

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA 92223



SAN GORGONIO PASS
WATER AGENCY
A California State Water Project Contractor

Regular Meeting of the Board of Directors
June 1, 2026 at 1:30 p.m.

AMENDED AGENDA

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 Link Board Meeting](#)
TO JOIN THE MEETING BY TELEPHONE

CALL: 669-900-6833 | MEETING ID: 956 9367 4121

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 Board meeting record.

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

Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please contact the Clerk of the Board at (951) 845-2577, at least 24 hours in advance of the meeting to ensure availability of the requested service of accommodation. You may also contact the Clerk of the Board in writing at San Gorgonio Pass Water Agency, 1210 Beaumont Avenue, Beaumont, CA 92223.

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 Link Board Meeting](#)
PARA UNIRSE A LA JUNTA CON LA OPCIÓN TELEFONICA
LLAMAR: 669-900-6833 | ID DE REUNIÓN: 956 9367 4121

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.**

Asistencia para personas con discapacidad: Si usted tiene una discapacidad y necesita asistencia para ser partícipe de la junta, por favor de contactar a la Secretaria de la Junta Directiva al (951) 845-2577, por lo mínimo con 24 horas de anticipo de la junta para asegurar la disponibilidad del servicio o asistencia que requiere. También puede contactar a la secretaria de la junta directiva por escrito al San Gorgonio Pass Water Agency, 1210 Beaumont Avenue, Beaumont, CA 92223.

President
Robert Ybarra

Vice President
Larry Smith

Treasurer
James Tickemyer

Secretary
Sarah Wargo

Directors
Dr. Blair M Ball
Chander Letulle
Mickey Valdivia

General Manager
Lance Eckhart,
PG, CHG

Legal Counsel
Holland Stewart

1. Call to Order, Invocation and Pledge of Allegiance

2. Roll Call

3. Adjustment and Adoption of Agenda

4. Public Comment:

Members of the public may address the Board 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 (5) minutes. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Board or staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to staff for follow-up.

5. Consent Calendar

If any board member requests that an item be removed from the Consent Calendar, it will be removed so that it may be acted upon separately.

- A. Approve Minutes of the May 18, 2026, Regular Meeting of the San Geronio Pass Water Agency Board of Directors, [\(pg. 4\)](#)
- B. Approve Finance & Budget Committee Meeting Report for May 2026, [\(pg. 9\)](#)

6. Reports – Staff

- A. General Manager's Report
- B. General Counsel's Report

7. New Business – Discussion and Possible Action

- A. Approve and authorize the General Manager to Execute a Change Order No. 13 with WEKA, Inc. for the County Line Road Recharge Basin Project, in an amount not-to-exceed \$50,000, [\(pg. 34\)](#)
- B. Award a Construction Contract to Glenn Chavez Construction, in the amount of \$330,980, for the Brookside East Heli-Hydrant Facility, and adopt Resolution No. 2026-02, [\(pg. 44\)](#)
- C. Approve proposed updates to the Procurement Policy, [\(pg. 84\)](#)
- D. Consideration and Adoption of the Fiscal Year 2026-27 General Fund Budget, [\(pg. 94\)](#)

8. Reports – Directors and Committees

9. Board Requests for Future Agenda Items

10. Closed Session Agenda

- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(Gov. Code § 54956.8)

Property: Sites Reservoir
Agency negotiator: Lance Eckhart, General Manager
Negotiating parties: Sites Project Authority Participants
Under negotiation: Terms, Water Right

11. Reconvene

- A. Report out of Closed Session

12. Announcements

- A. Water Conservation & Education Committee Meeting, June 9, 2026 at 1:30 p.m.
- B. Banning Heights Mutual Water Company Ribbon Cutting Event, June 11, 2026 at 10:00 a.m.
- C. Regular Board Meeting, June 15, 2026 at 6:00 p.m.
- D. Finance & Budget Committee Meeting, June 16, 2026 at 2:00 p.m.

13. Adjournment

Pending Agenda Items:

<i>Request</i>	<i>Requester</i>	<i>Date of Request</i>	<i>Status</i>
Agency/Foundation Infrastructure needs informational	Ball	5/18/2026	

(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 GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223

Official Minutes
Board of Directors Regular Meeting
May 18, 2026

THIS MEETING WAS HELD IN PERSON,
WITH PUBLIC AVAILABILITY PROVIDED VIA ZOOM.

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

The San Gorgonio Pass Water Agency Board of Directors meeting was called to order by President Robert Ybarra at 6:00 p.m., Monday, May 18, 2026, at the office of the Agency. Treasurer Tickemyer provided the invocation, and Director Valdivia led the Pledge of Allegiance.

2. Roll Call

President Ybarra requested a roll call.

Board Present:

Robert Ybarra, President
Larry Smith, Vice-President
James Tickemyer, Treasurer
Sarah Wargo, Secretary
Blair M Ball, Director
Mickey Valdivia, Director

Absent:

Chander Letulle, Director

Staff Present:

Lance Eckhart, General Manager
Jennifer Ustation, Chief Financial Officer
Maricela Cabral, Exec. Asst./Clerk of the Board
Emmett Campbell, Director of Water Resources
Matt Howard, Operations Manager

Consultant Present:

Holland Stewart, Legal Counsel

A quorum was present.

3. Adoption and Adjustment of Agenda

The agenda was adopted as published.

4. Public Comment

No public comment received.

5. Consent Calendar

- A. Approve Minutes of the May 4, 2026, Regular Meeting of the San Gorgonio Pass Water Agency Board of Directors

- B. Approve and authorize the General Manager to execute the Eleventh Amendment to the Tolling and Waiver Agreement with the California Department of Water Resources, extending the tolling period for State Water Project claims

Secretary Wargo requested Item 5.B. be pulled for discussion.

On a motion by Vice President Smith, seconded by Director Valdivia, the board approved Item 5.A on the Consent Calendar.

Approved by the following vote:

Ayes: Valdivia, Wargo, Smith, Tickemyer, Ball, Ybarra

Noes: None

Absent: Letulle

Motion passed 6-0.

Item pulled for Discussion

- 5.B. Approve and authorize the General Manager to execute the Eleventh Amendment to the Tolling and Waiver Agreement with the California Department of Water Resources, extending the tolling period for State Water Project claims**

Secretary Wargo requested clarification on the Tolling Agreement amendment and any financial impact. Counsel stated the amendment preserves the Agency's rights and allows continued coordination with other State Water Contractors. Staff noted there is no current financial impact.

Director Ball inquired about the length of the billing dispute process. General Manager Eckhart explained the issues involve historical cost allocations and emphasized the importance of continued collective oversight.

On a motion by Director Valdivia, seconded by Secretary Wargo, the board approved and authorized the General Manager to execute the Eleventh Amendment to the Tolling and Waiver Agreement with the California Department of Water Resources, extending the tolling period for State Water Project claims.

Approved by the following roll call vote:

Ayes: Valdivia, Wargo, Smith, Tickemyer, Ball, Ybarra

Noes: None

Absent: Letulle

Motion passed 6-0.

6. Reports

A. General Manager's Report

General Manager, Lance Eckhart reported on the following:

1. ACWA Spring Conference – opportunities to meet with partners and State Water Project stakeholders
2. Participated in Sites Reservoir Benefits and Obligations Contract Workshop
3. Presented at the Banning Heights Mutual Water Company (BHMWC) Stakeholder Meeting

4. BHMWC Ribbon Cutting event scheduled for June 11, 2026
5. Agency's Grant Consultant helped place City Creek/Foothill Pipeline Improvement Project before the Senate Appropriations Committee through Senator Schiff's request list for a potential \$5 million federal appropriation in FY 2027

B. Legal Counsel's Report

Counsel Stewart provided a Brown Act refresher, including noticing, quorum, public comment, and Board training requirements under AB 1234 and SB 827.

Vice President Smith and Director Valdivia requested additional guidance on SB 707, social media use, and related Brown Act requirements. Counsel stated he would confirm the Agency's obligations and provide further guidance.

7. Informational Presentations and Updates:

A. Water Conditions Report

Operations Manager, Matt Howard reported that the State Water Project allocation increased from 30 percent to 45 percent, adding approximately 4,100 acre-feet to the Agency's portfolio. He reviewed improved April runoff and reservoir conditions, noted that deliveries will increase, and reported that the recharge facility was back in operation. Board discussion included early storage efforts, snowmelt conditions, Sites Reservoir benefits, and El Niño uncertainty.

B. County Line Road Construction Update

Director of Water Resources, Emmett Campbell provided an update on the County Line Road Recharge Basin and Turnout Project.

C. State Water Project Fundamentals – Water Supply Contract Recap

Director of Water Resources, Emmett Campbell provided a recap of the Agency's State Water Project water supply contract.

8. New Business – Discussion and Possible Action:

A. Approve updated Capitalization Policy

Chief Financial Officer Jennifer Ustation presented the updated Capitalization Policy, including an increase to the capitalization threshold from \$5,000 to \$20,000 and related accounting updates. She stated the policy was reviewed by the auditor and Finance and Budget Committee, with minimal fiscal impact expected. Board discussion included clarification on capitalized assets, expensed items, and treatment of repairs.

On a motion by Director Valdivia, seconded by Director Ball, the board approved the updated Capitalization Policy.

Approved by the following roll call vote:

Ayes: Valdivia, Wargo, Smith, Tickemyer, Ball, Ybarra

Noes: None

Absent: Letulle

Motion passed 6-0.

9. Reports - Directors and Committee Report

The following meetings were reported by the Board members identified beside each item:

- April 21, 2026, Cabazon Water District Board Meeting (Wargo)
- April 23, 2026, Riverside County Supervisor Karen Spiegel's Elected Women's Leadership Meeting (Wargo)
- April 27, 2026, Public Information and Outreach Committee Meeting (Wargo)
- April 28, 2026, County Line Road pipeline rehab demonstration (Ball, Wargo)
- April 29, 2026, Collaborative Agencies Committee Meeting (Valdivia)
- May 5-7, 2026, ACWA Spring Conference (Smith, Tickemyer, Valdivia, Wargo, Ybarra)
- May 11, 2026, Banning Heights Mutual Water Company Shareholders Meeting (Ball, Wargo)
- May 12, 2026, City of Banning City Council Meeting (Tickemyer, Valdivia, Ybarra)
- May 12, 2026, Board Handbook Committee Meeting (Ball, Smith, Wargo)
- May 13, 2026, Beaumont-Cherry Valley Water District Board Meeting (Ball)
- May 15, 2026, Southern California Water Coalition – Quarterly Luncheon (Smith)

Director Wargo reminded the Board of the upcoming IERCD Firewise Landscaping Workshop scheduled for June 14, 2026, at 10:00 a.m. at Noble Creek Community Center.

Vice President Smith reported during ACWA Conference there was discussion on AB 2215 with State Water Contractors and contacted Assemblymember Natasha Johnson regarding support for the bill.

10. Topics for Future Agendas

Director Ball requested future agenda discussion of the Pass Agency Foundation and potential capacity, development, or impact fee options related to future infrastructure needs, including the backbone pipeline.

11. Closed Session Agenda

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Gov. Code § 54956.9)

Significant Exposure to Litigation: One Potential Case

12. Reconvene

A. Report out of Closed Session

President Ybarra reconvened the meeting into open session. Counsel Stewart reported the Board met in closed session and there was no reportable action.

13. Announcements

President Ybarra reviewed the following announcements:

- A. Office closed May 25, 2026, in observance of Memorial Day
- B. Finance & Budget Committee Meeting, May 28, 2026 at 4:00 p.m.
- C. Regular Board Meeting, June 1, 2026 at 1:30 p.m.

14. Adjournment

There being no further business to discuss, President Ybarra adjourned the meeting at 8:00 p.m. The next regularly scheduled meeting is Monday, June 1, 2026, at 1:30 p.m.

Maricela V. Cabral, MPA, CMC
Exec. Asst./Clerk of the Board

DRAFT

San Gorgonio Pass Water Agency

DATE: June 1, 2026
TO: Board of Directors
FROM: Lance Eckhart, General Manager
BY: Jennifer Ustation, Chief Financial Officer
SUBJECT: Report from the Finance and Budget Committee

RECOMMENDATION

The Board ratify the actions of the Finance and Budget Committee as listed below.

PREVIOUS CONSIDERATION

The Finance and Budget Committee of the San Gorgonio Pass Water Agency met on May 28, 2026. During that meeting, the Committee took the following actions:

Accepted the following items:

Item 5A: Payments as listed in the Check History reports for Accounts Payable and Payroll for the month of April 2026.

Item 5B: The Bank Reconciliation for April 2026.

Item 5C: The Budget Report for April 2026.

Approved the following item:

Item 4A: Minutes of April 23, 2026 meeting of the Committee.

Item 5D: Payment of the Legal Invoice for April 2026.

Reviewed the following items:

Item 5F: Draft General Fund Budget for FY 2026-27

Item 5G: Procurement Policy

BACKGROUND

The Finance & Budget Committee reviewed the necessary financial material during this meeting and took the actions listed above.

ACTION

The Board ratify the actions of the Finance and Budget Committee as listed above.

ATTACHMENTS

Minutes

Check History Report
Bank Reconciliation
Water Delivery Report
Budget Report
Pending Legal Invoice Report
Budget Presentation
Gap Funding Report
Heli-Hydrant Report

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Finance and Budget Committee
April 23, 2026

THIS MEETING WAS HELD IN PERSON AND VIA ZOOM.

Committee Members Present: Mickey Valdivia, Chair
In person James Tickemyer, Member
Robert Ybarra, Member

Staff Present: Tom Todd, Jr., Chief Financial Officer
Jennifer Ustation, Chief Financial Officer
Emmett Campbell, Director of Water Resources
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 Mickey Valdivia at 4:00 p.m., April 23, 2026. Mr. Valdivia led the Pledge of Allegiance. Mr. Valdivia asked for a roll call. A quorum was present.
2. **Adjustment and/or Adoption of the Agenda.**
The agenda was adopted as published.
3. **Public Comment:** None
4. **Approval of Minutes**
 - A. Approval of the Minutes of the Finance & Budget Committee Meeting, March 26, 2026
Mr. Ybarra moved, seconded by Mr. Valdivia, to approve the minutes of the Finance and Budget Committee meeting of March 26, 2026. Approved unanimously by voice vote.
5. **New Business**
 - A. Review Investment Report for 1st Quarter, 2026
 - B. Ratification of Paid Invoices and Monthly Payroll for March 2026
 - C. Review of Bank Reconciliation for March 2026
 - D. Review of Budget Report for March 2026
 - E. Review of Cash Reconciliation Report for March 2026
After review and discussion, Mr. Valdivia, seconded by Mr. Tickemyer, to accept Items 5A-E. Approved unanimously by voice vote.
 - F. Review of Pending Legal Invoices for March 2026
 - G. Review of Reserve Allocation Report for March 2026
After review and discussion, Mr. Valdivia moved, seconded by Mr. Ybarra, to approve payment of the Legal Invoice and accept Reserve Allocation Report. Approved unanimously by voice vote.

H. Review Water Rate Presentation

I. Review Budget Preview

After review and discussion, there was no action taken.

J. Review Draft Capitalization Policy

After review and discussion, Mr. Tickemyer moved, seconded by Mr. Ybarra, to recommend approval to the Board of Directors.

K. Review Draft Procurement Policy

After review and discussion, Mr. Tickemyer moved, seconded by Mr. Ybarra, to recommend approval to the Board of Directors.

L. Review of Gap Funding and Heli-Hydrant Funding Report

The Committee reviewed the Gap Funding and Heli-Hydrant Funding Reports.

6. Committee Member Comments

The Committee directed the General Manager to complete the arrangements for attendee sponsorship at the WELL conference. The committee appreciated the attendance of the public at the meeting.

7. Announcements

Mr. Valdivia reviewed the announcements:

A. Regular Board Meeting, May 4, 2026 at 1:30 p.m.

B. Regular Board Meeting, May 18, 2026 at 6:00 p.m.

C. Finance & Budget Committee Meeting, May 28, 2026 at 4:00 p.m.

8. Adjournment

The Finance and Budget Committee of the San Geronio Pass Water Agency was adjourned by Mr. Valdivia at 6:15 p.m.

Draft - Subject to Committee Approval

Mickey Valdivia, Committee Chair

San Gorgonio Pass Water Agency
Check History Report
April 1 through April 30, 2026

ACCOUNTS PAYABLE

Date	Number	Name	Amount
4/6/26	122235	ACWA BENEFITS	1,237.41
4/6/26	122236	ACWA JPIA	1,984.75
4/6/26	122237	AGOSTINOCREATIVE	7,475.00
4/6/26	122238	ATAC EXTERMINATORS INC	89.00
4/6/26	122239	BEST BEST & KRIEGER	35,623.40
4/6/26	122240	BRI COMMUNICATIONS	9,600.00
4/6/26	122241	CRIDER PUBLIC RELATIONS	500.00
4/6/26	122242	CV STRATEGIES	25,168.75
4/6/26	122243	THE FERGUSON GROUP	2,625.00
4/6/26	122244	FISH WINDOW CLEANING	130.00
4/6/26	122245	GF ADVOCACY, LLC	2,500.00
4/6/26	122246	T. R. HOLLIMAN	14,190.00
4/6/26	122247	IN-SITU, INC.	81.00
4/6/26	122248	LAND ENGINEERING CONSULTANTS	30,646.50
4/6/26	122249	LENITY TECHNOLOGY	6,511.35
4/6/26	122250	MACRO COMMUNICATIONS	1,305.00
4/6/26	122251	MATTHEW PISTILLI LANDSCAPE SERVICES	3,000.00
4/6/26	122252	INES S. MEJIA	115.00
4/6/26	122253	PURCOR PEST SOLUTIONS	66.80
4/6/26	122254	SOUTH MESA WATER COMPANY	600.00
4/6/26	122255	SOUTHERN CALIFORNIA EDISON	226.00
4/6/26	122256	STANDARD INSURANCE COMPANY	1,263.56
4/6/26	122257	UNLIMITED SERVICES	437.00
4/6/26	122258	UNDERGROUND SERVICE ALERT	18.60
4/6/26	122259	VERIZON BUSINESS	60.04
4/6/26	122260	WATER RESOURCES ECONOMICS	550.00
4/6/26	122261	WASTE MGT CORPORATE SERVICES	138.46
4/6/26	122262	WEAVER GRADING	3,520.00
4/13/26	122263	ALBERT WEBB ASSOCIATES	57,290.96
4/13/26	122264	AUTOMATION PRIDE	100.00
4/13/26	122265	CRM TECH	18,430.66
4/13/26	122266	SOUTHERN CALIFORNIA GAS	49.29
4/13/26	122267	STATE WATER CONTRACTORS	2,338.00
4/13/26	122268	WEAVER GRADING	4,068.00
4/13/26	122269	ZANJERO WATER CONSULTING	23,795.00
4/28/26	122270	AUTOMATION PRIDE	100.00
4/28/26	122271	BEAUMONT-CHERRY VALLEY WATER DISTRICT	585.42
4/28/26	122272	BUILDING INDUSTRY ASSN OF SOCAL	1,000.00
4/28/26	122273	CITY OF BEAUMONT	253.09
4/28/26	122274	COMPLETE PAPERLESS SOLUTIONS	12,000.00
4/28/26	122275	CALIFORNIA RURAL WATER ASSN	10,019.63
4/28/26	122276	THE FERGUSON GROUP	2,922.50
4/28/26	122277	FRONTIER COMMUNICATIONS	389.68
4/28/26	122278	HR DYNAMICS & PERFORMANCE MGT	21,500.00
4/28/26	122279	MATTHEW PISTILLI LANDSCAPE SERVICES	375.00
4/28/26	122280	PUBLIC AGENCY RETIREMENT SERVICES	10,397.00
4/28/26	122281	PROVOST & PRITCHARD	10,731.20
4/28/26	122282	PURCOR PEST SOLUTIONS	66.80

San Gorgonio Pass Water Agency
Check History Report
April 1 through April 30, 2026

ACCOUNTS PAYABLE (CON'T)

Date	Number	Name	Amount
4/28/26	122283	RAEL & LETSON	8,500.00
4/28/26	122284	SAN BERNARDINO COUNTY MUSEUM	240.00
4/28/26	122285	SOCAL STEAM CHALLENGE	5,000.00
4/28/26	122286	SOUTHERN CALIFORNIA EDISON	103.36
4/28/26	122287	SO. CAL. WEST COAST ELECTRIC	810.00
4/28/26	122288	VALLEY OFFICE EQUIPMENT, INC.	466.88
4/28/26	122289	WELLS FARGO ELITE CREDIT CARD	25,736.33
4/28/26	122290	WEKA, INC	767,085.71
4/28/26	122291	WEX	210.00
4/2/26	901313	EMPLOYMENT DEVELOPMENT DEPARTMENT	4,010.91
4/2/26	901314	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	21,221.90
4/2/26	901315	CALPERS RETIREMENT	13,824.69
4/2/26	901316	CAL PERS RETIREMENT - SIP-457	5,563.00
4/2/26	901317	PAYCHEX	226.70
4/2/26	901318	MATTHEW E. HOWARD - REIMBURSEMENT	217.47
4/2/26	901319	THOMAS W. TODD, JR. - REIMBURSEMENT	6,191.11
4/16/26	901320	EMPLOYMENT DEVELOPMENT DEPARTMENT	3,495.24
4/16/26	901321	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	17,935.14
4/16/26	901322	CALPERS RETIREMENT	13,824.69
4/16/26	901323	CAL PERS RETIREMENT - SIP-457	5,563.00
4/16/26	901324	PAYCHEX	201.45
4/16/26	901325	JAMES N. TICKEMYER - REIMBURSEMENT	650.33
4/16/26	901326	THOMAS W. TODD, JR. - REIMBURSEMENT	3,613.03
4/29/26	901327	CALPERS HEALTH	14,926.49
4/29/26	901328	DEPARTMENT OF WATER RESOURCES	1,710,531.00
TOTAL ACCOUNTS PAYABLE CHECKS			2,956,223.28

PAYROLL

Date	Number	Name	Amount
4/1/26	803149	MARICELA V. CABRAL	4,688.98
4/1/26	803150	EMMETT G. CAMPBELL	5,533.64
4/1/26	803151	LANCE E. ECKHART	7,524.30
4/1/26	803152	MATTHEW E. HOWARD	4,831.21
4/1/26	803153	LAWRENCE R. SMITH	3,020.94
4/1/26	803154	JAMES N. TICKEMYER	2,408.57
4/1/26	803155	SCOTT W. TIRRELL	774.75
4/1/26	803156	THOMAS W. TODD, JR.	4,655.32
4/1/26	803157	JENNIFER L. USTATION	5,922.70
4/1/26	803158	MICHAEL R. VALDIVIA	3,020.93
4/1/26	803159	SARAH C. WARGO	2,953.51
4/1/26	803160	ROBERT G. YBARRA	3,020.93
4/15/26	803161	MARICELA V. CABRAL	4,688.98
4/15/26	803162	EMMETT G. CAMPBELL	5,533.63
4/15/26	803163	LANCE E. ECKHART	7,524.31

San Gorgonio Pass Water Agency
Check History Report
April 1 through April 30, 2026

4/15/26	803164	MATTHEW E. HOWARD	4,831.22
4/15/26	803165	SCOTT W. TIRRELL	494.70
4/15/26	803166	THOMAS W. TODD, JR.	4,655.32
4/15/26	803167	JENNIFER L. USTATION	5,922.70
TOTAL PAYROLL			82,006.64
TOTAL DISBURSEMENTS FOR APRIL 2026			3,038,229.92

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
 May 2026

Vendor - Name and Address	Expenditure Type
San Bernardino County Museum 2024 Orange Tree Lane Redlands, CA 92374	SGPWA History book
Fish Window Cleaning Old Address: P.O. Box GE, Beaumont, CA 92223 New address: 613 W. County Line Road Calimesa, CA 92320	Building Maintenance
Rael & Letson P.O. Box 104019, Pasadena, CA 91189	OPEB Valuation
Complete Paperless Solutions Old Address: 5130 La Palma Ave Su 206, Anaheim, CA 92807 New Address: 20264 Carey Road, Walnut, CA 91789	Office Expense

**SAN GORGONIO PASS WATER AGENCY
BANK RECONCILIATION
April 30, 2026**

BANK STATEMENT BALANCE (CHECKING ACCOUNT) -	April 30, 2026	\$	1,600,000.00
SWEEP ACCOUNT DEBIT (Balance)	April 30, 2026	\$	4,434,956.32

LESS: OUTSTANDING CHECKS

	CHECK NUMBER	AMOUNT	CHECK NUMBER	AMOUNT
SHADES	122229	255.00	122278	21,500.00
	122250	1,305.00	122279	375.00
	122263	57,290.96	122280	10,397.00
	122267	2,338.00	122281	10,731.20
	122270	100.00	122282	66.80
	122271	585.42	122283	8,500.00
	122272	1,000.00	122284	240.00
	122273	253.09	122285	5,000.00
	122274	12,000.00	122286	103.36
	122275	10,019.63	122287	810.00
	122276	2,922.50	122288	466.88
	122277	389.68	122291	210.00
		88,459.28		58,400.24

TOTAL OUTSTANDING CHECKS (146,859.52)

ADJUSTED BANK STATEMENT BALANCE - April 30, 2026 **\$ 5,888,096.80**

BALANCE PER GENERAL LEDGER AT END OF PRIOR MONTH \$ 4,930,685.39

CASH RECEIPTS FOR CURRENT MONTH 3,995,641.33

CASH DISBURSEMENTS FOR CURRENT MONTH

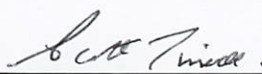
ACCOUNTS PAYABLE	Checks	(1,134,227.13)	
ACCOUNTS PAYABLE	ACHs	(1,821,996.15)	(2,956,223.28)
PAYROLL	Prior Month: 16th-EOM	(48,355.78)	
PAYROLL	This Month: 1st-15th	(33,650.86)	(82,006.64)

TRANSFERS

FROM LAIF / CAMP TO CHECKING ACCT	-
FROM CHECKING ACCT TO LAIF / CAMP	-

BALANCE PER GENERAL LEDGER - April 30, 2026 **\$ 5,888,096.80**

REPORT PREPARED BY:



Scott Tirrell

May 4, 2026

Date

**SAN GORGONIO PASS WATER AGENCY
DEPOSIT RECAP
FOR THE MONTH OF APRIL 2026**

DATE	RECEIVED FROM	DESCRIPTION	AMOUNT
DEPOSIT TO CHECKING ACCOUNT			
4/3/26	DWR	DAVIS DOLWIG	34,984.00
4/14/26	BCVWD	WATER SALES	511,917.00
4/14/26	RIVERSIDE COUNTY	SEC SA2	3,291,901.79
4/20/26	YVWD	WATER SALES	20,305.11
4/20/26	THOMAS TODD JR	CC RMBRSMNT	97.43
4/21/26	ROBERT YBARRA	CC RMBRSMNT	125.00
4/27/26	DWR	DWR REFUND	136,311.00
TOTAL FOR APRIL 2026			3,995,641.33

SAN GORGONIO PASS WATER AGENCY

Local Water Purchases and Deliveries
Calendar Year 2026
DRAFT - Subject to Change
May 21, 2026

ORDERS (AF)					
City of Banning		BCVWD		YVWD	
Replenish	Pre-Stored	Replenish	Pre-Stored	Direct	Pre-Stored*
1,500	500	11,200	5,300	200	0

Month	Delivery Point					Pre-Stored Water					
	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		2,519			
Jan	553		774		1,327	553		3,072			
Feb	595		1,286	8	1,889	595		3,667			
Mar	872		1,283	51	2,206	872		4,539			
Apr	279		864	23	1,166	279		4,818			
May					0						
Jun					0						
Jul					0						
Aug					0						
Sep					0						
Oct					0						
Nov					0						
Dec					0						
TOTALS	2,299	0	4,207	81	6,587	2,299	0		0	0	0

Month	City of Banning			BCVWD			YVWD			Totals
	Deliveries	Transfers-in	Total	Deliveries	Transfers-in	Total	Deliveries	Transfers-in	Total	
Jan			0	774		774			0	774
Feb			0	1,286		1,286	8		8	1,294
Mar			0	1,283		1,283	51		51	1,334
Apr			0	864		864	23		23	887
May			0			0			0	0
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	4,207	0	4,207	81	0	81	4,288

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

San Geronio Pass Water Agency
Budget Highlights

2026

Overall FY 2025-26

All budget expense categories are within budget at this time.

