPARTMENT OF WATER RESOURCES		Statement of Charges FOR THE PERIOD JUL - DEC 2025	May Estimate FOR THE PERIOD JAN - JUN 2026
INVOICE			
INVOICE (type) - NUMBER (attachment)			
Water Supply - T Invoice - ATTACHMENT 1		4,197,924	4,608,376
Delta Conveyance Project		0	1,500,000
Sites Reservoir		0	0
Other			
Sub-Total Water Supply		4,197,924	6,108,376
OAP - O Invoice- ATTACHMENT 1-1			1,704
RAS - U Invoice - ATTACHMENT 1-2		0	0
EBX - X Invoice - ATTACHMENT 1-5		11,852,040	2,806,430
Tehachapi - TAB Invoice - ATTACHMENT 1-6		21,664	31,820
DWR FIXED CHARGES		16,071,628	8,948,330
TOTAL DWR STATEMENT OF CHARGES			25,019,958
OTHER DWR CHARGES			
Healthy Rivers and Landscapes			86,000
CONTINGENCY			900,000
TOTAL OTHER CHARGES			986,000
TOTAL PROJECTED DWR EXPENDITURES (rounded)			26,000,000

SAN GORGONIO PASS WATER AGENCY
OTHER DEBT SERVICE EXPENSE REQUIREMENTS
FOR THE FISCAL YEAR 2025-26

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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
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WATER TRANSFERS

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

TOTAL WATER TRANSFERS	2,700,000
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GRAND TOTAL DEBT SERVICE EXPENDITURES	37,746,000
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**SAN GORGONIO PASS WATER AGENCY
DEBT SERVICE INCOME ESTIMATES
FOR THE FISCAL YEAR 2025-26**

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DEBT SERVICE REVENUE

ESTIMATED DWR REFUNDS + INTEREST

Estimate of Bond Cover Refunds			3,200,000
DWR - Allocation of Interest on Reserved Runds			350,000
TOTAL ESTIMATE OF DWR REFUNDS + INTEREST			3,550,000

SGPWA Estimate of Allocated Interest			2,000,000
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TOTAL REFUNDS + INTEREST			5,550,000
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OTHER REVENUE

Other items			0
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TOTAL Other Revenue			0
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DEBT SERVICE TAX REVENUE

DEBT SERVICE INCOME FY 2024-25 (projected)		33,449,480	
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TAX REVENUE PER CENT OF TAX LEVY

(Current Tax Rate: 17.50 Cents)	17.50	1,911,399	
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Estimate for FY 2025-26:

6.7% increase	0.067	128,064	
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2.8% decrease - Delinquency FY25-26	0.028	-53,519	
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ESTIMATED TAX REVENUE PER CENT OF TAX LEVY, FY 2025-26		1,985,943	
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ESTIMATED TAX REVENUE AT CURRENT RATE	17.50		34,754,010
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TOTAL ESTIMATED REVENUE			40,304,010
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DEBT SERVICE EXPENDITURES COMBINED

WITH REVENUE AT TAX RATE OF 17.50			2,558,010
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**SAN GORGONIO PASS WATER AGENCY
DEBT SERVICE REVENUE REQUIREMENTS
CALCULATION OF POTENTIAL REVENUES 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	3,550,000
Estimate of SGPWA Allocated Interest	2,000,000
Other Revenue	0
Total Other Debt Service Revenue	5,550,000

STEP THREE: DETERMINE CURRENT INCOME RATE

Tax Revenue (Projected) FY 2024-25	33,449,480
Tax Rate	17.50
Income derived for each cent of tax FY 2023-24	1,911,399

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

Income derived for each cent of tax FY 2024-25	1,911,399
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	74,545
Estimate of revenue for each cent of tax FY 2025-26	1,985,943

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

STEP FIVE: COMPARE PROJECTED EXPENSES WITH POTENTIAL REVENUE

Estimate of Debt Service expenses for FY 2025-26:	37,746,000
Estimate of non-tax income for FY 2025-26:	5,550,000
Estimate of projected revenue for each cent of tax FY 2025-26	1,985,943