General Fund (Green Bucket)

Income

General Fund income is slightly under budget but is expected to end within budget by year-end.

Expenses

As mentioned above, all expense categories for the General Fund are well within budget. Within categories, there are some line items worth noting.

Previously mentioned:

- Tools Purchase and Maintenance

For this month, Purchased Water for Delivery and Succession Planning are slightly over-expensed for this time of year but expected to be within budget for year-end.

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

- Grant Support Services
- Sponsorships

Consigned – SWP Support Fund (Orange Bucket)

Nothing to report.

Debt Service Fund (Red Bucket)

Income

Overall, Debt Service Income is near budget expectations at this time. Little activity for tax revenue is expected until next month.

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 – SWP
- State Water

The line item for Water Treatment Expense was previously mentioned. The overall expenses for the Debt Service Fund are expected to remain within budget.

Funding Programs

There were no expenditures or receipts for the Gap Funding Program in April.

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE TEN MONTHS ENDING ON APRIL 30, 2026

		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
GENERAL FUND						
INCOME					% of Budget Year:	83.3%
						Over budget
						Under budget
1	WATER SALES	7,500,000		7,500,000	4,829,364.33	64.4%
2	OTHER WATER SALES	0		0	0.00	
3	TAX REVENUE	13,250,000		13,250,000	7,172,219.63	54.1%
4	INTEREST	600,000		600,000	1,389,114.19	231.5%
5	GOV'T CONTRIBUTIONS	320,000		320,000	0.00	0.0%
6	GRANT REVENUE	3,600,000		3,600,000	2,335,381.73	64.9%
7	OTHER MISCELLANEOUS INCOME	45,000		45,000	41,061.76	91.2%
8	TOTAL GENERAL FUND INCOME	25,315,000	0	25,315,000	15,767,141.64	62.3%
EXPENSES						Under budget
						Over budget
COMMODITY PURCHASE						
12	PURCHASED WATER FOR DELIVERY	2,700,000		2,700,000	2,454,426.00	90.9%
13	PURCHASED WATER FOR BANKING (FUTURE SALE)	1,000,000		1,000,000	0.00	0.0%
14	TOTAL COMMODITY PURCHASE	3,700,000	0	3,700,000	2,454,426.00	66.3%
SALARIES AND EMPLOYEE BENEFITS						
17	SALARIES	800,000		800,000	601,092.72	75.1%
18	PAYROLL TAXES	73,000		73,000	45,493.79	62.3%
19	PAYROLL SERVICES	11,000	5,000	16,000	10,703.84	66.9%
20	RETIREMENT	350,000		350,000	245,173.19	70.0%
21	OTHER POST-EMPLOYMENT BENEFITS (OPEB)	200,000		200,000	85,685.47	42.8%
22	HEALTH INSURANCE	75,000		75,000	47,055.59	62.7%
23	ACWA BENEFITS	12,000		12,000	7,100.98	59.2%
24	DISABILITY INSURANCE	8,000		8,000	5,285.67	66.1%
25	WORKERS COMPENSATION INSURANCE	7,000		7,000	3,449.80	49.3%
26	SGPWA STAFF MEDICAL REIMBURSEMENT	22,000		22,000	10,202.02	46.4%
27	EMPLOYEE EDUCATION	7,000		7,000	2,560.00	36.6%
28	TOTAL SALARIES AND EMPLOYEE BENEFITS	1,565,000	5,000	1,570,000	1,063,803.07	68.0%

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE TEN MONTHS ENDING ON APRIL 30, 2026

		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
GENERAL FUND						
EXPENSES					% of Budget Year:	83.3%
ADMINISTRATIVE AND PROFESSIONAL SERVICES						Under budget
DIRECTOR EXPENDITURES						Over budget
33	DIRECTORS FEES	285,000		285,000	138,733.81	48.7%
34	DIRECTORS TRAVEL AND EDUCATION	80,000		80,000	46,577.97	58.2%
35	DIRECTORS MEDICAL	214,000		214,000	24,665.65	11.5%
OFFICE EXPENDITURES						
37	OFFICE EXPENSE	40,000	12,000	52,000	47,291.51	90.9%
38	POSTAGE	1,000		1,000	377.16	37.7%
39	TELEPHONE	8,000		8,000	6,475.39	80.9%
40	UTILITIES	7,000		7,000	3,371.67	48.2%
SERVICE EXPENDITURES						
42	COMPUTER, WEBSITE AND PHONE SUPPORT	75,000		75,000	60,916.08	81.2%
43	GENERAL MANAGER AND STAFF TRAVEL	50,000		50,000	34,056.21	68.1%
44	SUCCESSION PLANNING	65,000		65,000	59,955.91	92.2%
45	INSURANCE AND BONDS	70,000		70,000	69,170.39	98.8%
46	ACCOUNTING AND AUDITING	22,000		22,000	20,000.00	90.9%
47	LEGAL SERVICES	350,000		350,000	257,874.05	73.7%
48	DUES AND ASSESSMENTS	70,000		70,000	55,935.02	79.9%
49	OTHER PROFESSIONAL SERVICES	25,000		25,000	14,539.30	58.2%
50	BANK CHARGES	1,000		1,000	0.00	0.0%
51	MISCELLANEOUS EXPENSES	1,000		1,000	0.00	0.0%
MAINTENANCE AND EQUIPMENT EXPENDITURES						
53	TOOLS PURCHASE AND MAINTENANCE	2,000		2,000	1,509.26	75.5%
54	MAINTENANCE AND REPAIRS - VEHICLE	30,000		30,000	16,175.85	53.9%
55	MAINTENANCE AND REPAIRS - BUILDING	50,000		50,000	17,131.86	34.3%
56	MAINTENANCE AND REPAIRS - FIELD	60,000		60,000	46,119.86	76.9%
COUNTY EXPENDITURES						
58	LAFCO COST SHARE	10,000		10,000	10,915.52	109.2%
59	ELECTION EXPENSE	0		0	0.00	
60	TAX COLLECTION CHARGES	70,000		70,000	47,995.22	68.6%
61	TOTAL ADMINISTRATIVE AND PROFESSIONAL SERVICES	1,586,000	12,000	1,598,000	979,787.69	61.8%

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE TEN MONTHS ENDING ON APRIL 30, 2026

		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
GENERAL FUND						
EXPENSES					% of Budget Year:	83.3%
CONSULTING AND ENGINEERING SERVICES						Under budget
PLANS & CONSTRUCTION						Over budget
65	INFRASTRUCTURE PLAN - Phase 2	25,000		25,000	0.00	0.0%
66	BACKBONE INFRASTRUCTURE STUDY AND DESIGN	750,000	-415,000	335,000	0.00	0.0%
67	BUNKER HILL BANKING AND RECOVERY PROGRAM	75,000		75,000	0.00	0.0%
68	COUNTY LINE RECHARGE	100,000		100,000	88,294.24	88.3%
69	SMALL SYSTEM ASSISTANCE PROGRAM	210,000		210,000	74,487.21	35.5%
70	SIGNAGE AND FRONTAGE BROOKSIDE EAST	75,000		75,000	0.00	0.0%
71	MONITORING WELL DRILLING	1,800,000		1,800,000	861,051.52	47.8%
72	HELI-HYDRANT	1,200,000		1,200,000	161,552.45	13.5%
OTHER PROJECTS						
74	WATER BANKING INVESTIGATIONS	25,000	415,000	440,000	393,326.40	89.4%
75	SAN GORGONIO GSA	550,000		550,000	47,274.76	8.6%
76	YUCAIPA GSA VERBENIA GSA	50,000		50,000	7,552.29	15.1%
77	FLUME MONITORING AND SUPPORT	30,000		30,000	0.00	0.0%
STUDIES AND REPORTS						
79	FINANCIAL MODELING + NEXUS RATE STUDY	55,000		55,000	29,075.78	52.9%
80	USGS STUDIES AND MONITORING	400,000		400,000	213,095.94	53.3%
81	LOCAL SUPPLIES	50,000		50,000	0.00	0.0%
82	LOCAL RECHARGE FEASIBILITY STUDIES	750,000		750,000	33,860.10	4.5%
83	UWMP SUPPORT AND ANNUAL REPORT COMPLETION	300,000		300,000	102,790.00	34.3%
GENERAL ENGINEERING SERVICES						
85	ON-CALL ENGINEERING SERVICES	500,000		500,000	90,241.89	18.0%
86	GRANT SUPPORT SERVICES	50,000		50,000	53,515.00	107.0%
87	STATE + FEDERAL ADVOCACY	80,000		80,000	22,500.00	28.1%
88	SAWPA REGIONAL PROJECTS	15,000		15,000	9,889.00	65.9%
89	GENERAL ENGINEERING and ENVIRONMENTAL	50,000		50,000	1,247.50	2.5%
90	TOTAL CONSULTING AND ENGINEERING SERVICES	7,140,000	0	7,140,000	2,189,754.08	30.7%

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE TEN MONTHS ENDING ON APRIL 30, 2026

		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
GENERAL FUND						
EXPENSES					% of Budget Year:	83.3%
						Under budget
CONSERVATION AND EDUCATION						Over budget
98	SCHOOL EDUCATION PROGRAMS	65,000		65,000	14,658.00	22.6%
99	PUBLIC INFORMATION AND EDUCATION	260,000		260,000	227,315.34	87.4%
100	SPONSORSHIPS	10,000		10,000	11,750.00	117.5%
101	TRANSFER TO PASS WATER AGENCY FOUNDATION	35,000		35,000	33,221.62	94.9%
102	65th ANNIVERSARY CELEBRATION	50,000		50,000	22,935.00	45.9%
103	TOTAL CONSERVATION AND EDUCATION	420,000	0	420,000	309,879.96	73.8%
MAJOR AND CAPITAL EXPENDITURES						
BUILDING AND EQUIPMENT						
107	BUILDING	50,000		50,000	0.00	0.0%
108	FRONT LANDSCAPING	0		0	0.00	
109	FURNITURE AND OFFICE EQUIPMENT	25,000		25,000	18,087.03	72.3%
110	OTHER EQUIPMENT	20,000		20,000	0.00	0.0%
111	VEHICLES	80,000	65,000	145,000	55,632.32	38.4%
OTHER ITEMS						
113	SITES RESERVOIR	840,000		840,000	0.00	0.0%
114	NEW PROPERTY	50,000	480,000	530,000	477,343.96	90.1%
115	COUNTY LINE RECHARGE - CONSTRUCTION	6,500,000		6,500,000	2,575,220.00	39.6%
117	TOTAL MAJOR AND CAPITAL EXPENDITURES	7,565,000	545,000	8,110,000	3,126,283.31	41.3%
119	TRANSFERS TO OTHER FUNDS					
121	TOTAL GENERAL FUND EXPENSES	21,976,000	562,000	22,538,000	10,123,934.11	44.9%
123	GENERAL FUND NET INCOME YTD	3,339,000	-562,000	2,777,000	5,643,207.53	

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE TEN MONTHS ENDING ON APRIL 30, 2026

		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
CONSIGNED - SWP SUPPORT FUND						
					% of Budget Year:	83.3%
INCOME						Over budget
						Under budget
INCOME						
130	UNITARY TAX REVENUE ALLOCATED	9,100,000		9,100,000	3,795,574.11	41.7%
131	INTEREST	580,000		580,000	892,877.30	153.9%
132	OTHER INCOME	0		0		
133	TOTAL SWP SUPPORT FUND INCOME	9,680,000	0	9,680,000	4,688,451.41	48.4%
EXPENSES						Under budget
						Over budget
EXPENDITURES						
139	TAX COLLECTION CHARGES	24,000		24,000	9,488.94	39.5%
140	OTHER EXPENSES	0		0		
141	TOTAL SWP SUPPORT FUND EXPENSES	24,000	0	24,000	9,488.94	39.5%
143	TRANSFERS TO OTHER FUNDS					
145	CONSIGNED - SWP SUPPORT FUND NET INCOME YTD	9,656,000	0	9,656,000	4,678,962.47	

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE TEN MONTHS ENDING ON APRIL 30, 2026

		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
DEBT SERVICE FUND						
					% of Budget Year:	83.3%
INCOME						Over budget
						Under budget
153	TAX REVENUE	34,754,000		34,754,000	22,598,924.04	65.0%
154	INTEREST	2,000,000		2,000,000	2,664,523.46	133.2%
155	CONTRIBUTIONS - GOVERNMENT	0		0		
156	DWR CREDITS - BOND COVER, OTHER	3,550,000		3,550,000	1,898,547.00	53.5%
157	TOTAL DEBT SERVICE FUND INCOME	40,304,000	0	40,304,000	27,161,994.50	67.4%
EXPENSES						Under budget
						Over budget
161	SWP PURCHASED WATER	4,800,000		4,800,000	5,292,517.00	110.3%
162	SALARIES	640,000		640,000	456,216.23	71.3%
163	PAYROLL TAXES	40,000		40,000	24,082.25	60.2%
164	BENEFITS	400,000		400,000	226,988.47	56.7%
165	SWP UTILITIES	12,000		12,000	6,702.12	55.9%
166	STATE WATER CONTRACT AUDIT	8,000		8,000	6,818.00	85.2%
167	STATE WATER CONTRACTOR DUES	45,000		45,000	50,311.00	111.8%
168	STATE WATER LEGAL SERVICES	1,000		1,000	0.00	0.0%
169	DELTA CONVEYANCE FINANCING AUTHORITY	30,000		30,000	0.00	0.0%
170	WATER TREATMENT EXPENSE	100,000		100,000	110,234.46	110.2%
171	EBX CONTRACT OPERATIONS	400,000		400,000	232,274.25	58.1%
172	SWP ENGINEERING AND MAINTENANCE	2,400,000		2,400,000	124,593.17	5.2%
173	WATER TRANSFERS	2,700,000		2,700,000	1,970,322.00	73.0%
174	STATE WATER CONTRACT PAYMENTS	26,000,000		26,000,000	21,925,225.00	84.3%
175	TAX COLLECTION CHARGES	170,000		170,000	79,993.90	47.1%
176	TOTAL DEBT SERVICE FUND EXPENSES	37,746,000	0	37,746,000	30,506,277.85	80.8%
178	TRANSFERS FROM RESERVES			0.00	0.00	
180	DEBT SERVICE NET INCOME YTD	2,558,000	0	2,558,000	-3,344,283.35	

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE TEN MONTHS ENDING ON APRIL 30, 2026

		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
FUNDING PROGRAMS						
GAP FUNDING PROGRAM					%	83.3%
INCOME						Over budget
						Under budget
185	CABAZON WATER DISTRICT	0		0	0.00	
186	SOUTH MESA WATER COMPANY	600,000		600,000	0.00	0.0%
187	HIGH VALLEYS WATER DISTRICT	2,000,000		2,000,000	0.00	0.0%
188	BANNING HEIGHTS MUTUAL WATER CO.	0		0	100,000.00	
191	TOTAL INCOME	2,600,000	0	2,600,000	100,000.00	3.8%
EXPENSES						Under budget
						Over budget
194	CABAZON WATER DISTRICT	0		0	0.00	
195	SOUTH MESA WATER COMPANY	1,100,000		1,100,000	0.00	0.0%
196	HIGH VALLEYS WATER DISTRICT	1,000,000		1,000,000	0.00	0.0%
197	BANNING HEIGHTS MUTUAL WATER CO.	900,000		900,000	920,983.20	102.3%
198	TOTAL EXPENSE	3,000,000	0	3,000,000	920,983.20	30.7%
202	GAP FUNDING PROGRAM NET BALANCE YTD	-400,000	0	-400,000	-820,983.20	
HELI-HYDRNAT FUNDING PROGRAM						
INCOME						
208	CABAZON WATER DISTRICT			0	480,000.00	
210	SOUTH MESA WATER COMPANY			0	0.00	
212	HIGH VALLEYS WATER DISTRICT			0	0.00	
214	BANNING HEIGHTS MUTUAL WATER CO.			0	0.00	
216	TOTAL INCOME	0	0	0	480,000.00	
EXPENSES						
222	SOUTH MESA WATER COMPANY			0	0.00	
224	HIGH VALLEYS WATER DISTRICT			0	600,000.00	
226	BANNING HEIGHTS MUTUAL WATER CO.			0	0.00	
228	TOTAL EXPENSE	0	0	0	600,000.00	
232	HELI-HYDRANT FUNDING PROGRAM NET BALANCE YTD	27 0	0	0	-120,000.00	

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
CY	Calendar Year	12-month reporting period that coincides with the calendar year
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
FY	Fiscal Year	12-month accounting cycle used for financial reporting
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

San Gorgonio Pass Water Agency

List of Some Acronyms and Vendors and Their Functions

Acronym	Name	Function and Information
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
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
LEC	Land Engineering Consultants	Consulting firm based in Calimesa that provides engineering services to the Agency.
MAPILA	Matthew Pistilli Landscape Services	Provides landscape and gardening services
NAPCFC	Napa County Flood Control and Water Conservation	A state water contractor, participated in water transfer to SGPWA
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

San Gorgonio Pass Water Agency

List of Some Acronyms and Vendors and Their Functions

Acronym	Name	Function and Information
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 copper sulfite solution for water treatment
USGS	U.S. Geological Survey	Federal agency that provides groundwater data and modeling
UWMP	Urban Water Management Plan	
WEF	Water Education Foundation	
Weka, Inc.	Construction firm	Bid approved to construct County Line Recharge facility
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 260408

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	260430	LEGAL SERVICES APRIL 2026	39,148.77

TOTAL PENDING INVOICES FOR APPROVAL MAY 2026

39,148.77

San Gorgonio Pass Water Agency
 Gap Funding Program
 Summary Report
 Report Date: May 21, 2026

OVERALL Current Balance: 3,737,888.56 (Owed to Agency)

Cabazon Water District	(CWD owes us) - Current Balance: 34,370.00
Gap Funding Maximum: 1,300,000	
Approximate Project Cost: 1,700,000.00	Approximate Gap Funding Available: 1,265,630.00
Payments Made to CWD: 1,576,885.54	Payments Received from CWD: 1,542,515.54

South Mesa Water Company	(SMWC owes us) - Current Balance: 1,407,379.11
Gap Funding Maximum: 7,000,000	
Approximate Project Cost: 10,300,000.00	Approximate Gap Funding Available: 5,592,620.89
Payments Made to SMWC: 6,325,017.13	Payments Received from SMWC: 4,917,638.02

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

Banning Heights Mutual Water Co.	(BHMWC owes us) - Current Balance: 1,387,511.95
Gap Funding Maximum: 1,500,000	
Approximate Project Cost: 3,756,000.00	Approximate Gap Funding Available: 112,488.05
Payments Made to BHMWC: 1,487,511.95	Payments Received from BHMWC: 100,000.00
(12/19/25) 1/14/26 300,974.25	10/29/25 100,000.00
2/16/26 2/18/26 288,140.70	

San Gorgonio Pass Water Agency
Heli-Hydrant Funding Program
Summary Report
Report Date: May 21, 2026

OVERALL Current Balance: 480,000.00 (Owed to Agency)

Cabazon Water District	(Owed to us) - Current Balance: 0.00
Heli-Hydrant Maximum: 600,000	
Heli-Hydrant Funding Available: 600,000.00	
Payments Made to CWD: 600,000.00	Payments Received: 600,000.00

South Mesa Water Company	(Owed to us) - Current Balance: 0.00
Heli-Hydrant Maximum: 300,000	
Heli-Hydrant Funding Available: 300,000.00	
Payments Made to SMWC: 0.00	Payments Received: 0.00

High Valleys Water District	(Owed to us) - Current Balance: 480,000.00
Heli-Hydrant Maximum: 600,000	
Heli-Hydrant Funding Available: 120,000.00	
Payments Made to HVWD: 600,000.00	Payments Received: 120,000.00
8/18/25 120,000.00	12/9/25 120,000.00
10/13/25 240,000.00	
11/3/25 240,000.00	

Banning Heights Mutual Water Co.	(Owed to us) - Current Balance: 0.00
Heli-Hydrant Maximum: 300,000	
Heli-Hydrant Funding Available: 300,000.00	
Payments Made to BHMWC: 0.00	Payments Received: 0.00

San Geronio Pass Water Agency

DATE: June 1, 2026
TO: Board of Directors
FROM: Lance Eckhart, General Manager
BY: Emmett Campbell, Director of Water Resources
SUBJECT: Authorize the General Manager to Execute a Change Order with WEKA, Inc. for Subgrade Stabilization Work on Buena Vista Court and 4th Street Prior to Paving, in a Not-to-Exceed Amount of \$50,000

RECOMMENDATION

Authorize the General Manager to Execute a Change Order with WEKA, Inc. for Subgrade Stabilization Work on Buena Vista Court and 4th Street Prior to Paving, in a Not-to-Exceed Amount of \$50,000.

PREVIOUS CONSIDERATION

- October 7, 2024 – Board of Directors adopted the Mitigated Negative Declaration for the County Line Road Recharge Basin and Turnout Project.
- October 21, 2024 – Board of Directors approved the American Rescue Plan Act funding agreement with Riverside County for the County Line Road Recharge Basin and Turnout Project.
- January 6, 2025 – Board of Directors approved a professional services agreement with CRM Tech for Archeological and Paleontological services for the County Line Road Recharge Basin and Turnout Project.
- May 5, 2025 – Board of Directors approved a paving agreement with the City of Calimesa to be completed in conjunction with the County Line Road Recharge Basin and Turnout Project.
- May 19, 2025 – Board of Directors approved a construction management services professional services agreement with Land Engineering Consultants, Inc., for the County Line Road Recharge Basin and Turnout Project.
- June 16, 2025 – Board of Directors authorized staff to advertise construction bids for the County Line Road Recharge Basin Project.
- August 4, 2025 – Board of Directors rejected all bids for the County Line Road Recharge Basin Project and instructed staff to rebid the project.
- September 15, 2025 – Board of Directors awarded the County Line Road Recharge Basin Project to WEKA, Inc.

- February 23, 2026: The Board of Directors authorized the General Manager to execute a change order to adjust the fencing plan for the project.

BACKGROUND AND ANALYSIS

The County Line Recharge (“CLR”) Basin Project is currently under construction. The project was awarded to WEKA, Inc. for \$4,676,332.00. The major elements of the project include:

1. Inspection and relining of the South Mesa Water Company 14” waterline.
2. Installation of pipe in 4th St.
3. Grading and excavation of groundwater basin on the 4th St. property.
4. Paving of 4th St and Buena Vista Ct

As of today’s date, twelve change orders have been approved, totaling approximately \$500,000. This represents an overall contract increase of approximately 10%. While the number of change orders may appear high, most have been relatively minor, with individual costs of less than \$10,000. The majority of the additional expenditures are attributable to three larger items: the change in pipe lining material from polyester to epoxy, revisions to the fencing plan, and additional work associated with the jack-and-bore operation under the channel.

Staff has tracked each change order separately to clearly document the scope, reason, and cost of each item. This approach also allows each change to be evaluated and compensated using the most appropriate method. In some cases, a lump-sum change order is appropriate when the scope and cost can be clearly defined in advance. In other cases, time-and-materials pricing is more appropriate when the exact extent of the work depends on field conditions. Tracking these items separately provides a more transparent record of the changes made during construction and helps distinguish minor administrative or field adjustments from the larger cost drivers on the project.

Each approved change order has previously been reported to the Board in accordance with the Agency’s procurement policy. The approved change orders are listed below:

1. Change Order No. 1: Additional work related to the jack-and-bore operation under the channel.
2. Change Order No. 2: Material change for the SMWC pipe relocation straps.
3. Change Order No. 3: Addition of rock slope protection fabric.
4. Change Order No. 4: Material change for the fence.
5. Change Order No. 5: Material change for the pipe relining.
6. Change Order No. 6: Additional work related to an existing manhole adjustment and modification of the on-site irrigation water service connection.
7. Change Order No. 7: Adjustment to the precise grading plan in the southwest corner of the site.
8. Change Order No. 8: Addition of locator stations to improve the accuracy of future pipeline mark-outs within County Line Road.

9. Change Order No. 9: Modification of the on-site sump box to match the newly constructed trapezoidal channel.
10. Change Order No. 10: Removal of a conflicting tree in Buena Vista Court.
11. Change Order No. 11: Addition of a solar installation to power the irrigation controller.
12. Change Order No. 12: Additional work related to tree root removal, backfill, and repair work necessary to prevent future trench failure associated with the Buena Vista Court tree removal.

As the project nears completion, a few outstanding items remain. One item relates to the paving work on Buena Vista Court and 4th Street. After the contractor removed the existing roadway and began preparing the streets for repaving, soft and inadequately compacted material was discovered within old utility trench areas.

The project soils engineer, LOR Geotechnical, initially recommended removing the existing backfill within the affected trench areas and replacing it with properly compacted base material to provide a firm and stable subgrade for paving. After further review, LOR Geotechnical has also identified the use of a geogrid/geotextile stabilization material as a potentially less invasive and more cost-effective method to reinforce the affected trench areas and provide a stable subgrade for paving. This approach may reduce the amount of excavation and replacement material required, resulting in a lower overall cost than the original removal and replacement method.

A final determination regarding the appropriate stabilization method has not yet been made and will depend on field conditions and confirmation from the soils engineer. Because the project contingency is nearly depleted, staff is requesting Board approval of a change order in a not-to-exceed amount of \$50,000 to allow the necessary subgrade stabilization work on Buena Vista Court and 4th Street to proceed without delay. Although the actual cost may be less if the geogrid/geotextile stabilization approach is used, staff is requesting authorization for the full \$50,000 amount to preserve flexibility in the event the original removal and replacement method, or additional work, is required in the field.

The paving work within 4th Street is subject to a paving agreement with the City of Calimesa. To the extent any additional work within 4th Street is required, staff will confer in good faith with the City regarding reimbursement for eligible extra work performed in connection with the paving improvements.

STRATEGIC PLAN NEXUS

The road compaction change order for the CLR Basin Project and the initiation of the Agency fencing policy helps advance various aspects of the Agency's Strategic Plan, including:

- Strategic Goal 2: Ensure a reliable delivery system that advances efficiency and resiliency.

- ✓ Objective 2 – Develop additional recharge facilities to support conjunctive use.

FISCAL IMPACT

The FY 2025–26 General Fund Budget (Green Bucket) includes a line item for construction of the County Line Road Recharge Basin Project titled “County Line Recharge – Construction” (Line #115) within the Major and Capital Expenditures section. The total budgeted amount for this line item is \$6.5 million, which is intended to cover the construction contract and associated project-related costs.

As reflected in the May 2026 budget report, approximately \$2.6M has been expended to date. Approval of the proposed change order, in a not-to-exceed amount of \$50,000, would be absorbed within the existing project budget. The overall project is expected to remain within the adopted budget.

ACTION

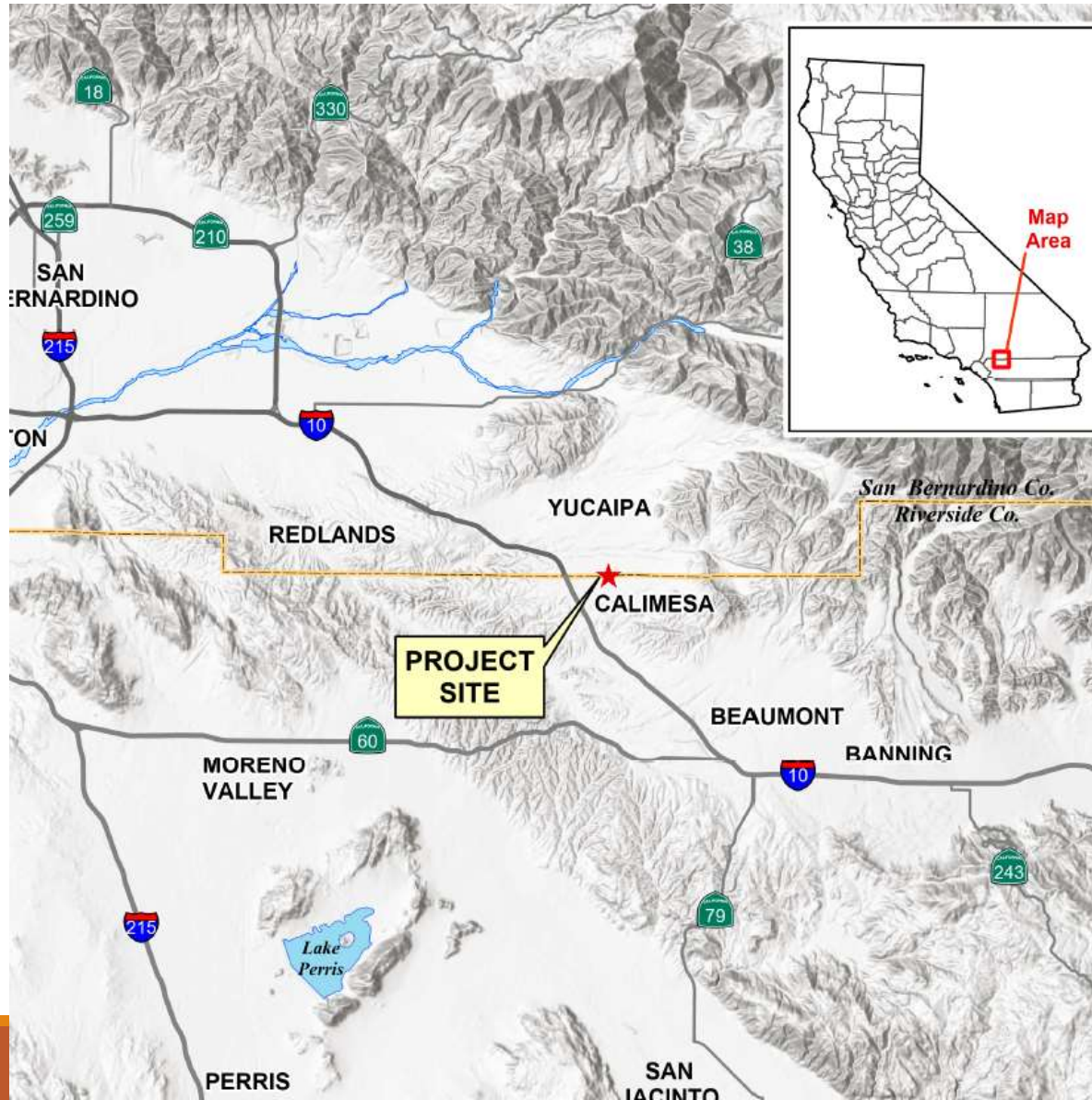
Authorize the General Manager to Execute a Change Order with WEKA, Inc. for Subgrade Stabilization Work on Buena Vista Court and 4th Street Prior to Paving, in a Not-to-Exceed Amount of \$50,000.

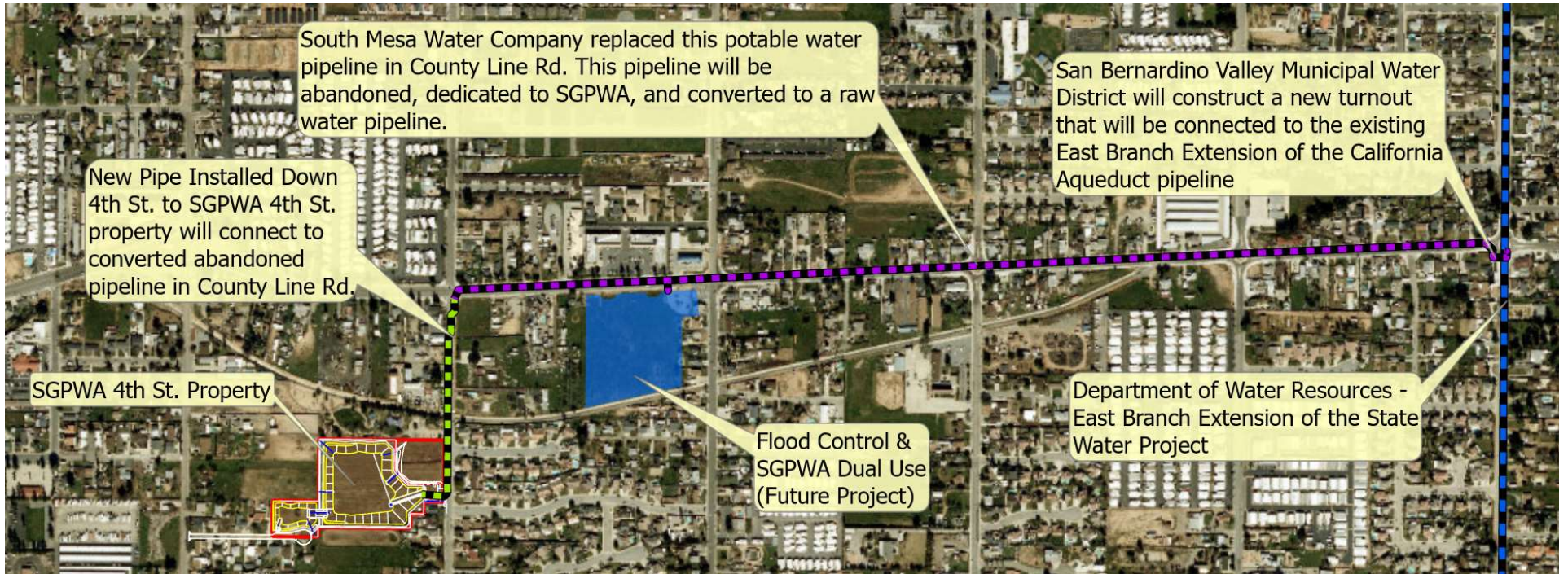


County Line Rd Buena Vista Ct and 4th Street Subgrade Stabilization Change Order

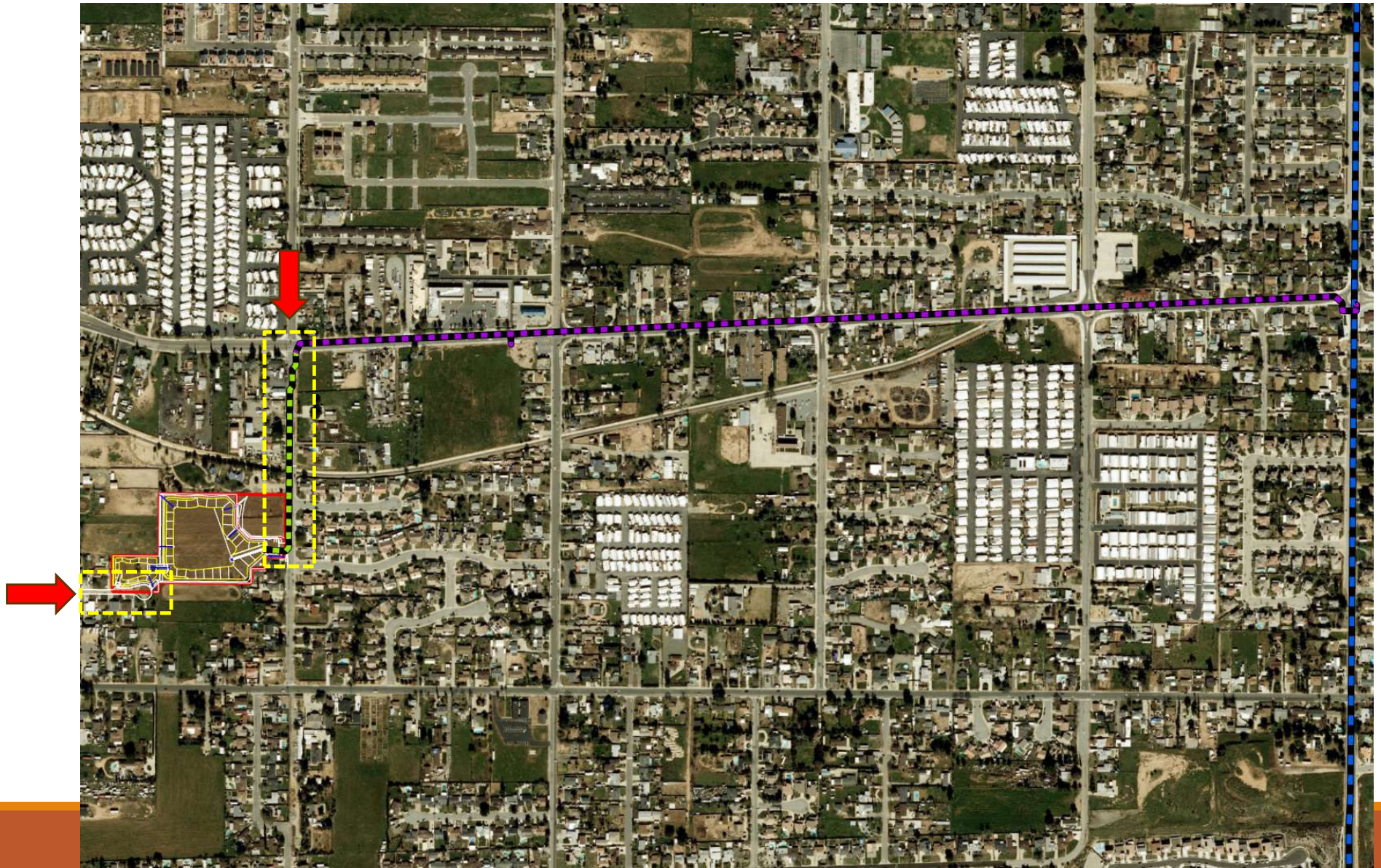
BOARD OF DIRECTORS

JUNE 1, 2026





County Line Rd Recharge Basin and Turnout Project





Recommendation

Authorize the General Manager to Execute a Change Order with WEKA, Inc. for Subgrade Stabilization Work on Buena Vista Court and 4th Street Prior to Paving, in a Not-to-Exceed Amount of \$50,000.

San Gorgonio Pass Water Agency

DATE: June 1, 2026
TO: Board of Directors
FROM: Lance Eckhart, General Manager
BY: Emmett Campbell, Director of Water Resources
SUBJECT: Consideration and Adoption of Resolution 2026-02 Awarding a Heli-Hydrant Installation Contract to Glenn Chavez Construction for \$330,980.00.

RECOMMENDATION

Adopt Resolution 2026-02 Awarding a Heli-Hydrant Installation Contract to Glenn Chavez Construction for \$330,980.00.

PREVIOUS CONSIDERATION

- October 7, 2024: Board Meeting - Approval of Resolution No. 2024-13 to Execute the American Rescue Plan Act Funding Agreement Between the San Gorgonio Pass Water Agency and the County of Riverside for the Construction of Heli-Hydrant Systems
- November 18, 2024: Board Meeting - Approval of Heli-Hydrant Installation and Maintenance Agreement between San Gorgonio Pass Water Agency and Cabazon Water District
- May 5, 2025: Board Meeting - Approval of Heli-Hydrant Installation and Maintenance Agreement between San Gorgonio Pass Water Agency and High Valleys Water District
- October 20, 2025 - Approval of Heli-Hydrant Installation and Maintenance Agreement between San Gorgonio Pass Water Agency and South Mesa Water Company
- March 16, 2026 - SGPWA Granted a Public Utility Easement to Beaumont Cherry Valley Water District

BACKGROUND

On March 11, 2021, President Biden signed the American Rescue Plan Act (“ARPA”) of 2021 (H.R. 1319) into law. The \$1.9 trillion package was intended to combat the public health and economic impacts of the COVID-19 pandemic.

As part of the \$362 billion in federal fiscal recovery aid for state and local governments, \$65.1 billion was provided in direct aid to counties. The County of Riverside's (the

“County”) share of the ARPA funding was \$479 million, of which the first installment of \$239.9 million was received on May 10, 2021, and the second installment of the same amount was received on June 6, 2022. The funds must be obligated by December 31, 2024, and expended by December 31, 2026.

On April 30, 2024, the County’s Board of Supervisors voted to allocate \$1.8 million for the construction of six Heli-Hydrants within SGPWA’s service area in Riverside County, subject to the execution of a funding agreement between SGPWA and the County. SGPWA initially anticipated serving as a pass-through agency for the County’s ARPA funds to its retail agencies, which would construct, own, and maintain the Heli-Hydrants using their existing infrastructure. Under the current implementation approach, SGPWA will serve as the pass-through agency for five Heli-Hydrant installations by retail agencies and will directly construct, own, and maintain one Heli-Hydrant installation.

On October 7, 2024, the SGPWA’s Board of Directors voted to approve the ARPA funding agreement with the County. The County’s Board of Supervisors voted to approve the ARPA agreement for the Heli-Hydrants on October 29, 2024.

The first two of the six preferred sites referenced in the ARPA funding agreement were constructed by CWD, one on the north side of the I-10 and the other on the south side of the I-10. The next two Heli-Hydrant sites were constructed by High Valleys Water District (“HVWD”). One site is in Poppet Flats, and the other is in Twin Pines. All four of these Heli-Hydrant sites have been constructed. Additionally, SGPWA is working with South Mesa Water Company to construct the fifth Heli-Hydrant site in Calimesa.

The final ARPA-funded Heli-Hydrant site will be constructed directly by SGPWA. The location for the final site is on the SGPWA property on Brookside Ave and Beaumont Ave. This site has been flown by County Fire and was deemed to be a good site for a Heli-Hydrant. Additionally, SGPWA has been working closely with Beaumont Cherry Valley Water District (“BCVWD”) to connect the Heli-Hydrant site with their water system.

In order to facilitate the construction of pipe works to the property, SGPWA granted Beaumont Cherry Valley Water District a utility easement to construct, maintain, and replace the pipe along the property. BCVWD also marked the location where we would connect the Heli-Hydrant. This work was completed in April 2026.

ANALYSIS

The San Gorgonio Pass area has a history of major fires. In 2020, the Apple Fire burned 33,000 acres north of the City of Banning. The damage caused by the fire did not stop at the immediate burn sites. The charred land and burnt-up trees caused devastating impacts due to debris flowing down after rain events.

To assist with mitigating future fires in the area, SGPWA retail agencies have the opportunity to construct six hydrants for helicopters known as “Heli-Hydrants.” Heli-Hydrants are large tanks permanently installed and connected that can be remotely

operated by firefighting helicopters in the event of a fire. The Heli-Hydrants would be constructed to interface with existing water infrastructure and would be strategically located to provide optimal coverage both north and south of the I-10 freeway within the SGPWA service area in Riverside County.

Initially, several dozen sites were identified with the potential to host a Heli-Hydrant. After flying with County Fire and conferring with local water retailers, the sites were narrowed down to six preferred locations. The site locations are subject to change if circumstances change; however, currently, two sites have been constructed by CWD, two sites have been constructed in High Valley Water District service area, and the remaining two sites will be hosted by South Mesa Water Company and SGPWA. In the event that one of the sites falls through or is deemed infeasible, there are several dozen backup sites that could fill in the gap.

The County has allocated \$1.8 Million of their allotment of ARPA funds to the construction of six Heli-Hydrants in the San Geronio Pass. The Funding Agreement provides that SGPWA would receive invoices from each retailer for costs related to the construction of their respective hydrants, submit those invoices to the County, and then distribute the ARPA funds upon receipt to the retailers as reimbursement for the work. The current estimate for each Heli-Hydrant system with construction is \$300,000 per site. It is anticipated that the ARPA funds would fully cover or nearly cover the cost of all six sites. As the Heli-Hydrant system is patented technology and proprietary engineering that can only be fulfilled by a single vendor (Whaling Fire Line Equipment), sole source procurement is permissible (see <https://www.whalingfire.com/heli-hydrant.html>). Glenn Chavez Construction has an exclusive contract with Whaling Fire Line Equipment for the installation of Heli-Hydrants, so SGPWA will be required to contract with Glenn Chavez Construction, which contract would be for the full installation of the Heli-Hydrant system and includes two years of maintenance.

The SGPWA Heli-Hydrant site requires additional work not required at some of the other project sites, including connection to another retail water system and construction of a driveway approach to the property. In addition, construction costs have increased due to inflation over the past 18 to 24 months. As a result, the total project cost is slightly higher than the original estimate of \$300,000.00 and is now anticipated to be \$330,980.00. The ARPA funds provided by Riverside County will cover \$300,000.00 of this cost.

STRATEGIC PLAN NEXUS

The Heli-Hydrant Installation Coordination helps advance various aspects of the Agency's Strategic Plan, including:

- Strategic Goal 1: Align with the current and future water landscape, supporting the region's long-term needs by diversifying the local supply portfolio and advancing water sustainability.

- ✓ Objective 9 – Sustain infrastructure investments to provide a robust regional water distribution and storage system.
- Strategic Goal 2: Ensure a reliable delivery system that advances efficiency and resiliency.
 - ✓ Objective 9 – Invest emergency infrastructure such as heli-hydrants and backup generators to improve system reliability, support wildfire response efforts, and enhance the region’s overall resilience to power outages and natural disasters.
- Strategic Goal 6: Maintain, foster, and expand collaboration with local, regional, state, tribal, and federal partners to develop strategic solutions to water supply challenges and opportunities.
 - ✓ Objective 1 – Coordinate with other agencies and organizations on grants and multi-partner project opportunities.

FISCAL IMPACT

The cost of the Heli-Hydrant is \$330,980, which \$300,000 will be reimbursed by the County of Riverside ARPA funds. The net cost to the agency will be \$30,980. The costs will be charged to the appropriate General Fund accounts in the fiscal year the costs are incurred.

ACTION

Adopt Resolution 2026-02 Awarding a Heli-Hydrant Installation Contract to Glenn Chavez Construction for \$330,980.00.

ATTACHMENTS

- Resolution 2026-02 – A Resolution of the Board of Directors of the San Geronio Pass Water Agency Awarding a Contract for the Brookside East Heli-Hydrant Facility to Glenn Chavez Construction, Inc.
 - Exhibit A - Construction Contract With Glenn Chavez Construction

RESOLUTION NO. 2026-02

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS
WATER AGENCY AWARDING A CONTRACT FOR THE
BROOKSIDE EAST HELI-HYDRANT FACILITY TO GLENN CHAVEZ
CONSTRUCTION, INC.**

WHEREAS, the State of California has experienced severe wildfire risk throughout the years, due to dry conditions, rising temperatures, and other factors; and

WHEREAS, the San Gorgonio Pass area has a history of major fires. In 2020, the Apple Fire burned 33,000 acres north of the City of Banning. The damage caused from the fire did not stop at the immediate burn sites. The charred land and burnt up trees caused devastating impacts due to debris flowing down after rain events; and

WHEREAS, a “heli-hydrant” is a tool for fighting wildfires that consists of a basin that can be promptly filled with water in the event of a wildfire, enabling water-dropping helicopters to fill their tanks without having to land and take off again; and

WHEREAS, a heli-hydrant is a force multiplier for combatting wildfires as it allows helicopters to fill up more quickly and to immediately depart to drop water on active fires, and it also allows for the use by larger water-dropping helicopters that would otherwise be unable to land; and

WHEREAS, The County of Riverside, a political subdivision of the State of California (“County”), dedicated a portion of allotted American Rescue Plan Act funds (the “ARPA”) funds to the San Gorgonio Pass Water Agency (“Agency”) for the implementation of infrastructure projects and measures to lessen or avert the threat of a natural disaster pursuant to that certain Funding Agreement for the San Gorgonio Pass Water Agency Infrastructure Project, dated October 29, 2024 (the “Funding Agreement”); and

WHEREAS, the Funding Agreement requires compliance with ARPA and Federal Procurement Standards under 2 CFR 200; and

WHEREAS, pursuant to 2 CFR 200.320(c), there are specific circumstances in which the recipient or subrecipient of Federal award dollars may use a noncompetitive procurement method. Pursuant to 2 CFR 200.320(c)(3), noncompetitive procurement may be used if the procurement transaction can only be fulfilled by a single source; and

WHEREAS, Public Contract Code section 3400(c)(3) authorizes sole source procurement “in order to obtain a necessary item that is only available from one source”; and

WHEREAS, Section 4(B) of the San Gorgonio Pass Water Agency’s Procurement Policy permits an exception to competitive bidding pursuant to a Sole Source finding; and

WHEREAS, the Heli-Hydrant system is patented technology and proprietary engineering that can only be fulfilled by a single vendor (Whaling Fire Line Equipment). Glenn Chavez Construction has an exclusive contract with Whaling Fire Line Equipment for the installation of Heli-Hydrants.

WHEREAS, “[a] public entity's award of a contract, and all of the acts leading up to the award, are legislative in character. [T]he letting of contracts by a governmental entity necessarily requires an exercise of discretion guided by consideration of the public welfare[]”. (*Mike Moore's 24-Hour Towing v. City of San Diego* (1996) 45 Cal.App.4th 1294, 1303); and

WHEREAS, “where competitive proposals work an incongruity and are unavailing as affecting the final result, or where competitive proposals do not produce any advantage, or where it is practically impossible to obtain what is required and to observe such form, competitive bidding is not applicable[]”, (*Graydon v. Pasadena Redevelopment Agency* (1980) 104 Cal.App. 3d 631, 636), an example being “unique products and/or services”, (*Id.* at p. 637 (citing *Hiller v. City of Los Angeles* (1961) 197 Cal. App. 2d 685).); and

WHEREAS, Staff has determined that competitive bidding is not required for the procurement and installation of the Heli-Hydrant system because (1) the Heli-Hydrant is a proprietary, patented firefighting technology that is only available from a single source, Whaling Fire Line Equipment, which holds exclusive rights to furnish the system; (2) installation of the system must be performed by Glenn Chavez Construction, the sole authorized installer under an exclusive agreement with the manufacturer; (3) pursuant to Public Contract Code section 3400(c)(3), procurement may be limited to a sole source “in order to obtain a necessary item that is only available from one source”; and further, (4) in accordance with *Graydon v. Pasadena Redevelopment Agency* (1980) 104 Cal.App.3d 631, competitive bidding may be dispensed with where it would be unavailing, impractical, or yield no benefit such as here, where the uniqueness of the system and the lack of alternate sources or installers renders competitive procurement unavailing (“Staff Findings”); and

WHEREAS, the Board of Directors of the San Gorgonio Pass Water Agency (“Board”) desires to purchase and install a heli-hydrant to enable its use as soon as reasonably possible in order to safeguard life, health, or property; and

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein and made an operative part of this Resolution.