Tax Rates Less than Current Rate					Current Tax Rate	Tax Rates More than Current Rate				
Tax Rate	Tax Revenue		Total income	Impact to Net Reserves	Tax Rate:	Tax Rate	Tax Revenue		Total income	Impact to Net Reserves
10.00	19,859,434		25,409,434	-12,336,566	17.50	17.75	35,250,496		40,800,496	3,054,496
10.25	20,355,920		25,905,920	-11,840,080		18.00	35,746,981		41,296,981	3,550,981
10.50	20,852,406		26,402,406	-11,343,594	Estimated Tax Revenue:	18.25	36,243,467		41,793,467	4,047,467
10.75	21,348,892		26,898,892	-10,847,108	34,754,010	18.50	36,739,953		42,289,953	4,543,953
11.00	21,845,378		27,395,378	-10,350,622		18.75	37,236,439		42,786,439	5,040,439
11.25	22,341,863		27,891,863	-9,854,137	Estimated Total Income:	19.00	37,732,925		43,282,925	5,536,925
11.50	22,838,349		28,388,349	-9,357,651	40,304,010	19.25	38,229,411		43,779,411	6,033,411
11.75	23,334,835		28,884,835	-8,861,165		19.50	38,725,897		44,275,897	6,529,897
12.00	23,831,321		29,381,321	-8,364,679	Compare Estimated	19.75	39,222,382		44,772,382	7,026,382
12.25	24,327,807		29,877,807	-7,868,193	Income with Estimated	20.00	39,718,868		45,268,868	7,522,868
12.50	24,824,293		30,374,293	-7,371,707	Expenses - Net Reserves:	20.25	40,215,354		45,765,354	8,019,354
12.75	25,320,779		30,870,779	-6,875,221	2,558,010	20.50	40,711,840		46,261,840	8,515,840
13.00	25,817,264	Add non-tax income	31,367,264	-6,378,736		20.75	41,208,326		46,758,326	9,012,326
13.25	26,313,750		31,863,750	-5,882,250		21.00	41,704,812		47,254,812	9,508,812
13.50	26,810,236		32,360,236	-5,385,764		21.25	42,201,298		47,751,298	10,005,298
13.75	27,306,722		32,856,722	-4,889,278		21.50	42,697,783		48,247,783	10,501,783
14.00	27,803,208		33,353,208	-4,392,792		21.75	43,194,269		48,744,269	10,998,269
14.25	28,299,694		33,849,694	-3,896,306		22.00	43,690,755		49,240,755	11,494,755
14.50	28,796,179		34,346,179	-3,399,821		22.25	44,187,241		49,737,241	11,991,241
14.75	29,292,665		34,842,665	-2,903,335		22.50	44,683,727		50,233,727	12,487,727
15.00	29,789,151		35,339,151	-2,406,849		22.75	45,180,213		50,730,213	12,984,213
15.25	30,285,637		35,835,637	-1,910,363		23.00	45,676,698		51,226,698	13,480,698
15.50	30,782,123		36,332,123	-1,413,877		23.25	46,173,184		51,723,184	13,977,184
15.75	31,278,609		36,828,609	-917,391		23.50	46,669,670		52,219,670	14,473,670
16.00	31,775,095		37,325,095	-420,905		23.75	47,166,156		52,716,156	14,970,156
16.25	32,271,580		37,821,580	75,580		24.00	47,662,642		53,212,642	15,466,642
16.50	32,768,066		38,318,066	572,066		24.25	48,159,128		53,709,128	15,963,128
16.75	33,264,552		38,814,552	1,068,552		24.50	48,655,614		54,205,614	16,459,614
17.00	33,761,038		39,311,038	1,565,038		24.75	49,152,099		54,702,099	16,956,099
17.25	34,257,524		39,807,524	2,061,524		25.00	49,648,585		55,198,585	17,452,585

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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	33,449,480.00	13.8%	34,754,000	3.9%
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%	3,550,000	-1.8%
157	TOTAL DEBT SERVICE FUND INCOME			33,800,000	37,421,771.26	39,551,660.77	17.0%	40,304,000	1.9%
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	1.0%	12,000	18.8%
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	14.8%
167	STATE WATER LEGAL SERVICES			0	0.00	0.00	0.0%	1,000	increase
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	-16.0%	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	5.0%	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	0.0%	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	9,650,709.87		2,558,000	

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. Currently, the project is experiencing difficulties with permitting and environmental constraints, which likely means the project will cost more. Funds will need to be expended no matter what is decided going forward. \$2 million is included in the budget as an educated guess about what is expected to be paid in FY25-26.

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.