Section 2. CEQA: The Heli-Hydrant system, including this Funding Agreement, is categorically exempt from further environmental review pursuant to the California Environmental Quality Act (CEQA) and the State CEQA Guidelines, including Section §15303 (New Construction or Conversion of Small Structures). This exemption was previously applied to the project, and a Notice of Exemption was duly filed. The proposed Funding Agreement does not constitute a substantial change to the project or its circumstances that would require additional environmental review under CEQA.

Section 3. Sole Source/No Competitive Market. In accordance with 2 CFR 200.320(c)(2), Public Contract Code Section 3400, and Section 4(B) of the Agency’s Procurement Policy, the Board finds that that a competitive market does not exist for the heli-hydrant product, that the Board will not gain a competitive advantage by using a formal or informal bidding procedure, and that that there is only one source that effectively provides the heli-hydrant product needed.

Section 4. No Public Advantage in Competitive Bidding. In accordance with *Graydon v. Pasadena Redevelopment Agency* (1980) 104 Cal. App. 3d 631, and Section 4(B) of the Agency’s Procurement Policy, the Board finds that the nature of the heli-hydrant project is such that competitive proposals would be unavailing or would not produce an advantage, and the advertisement for competitive bids would thus be undesirable, impractical, or impossible, and therefore the public interest would best be served by immediately contracting for the installation.

Section 5. Severability. To the extent any portion of this resolution is determined to be void, unenforceable or unlawful, then the remainder of this resolution shall remain in full force and effect.

Section 6. The Board hereby delegates authority to the General Manager, in consultation with legal counsel, to negotiate and finalize a contract with Glenn Chavez Construction, Inc., in a form attached hereto as Exhibit “A” subject to revisions as approved by Counsel, in a Not-To-Exceed amount of Three Hundred Thousand dollars (\$330,980.00) and Authorizing the General Manager to Approve Change Orders Up to ten percent of the total contract price (\$33,098).

Section 7. This Resolution shall take effect immediately upon adoption by the Board.

Passed and adopted by the San Gorgonio Pass Water Agency on this ___ day of _____ 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Maricela Cabral
Board Clerk

EXHIBIT "A"
CONSTRUCTION CONTRACT WITH GLENN CHAVEZ CONSTRUCTION

SAN GORGONIO PASS WATER AGENCY

CONSTRUCTION CONTRACT

BROOKSIDE EAST HELI-HYDRANT FACILITY (“PROJECT”)

1. PARTIES AND DATE.

This Contract is made and entered into this [] day of [], 2026 by and between the San Gorgonio Pass Water Agency, a public agency of the State of California (“Agency”) and Glenn Chavez Construction, a sole proprietorship with its principal place of business located at 76621 Ranchita Canyon Rd, San Miguel, CA 93451 (“Contractor”). Agency and Contractor are sometimes individually referred to as “Party” and collectively as “Parties” in this Contract.

2. RECITALS.

2.1 Agency. Agency is a public agency organized under the laws of the State of California, with power to contract for services necessary to achieve its purpose.

2.2 Contractor. Contractor desires to perform and assume responsibility for the provision of certain construction services required by the Agency on the terms and conditions set forth in this Contract. Contractor represents that it is duly licensed and experienced in providing Site Selection and Assessment, Regulatory Compliance, Design and Planning, Water Source Identification, Infrastructure Construction of the Whaling Fire Line Equipment Heli-Hydrants and associated Water Quality Management, Testing and Inspection, and Continual Monitoring and related construction services to public clients, that it and its employees or subcontractors have all necessary licenses and permits to perform the services in the State of California, and that it is familiar with the plans of Agency.

The following license classifications are required for this Project:

A — General Engineering Contractor, B — General Building Contractor, C-46 — Solar, and C-36 — Plumbing.

2.3 Funding. The County of Riverside, a political subdivision of the State of California (“County”), dedicated a portion of allotted American Rescue Plan Act funds (the “ARPA”) funds to the San Gorgonio Pass Water Agency (“Agency”) for the implementation of infrastructure projects and measures to lessen or avert the threat of a natural disaster pursuant to that certain Funding Agreement for the San Gorgonio Pass Water Agency Infrastructure Project, dated October 29, 2024 (the “Funding Agreement”) attached hereto as Exhibit “H”.

2.3 Project. Agency desires to engage Contractor to render such services for the **GLENN CHAVEZ-WHALING FIRE LINE HELI-HYDRANT (“Project”)** as set forth in this Contract.

2.4 Project Documents & Certifications. Contractor has obtained, and delivers concurrently herewith, a performance bond, a payment bond, and all insurance documentation, as required by the Contract.

3. TERMS

3.1 Incorporation of Documents. This Contract includes and hereby incorporates in full by reference the following documents, including all exhibits, drawings, specifications and documents therein, and attachments and addenda thereto:

- Services/Schedule (Exhibit "A")
- Plans and Specifications (Exhibit "B")
- Special Conditions (Exhibit "C")
- Contractor's Certificate Regarding Workers' Compensation (Exhibit "D")
- Public Works Contractor Registration Certification (Exhibit "E")
- Payment Bond and Performance Bond (Exhibit "F")
- Fleet Compliance Certification. (Exhibit "G")
- Funding Agreement for the San Geronio Pass Water Agency Infrastructure Project (Exhibit "H")
- Federal Requirements (Exhibit "I")
- Addenda
- Change Orders executed by the Agency

3.2 Contractor's Basic Obligation; Scope of Work. Contractor promises and agrees, at its own cost and expense, to furnish to the Agency all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately complete the Project, including all structures and facilities necessary for the Project or described in the Contract (hereinafter sometimes referred to as the "Work"), for a Total Contract Price as specified pursuant to this Contract. All Work shall be subject to, and performed in accordance with the above referenced documents, as well as the exhibits attached hereto and incorporated herein by reference. The plans and specifications for the Work are further described in Exhibit "B" attached hereto and incorporated herein by this reference. Special Conditions, if any, relating to the Work are described in Exhibit "C" attached hereto and incorporated herein by this reference.

3.2.1 Change in Scope of Work. Any change in the scope of the Work, method of performance, nature of materials or price thereof, or any other matter materially affecting the performance or nature of the Work shall not be paid for or accepted unless such change, addition or deletion is approved in writing by a valid change order executed by the Agency. Should Contractor request a change order due to unforeseen circumstances affecting the performance of the Work, such request shall be made within five (5) business days of the date such circumstances are discovered or shall waive its right to request a change order due to such circumstances. If the Parties cannot agree on any change in price required by such change in the Work, the Agency may direct the Contractor to proceed with the performance of the change on a time and materials basis.

3.2.2 Substitutions/"Or Equal". Pursuant to Public Contract Code Section 3400(b), the Agency may make a finding that designates certain products, things, or services by specific brand or trade name. Unless specifically designated in this Contract, whenever any material, process, or article is indicated or specified by grade, patent, or proprietary name or by

name of manufacturer, such Specifications shall be deemed to be used for the purpose of facilitating the description of the material, process or article desired and shall be deemed to be followed by the words “or equal.”

Contractor may, unless otherwise stated, offer for substitution any material, process or article which shall be substantially equal or better in every respect to that so indicated or specified in this Contract. However, the Agency may have adopted certain uniform standards for certain materials, processes and articles. Contractor shall submit requests, together with substantiating data, for substitution of any “or equal” material, process or article no later than thirty-five (35) days after award of the Contract. To facilitate the construction schedule and sequencing, some requests may need to be submitted before thirty-five (35) days after award of Contract. Provisions regarding submission of “or equal” requests shall not in any way authorize an extension of time for performance of this Contract. If a proposed “or equal” substitution request is rejected, Contractor shall be responsible for providing the specified material, process or article. The burden of proof as to the equality of any material, process or article shall rest with Contractor.

The Agency has the complete and sole discretion to determine if a material, process or article is an “or equal” material, process or article that may be substituted. Data required to substantiate requests for substitutions of an “or equal” material, process or article shall include a signed affidavit from Contractor stating that, and describing how, the substituted “or equal” material, process or article is equivalent to that specified in every way except as listed on the affidavit. Substantiating data shall include any and all illustrations, specifications, and other relevant data including catalog information which describes the requested substituted “or equal” material, process or article, and substantiates that it is an “or equal” to the material, process or article. The substantiating data must also include information regarding the durability and lifecycle cost of the requested substituted “or equal” material, process or article. Failure to submit all the required substantiating data, including the signed affidavit, to the Agency in a timely fashion will result in the rejection of the proposed substitution.

Contractor shall bear all of the Agency’s costs associated with the review of substitution requests. Contractor shall be responsible for all costs related to a substituted “or equal” material, process or article. Contractor is directed to the Special Conditions (if any) to review any findings made pursuant to Public Contract Code section 3400.

3.3 Period of Performance.

3.3.1 Contract Time. Contractor shall perform and complete all Work under this Contract within 70 working days, beginning the effective date of the Notice to Proceed (“Contract Time”). Contractor shall perform its Work in strict accordance with any completion schedule, construction schedule or project milestones developed by the Agency. Such schedules or milestones may be included as part of Exhibits “A” or “B” attached hereto, or may be provided separately in writing to Contractor. Contractor agrees that if such Work is not completed within the aforementioned Contract Time and/or pursuant to any such completion schedule, construction schedule or project milestones developed pursuant to provisions of the Contract, it is understood, acknowledged and agreed that the Agency will suffer damage.

3.3.2 Force Majeure. Neither Agency nor Contractor shall be considered in default of this Contract for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Contract, such

circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; pandemics or epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint. Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Contract. Contractor's exclusive remedy in the event of delay covered under this section shall be a non-compensable extension of the Contract Time.

3.3.3 Liquidated Damages. Pursuant to Government Code Section 53069.85, Contractor shall pay to the Agency as fixed and liquidated damages the sum of Five Hundred (\$500) per day for each and every calendar day of delay beyond the Contract Time or beyond any completion schedule, construction schedule or Project milestones established pursuant to the Contract.

3.4 Standard of Performance; Performance of Employees. Contractor shall perform all Work under this Contract in a skillful and workmanlike manner, and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Contractor represents and maintains that it is skilled in the professional calling necessary to perform the Work. Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Work assigned to them. Finally, Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Work, including any required business license, and that such licenses and approvals shall be maintained throughout the term of this Contract. As provided for in the indemnification provisions of this Contract, Contractor shall perform, at its own cost and expense and without reimbursement from the Agency, any work necessary to correct errors or omissions which are caused by Contractor's failure to comply with the standard of care provided for herein. Any employee who is determined by the Agency to be uncooperative, incompetent, a threat to the safety of persons or the Work, or any employee who fails or refuses to perform the Work in a manner acceptable to the Agency, shall be promptly removed from the Project by Contractor and shall not be re-employed on the Work.

3.5 Control and Payment of Subordinates; Contractual Relationship. Agency retains Contractor on an independent contractor basis and Contractor is not an employee of Agency. Any additional personnel performing the work governed by this Contract on behalf of Contractor shall at all times be under Contractor's exclusive direction and control. Contractor shall pay all wages, salaries, and other amounts due such personnel in connection with their performance under this Contract and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, and workers' compensation insurance.

3.6 Agency's Basic Obligation. Agency agrees to engage and does hereby engage Contractor as an independent contractor to furnish all materials and to perform all Work according to the terms and conditions herein contained for the sum set forth above. Except as otherwise provided in the Contract, the Agency shall pay to Contractor, as full consideration for the satisfactory performance by Contractor of the services and obligations required by this Contract, the below-referenced compensation in accordance with compensation provisions set forth in the Contract.

3.7 Compensation and Payment.

3.7.1 Amount of Compensation. As consideration for performance of the Work required herein, Agency agrees to pay Contractor the Total Contract Price of **Three Hundred Thirty Thousand Nine Hundred Eighty Dollars (\$330,980)** ("Total Contract Price") provided that such amount shall be subject to adjustment pursuant to the applicable terms of this Contract or written change orders approved and signed in advance by the Agency.

3.7.2 Payment of Compensation. If the Work is scheduled for completion in thirty (30) or less calendar days, Agency will arrange for payment of the Total Contract Price upon completion and approval by Agency of the Work. If the Work is scheduled for completion in more than thirty (30) calendar days, Agency will pay Contractor on a monthly basis as provided for herein. On or before the fifth (5th) day of each month, Contractor shall submit to the Agency an itemized application for payment in the format supplied by the Agency indicating the amount of Work completed since commencement of the Work or since the last progress payment. These applications shall be supported by evidence which is required by this Contract and such other documentation as the Agency may require. The Contractor shall certify that the Work for which payment is requested has been done and that the materials listed are stored where indicated. Contractor may be required to furnish a detailed schedule of values upon request of the Agency and in such detail and form as the Agency shall request, showing the quantities, unit prices, overhead, profit, and all other expenses involved in order to provide a basis for determining the amount of progress payments.

3.7.3 Prompt Payment. Agency shall review and pay all progress payment requests in accordance with the provisions set forth in Section 20104.50 of the California Public Contract Code. However, no progress payments will be made for Work not completed in accordance with this Contract. Contractor shall comply with all applicable laws, rules and regulations relating to the proper payment of its employees, subcontractors, suppliers or others.

3.7.4 Contract Retentions. From each approved progress estimate, five percent (5%) will be deducted and retained by the Agency, and the remainder will be paid to Contractor. All Contract retention shall be released and paid to Contractor and subcontractors pursuant to California Public Contract Code Section 7107.

3.7.5 Other Retentions. In addition to Contract retentions, the Agency may deduct from each progress payment an amount necessary to protect Agency from loss because of: (1) liquidated damages which have accrued as of the date of the application for payment; (2) any sums expended by the Agency in performing any of Contractor's obligations under the Contract which Contractor has failed to perform or has performed inadequately; (3) defective Work not remedied; (4) stop notices as allowed by state law; (5) reasonable doubt that the Work can be completed for the unpaid balance of the Total Contract Price or within the scheduled completion date; (6) unsatisfactory prosecution of the Work by Contractor; (7) unauthorized deviations from the Contract; (8) failure of Contractor to maintain or submit on a timely basis proper and sufficient documentation as required by the Contract or by Agency during the prosecution of the Work; (9) erroneous or false estimates by Contractor of the value of the Work performed; (10) any sums representing expenses, losses, or damages as determined by the Agency, incurred by the Agency for which Contractor is liable under the Contract; and (11) any other sums which the Agency is entitled to recover from Contractor under the terms of the Contract or pursuant to state law, including Section 1727 of the California Labor Code. The failure by the

Agency to deduct any of these sums from a progress payment shall not constitute a waiver of the Agency's right to such sums.

3.7.6 Substitutions for Contract Retentions. In accordance with California Public Contract Code Section 22300, the Agency will permit the substitution of securities for any monies withheld by the Agency to ensure performance under the Contract. At the request and expense of Contractor, securities equivalent to the amount withheld shall be deposited with the Agency, or with a state or federally chartered bank in California as the escrow agent, and thereafter the Agency shall then pay such monies to Contractor as they come due. Upon satisfactory completion of the Contract, the securities shall be returned to Contractor. For purposes of this Section and Section 22300 of the Public Contract Code, the term "satisfactory completion of the contract" shall mean the time the Agency has issued written final acceptance of the Work and filed a Notice of Completion as required by law and provisions of this Contract. Contractor shall be the beneficial owner of any securities substituted for monies withheld and shall receive any interest thereon. The escrow agreement used for the purposes of this Section shall be in the form provided by the Agency.

3.7.7 Title to Work. As security for partial, progress, or other payments, title to Work for which such payments are made shall pass to the Agency at the time of payment. To the extent that title has not previously been vested in the Agency by reason of payments, full title shall pass to the Agency at delivery of the Work at the destination and time specified in this Contract. Such transferred title shall in each case be good, free and clear from any and all security interests, liens, or other encumbrances. Contractor promises and agrees that it will not pledge, hypothecate, or otherwise encumber the items in any manner that would result in any lien, security interest, charge, or claim upon or against said items. Such transfer of title shall not imply acceptance by the Agency, nor relieve Contractor from the responsibility to strictly comply with the Contract, and shall not relieve Contractor of responsibility for any loss of or damage to items.

3.7.8 Labor and Material Releases. Contractor shall furnish Agency with labor and material releases from all subcontractors performing work on, or furnishing materials for, the Work governed by this Contract prior to final payment by Agency.

3.7.9 Prevailing Wages. Contractor is aware of the requirements of California Labor Code Section 1720 et seq., and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. Since the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and since the total compensation is \$1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. Agency shall provide Contractor with a copy of the prevailing rates of per diem wages in effect at the commencement of this Contract upon request. Contractor shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at Contractor's principal place of business and at the project site. Contractor shall defend, indemnify and hold the Agency, its officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. Contractor and any subcontractor shall forfeit a penalty of up to \$200 per calendar day or portion thereof for each worker paid less than the prevailing wage rates.

3.7.10 Apprenticeable Crafts. When Contractor employs workmen in an apprenticeable craft or trade, Contractor shall comply with the provisions of Section 1777.5 of the California Labor Code with respect to the employment of properly registered apprentices upon public works. The primary responsibility for compliance with said section for all apprenticeable occupations shall be with Contractor. The Contractor or any subcontractor that is determined by the Labor Commissioner to have knowingly violated Section 1777.5 shall forfeit as a civil penalty an amount not exceeding \$100 for each full calendar day of noncompliance, or such greater amount as provided by law.

3.7.11 Hours of Work. Contractor is advised that eight (8) hours labor constitutes a legal day's work. Pursuant to Section 1813 of the California Labor Code, Contractor shall forfeit a penalty of \$25.00 per worker for each day that each worker is permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, except when payment for overtime is made at not less than one and one-half (1-1/2) times the basic rate for that worker.

3.7.12 Payroll Records. Contractor and each subcontractor shall keep an accurate payroll record, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. The payroll records shall be certified and shall be available for inspection at all reasonable hours at the principal office of Contractor in the manner provided in Labor Code section 1776. In the event of noncompliance with the requirements of this section, Contractor shall have 10 days in which to comply subsequent to receipt of written notice specifying in what respects such Contractor must comply with this section. Should noncompliance still be evident after such 10-day period, Contractor shall, as a penalty to Agency, forfeit not more than \$100.00 for each calendar day or portion thereof, for each worker, until strict compliance is effectuated. The amount of the forfeiture is to be determined by the Labor Commissioner. A contractor who is found to have violated the provisions of law regarding wages on Public Works with the intent to defraud shall be ineligible to bid on Public Works contracts for a period of one to three years as determined by the Labor Commissioner. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, such penalties shall be withheld from progress payments then due. The responsibility for compliance with this section is on Contractor. The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4.

3.7.13 Contractor and Subcontractor Registration. Pursuant to Labor Code sections 1725.5 and 1771.1, all contractors and subcontractors that wish to bid on, be listed in a bid proposal, or enter into a contract to perform public work must be registered with the Department of Industrial Relations. No bid will be accepted nor any contract entered into without proof of the contractor's and subcontractors' current registration with the Department of Industrial Relations to perform public work. Contractor is directed to review, fill out and execute the Public Works Contractor Registration Certification attached hereto as Exhibit "E" prior to contract execution. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

3.7.14 Labor Compliance; Stop Orders. This Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be the Contractor's sole responsibility to evaluate and pay the cost of complying with all labor compliance requirements under this Contract and applicable law. Any stop orders issued by the Department of Industrial Relations against Contractor or any subcontractor that affect Contractor's performance of Work, including any delay, shall be Contractor's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Contractor caused delay subject to any applicable liquidated damages and shall not be compensable by the Agency. Contractor shall defend, indemnify and hold the Agency, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Contractor or any subcontractor.

3.8 Performance of Work; Jobsite Obligations.

3.8.1 Water Quality Management and Compliance.

3.8.1.1 Water Quality Management and Compliance. Contractor shall keep itself and all subcontractors, staff, and employees fully informed of and in compliance with all local, state and federal laws, rules and regulations that may impact, or be implicated by the performance of the Work including, without limitation, all applicable provisions of the Federal Water Pollution Control Act (33 U.S.C. §§ 1300); the California Porter-Cologne Water Quality Control Act (Cal Water Code §§ 13000-14950); local ordinances regulating discharges of storm water; and any and all regulations, policies, or permits issued pursuant to any such authority regulating the discharge of pollutants, as that term is used in the Porter-Cologne Water Quality Control Act, to any ground or surface water in the State.

3.8.1.2 Compliance with the Statewide Construction General Permit. Contractor shall comply with all conditions of the most recent iteration of the National Pollutant Discharge Elimination System General Permit for Storm Water Discharges Associated with Construction Activity, issued by the California State Water Resources Control Board ("Permit"). It shall be Contractor's sole responsibility to file a Notice of Intent and procure coverage under the Permit for all construction activity which results in the disturbance of more than one acre of total land area or which is part of a larger common area of development or sale. Prior to initiating work, Contractor shall be solely responsible for preparing and implementing a Storm Water Pollution Prevention Plan (SWPPP) as required by the Permit. Contractor shall be responsible for procuring, implementing and complying with the provisions of the Permit and the SWPPP, including the standard provisions, and monitoring and reporting requirements as required by the Permit. The Permit requires the SWPPP to be a "living document" that changes as necessary to meet the conditions and requirements of the job site as it progresses through difference phases of construction and is subject to different weather conditions. It shall be Contractor's sole responsibility to update the SWPPP as necessary to address conditions at the project site.

3.8.1.3 Other Water Quality Rules Regulations and Policies. Contractor shall comply with the lawful requirements of any applicable municipality, drainage Agency, or local agency regarding discharges of storm water to separate storm drain systems or other watercourses under their jurisdiction, including applicable requirements in municipal storm water management programs.

3.8.1.4 Cost of Compliance. Storm, surface, nuisance, or other waters may be encountered at various times during construction of The Work. Therefore, the Contractor, by submitting a Bid, hereby acknowledges that it has investigated the risk arising from such waters, has prepared its Bid accordingly, and assumes any and all risks and liabilities arising therefrom.

3.8.1.5 Liability for Non-Compliance. Failure to comply with the Permit is a violation of federal and state law. Pursuant to the indemnification provisions of this Contract, Contractor hereby agrees to defend, indemnify and hold harmless the Agency and its officials, officers, employees, volunteers and agents for any alleged violations. In addition, Agency may seek damages from Contractor for any delay in completing the Work in accordance with the Contract, if such delay is caused by or related to Contractor's failure to comply with the Permit.

3.8.1.6 Reservation of Right to Defend. Agency reserves the right to defend any enforcement action brought against the Agency for Contractor's failure to comply with the Permit or any other relevant water quality law, regulation, or policy. Pursuant to the indemnification provisions of this Contract, Contractor hereby agrees to be bound by, and to reimburse the Agency for the costs (including the Agency's attorney's fees) associated with, any settlement reached between the Agency and the relevant enforcement entity.

3.8.1.7 Training. In addition to the standard of performance requirements set forth in paragraph 3.4, Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Work assigned to them without impacting water quality in violation of the laws, regulations and policies described in paragraph 3.8.1. Contractor further warrants that it, its employees and subcontractors will receive adequate training, as determined by Agency, regarding the requirements of the laws, regulations and policies described in paragraph 3.8.1 as they may relate to the Work provided under this Contract. Upon request, Agency will provide the Contractor with a list of training programs that meet the requirements of this paragraph.

3.8.2 Safety. Contractor shall execute and maintain its work so as to avoid injury or damage to any person or property. Contractor shall comply with the requirements of the specifications relating to safety measures applicable in particular operations or kinds of work. In carrying out its Work, Contractor shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the Work and the conditions under which the Work is to be performed. Safety precautions as applicable shall include, but shall not be limited to, adequate life protection and lifesaving equipment; adequate illumination for underground and night operations; instructions in accident prevention for all employees, such as machinery guards, safe walkways, scaffolds, ladders, bridges, gang planks, confined space procedures, trenching and shoring, fall protection and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and adequate facilities for the proper inspection and maintenance of all safety measures. Furthermore, Contractor shall prominently display the names and telephone numbers of at least two medical doctors practicing in the vicinity of the Project, as well as the telephone number of the local ambulance service, adjacent to all telephones at the Project site.

3.8.3 Laws and Regulations. Contractor shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Contract or the Work, including all Cal/OSHA requirements, and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with Work. If Contractor observes that the drawings or specifications are at variance with any law, rule or regulation, it shall promptly notify the Agency in writing. Any necessary changes shall be made by written change order. If Contractor performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the Agency, Contractor shall be solely responsible for all costs arising therefrom. Agency is a public entity of the State of California subject to certain provisions of the Health & Safety Code, Government Code, Public Contract Code, and Labor Code of the State. It is stipulated and agreed that all provisions of the law applicable to the public contracts of a municipality are a part of this Contract to the same extent as though set forth herein and will be complied with. Contractor shall defend, indemnify and hold Agency, its officials, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Contract, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.8.4 Permits and Licenses. Contractor shall be responsible for securing Agency permits and licenses necessary to perform the Work described herein, including, but not limited to, any required business license. While Contractor will not be charged a fee for any Agency permits, Contractor shall pay the Agency's business license fee, if any. Any ineligible contractor or subcontractor pursuant to Labor Code Sections 1777.1 and 1777.7 may not perform work on this Project.

3.8.5 Trenching Work. If the Total Contract Price exceeds \$25,000 and if the Work governed by this Contract entails excavation of any trench or trenches five (5) feet or more in depth, Contractor shall comply with all applicable provisions of the California Labor Code, including Section 6705. To this end, Contractor shall submit for Agency's review and approval a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches. If such plan varies from the shoring system standards, the plan shall be prepared by a registered civil or structural engineer.

3.8.6 Hazardous Materials and Differing Conditions. As required by California Public Contract Code Section 7104, if this Contract involves digging trenches or other excavations that extend deeper than four (4) feet below the surface, Contractor shall promptly, and prior to disturbance of any conditions, notify Agency of: (1) any material discovered in excavation that Contractor believes to be a hazardous waste that is required to be removed to a Class I, Class II or Class III disposal site; (2) subsurface or latent physical conditions at the site differing from those indicated by Agency; and (3) unknown physical conditions of an unusual nature at the site, significantly different from those ordinarily encountered in such contract work. Upon notification, Agency shall promptly investigate the conditions to determine whether a change order is appropriate. In the event of a dispute, Contractor shall not be excused from any scheduled completion date and shall proceed with all Work to be performed under the Contract, but shall retain all rights provided by the Contract or by law for making protests and resolving the dispute.

3.8.7 Underground Utility Facilities. To the extent required by Section 4215 of the California Government Code, Agency shall compensate Contractor for the costs of: (1) locating and repairing damage to underground utility facilities not caused by the failure of

Contractor to exercise reasonable care; (2) removing or relocating underground utility facilities not indicated in the construction drawings; and (3) equipment necessarily idled during such work. Contractor shall not be assessed liquidated damages for delay caused by failure of Agency to provide for removal or relocation of such utility facilities.

3.8.8 Air Quality.

Contractor shall fully comply with all applicable laws, rules and regulations in furnishing or using equipment and/or providing services, including, but not limited to, emissions limits and permitting requirements imposed by the Bay Area Air Quality Management Agency (Air Agency) and/or California Air Resources Board (CARB). Although the Air Agency and CARB limits and requirements are more broad, Contractor shall specifically be aware of their application to "portable equipment", which definition is considered by Air Agency and CARB to include any item of equipment with a fuel-powered engine.

Contractor shall comply, and shall ensure all subcontractors comply, with all applicable requirements of Title 13, California Code of Regulations Division 3, Chapter 9 and all pending amendments ("Regulation").

Throughout the Project, and for three (3) years thereafter, Contractor shall make available for inspection and copying any and all documents or information associated with Contractor's and any subcontractors' fleet including, without limitation, all Certificates of Reported Compliance, fuel/refueling records, maintenance records, emissions records, and any other information the Contractor is required to produce, keep or maintain pursuant to the Regulation upon two (2) calendar days' notice from the Agency.

Contractor shall indemnify Agency against any fines or penalties imposed by Air Agency, CARB, or any other governmental or regulatory agency for violations of applicable laws, rules and/or regulations by Contractor, its subcontractors, or others for whom Contractor is responsible under its indemnity obligations provided for in this Agreement.

3.8.9 State Recycling Mandates. Contractor shall comply with State Recycling Mandates. Any recyclable materials/debris collected by the contractor that can be feasibly diverted via reuse or recycling must be hauled by the appropriate handler for reuse or recycling.

3.9 Completion of Work. When Contractor determines that it has completed the Work required herein, Contractor shall so notify Agency in writing and shall furnish all labor and material releases required by this Contract. Agency shall thereupon inspect the Work. If the Work is not acceptable to the Agency, the Agency shall indicate to Contractor in writing the specific portions or items of Work which are unsatisfactory or incomplete. Once Contractor determines that it has completed the incomplete or unsatisfactory Work, Contractor may request a reinspection by the Agency. Once the Work is acceptable to Agency, Agency shall pay to Contractor the Total Contract Price remaining to be paid, less any amount which Agency may be authorized or directed by law to retain. Payment of retention proceeds due to Contractor shall be made in accordance with Section 7107 of the California Public Contract Code.

3.10 Claims; Government Code Claim Compliance.

3.10.1 Intent. Effective January 1, 1991, Section 20104 et seq., of the California Public Contract Code prescribes a process utilizing informal conferences, non-binding judicial supervised mediation, and judicial arbitration to resolve disputes on construction claims of \$375,000 or less. Effective January 1, 2017, Section 9204 of the Public Contract Code prescribes a process for negotiation and mediation to resolve disputes on construction claims. The intent of this Section is to implement Sections 20104 et seq. and Section 9204 of the California Public Contract Code. This Section shall be construed to be consistent with said statutes.

3.10.2 Claims. For purposes of this Section, "Claim" means a separate demand by the Contractor, after a change order duly requested in accordance with the terms of this Contract has been denied by the Agency, for (A) a time extension, (B) payment of money or damages arising from Work done by or on behalf of the Contractor pursuant to the Contract, or (C) an amount the payment of which is disputed by the Agency. A "Claim" does not include any demand for payment for which the Contractor has failed to provide notice, request a change order, or otherwise failed to follow any procedures contained in the Contract Documents. Claims governed by this Section may not be filed unless and until the Contractor completes all procedures for giving notice of delay or change and for the requesting of a time extension or change order, including but not necessarily limited to the change order procedures contained herein, and Contractor's request for a change has been denied in whole or in part. Claims governed by this Section must be filed no later than fourteen (14) days after a request for change has been denied in whole or in part or after any other event giving rise to the Claim. The Claim shall be submitted in writing to the Agency and shall include on its first page the following in 16 point capital font: "THIS IS A CLAIM." Furthermore, the claim shall include the documents necessary to substantiate the claim. Nothing in this Section is intended to extend the time limit or supersede notice requirements otherwise provided by contract for the filing of claims, including all requirements pertaining to compensation or payment for extra Work, disputed Work, and/or changed conditions. Failure to follow such contractual requirements shall bar any claims or subsequent lawsuits for compensation or payment thereon.

3.10.3 Supporting Documentation. The Contractor shall submit all claims in the following format:

3.10.3.1 Summary of claim merit and price, reference Contract Document provisions pursuant to which the claim is made

3.10.3.2 List of documents relating to claim:

- (A) Specifications
- (B) Drawings
- (C) Clarifications (Requests for Information)
- (D) Schedules
- (E) Other

3.10.3.3 Chronology of events and correspondence

3.10.3.4 Analysis of claim merit

3.10.3.5 Analysis of claim cost

3.10.3.6 Time impact analysis in CPM format

3.10.3.7 If Contractor's claim is based in whole or in part on an allegation of errors or omissions in the Drawings or Specifications for the Project, Contractor shall provide a summary of the percentage of the claim subject to design errors or omissions and shall obtain a certificate of merit in support of the claim of design errors and omissions.

3.10.3.8 Cover letter and certification of validity of the claim, including any claims from subcontractors of any tier, in accordance with Government Code section 12650 *et seq.*

3.10.4 Agency's Response. Upon receipt of a claim pursuant to this Section, Agency shall conduct a reasonable review of the claim and, within a period not to exceed 45 days, shall provide the Contractor a written statement identifying what portion of the claim is disputed and what portion is undisputed. Any payment due on an undisputed portion of the claim will be processed and made within 60 days after the public entity issues its written statement.

3.10.4.1 If Agency needs approval from its governing body to provide the Contractor a written statement identifying the disputed portion and the undisputed portion of the claim, and the governing body does not meet within the 45 days or within the mutually agreed to extension of time following receipt of a claim sent by registered mail or certified mail, return receipt requested, Agency shall have up to three days following the next duly publicly noticed meeting of the governing body after the 45-day period, or extension, expires to provide the Contractor a written statement identifying the disputed portion and the undisputed portion.

3.10.4.2 Within 30 days of receipt of a claim, Agency may request in writing additional documentation supporting the claim or relating to defenses or claims Agency may have against the Contractor. If additional information is thereafter required, it shall be requested and provided pursuant to this subdivision, upon mutual agreement of Agency and the Contractor.

3.10.4.3 Agency's written response to the claim, as further documented, shall be submitted to the Contractor within 30 days (if the claim is less than \$50,000, within 15 days) after receipt of the further documentation, or within a period of time no greater than that taken by the Contractor in producing the additional information or requested documentation, whichever is greater.

3.10.5 Meet and Confer. If the Contractor disputes Agency's written response, or Agency fails to respond within the time prescribed, the Contractor may so notify Agency, in writing, either within 15 days of receipt of Agency's response or within 15 days of Agency's failure to respond within the time prescribed, respectively, and demand an informal conference to meet and confer for settlement of the issues in dispute. Upon receipt of a demand, Agency shall schedule a meet and confer conference within 30 days for settlement of the dispute.

3.10.6 Mediation. Within 10 business days following the conclusion of the meet and confer conference, if the claim or any portion of the claim remains in dispute, Agency shall provide the Contractor a written statement identifying the portion of the claim that remains in

dispute and the portion that is undisputed. Any payment due on an undisputed portion of the claim shall be processed and made within 60 days after Agency issues its written statement. Any disputed portion of the claim, as identified by the Contractor in writing, shall be submitted to nonbinding mediation, with Agency and the Contractor sharing the associated costs equally. Agency and Contractor shall mutually agree to a mediator within 10 business days after the disputed portion of the claim has been identified in writing, unless the parties agree to select a mediator at a later time.

3.10.6.1 If the Parties cannot agree upon a mediator, each Party shall select a mediator and those mediators shall select a qualified neutral third party to mediate with regard to the disputed portion of the claim. Each Party shall bear the fees and costs charged by its respective mediator in connection with the selection of the neutral mediator.

3.10.6.2 For purposes of this section, mediation includes any nonbinding process, including, but not limited to, neutral evaluation or a dispute review board, in which an independent third party or board assists the Parties in dispute resolution through negotiation or by issuance of an evaluation. Any mediation utilized shall conform to the timeframes in this section.

3.10.6.3 Unless otherwise agreed to by Agency and the Contractor in writing, the mediation conducted pursuant to this section shall excuse any further obligation under Section 20104.4 to mediate after litigation has been commenced.

3.10.6.4 The mediation shall be held no earlier than the date the Contractor completes the Work or the date that the Contractor last performs Work, whichever is earlier. All unresolved claims shall be considered jointly in a single mediation, unless a new unrelated claim arises after mediation is completed.

3.10.7 Procedures After Mediation. If following the mediation, the claim or any portion remains in dispute, the Contractor must file a claim pursuant to Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of Part 3 of Division 3.6 of Title 1 of the Government Code. For purposes of those provisions, the running of the period of time within which a claim must be filed shall be tolled from the time the Contractor submits his or her written claim pursuant to subdivision (a) until the time the claim is denied, including any period of time utilized by the meet and confer conference or mediation.

3.10.8 Civil Actions. The following procedures are established for all civil actions filed to resolve claims subject to this Section:

3.10.8.1 Within 60 days, but no earlier than 30 days, following the filing or responsive pleadings, the court shall submit the matter to non-binding mediation unless waived by mutual stipulation of both parties or unless mediation was held prior to commencement of the action in accordance with Public Contract Code section 9204 and the terms of these procedures.. The mediation process shall provide for the selection within 15 days by both parties of a disinterested third person as mediator, shall be commenced within 30 days of the submittal, and shall be concluded within 15 days from the commencement of the mediation unless a time requirement is extended upon a good cause showing to the court.

3.10.8.2 If the matter remains in dispute, the case shall be submitted to judicial arbitration pursuant to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, notwithstanding Section 1114.11 of that code. The Civil Discovery Act of 1986 (Article 3 (commencing with Section 2016) of Chapter 3 of Title 3 of Part 4 of the Code of Civil Procedure) shall apply to any proceeding brought under this subdivision consistent with the rules pertaining to judicial arbitration.

3.10.8.3 In addition to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, (A) arbitrators shall, when possible, be experienced in construction law, and (B) any party appealing an arbitration award who does not obtain a more favorable judgment shall, in addition to payment of costs and fees under that chapter, also pay the attorney's fees on appeal of the other party.

3.10.9 Government Code Claims. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Contractor must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against the Agency. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Contractor. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Contractor shall be barred from bringing and maintaining a valid lawsuit against the Agency. A Government Code claim must be filed no earlier than the date the work is completed or the date the Contractor last performs work on the Project, whichever occurs first. A Government Code claim shall be inclusive of all unresolved claims unless a new unrelated claim arises after the Government Code claim is submitted.

3.10.10 Non-Waiver. Agency's failure to respond to a claim from the Contractor within the time periods described in this Section or to otherwise meet the time requirements of this Section shall result in the claim being deemed rejected in its entirety. Agency's failure to respond shall not waive Agency's rights to any subsequent procedures for the resolution of disputed claims.

3.11 Loss and Damage. Except as may otherwise be limited by law, Contractor shall be responsible for all loss and damage which may arise out of the nature of the Work agreed to herein, or from the action of the elements, or from any unforeseen difficulties which may arise or be encountered in the prosecution of the Work until the same is fully completed and accepted by Agency. In the event of damage proximately caused by an Act of God, as defined by Section 7105 of the Public Contract Code, the Agency may terminate this Contract pursuant to Section 3.17.3; provided, however, that the Agency needs to provide Contractor with only one (1) day advanced written notice.

3.12 Indemnification.

3.12.1 Scope of Indemnity. To the fullest extent permitted by law, Contractor shall defend, indemnify and hold the Agency, its officials, employees, agents and authorized volunteers free and harmless from any and all claims, demands, causes of action, suits, actions, proceedings, costs, expenses, liability, judgments, awards, decrees, settlements, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful

death, (collectively, "Claims") in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Contractor, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Contractor's services, the Project or this Contract, including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses. Notwithstanding the foregoing, to the extent required by Civil Code section 2782, Contractor's indemnity obligation shall not apply to liability for damages for death or bodily injury to persons, injury to property, or any other loss, damage or expense arising from the sole or active negligence or willful misconduct of the Agency or the Agency's agents, servants, or independent contractors who are directly responsible to the Agency, or for defects in design furnished by those persons.

3.12.2 Additional Indemnity Obligations. Contractor shall defend, with counsel of Agency's choosing and at Contractor's own cost, expense and risk, any and all Claims covered by this section that may be brought or instituted against Agency or its officials, employees, agents and authorized volunteers. In addition, Contractor shall pay and satisfy any judgment, award or decree that may be rendered against Agency or its officials, employees, agents and authorized volunteers as part of any such claim, suit, action or other proceeding. Contractor shall also reimburse Agency for the cost of any settlement paid by Agency or its officials, employees, agents and authorized volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for Agency's attorney's fees and costs, including expert witness fees. Contractor shall reimburse Agency and its officials, employees, agents and authorized volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Contractor's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the Agency, its officials, employees, agents and authorized volunteers.

3.13 Insurance.

3.13.1 Time for Compliance. Contractor shall not commence Work under this Contract until it has provided evidence satisfactory to the Agency that it has secured all insurance required under this section. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the Agency that the subcontractor has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the Agency to terminate this Contract for cause.

3.13.2 Minimum Requirements. Contractor shall, at its expense, procure and maintain for the duration of the Contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Work hereunder by Contractor, its agents, representatives, employees or subcontractors. Contractor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Contract. Such insurance shall meet at least the following minimum levels of coverage:

3.13.2.1 Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01) OR Insurance Services Office Owners and Contractors Protective Liability Coverage Form (CG 00 09 11 88) (coverage for operations of designated contractor); (2) *Automobile Liability*: Insurance Services Office Business

Auto Coverage form number CA 00 01, code 1 (any auto); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance. Policies shall not contain exclusions contrary to this Contract.

3.13.2.2 Minimum Limits of Insurance. Contractor shall maintain limits no less than: (1) *General Liability*: \$2,000,000 per occurrence and \$4,000,000 aggregate for bodily injury, personal injury and property damage; (2) *Automobile Liability*: \$2,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 each accident, policy limit bodily injury or disease, and each employee bodily injury or disease. Defense costs shall be available in addition to the limits. Notwithstanding the minimum limits specified herein, any available coverage shall be provided to the parties required to be named as additional insureds pursuant to this Contract.

3.13.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Contractor shall provide endorsements (amendments) on forms supplied or approved by the Agency to add the following provisions to the insurance policies:

3.13.3.1 General Liability. (1) Such policy shall give the Agency, its officials, employees, agents and authorized volunteers additional insured status using ISO endorsements CG20 10 10 01 plus CG20 37 10 01, or endorsements providing the exact same coverage, with respect to the Work or operations performed by or on behalf of Contractor, including materials, parts or equipment furnished in connection with such work; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the Agency, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the Agency, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it.

3.13.3.2 Automobile Liability. (1) Such policy shall give the Agency, its officials, employees, agents and authorized volunteers additional insured status with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by Contractor or for which Contractor is responsible; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the Agency, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the Agency, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it in any way.

3.13.3.3 Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the Agency, its officials,

employees, agents and authorized volunteers for losses paid under the terms of the insurance policy which arise from work performed by Contractor.

3.13.3.4 All Coverages. Each insurance policy required by this Contract shall be endorsed to state that: (1) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Agency; and (2) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the Agency, its officials, employees, agents and authorized volunteers.

3.13.4 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the Agency, its officials, employees, agents and authorized volunteers.

3.13.5 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the Agency. Contractor shall guarantee that, at the option of the Agency, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Agency, its officials, employees, agents and authorized volunteers; or (2) the Contractor shall procure a bond or other financial guarantee acceptable to the Agency guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.13.6 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A-:VII, licensed to do business in California, and satisfactory to the Agency. Exception may be made for the State Compensation Insurance Fund when not specifically rated.

3.13.7 Verification of Coverage. Contractor shall furnish Agency with original certificates of insurance and endorsements effecting coverage required by this Contract on forms satisfactory to the Agency. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms supplied or approved by the Agency. All certificates and endorsements must be received and approved by the Agency before work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.13.8 Subcontractors. All subcontractors shall meet the requirements of this Section before commencing Work. Contractor shall furnish separate certificates and endorsements for each subcontractor. Subcontractor policies of General Liability insurance shall name the Agency, its officials, employees, agents and authorized volunteers as additional insureds using form ISO 20 38 04 13 or endorsements providing the exact same coverage. All coverages for subcontractors shall be subject to all of the requirements stated herein except as otherwise agreed to by the Agency in writing.

3.13.9 Reporting of Claims. Contractor shall report to the Agency, in addition to Contractor's insurer, any and all insurance claims submitted by Contractor in connection with the Work under this Contract.

3.14 Bond Requirements.

3.14.1 Payment Bond. If required by law or otherwise specifically requested by Agency in Exhibit "C" attached hereto and incorporated herein by reference, Contractor shall execute and provide to Agency concurrently with this Contract a Payment Bond in an amount required by the Agency and in a form provided or approved by the Agency. If such bond is required, no payment will be made to Contractor until the bond has been received and approved by the Agency.

3.14.2 Performance Bond. If specifically requested by Agency in Exhibit "C" attached hereto and incorporated herein by reference, Contractor shall execute and provide to Agency concurrently with this Contract a Performance Bond in an amount required by the Agency and in a form provided or approved by the Agency. If such bond is required, no payment will be made to Contractor until the bond has been received and approved by the Agency.

3.14.3 Bond Provisions. Should, in Agency's sole opinion, any bond become insufficient or any surety be found to be unsatisfactory, Contractor shall renew or replace the effected bond within (ten) 10 days of receiving notice from Agency. In the event the surety or Contractor intends to reduce or cancel any required bond, at least thirty (30) days prior written notice shall be given to the Agency, and Contractor shall post acceptable replacement bonds at least ten (10) days prior to expiration of the original bonds. No further payments shall be deemed due or will be made under this Contract until any replacement bonds required by this Section are accepted by the Agency. To the extent, if any, that the Total Contract Price is increased in accordance with the Contract, Contractor shall, upon request of the Agency, cause the amount of the bond to be increased accordingly and shall promptly deliver satisfactory evidence of such increase to the Agency. If Contractor fails to furnish any required bond, the Agency may terminate the Contract for cause.

3.14.4 Surety Qualifications. Only bonds executed by an admitted surety insurer, as defined in California Code of Civil Procedure Section 995.120, shall be accepted. If a California-admitted surety insurer issuing bonds does not meet these requirements, the insurer will be considered qualified if it is in conformance with Section 995.660 of the California Code of Civil Procedure, and proof of such is provided to the Agency.

3.15 Warranty. Contractor warrants all Work under the Contract (which for purposes of this Section shall be deemed to include unauthorized work which has not been removed and any non-conforming materials incorporated into the Work) to be of good quality and free from any defective or faulty material and workmanship. Contractor agrees that for a period of one year (or the period of time specified elsewhere in the Contract or in any guarantee or warranty provided by any manufacturer or supplier of equipment or materials incorporated into the Work, whichever is later) after the date of final acceptance, Contractor shall within ten (10) days after being notified in writing by the Agency of any defect in the Work or non-conformance of the Work to the Contract, commence and prosecute with due diligence all Work necessary to fulfill the terms of the warranty at its sole cost and expense. Contractor shall act sooner as requested by the Agency in response to an emergency. In addition, Contractor shall, at its sole cost and expense, repair and replace any portions of the Work (or work of other contractors) damaged by its defective Work or which becomes damaged in the course of repairing or replacing defective Work. For any Work so corrected, Contractor's obligation hereunder to correct defective Work shall be reinstated for an additional one year period, commencing with the date of acceptance of such corrected Work. Contractor shall perform such tests as the Agency may require to verify that any corrective actions, including, without limitation, redesign, repairs, and replacements comply with the

requirements of the Contract. All costs associated with such corrective actions and testing, including the removal, replacement, and reinstatement of equipment and materials necessary to gain access, shall be the sole responsibility of Contractor. All warranties and guarantees of subcontractors, suppliers and manufacturers with respect to any portion of the Work, whether express or implied, are deemed to be obtained by Contractor for the benefit of the Agency, regardless of whether or not such warranties and guarantees have been transferred or assigned to the Agency by separate agreement and Contractor agrees to enforce such warranties and guarantees, if necessary, on behalf of the Agency. In the event that Contractor fails to perform its obligations under this Section, or under any other warranty or guaranty under this Contract, to the reasonable satisfaction of the Agency, the Agency shall have the right to correct and replace any defective or non-conforming Work and any work damaged by such work or the replacement or correction thereof at Contractor's sole expense. Contractor shall be obligated to fully reimburse the Agency for any expenses incurred hereunder upon demand.

3.16 Employee/Labor Certifications.

3.16.1 Contractor's Labor Certification. By its signature hereunder, Contractor certifies that he is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Work. A certification form for this purpose, which is attached to this Contract as Exhibit "D" and incorporated herein by reference, shall be executed simultaneously with this Contract.

3.16.2 Equal Opportunity Employment. Contractor represents that it is an equal opportunity employer and that it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.16.3 Verification of Employment Eligibility. By executing this Contract, Contractor verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time, and shall require all subcontractors and sub-subcontractors to comply with the same.

3.17 General Provisions.

3.17.1 Agency's Representative. The Agency hereby designates Kent Scown, COO or his or her designee, to act as its representative for the performance of this Contract ("Agency's Representative"). Agency's Representative shall have the power to act on behalf of the Agency for all purposes under this Contract. Contractor shall not accept direction or orders from any person other than the Agency's Representative or his or her designee.

3.17.2 Contractor's Representative. Before starting the Work, Contractor shall submit in writing the name, qualifications and experience of its proposed representative who shall be subject to the review and approval of the Agency ("Contractor's Representative"). Following approval by the Agency, Contractor's Representative shall have full authority to represent and act

on behalf of Contractor for all purposes under this Contract. Contractor's Representative shall supervise and direct the Work, using his best skill and attention, and shall be responsible for all construction means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Work under this Contract. Contractor's Representative shall devote full time to the Project and either he or his designee, who shall be acceptable to the Agency, shall be present at the Work site at all times that any Work is in progress and at any time that any employee or subcontractor of Contractor is present at the Work site. Arrangements for responsible supervision, acceptable to the Agency, shall be made for emergency Work which may be required. Should Contractor desire to change its Contractor's Representative, Contractor shall provide the information specified above and obtain the Agency's written approval.

3.17.3 Termination. This Contract may be terminated by Agency at any time, either with or without cause, by giving Contractor three (3) days advance written notice. In the event of termination by Agency for any reason other than the fault of Contractor, Agency shall pay Contractor for all Work performed up to that time as provided herein. In the event of breach of the Contract by Contractor, Agency may terminate the Contract immediately without notice, may reduce payment to Contractor in the amount necessary to offset Agency's resulting damages, and may pursue any other available recourse against Contractor. Contractor may not terminate this Contract except for cause. In the event this Contract is terminated in whole or in part as provided, Agency may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated. Further, if this Contract is terminated as provided, Agency may require Contractor to provide all finished or unfinished documents, data, diagrams, drawings, materials or other matter prepared or built by Contractor in connection with its performance of this Contract. Agency shall not be liable for any costs other than the charges or portions thereof which are specified herein. Contractor shall not be entitled to payment for unperformed Work including, without limitation, any overhead and profit on the portion of the Work that is terminated and shall not be entitled to damages or compensation of any kind or nature for termination of Work.

3.17.4 Contract Interpretation. Should any question arise regarding the meaning or import of any of the provisions of this Contract or written or oral instructions from Agency, the matter shall be referred to Agency's Representative, whose decision shall be binding upon Contractor.

3.17.5 Anti-Trust Claims. This provision shall be operative if this Contract is applicable to California Public Contract Code Section 7103.5. In entering into this Contract to supply goods, services or materials, Contractor hereby offers and agrees to assign to the Agency all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act (Chapter 2, commencing with Section 16700, of Part 2 of Division 7 of the Business and Professions Code) arising from purchases of goods, services, or materials pursuant to the Contract. This assignment shall be made and become effective at the time the Agency tender final payment to Contractor, without further acknowledgment by the Parties.

3.17.6 Notices. All notices hereunder and communications regarding interpretation of the terms of the Contract or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

CONTRACTOR:

[INSERT CONTRACTOR NAME]
[***INSERT CONTRACTOR ADDRESS***]
Attn: [***INSERT CONTRACTOR REP. NAME AND TITLE***]

AGENCY:

San Gorgonio Pass Water Agency
[***INSERT AGENCY ADDRESS***]
Attn: [***INSERT AGENCY REP. NAME AND TITLE***]

Any notice so given shall be considered received by the other Party three (3) days after deposit in the U.S. Mail as stated above and addressed to the Party at the above address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.17.7 Time of Essence. Time is of the essence in the performance of this Contract.

3.17.8 Assignment Forbidden. Contractor shall not, either voluntarily or by action of law, assign or transfer this Contract or any obligation, right, title or interest assumed by Contractor herein without the prior written consent of Agency. If Contractor attempts an assignment or transfer of this Contract or any obligation, right, title or interest herein, Agency may, at its option, terminate and revoke the Contract and shall thereupon be relieved from any and all obligations to Contractor or its assignee or transferee.

3.17.9 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.17.10 Laws and Venue. This Contract shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Contract, the action shall be brought in the Superior Court of California for the County of Santa Barbara.

3.17.11 Counterparts. This Contract may be executed in counterparts, each of which shall constitute an original.

3.17.12 Successors. The Parties do for themselves, their heirs, executors, administrators, successors, and assigns agree to the full performance of all of the provisions contained in this Contract.

3.17.13 [Reserved]

3.17.14 Solicitation. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Contract. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration

contingent upon or resulting from the award or making of this Contract. For breach or violation of this warranty, Agency shall have the right to terminate this Contract without liability.

3.17.15 Conflict of Interest. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Agreement. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Contract. For breach or violation of this warranty, Agency shall have the right to rescind this Contract without liability. For the term of this Contract, no official, officer or employee of Agency, during the term of his or her service with Agency, shall have any direct interest in this Contract, or obtain any present or anticipated material benefit arising therefrom. In addition, Contractor agrees to file, or to cause its employees or subcontractors to file, a Statement of Economic Interest with the Agency's Filing Officer as required under state law in the performance of the Work.

3.17.16 Certification of License.

3.17.16.1 Contractor certifies that as of the date of execution of this Contract, Contractor has a current contractor's license of the classification indicated below under Contractor's signature.

3.17.16.2 Contractors are required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four (4) years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within ten (10) years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

3.17.17 Authority to Enter Contract. Each Party warrants that the individuals who have signed this Contract have the legal power, right and authority to make this Contract and bind each respective Party.

3.17.18 Entire Contract; Modification. This Contract contains the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Contract may only be modified by a writing signed by both Parties.

3.17.19 Non-Waiver. None of the provisions of this Contract shall be considered waived by either party, unless such waiver is specifically specified in writing.

3.17.20 Agency's Right to Employ Other Contractors. Agency reserves right to employ other contractors in connection with this Project or other projects.

[SIGNATURES ON NEXT PAGE]

**SIGNATURE PAGE FOR CONSTRUCTION CONTRACT
BETWEEN SAN GORGONIO PASS WATER AGENCY
AND GLENN CHAVEZ CONSTRUCTION, INC.**

IN WITNESS WHEREOF, the Parties have entered into this Contract as of the
 [***INSERT DAY***] day of [***INSERT MONTH***], [***INSERT YEAR***].

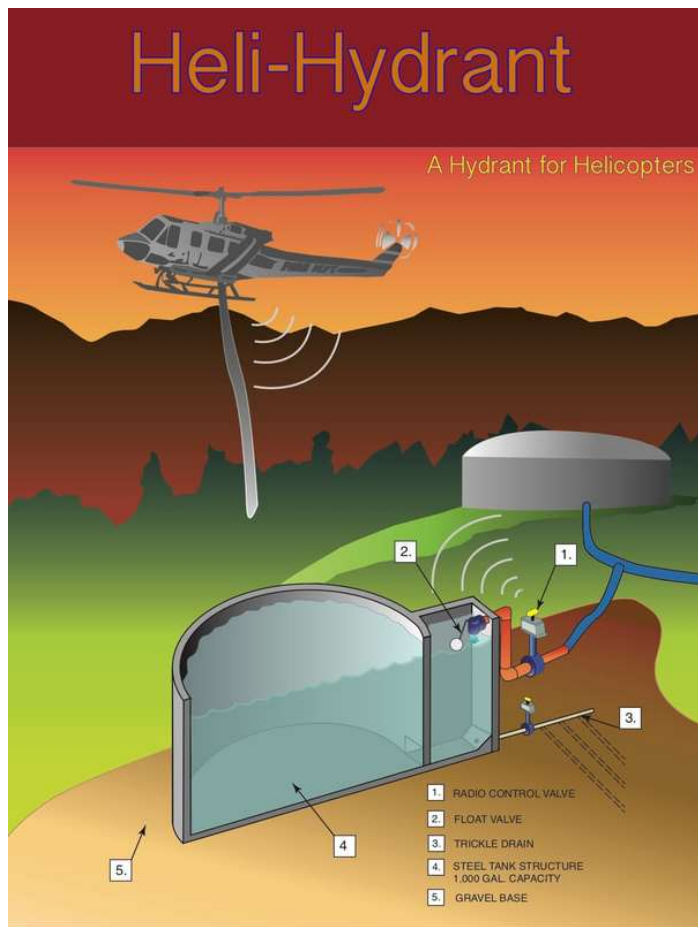
SAN GORGONIO PASS WATER AGENCY	GLENN CHAVEZ CONSTRUCTION, INC.
<p>By: _____ [INSERT NAME] [INSERT TITLE]</p> <p>Date: _____</p> <p>Approved as to Form: _____</p> <p>Best Best & Krieger LLP General Counsel</p>	<p>[TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]</p> <p>By: _____</p> <p>Its: _____</p> <p>Printed Name: _____</p> <p>Date: _____</p> <p>By: _____</p> <p>Its: _____</p> <p>Printed Name: _____</p> <p>Date: _____</p>



Consideration of Resolution No. 2026-02 Awarding a Heli-Hydrant Installation Contract to Glenn Chavez Construction

BOARD OF DIRECTORS

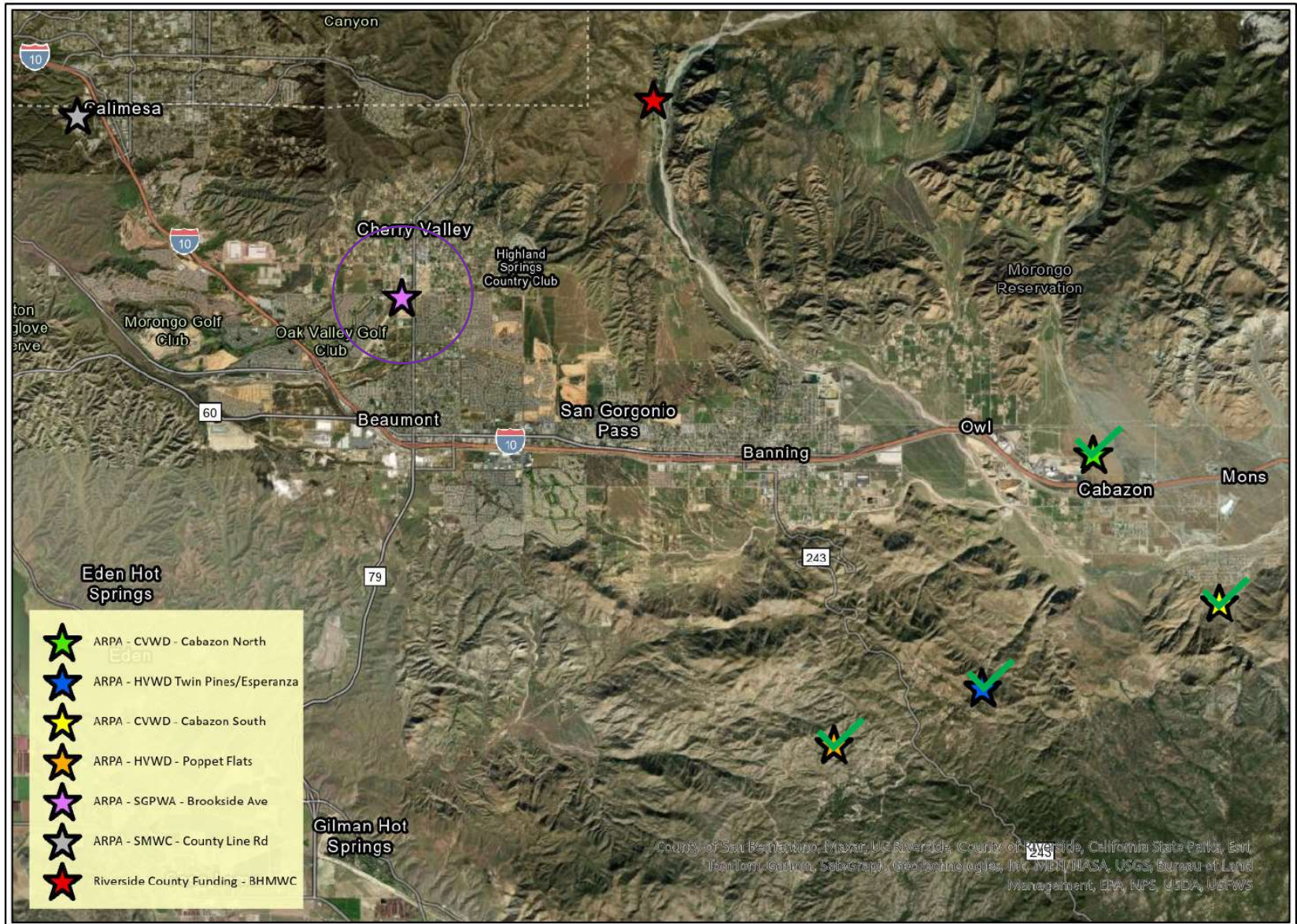
JUNE 1, 2026



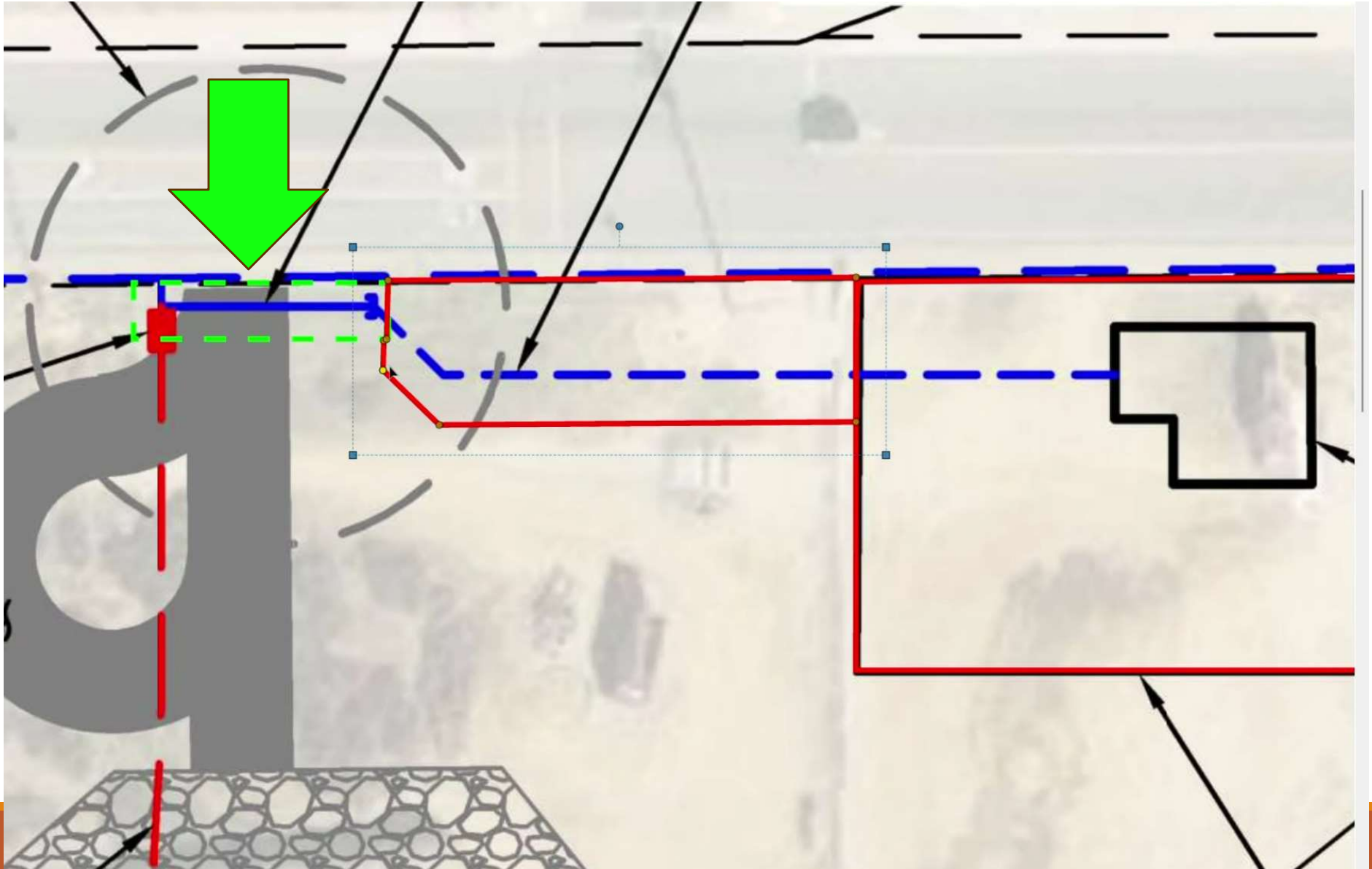
In order to combat wildfires, Heli-Hydrants will be constructed in strategic locations in the San Gorgonio Pass

- Six locations spanning from Calimesa to Cabazon
- Utilizing existing water infrastructure
- Provides wildfire protection north and south of the I-10
- County Board of Supervisor Yxstian Gutierrez secured \$1.8M in ARPA funds for the construction of six Heli-Hydrant systems
- Four of the six ARPA funded sites are completed
- The final two sites are anticipated on completing in Q2 or Q3 2026









Recommendation

Adopt Resolution 2026-02 Awarding a Heli-Hydrant Installation Contract to Glenn Chavez Construction for \$330,980.00.

San Geronio Pass Water Agency

DATE: May 28, 2026
TO: Board of Directors
FROM: Lance Eckhart, General Manager
BY: Jennifer Ustation, Chief Financial Officer
SUBJECT: PROCUREMENT POLICY APPROVAL

RECOMMENDATION

That the Finance and Budget Committee review the proposed updates to the Procurement Policy and recommend approval to the Board of Directors.

PREVIOUS CONSIDERATION

- Board Meeting – December 17, 2007: The Procurement Policy was updated.
- Board Meeting – December 4, 2023: The Board reviewed the proposed Procurement Policy update and recommended further consideration by the Finance & Budget Committee.
- Finance and Budget Committee: – December 14, 2023: The Committee reviewed the updated draft of the Procurement Policy, recommended changes, and approved returning it to the Board for consideration.
- Board Meeting - January 22, 2024: – Board approved current Procurement Policy.

BACKGROUND

The Procurement Policy establishes the framework for purchasing goods and services, including delegation of authority, competitive requirements, and internal controls.

As part of the Agency’s Strategic Plan under the Finance & Administration category, staff was directed to “*evaluate the Agency procurement process regularly for opportunities to enhance efficiency.*” The proposed updates are a direct result of this effort.

Procurement related to public construction improvements continues to be governed by the San Geronio Pass Water Agency Act and applicable law, and the policy has been updated to further clarify these requirements.

ANALYSIS – NEW CHANGES

The following items represent new additions or substantive clarifications to the Procurement Policy:

1. New Local Vendor Preference Policy
 - Establishes a 5% local vendor preference for goods and non-professional services
 - Applies only when pricing, quality, and service are otherwise equal
 - Does not apply to public works or professional services

- Defines local vendors as businesses within Agency boundaries

This is a new policy addition intended to support the local economy while maintaining fair and competitive procurement practices.

2. Sole Source Verification Requirement

- Requires completion of a Sole Source Verification Form
- Documentation must include justification and market research
- Form must be:
 - Reviewed by the Chief Financial Officer
 - Approved by the General Manager prior to purchase

This formalizes internal controls around sole source procurements.

3. Enhanced Public Works Definitions

- Adds clear definitions distinguishing:
 - Routine maintenance
 - Repair work
 - Public works projects
- Clarifies that work exceeding routine maintenance and materially improving an asset is treated as public works

Provides clearer guidance and reduces ambiguity in procurement classification.

4. Clarified Emergency Procurement Definition

- Establishes a more detailed definition of “emergency”
- Aligns policy language with:
 - Public Contract Code Section 22050
 - Agency Act requirements
- Reinforces requirement to report emergency purchases to the Board

Improves consistency and legal alignment.

5. Task Order Clarification

- Explicitly states that task orders under existing contracts that exceed \$75,000 will be reported to the Board of Directors.

Ensures consistent application of procurement controls.

6. Regulatory Compliance Expenditures

- Clarifies that regulatory compliance costs, including permits, licenses, mitigation requirements, assessments, filing fees, and other mandatory governmental or regulatory expenditures necessary for legal compliance, operational authority, or project implementation, are excluded from standard procurement requirements when appropriate.

Ensures the Agency maintains timely compliance with applicable federal, state, regional, and local regulatory obligations while minimizing delays to critical operations and projects.

*The updated Procurement Policy was previously presented to the Finance and Budget Committee on April 23, 2026. Following that meeting, it was determined that additional clarity was needed within the policy regarding contract change orders, exclusions of

regulatory costs, contract amendments, and task order reporting requirements to the Board of Directors. The additional changes to the policy were then reviewed by the Finance and Budget Committee on May 28, 2026.

FISCAL IMPACT

The proposed updates do not directly impact the Agency's budget. The changes are intended to improve clarity, strengthen internal controls, and enhance procurement efficiency.

ACTION

The Finance and Budget Committee review and recommend approval of the updated Procurement Policy to the Board of Directors.

ATTACHMENT

Draft Procurement Policy (redlined)

San Gorgonio Pass Water Agency

Procurement Policy

DRAFT

Adopted December 18, 2006

Revised December 17, 2007

Revised January 22, 2024

Revised June 1, 2026

Section 1. Purpose and Applicability:

The purpose of this San Gorgonio Pass Water Agency (“Agency”) Procurement Policy is to establish policies and procedures applicable to the procurement of materials, supplies, equipment, services, as well as the bidding and approval of contracts related to the construction of improvements to, new or existing, Agency structures, buildings or facilities for public works projects, including maintenance, pursuant to applicable law. In addition, this Policy establishes certain delegations of authority for the General Manager to execute contracts. This Policy does not apply to operating expenses such as payroll, utilities, employee benefits, water purchases or taxes.

Section 2. Procurement Methods & Delegation of Authority of the General Manager to Execute Contracts

The Board of Directors for the Agency delegates to the General Manager the authority to execute contracts as follows without prior approval from the Board:

A. Contracts for the procurement of materials, supplies and equipment including vehicles (“Goods”), and non-professional services (including routine maintenance)

For items up to ~~\$5,000~~ **\$15,000**, (including cooperative purchasing as set out in Section 4 below) without advertising for bids, although two verbal and/or internet quotes are recommended.

For items where the cost exceeds ~~\$5,000 up to \$15,000~~ **\$15,000 up to \$50,000**, Staff shall solicit at least ~~two~~ **three** written quotes (where possible) from qualified vendors and shall determine which vendor provides the best value, considering quality as well as price.

For items where the cost exceeds ~~\$35,000 up to \$50,000~~ **\$50,000 up to \$75,000**, Staff shall solicit at least three written quotes (where possible) from qualified vendors and shall determine which vendor provides the best value, considering quality as well as price. The General Manager shall report the execution of the contract to the Board.

For items exceeding \$75,000, Staff shall solicit at least three written quotes (where possible) from qualified vendors and shall determine which vendor provides the best value, considering quality as well as price. Board approval is required.

Contract change orders/amendments for Board approved contracts may be approved by the General Manager without prior approval of the Board of Directors in amounts up to 10% of the contract cost. In such a case, the General Manager shall inform the Board of this action at the earliest practicable time. Change orders for more than 10% of the contract price must be approved by the Board of Directors prior to execution.

If an item is not readily available or a specific type is required to fit with existing Agency equipment, Staff shall note the justification for sole source acquisition as set out in Section 3-B.

All quotes will be documented in writing. The Chief Financial Officer will review all contracts before presenting them to the General Manager for approval.

B. Local Preferences for Goods and Non-Professional Services.

A local business preference allows the Agency to promote local business as well as benefit from enhanced economic activity as dollars re-circulate in the local economy by way of multiplier effects. These effects have been shown to benefit the community in the following ways:

- Direct effects. Benefits the local economy by directly investing money in a local business.
- Indirect effects. Occurs when money awarded to a local business results in inter-industry purchases of materials, supplies, goods and services. Another potential indirect effect is the increase in employment associated with greater workloads/demands.
- Induced effects. Increases in household income as a result of both the direct and indirect effects.
- Local vendors are granted a five percent (5%) differential in lieu of sales and transactions tax loss for the purchase of materials, supplies, equipment and personal property. Prices, functionality, quality, delivery and service being equal, preference will be given to the local vendor, in the purchase of supplies, equipment, and non-professional services.
- This Local vendor preference shall not be granted for contracts involving public works, professional and consultant services, or as otherwise prohibited by law.
- For the purposes of this section, “local vendor” means a business having a bona-fide place of business within the San Gorgonio Pass Waer Agency’s district boundaries.

- For purposes of this section, when the Agency considers a local vendor's bid, quote, or proposal in connection with the purchase of supplies and equipment or non-professional services, the local vendor's bid shall be the bid amount after the applicable percent differential is applied."

C. Professional services

Professional services contracts by law do not require bidding, however, the selection of private architectural, landscape architectural, engineering, land surveying or construction project management firms shall be based on demonstrated competence and on professional qualifications necessary for the satisfactory performance of the services required.

For such contracts up to ~~\$35,000~~-\$50,000, Staff shall solicit written proposals from at least three consultants and, based on proposals received, shall determine which consultant provides the best value, has demonstrated competence and experience in the type of services required.

For such contracts over ~~\$35,000 up to \$50,000~~-\$50,000 up to \$75,000, Staff shall solicit written proposals from at least three consultants and, based on proposals received, shall determine which consultant provides the best value, has demonstrated competence and experience in the type of services required. The General Manager shall report on the execution of the contract to the Board.

For contracts exceeding \$75,000, staff shall solicit written proposals from at least three consultants and, based on proposals received, shall determine which consultant provides the best value, has demonstrated competence and experience in the type of services required. Board approval is required.

Contract change orders/amendments for Board approved contracts may be approved by the General Manager without prior approval of the Board of Directors in amounts up to 10% of the contract cost. In such a case, the General Manager shall inform the Board of this action at the earliest practicable time. Change orders for more than 10% of the contract price must be approved by the Board of Directors prior to execution.

If Staff solicits written proposals from at least three consultants, but does not receive at least two proposals, Staff shall note the justification for moving forward with the sole proposer. The failure to obtain three written proposals will not prevent the procurement of the Professional Services.

All proposals will be documented in writing. The Chief Financial Officer will review all contracts before presenting them to the General Manager for approval.

Task orders covered under existing contracts that exceed \$75,000 will be reported to the Board of Directors.

D. Public Works Contracts

For projects up to ~~\$5,000~~ \$15,000, (including cooperative purchasing as set out in Section 4 below) the Agency may procure public works contracts without advertising for bids, although two verbal and/or internet quotes are recommended.

For Public Works projects where the cost exceeds ~~\$5,000 up to \$15,000~~ \$15,000 up to \$50,000, Staff shall solicit at least ~~two~~ three written quotes (where possible) from qualified vendors and shall determine which vendor provides the best value, considering quality as well as price.

Where any public works project is estimated by the General Manager to cost more than \$50,000 or the procurement of the materials and supplies for use in any new construction work or improvement will cost exceeds \$50,000, the Agency shall let the contract to the lowest responsible bidder(s) and in compliance with the following bidding procedures:

- The work may be performed in one or more contracts and the call for bids shall state whether the work shall be awarded as a single unit or divided into severable parts.
- The call for bids shall describe the project and shall invite and specify procedures for the submission of sealed bids for such project. The call for bids shall describe how to obtain information regarding the project in order to submit such a bid and shall specify the deadline for submission of bids and the time for their opening.
- The Agency shall advertise the work by publishing the call for bids three times in a daily newspaper of general circulation printed and published within the Agency boundaries or two times in a weekly newspaper of general circulation printed and published within the Agency boundaries.
- At the time set for the opening of bids, the General Manager shall open and review all bids and shall determine which is the lowest responsible bidder(s).
- Contract(s) with the lowest responsible bidder(s) shall be approved by the Board prior to execution.
- For any public works or improvement contracts greater than \$25,000, the Board shall require the successful bidder(s) to file with the Board for its approval good and sufficient labor and materials and faithful performance bonds in in compliance with Civil Code Section 9000 et seq. The Board may require contractors to file these bonds for projects less than \$25,000.
- The Board may reject any and all bids and may perform the work by force account or by contracting in the open market or may acquire the materials and supplies in the open market.
- In the event no bids are received, the Board may direct the General Manager to rebid the project or may proceed under Section (G) above.

Construction change orders **for Board approved contracts** may be approved by the General Manager without prior approval of the Board of Directors in amounts up to 10% of the contract cost. In such a case, the General Manager shall inform the Board of this action at the earliest practicable time. Change orders for more than 10% of the contract price must be approved by the Board of Directors prior to execution.

For purposes of procurement and application of the Agency’s public construction threshold, a “public works project” shall be interpreted consistent with the California Public Contract Code and applicable California case law.

- A public works project includes the erection, construction, alteration, repair or improvement of any public structure, building, road, or other public improvement of any kind.
- Routine maintenance is not considered a public works project. Maintenance is defined as recurring, usual, or routine work performed to preserve an asset in its original condition and that does not materially extend the asset’s useful life, increase its capacity, or significantly enhance its value.
- Repair work shall be classified as a public works project when it exceeds routine maintenance and constitutes a material rehabilitation, replacement, or improvement of the asset. Any such work shall be subject to the Agency’s public construction procurement requirements, including applicable competitive bidding thresholds.

The policies and procedures provided in this Policy are summarized below. To the extent any conflict or ambiguity exists between the Policy and the information contained in the table, the express language of the Policy will control:

Purchase Limit	Minimum Number of Quotes/Proposals Sought	Form of Quotes/Proposals	Approval Authority
Materials, Supplies & Equipment, Non-Professional Services (Including Maintenance)			
Up to \$5,000 -\$15,000	2 recommended	Verbal/Internet	General Manager
Over \$5,000 up to \$15,000	2	Written	General Manager
Over \$15,000 up to \$35,000 -\$50,000	3	Written	General Manager
Over \$35,000 up to \$50,000 -\$50,000 up to \$75,000	3	Written	General Manager Inform Board
Over \$50,000 \$75,000	3	Written	Board
Over \$50,000 and for materials, supplies & equipment for use in any new construction or improvement work	Advertise for all bids as provided in Section 3	Written	Board
Professional Services			
Up to \$35,000 \$50,000	3	Written	General Manager

Over \$35,000 up to \$50,000 -\$50,000 up to \$75,000	3	Written	General Manager Inform Board
Over \$50,000 \$75,000	3	Written	Board
Public Works Contracts			
Less than \$15,000	2 Quotes/Proposals recommended	Verbal/Internet	General Manager
Over \$15,000 up to \$50,000	3 Quotes/Proposals recommended	Written	General Manager
Over \$50,000	See Section 3	Formal Bid Required	Board
Emergency Goods and Services			
No limitation	Not required		General Manager but with notice to Board at next meeting

Section 3. Exceptions to Bidding Requirements

A. Emergency condition. An emergency is defined as a breakdown in machinery or equipment resulting in the interruption of an essential service, or threat to public health, safety, or welfare. In the case of an emergency requiring the immediate purchase of supplies, materials, equipment or contractual services, the General Manager hereby is authorized to secure in the open market, without bidding, at the lowest obtainable price, any supplies, materials, equipment, or contractual services required, regardless of the amount of the expenditure and to report such action to the Board at its next meeting, in compliance with Public Contract Code Section 22050.

For purposes of procurement under the San Gorgonio Pass Water Agency enabling act, an “emergency” is a situation requiring immediate action to protect public health, safety, or essential public services, where compliance with standard competitive procurement procedures would be impractical due to the urgent nature of the circumstances. In such cases, the Agency may proceed with necessary work without formal bidding to address the emergency condition.

B. Limited availability/sole source. Occasionally, required supplies, material, equipment, or services are of a proprietary nature, or are otherwise of such specific design or construction, or are specifically desired for purposes of maintaining cost effective system consistency, as to be available from only one source. After reasonable efforts to find alternative suppliers, the General Manager may make or may recommend making the purchase from the sole source. The individual requesting a sole source procurement shall complete a Sole Source Verification Form documenting the justification and market research conducted. The form shall be reviewed by the Chief Financial Officer and approved by the General Manager prior to proceeding with the purchase.

C. Cooperative purchasing. The Agency shall have the authority to join with other public jurisdictions in cooperative purchasing agreements or to buy directly from a vendor at a price established by competitive bidding by another public jurisdiction in substantial compliance with this policy, even if the Agency has not joined with that public agency in a formal agreement. The Agency also may purchase from the United States of America or any state, municipality or other public corporation or agency without following formal purchasing procedures as defined in this policy.

D. Regulatory compliance costs, including fees, permits, licenses, assessments, mitigation requirements, filing costs, and other mandatory expenditures imposed by federal, state, regional, or local governmental or regulatory agencies necessary to maintain legal compliance, operational authority, or project implementation.

Section 4. Review

The Board of Directors will review this policy annually.



San Geronio Pass Water Agency

DRAFT General Fund Budget FY 2026-27



Headquarters

ABOUT THE AGENCY

The San Geronio Pass Water Agency is one of 29 local government organizations, called State Water Contractors, that have contracted with the State of California to import water to their local service areas using the State Water Project. The Agency was created by the Legislature of the State of California under Senate Bill 8, Chapter 40, which was signed into law by Governor Edmund “Pat” Brown on April 19, 1961. The purpose for creating this public agency by special law was for the “planning, conservation, development, distribution, control and use of an adequate water supply for the public good and for the protection of life and property therein.” As part of the act, the Agency was given taxing authority similar to the taxing power of other local governments.

The Agency service area covers about 141,000 acres and has an estimated population of slightly more than 100,000. Major communities include Banning, Beaumont, Cabazon, Calimesa, and Cherry Valley. Retail water purveyors that serve the region include the City of Banning, Banning Heights



Brookside East Recharge Facility



Cherry Valley Pump Station

Mutual Water Company, Beaumont Cherry Valley Water District, Cherry Valley Water Company, High Valleys Water District, Mission Springs Water District, South Mesa Water Company, and Yucaipa Valley Water District.

The Agency entered into a contract with the State of California Department of Water Resources for an annual entitlement of 15,000 acre-feet from the State Water Project in 1962. Two years later, additional entitlement became available. Even then, the forward-focused Board was concerned that the original entitlement might not be sufficient for future needs, but was also concerned about the cost to local taxpayers. They took a bold step and voted to increase the Agency’s entitlement to its current amount of 17,300 acre-feet.



Citrus Reservoir and Pump Station

However, water did not get delivered to the region until the completion of the East Branch Extension. The East Branch Extension, known locally as EBX, completed the necessary infrastructure to deliver water to the Agency’s service area. EBX Phase 1 was completed in 2003; EBX Phase 2 was completed in 2018. The new facilities included an additional pipeline, an additional reservoir, additional pumps and expanded an existing reservoir. The Agency now had sufficient capacity to deliver its entire allotment in any year that it was available. EBX is unique in the State Water Project because it is jointly operated by DWR, San Bernardino Valley Municipal Water District and the Agency.

In 2020, the Agency completed construction and started using its new recharge site on the corner of Beaumont Avenue and Brookside in Beaumont. This facility was built to be able to recharge water, most often during wet years, but also as necessity arises because of operational constraints. The Agency is currently planning on expanding additional recharge in this area to maximize wet-year deliveries and respond to increasing water supply variability in the SWP.



Crafton Hills Reservoir

In 2022, the Agency finalized a 20-year exchange agreement with the City of Ventura, another State Water Contractor, to use its annual entitlement of 10,000 acre-feet.

In 2023, the Agency set a historical record by receiving, delivering, and storing over 24,400 acre-feet of SWP water.



Board of Directors 2026

*Larry Smith, Vice President
Division 5*

*Dr. Blair M Ball, Director
Division 4*

*Sarah Wargo, Secretary
Division 1*

*Robert Ybarra, President
At Large No. 2*

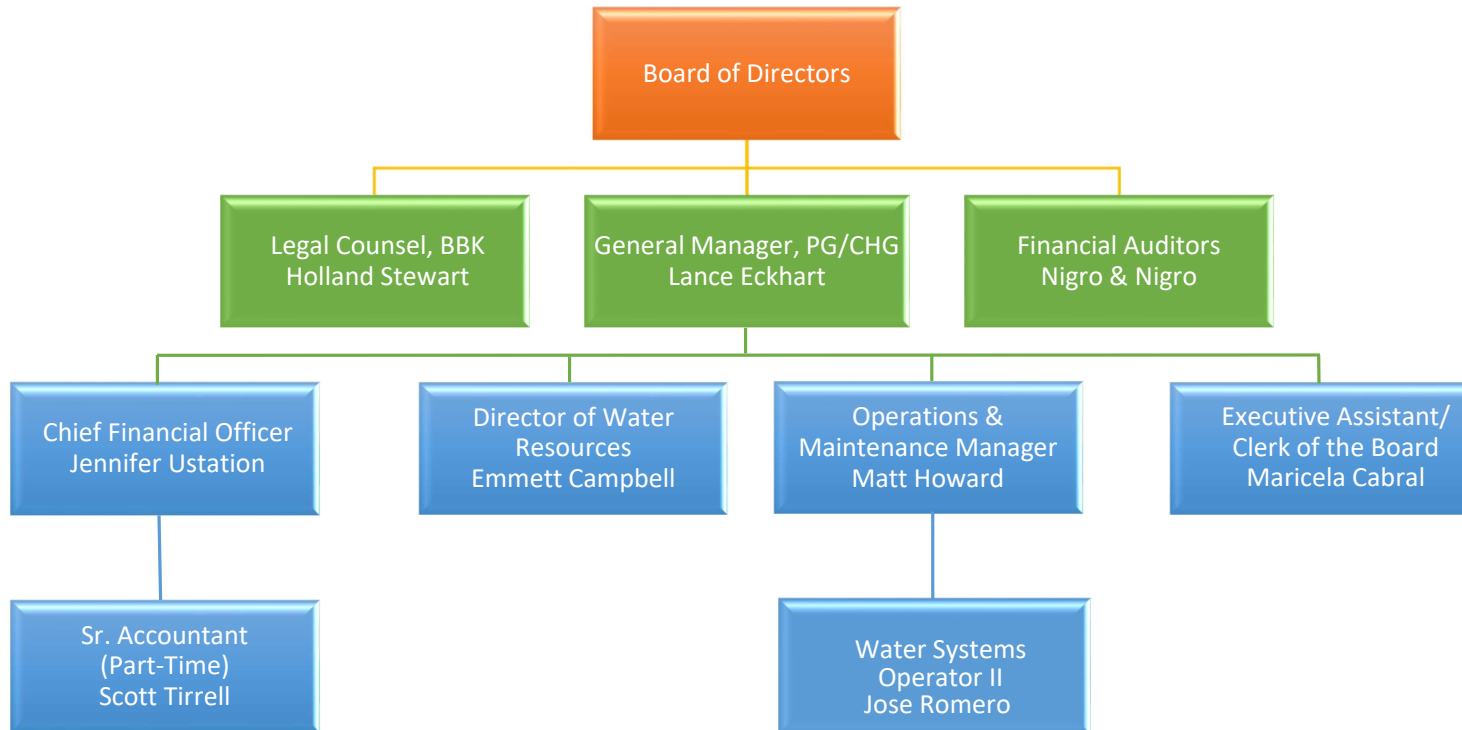
*Micky Valdivia, Director
At Large No. 1*

*James Tickemyer, Treasurer
Division 3*

*Chander Letulle, Director
Division 2*



San Geronimo Pass Water Agency 2026 Organizational Chart



FROM THE GENERAL MANAGER



Lance Eckhart, PG, CHG

To the Board of Directors:

Subject: Fiscal Year 2026–27 Budget – Strategic Investment in Regional Infrastructure and Operational Capacity

Dear Board Members,

It is my pleasure to present the proposed budget for Fiscal Year 2026–27. This budget reflects the San Geronio Pass Water Agency’s continued commitment to responsible fiscal stewardship, strategic infrastructure investment, and long-term regional water reliability. Guided by the Agency’s Strategic Plan, this budget prioritizes investments that strengthen operational capacity, support future growth, and position the Agency to proactively address evolving regional water challenges.

Investing in Organizational Capacity and Operational Efficiency

As the Agency continues to expand its responsibilities and regional role, the proposed budget includes additional administrative support resources to improve organizational efficiency and support staff capacity. These investments are intended to enhance operational effectiveness while ensuring the Agency remains responsive to the increasing demands associated with regional water planning, project coordination, and regulatory compliance. The budget also includes investments in technology and operational tools, including ESRI workflow enhancements and additional groundwater monitoring capabilities, to support improved data management, groundwater sustainability efforts, and resource utilization.

Advancing Regional Infrastructure Improvements

The Fiscal Year 2026–27 Budget continues the Agency’s focus on infrastructure planning and system improvements that support long-term regional reliability. Planned initiatives include continued planning and design

for the Brookside West project, upgrades to the Noble Connection, and improvements associated with the Brookside and Beaumont intersection area.

These projects support the Agency's efforts to align infrastructure planning with regional growth, improve operational reliability, and maintain flexibility to meet future water supply and delivery needs.

Strengthening Facilities and Asset Management

The proposed budget includes continued investment in Agency facilities and long-term asset management planning. Planned efforts include headquarters expansion planning, facility upgrades, and development of an asset management program designed to improve long-term maintenance planning and infrastructure sustainability.

These investments reflect the Agency's commitment to protecting public assets while ensuring facilities and operational systems continue to support the Agency's evolving regional responsibilities.

Planning for Future Water Supply Opportunities

The Agency remains focused on identifying and advancing long-term water supply and storage opportunities that strengthen regional resiliency. The budget supports ongoing evaluation of future projects including the Colorado River Mitigation Project, AVEK banking opportunities, and development of a regional hub-and-spoke system.

These strategic efforts are intended to expand storage opportunities, improve operational flexibility, and position the Agency to respond to changing hydrologic and regulatory conditions affecting water supply reliability throughout the region.

Supporting Strategic Land Acquisition and Regional Coordination

The Fiscal Year 2026–27 Budget also includes funding for strategic right-of-way and adjacent property acquisition opportunities that support future operational and infrastructure needs. Preserving these opportunities today helps ensure the Agency maintains flexibility for future recharge, conveyance, and facility improvements. Additionally, the budget supports expanded regional, state, and federal coordination efforts, including additional advocacy resources consistent with Board direction. Maintaining a strong presence at all levels of government remains important to advancing regional partnerships, securing funding opportunities, and protecting the Agency's long-term interests.

Conclusion

The Fiscal Year 2026–27 Budget reflects a balanced and strategic approach to advancing the Agency's mission while maintaining strong fiscal stewardship and operational stability. Through thoughtful investment in infrastructure, personnel, facilities, technology, and regional partnerships, the San Gorgonio Pass Water Agency continues to position itself to meet both current and future regional water needs. I would like to thank the Board of Directors for its continued leadership and support, and Agency staff for their dedication and professionalism in preparing this budget. We look forward to another year of progress, collaboration, and responsible stewardship on behalf of the communities we serve.

Respectfully,

A handwritten signature in black ink, appearing to read "Lance Eckhart". The signature is stylized with a large, looped initial "L" and "E".

Lance Eckhart, PG, CHG
General Manager/Chief Hydrogeologist
San Geronio Pass Water Agency

**FROM THE CHIEF FINANCIAL
OFFICER**

To the Board of Directors:

The proposed Fiscal Year 2026–27 Budget reflects the San Geronio Pass Water Agency’s continued commitment to responsible fiscal stewardship while strategically investing in the region’s long-term water reliability, infrastructure, and operational capacity. As the Agency’s regional role continues to expand, this budget prioritizes investments that strengthen organizational support, advance critical water supply initiatives, and position the Agency to proactively address future water resource challenges.

Financially, the Agency remains in a strong position. Based on current estimates, the General Fund is projected to end Fiscal Year 2025–26 above the originally budgeted year-end balance due to strong revenues, conservative budgeting practices, and the timing of project expenditures. The proposed Fiscal Year 2026–27 General Fund budget includes approximately \$24.0 million in revenues and approximately \$17.2 million in expenditures, resulting in a projected positive year-end balance of approximately \$6.9 million.

Jennifer Ustation

The proposed budget continues to prioritize investment in regional infrastructure planning, recharge, and water supply reliability projects. Significant funding is included for the San Geronio Pass Regional Masterplan, Beaumont Basin Recharge planning and design, County Line Recharge construction wrap-up, and continued water banking development opportunities. These projects are intended to expand recharge capacity, improve operational flexibility, and support long-term regional water sustainability.

The budget also reflects the Agency’s continued commitment to groundwater sustainability and scientific monitoring efforts. Funding is included for monitoring well development, USGS studies and monitoring, San Geronio Groundwater Sustainability Agency activities, Yucaipa and Verbena GSA participation, and flume monitoring support. These efforts support the

Agency's groundwater management responsibilities, regulatory compliance, and regional planning initiatives.

As Agency operations and project coordination efforts continue to grow, the proposed budget also includes funding for an additional administrative support position to assist with increasing operational, financial, and project administration demands. This position is intended to improve organizational efficiency, support staff capacity, and help ensure the Agency continues to effectively manage its expanding regional responsibilities.

Additional capital investment priorities in Fiscal Year 2026–27 include groundwater well drilling, Heli-Hydrant construction projects, and facility upgrades. The budget also includes continued investment in financial modeling, asset management planning, grant support services, and state and federal advocacy efforts to position the Agency for future funding opportunities and regional partnerships.

The Agency also continues to support regional collaboration efforts through the Gap Funding Program and Small Water Assistance Program, which provide

technical assistance, infrastructure support, and grant coordination for smaller water systems throughout the region.

Overall, the proposed Fiscal Year 2026–27 Budget reflects a balanced and strategic approach that supports ongoing operations, invests in critical infrastructure and groundwater sustainability efforts, strengthens organizational capacity, and maintains the Agency's long-term financial stability.

Finally, I would like to express my sincere appreciation to the Board of Directors for its continued leadership and support, and to Agency staff for their dedication and professionalism in preparing this budget and advancing the Agency's strategic priorities. Staff look forward to another year of meaningful progress, regional collaboration, and responsible stewardship on behalf of the communities we serve.

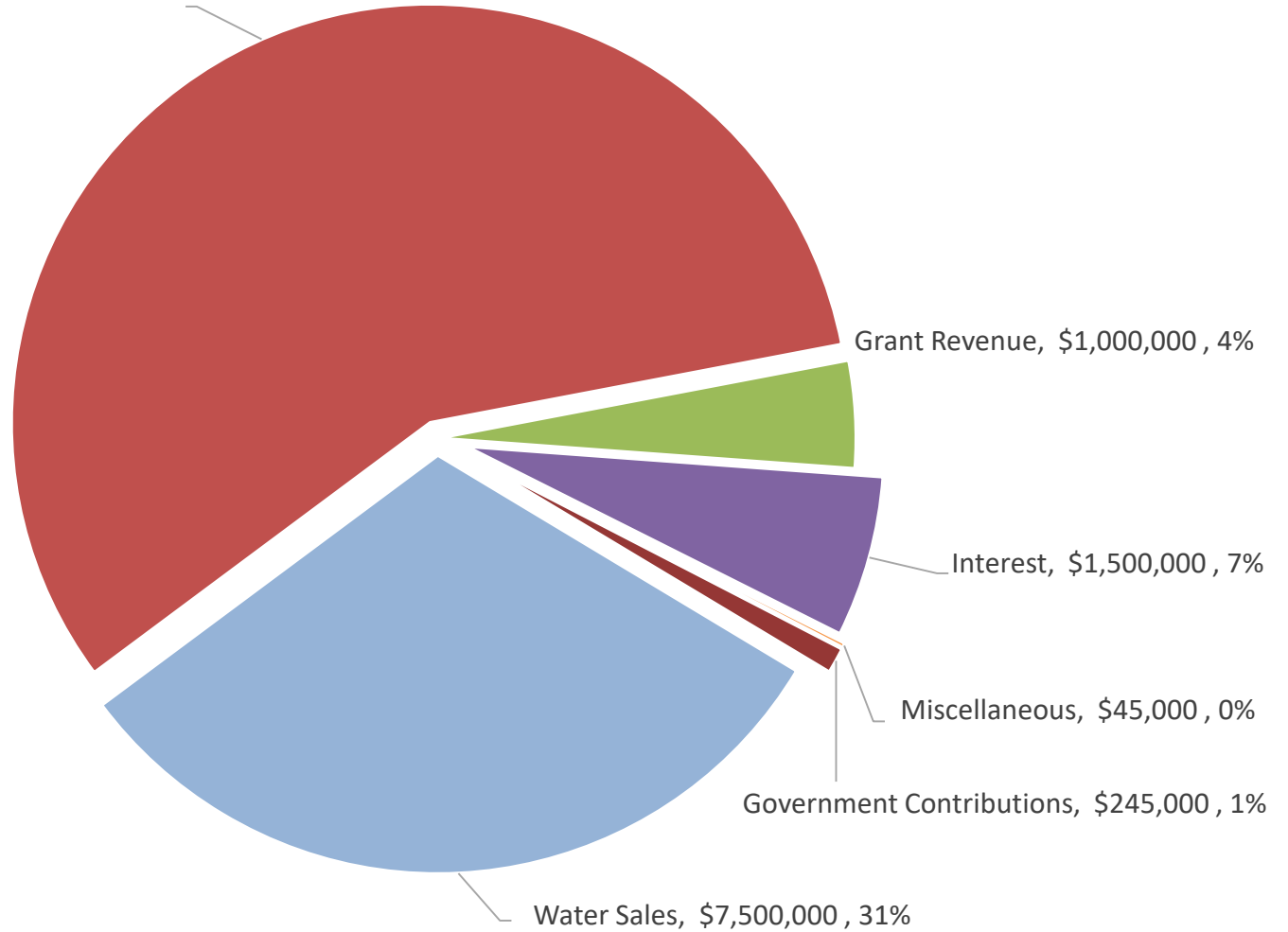
Respectfully,



Jennifer Ustation, CPFO
Chief Financial Officer
San Gorgonio Pass Water Agency

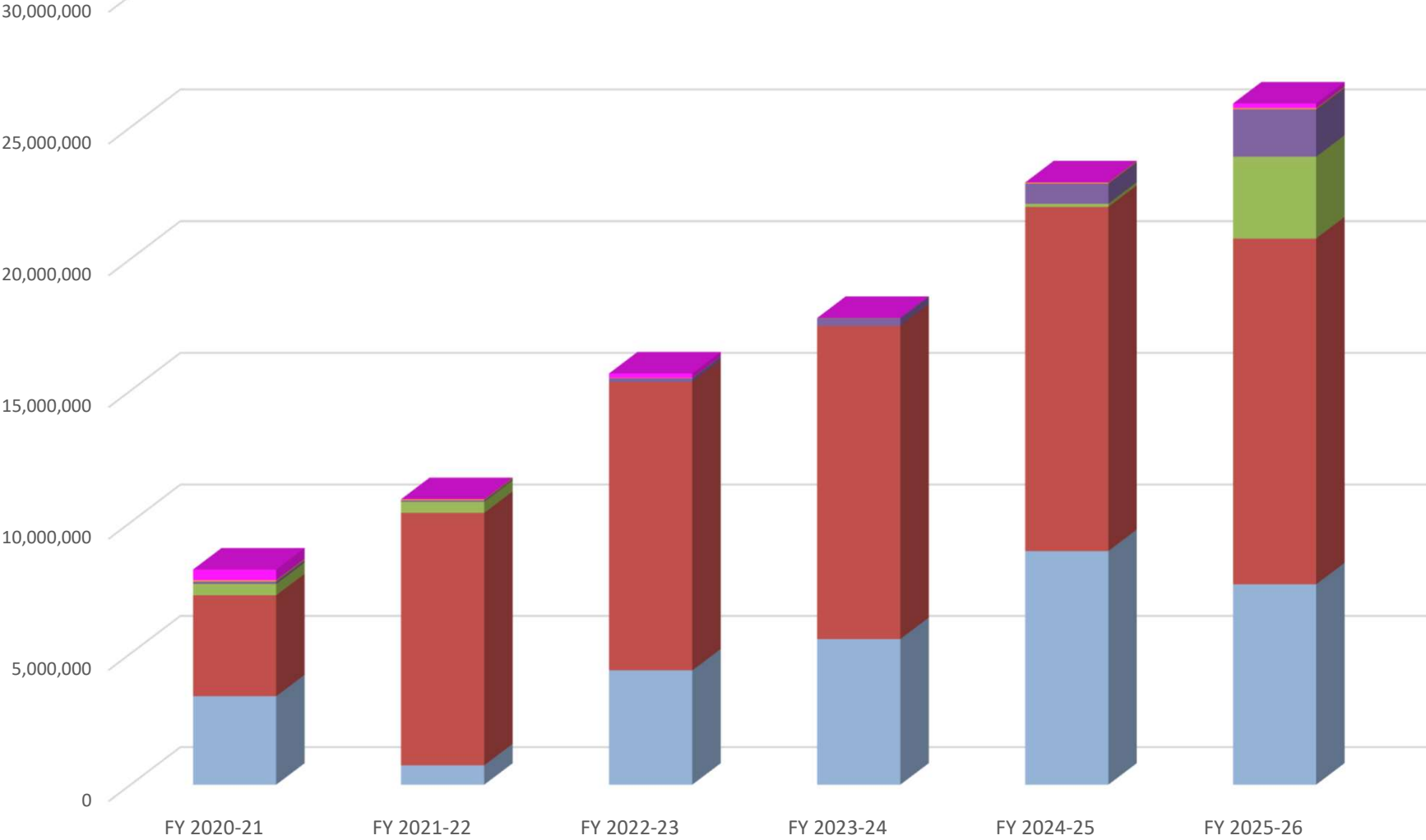
Proposed General Fund Sources of Revenue FY 2024-25

Tax Revenue, \$13,738,842 , 57%



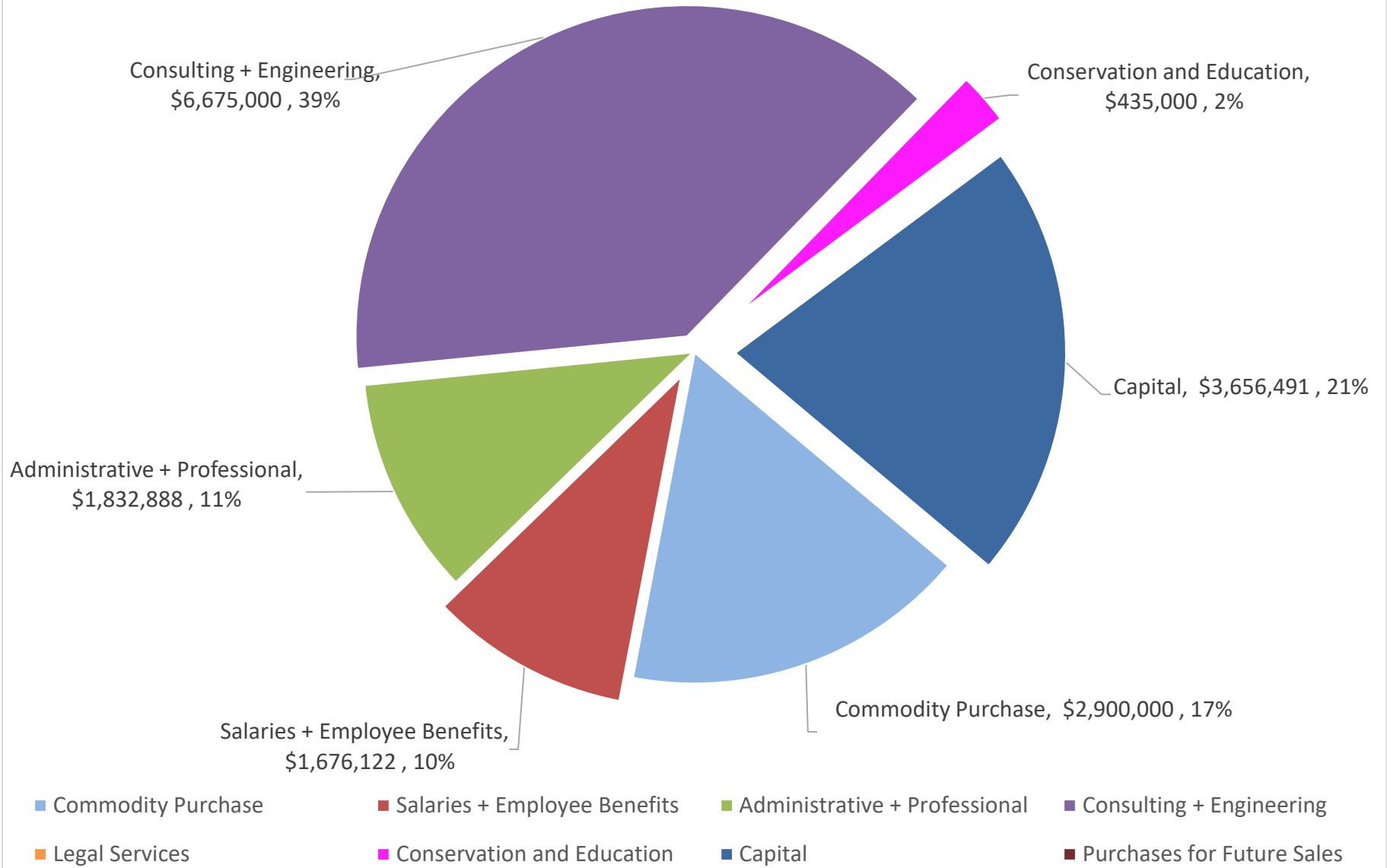
■ Water Sales ■ Tax Revenue ■ Grant Revenue ■ Interest ■ Miscellaneous ■ Government Contributions

Income Category by Fiscal Year

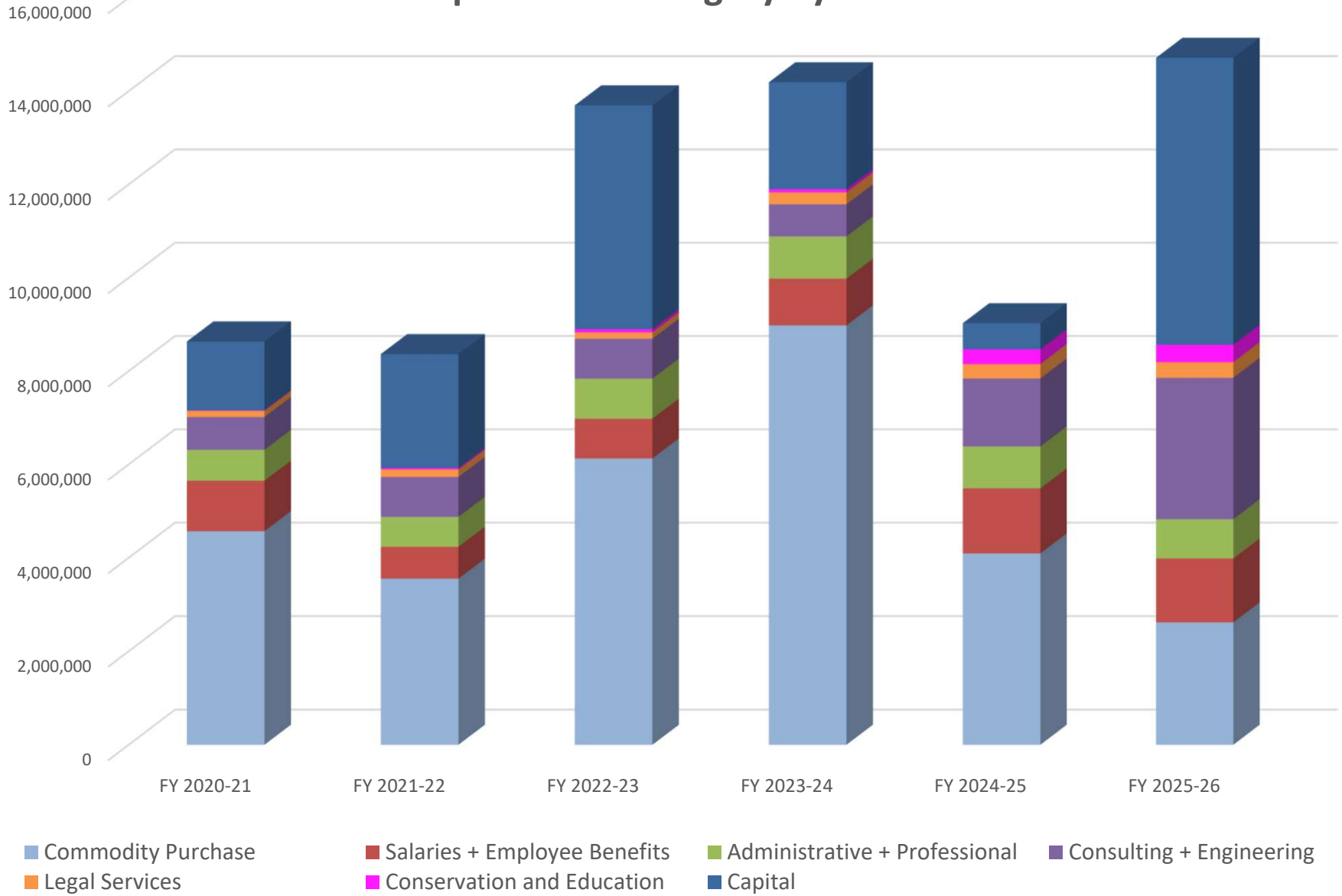


■ Water Sales
 ■ Tax Revenue
 ■ Grant Revenue
 ■ Interest
 ■ Miscellaneous
 ■ Government Contributions

Proposed General Fund Expenditure Categories FY 2024-25



Expenditure Category by Fiscal Year



SAN GORGONIO PASS WATER AGENCY
DRAFT BUDGET FOR FY 2026-27
ESTIMATE FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2027

DRAFT

FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026			FY JULY 1, 2026 - JUNE 30, 2027		
1	2	3	4	5	
TOTAL REVISED BUDGET	PROJECTED EOY	Over/Under Budget	PROPOSED	FY 2025-26	% EOY to Proposed

GENERAL FUND

GENERAL FUND - INCOME

1	WATER SALES	7,500,000	7,636,728	1.8%	7,500,000	-1.8%
2	OTHER WATER SALES	0	0	NA	0	NA
3	TAX REVENUE	13,250,000	13,138,416	-0.8%	13,738,842	4.6%
4	INTEREST	600,000	1,801,056	200.2%	1,500,000	-16.7%
5	GOV'T CONTRIBUTIONS	320,000	174,365	-45.5%	245,000	40.5%
6	GRANT REVENUE	3,600,000	3,102,468	-13.8%	1,000,000	-67.8%
7	OTHER MISCELLANEOUS INCOME	45,000	47,504	5.6%	45,000	-5.3%
8	TOTAL GENERAL FUND INCOME	25,315,000	25,900,537	2.3%	24,028,842	-7.2%

GENERAL FUND - EXPENSES

COMMODITY PURCHASE

12	PURCHASED WATER FOR DELIVERY	2,700,000	2,619,426	3.0%	2,900,000	10.7%
13	PURCHASED WATER FOR BANKING (FUTURE SALE)	1,000,000	0	100.0%	0	
14	TOTAL COMMODITY PURCHASE	3,700,000	2,619,426	29.2%	2,900,000	10.7%

SALARIES AND EMPLOYEE BENEFITS

17	SALARIES	800,000	725,949	9.3%	921,645	27.0%
18	PAYROLL TAXES	73,000	54,938	24.7%	91,111	65.8%
19	PAYROLL SERVICES	11,000	13,827	-25.7%	15,000	8.5%
20	RETIREMENT	350,000	270,627	22.7%	300,165	10.9%
21	OTHER POST-EMPLOYMENT BENEFITS (OPEB)	200,000	200,000	0.0%	200,000	0.0%
22	HEALTH INSURANCE	75,000	65,862	12.2%	83,677	27.1%
23	ACWA BENEFITS	12,000	8,521	29.0%	15,750	84.8%
24	DISABILITY INSURANCE	8,000	6,870	14.1%	9,000	31.0%
25	WORKERS COMPENSATION INSURANCE	7,000	4,950	29.3%	7,000	41.4%
26	SGPWA STAFF MEDICAL REIMBURSEMENT	22,000	12,242	44.4%	25,775	110.5%
27	EMPLOYEE EDUCATION	7,000	3,072	56.1%	7,000	127.9%
28	TOTAL SALARIES AND EMPLOYEE BENEFITS	1,565,000	1,366,857	12.7%	1,676,122	22.6%

GENERAL FUND - EXPENSES

ADMINISTRATIVE AND PROFESSIONAL SERVICES

DIRECTOR EXPENDITURES						
33	DIRECTORS FEES	285,000	166,481	41.6%	285,000	71.2%
34	DIRECTORS TRAVEL AND EDUCATION	80,000	55,894	30.1%	80,000	43.1%
35	DIRECTORS MEDICAL REIMBURSEMENT	214,000	29,599	86.2%	77,770	162.7%
OFFICE EXPENDITURES						
37	OFFICE EXPENSE	40,000	49,410	-23.5%	51,880	5.0%
38	POSTAGE	1,000	527	47.3%	1,000	89.7%
39	TELEPHONE	8,000	14,065	-75.8%	15,465	10.0%
40	UTILITIES	7,000	4,046	42.2%	7,000	73.0%
SERVICE EXPENDITURES						
42	COMPUTER, WEBSITE AND PHONE SUPPORT	75,000	75,099	-0.1%	100,000	33.2%
43	GENERAL MANAGER AND STAFF TRAVEL	50,000	40,867	18.3%	50,000	22.3%
44	SUCCESSION PLANNING (ORGANIZATIONAL DEVELOPME	65,000	60,156	7.5%	65,000	8.1%
45	INSURANCE AND BONDS	70,000	71,333	-1.9%	87,740	23.0%
46	ACCOUNTING AND AUDITING	22,000	20,000	9.1%	24,500	22.5%
47	LEGAL SERVICES	350,000	336,172	4.0%	350,000	4.1%
48	DUES AND ASSESSMENTS	70,000	56,135	19.8%	130,000	131.6%
49	SOFTWARE (NEW ITEM)	0	0	#DIV/0!	75,000	
50	OTHER PROFESSIONAL SERVICES	25,000	20,039	19.8%	26,532	32.4%
51	BANK CHARGES	1,000	0	100.0%	1,000	
52	MISCELLANEOUS EXPENSES	1,000	0	100.0%	1,000	
	MAINTENANCE AND EQUIPMENT EXPENDITURES					

**SAN GORGONIO PASS WATER AGENCY
DRAFT BUDGET FOR FY 2026-27
ESTIMATE FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2027**

DRAFT

		FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026			FY JULY 1, 2026 - JUNE 30, 2027		
		1	2	3	4	5	
		TOTAL REVISED BUDGET	PROJECTED EOY	Over/Under Budget	PROPOSED	FY 2025-26	% EOY to Proposed
54	TOOLS PURCHASE AND MAINTENANCE	2,000	1,811	9.4%		8,000	341.7%
55	MAINTENANCE AND REPAIRS - VEHICLE	30,000	19,411	35.3%		45,000	131.8%
56	MAINTENANCE AND REPAIRS - BUILDING	50,000	20,558	58.9%		50,000	143.2%
57	MAINTENANCE AND REPAIRS - FIELD	60,000	55,344	7.8%		70,000	26.5%
COUNTY EXPENDITURES							
59	LAFCO COST SHARE	10,000	10,916	-9.2%		11,000	0.8%
60	ELECTION EXPENSE	0	0	#DIV/0!		150,000	#DIV/0!
61	TAX COLLECTION CHARGES	70,000	67,995	2.9%		70,000	2.9%
62	TOTAL ADMINISTRATIVE AND PROFESSIONAL SERVICES	1,586,000	1,175,858	25.9%		1,832,888	55.9%
GENERAL FUND - EXPENSES							
CONSULTING AND ENGINEERING SERVICES							
66	PLANS & CONSTRUCTION						
67	INFRASTRUCTURE PLAN - Phase 2	25,000	0	100.0%		0	#DIV/0!
68	SAN GORGONIO PASS REGIONAL MASTERPLAN	750,000	0	100.0%		1,000,000	
69	BUNKER HILL BANKING AND RECOVERY PROGRAM	75,000	0	100.0%		10,000	
70	COUNTY LINE RECHARGE - PLANNING AND DESIGN (CALIF)	100,000	105,953	-6.0%		100,000	-5.6%
71	BEAUMONT BASIN RECHARGE (NEW)					750,000	
72	SMALL SYSTEM ASSISTANCE PROGRAM	210,000	89,385	57.4%		200,000	123.8%
73	SIGNAGE AND FRONTAGE BROOKSIDE EAST (FACILITY UP)	75,000	0	100.0%		150,000	
74	MONITORING WELL DRILLING	1,800,000	1,033,262	42.6%		0	-100.0%
75	HELI-HYDRANT	1,200,000	600,000	50.0%		100,000	-83.3%
OTHER PROJECTS							
76	WATER BANKING INVESTIGATIONS (DEVELOPMENT)	25,000	471,992	-1788.0%		2,000,000	
77	SAN GORGONIO GSA	550,000	56,730	89.7%		500,000	781.4%
78	YUCAIPA GSA VERBENIA GSA	50,000	9,063	81.9%		30,000	231.0%
79	FLUME MONITORING AND SUPPORT	30,000	0	100.0%		30,000	
STUDIES AND REPORTS							
81	FINANCIAL MODELING + NEXUS RATE STUDY	55,000	34,891	36.6%		55,000	57.6%
82	USGS STUDIES AND MONITORING	400,000	255,715	36.1%		430,000	68.2%
83	LOCAL SUPPLIES	50,000	0	100.0%		50,000	#DIV/0!
84	LOCAL RECHARGE FEASIBILITY STUDIES	750,000	40,632	94.6%		100,000	146.1%
85	UWMP SUPPORT AND ANNUAL REPORT COMPLETION	300,000	123,348	58.9%		100,000	-18.9%
86	ASSET MANAGEMENT (NEW)					100,000	
GENERAL ENGINEERING SERVICES							
88	ON-CALL ENGINEERING SERVICES	500,000	108,290	78.3%		0	-100.0%
89	GRANT SUPPORT SERVICES	50,000	64,218	-28.4%		100,000	55.7%
90	FEDERAL - STATE ADVOCATE	80,000	27,000	66.3%		500,000	
91	SAWPA REGIONAL PROJECTS	15,000	9,889	34.1%		20,000	102.2%
92	GENERAL ENGINEERING and ENVIRONMENTAL	50,000	1,497	97.0%		350,000	
93	TOTAL CONSULTING AND ENGINEERING SERVICES	7,140,000	3,031,864	57.5%		6,675,000	120.2%
GENERAL FUND - EXPENSES							
CONSERVATION AND EDUCATION							
97	SCHOOL EDUCATION PROGRAMS	65,000	31,658	51.3%		70,000	121.1%
98	PUBLIC INFORMATION AND EDUCATION	260,000	259,558	0.2%		260,000	0.2%
99	SPONSORSHIPS	10,000	11,750	-17.5%		20,000	70.2%
100	TRANSFER TO PASS WATER AGENCY FOUNDATION	35,000	32,000	8.6%		35,000	9.4%
101	65th ANNIVERSARY CELEBRATION	50,000	36,410	27.2%		50,000	37.3%
102	TOTAL CONSERVATION AND EDUCATION	420,000	371,376	11.6%		435,000	17.1%
MAJOR AND CAPITAL EXPENDITURES							
BUILDING AND EQUIPMENT							
106	BUILDING	50,000	0			50,000	
107	FURNITURE AND OFFICE EQUIPMENT	25,000	18,087			25,000	
108	OTHER EQUIPMENT	20,000	0			20,000	

**SAN GORGONIO PASS WATER AGENCY
DRAFT BUDGET FOR FY 2026-27
ESTIMATE FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2027**

DRAFT

		FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026			FY JULY 1, 2026 - JUNE 30, 2027		
		1	2	3	4	5	
		TOTAL REVISED BUDGET	PROJECTED EOY	Over/Under Budget	PROPOSED	FY 2025-26	% EOY to Proposed
109	OTHER ITEMS	VEHICLES	80,000	55,632	30.5%	86,491	55.5%
111		SITES RESERVOIR	840,000	0	0.0%	900,000	#DIV/0!
112		NEW PROPERTY	50,000	477,344		50,000	
113		COUNTY LINE RECHARGE - CONSTRUCTION	6,500,000	5,600,000		900,000	
114		WELL DRILLING (NEW)				750,000	
115		HELI-HYDRANT CONSTRUCTION (NEW)				375,000	
116		FACILITY UPGRADES (NEW)				500,000	
118	TOTAL MAJOR AND CAPITAL EXPENDITURES		7,565,000	6,151,063	18.7%	3,656,491	-40.6%
120	TRANSFERS TO OTHER FUNDS		0				
122	TOTAL GENERAL FUND EXPENSES		21,976,000	14,716,446	33.0%	17,175,501	16.7%
124	GENERAL FUND NET INCOME YTD		3,339,000	11,184,092		6,853,341	

CONSIGNED - SWP SUPPORT FUND

		CONSIGNED - SWP SUPPORT FUND - INCOME					
INCOME							
130		UNITARY TAX REVENUE ALLOCATED	9,100,000	9,577,771	-5.3%	10,015,475	4.6%
131		INTEREST	580,000	1,071,452	-84.7%	900,000	-16.0%
132		OTHER INCOME	0	0		0	
133	TOTAL SWP SUPPORT FUND INCOME		9,680,000	10,649,223	-10.0%	10,915,475	2.5%
		CONSIGNED - SWP SUPPORT FUND - EXPENSES					
EXPENDITURES							
139		TAX COLLECTION CHARGES	24,000	23,944	0.2%	25,039	4.6%
140		OTHER EXPENSES	0	0	NA	0	
141	TOTAL SWP SUPPORT FUND EXPENSES		24,000	23,944	0.2%	25,039	4.6%
143	TRANSFERS TO OTHER FUNDS						
145	CONSIGNED - SWP SUPPORT FUND NET INCOME YTD		7,422,000	10,625,279		10,890,436	

GAP FUNDING PROGRAM

		GAP FUNDING PROGRAM - INCOME					
INCOME							
185		CABAZON WATER DISTRICT	0	95,746	#DIV/0!	0	
187		SOUTH MESA WATER COMPANY	600,000	0	0.0%		
188		HIGH VALLEYS WATER DISTRICT	2,000,000	0	0.0%		
189		BANNING HEIGHTS MUTUAL WATER CO.	0	0	0.0%		
191	TOTAL INCOME		2,600,000	95,746	96.3%	0	-100.0%
		GAP FUNDING PROGRAM - EXPENSES					
EXPENSES							
194		CABAZON WATER DISTRICT	0	292,664			
196		SOUTH MESA WATER COMPANY	1,100,000	5,847,530	-431.6%	4,500,000	
197		HIGH VALLEYS WATER DISTRICT	1,000,000	520,695	47.9%		
198		BANNING HEIGHTS MUTUAL WATER CO.	900,000	566,529			

**SAN GORGONIO PASS WATER AGENCY
DRAFT BUDGET FOR FY 2026-27
ESTIMATE FOR THE TWELVE MONTHS ENDING ON JUNE 30, 2027**

DRAFT

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		1	2	3	4	5	
		TOTAL REVISED BUDGET	PROJECTED EOY	Over/Under Budget	PROPOSED	FY 2025-26	% EOY to Proposed
200	TOTAL EXPENSE	3,000,000	7,227,418	-140.9%		4,500,000	-37.7%
202	GAP FUNDING PROGRAM NET BALANCE YTD	-400,000	-7,131,672			-4,500,000	
		HELI-HYDRANT FUNDING PROGRAM					
		INCOME					
208	CABAZON WATER DISTRICT		480,000.00				
210	SOUTH MESA WATER COMPANY		0.00				
212	HIGH VALLEYS WATER DISTRICT		0.00				
214	BANNING HEIGHTS MUTUAL WATER CO.		0.00				
216	TOTAL INCOME	0	480,000.00				
		EXPENSES					
222	SOUTH MESA WATER COMPANY		0.00			300,000.00	
224	HIGH VALLEYS WATER DISTRICT		600,000.00				
226	BANNING HEIGHTS MUTUAL WATER CO.		0.00			300,000.00	
228	TOTAL EXPENSE	0	600,000.00				
232	HELI-HYDRANT FUNDING PROGRAM NET BALANCE YTD	0	-120,000.00				

LINE ITEM AND PROJECT DESCRIPTIONS, page 1

GENERAL FUND INCOME

Other Water Sales (line #2)

This item records income from water that is sold from banking operations or other water sales activity. This item is separate from the Water Sales line item, which is for water sold to retailers within the Agency service area. There is no amount projected at this time.

Tax Revenue (reference line #3)

Tax revenue for the General Fund comes from the Agency's allocation of the 1% property tax collected by the County of Riverside. The Agency's share of the County-wide collection is determined by a formula maintained by the County Auditor.

Government Contributions (#5)

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 for a study or a consulting contract. This budget item is for income that is reimbursed to the Agency for these expenditures.

Grant Revenue (#6)

This line item was originally included in Government Contributions. Because of the magnitude of grant revenue expected in the coming years, Staff decided to separate the items to make tracking these income streams easier. The Agency has been formally approved for \$2,055,000 from DWR for nested monitoring wells. In addition, the Agency has been approved for \$1,800,000 for the Heli-Hydrant project and \$3,000,000 for the County Line Road project in America Rescue Plan Act funds. Finally, the Agency has been approved for \$400,000 for planning for the Brookside West project from the U.S. Bureau of Reclamation. The Agency expects to receive a portion of these grants in FY 2025-26.

Other Miscellaneous Income (#7)

This line item includes a variety of small-dollar receipts that the Agency receives in a year. Income from the cell tower lease falls in this item. Additionally, credits for an unused service, cash-back credit from the Wells Fargo credit card, or a refund for a returned purchase could be included.

LINE ITEM AND PROJECT DESCRIPTIONS, page 2

GENERAL FUND EXPENSES

Category: Commodity Purchase

Purchased Water for Delivery (#12)

This line item provides for purchases of non-State Water Project water. Nickel water payments are charged to this line item, as well as potential purchases of water on the spot market, for example, purchases to bolster water supplies in drought years. All State Water Project water delivery costs are charged to the Debt Service fund.

Purchased Water for Banking (Future Sale) (#13)

This provides for water purchased that will be held for a period of time before being sold.

Category: Salaries and Employee Benefits

Salaries (#17)

This item covers all General Fund employee salaries and pay. Salaries for some employees are allocated between the General Fund and the Debt Service Fund, so this is not the total estimate for all salaries and pay for the Agency. This is calculated by reviewing current pay levels, then estimating potential increases, for example, COLA and merit increases. This amount is allocated between funds. Finally, an estimate for a potential new employee was added.

Retirement (#20)

This item covers all expenses related to retirement payments made to CalPERS and other Agency retirement obligations. It also includes an additional contribution of \$200,000 to lower the Unfunded Accrued Liability (UAL) with CalPERS.

Other Post-Employment Benefits (OPEB) (#21)

This item covers pay-as-you-go expenses related to the Agency's obligations for health care for retirees. It also includes an additional contribution of \$150,000 to the California Employer's Retirement Benefit Trust to pre-fund future Agency obligations.

LINE ITEM AND PROJECT DESCRIPTIONS, page 3

Category: Administrative and Professional Services

Directors Expenditures (#33 thru #35)

For directors fees and medical reimbursements, these estimates are based on maximum potential Agency expenditures for these items. The estimate for travel and education is based on previous experience.

Office Expense (#37)

This item seems self-explanatory but includes more than office supplies. Examples include (but aren't limited to) copier charges, subscriptions, Board supplies, purchases of food for Board activities and name plaques.

Organizational Development (#44)

This item includes salary survey studies, recruitment efforts and associated costs for hiring new personnel.

Legal Services (#47)

This item was transferred from its own category to Administrative and Professional Services Category at the suggestion of the Finance and Budget Committee.

Other Professional Services (#50)

Throughout the year, various reports and services are necessary for information for the Board or Staff or to complete mandated requirements. Examples include actuarial studies for Other Post-Employment Benefits, tax projections from HdL, and assistance with accounting matters.

Maintenance and Equipment Expenditures (#54 thru #57)

These items are generally self-explanatory. Field maintenance includes weed abatement, recharge pond maintenance, and other service and maintenance requirements for Agency real property.

LAFCO Cost Share (#58)

The Local Agency Formation Commission is a regional service planning agency mandated by the State of California. This is our annual share of the cost of maintaining that agency.

LINE ITEM AND PROJECT DESCRIPTIONS, page 4

Election Expense (#59)

This item appears in the budget every other year, based on the election cycle. There is elections planned for this fiscal year.

Category: Consulting and Engineering Services

San Gorgonio Pass Regional Masterplan (formerly Backbone Infrastructure Study and Design) (#68)

This line item supports planning and coordination for regional water infrastructure projects that improve system connectivity, supply reliability, and long-term operational flexibility across the San Gorgonio Pass region.

Bunker Hill Banking and Recovery Program (#69)

Working with San Bernardino Valley Municipal Water District (SBVMWD), a water banking program will be studied and evaluated for a potential program to allow the Agency to store and retrieve water in the Bunker Hill Basin which is inside the SBVMWD service area.

Calimesa Area Recharge (formerly County Line Recharge) (#70)

This line item supports groundwater recharge projects in the Calimesa area, including closeout activities for the County Line Recharge Project and planning or implementation of additional recharge opportunities that improve regional water supply reliability.

Beaumont Basin Recharge (71)

This line item supports groundwater recharge projects in the Beaumont Basin Area, including planning and design of Agency facilities that improve groundwater sustainability, storage, and regional water supply reliability.

LINE ITEM AND PROJECT DESCRIPTIONS, page 5

Small Water Assistance Program (#72)

This program leverages the expertise of the California Rural Water Association (CRWA) to offer a comprehensive range of technical, managerial, financial, and grant support services to small water systems within our service area. Currently, support is being provided to Cherry Valley Water Company, High Valleys Water District, Banning Heights Mutual Water Company, and Cabazon Water District. We plan to continue our efforts to expand this program and the services offered by CRWA. In response to positive feedback from our retailers, we will continue to offer water treatment and distribution courses that provide attendees with Continuing Education Units (CEUs) for their certifications, as we did in FY 2024-25. The goal of this program is to equip small water systems with the necessary technical assistance to position them for successful grant applications for their needed improvement projects.

SGPWA Facility Upgrades (#73)

This line item supports planning and design for minor upgrades at existing Agency facilities, including site, frontage, signage, drainage, and related improvements that enhance facility appearance, functionality, and coordination with surrounding public improvements.

Monitoring Well Drilling (#74)

This line item continues funds for the United States Geological Survey (USGS) to conduct the Nested Casings Monitoring Wells Project for the San Geronio Pass Groundwater Sustainability Agency (GSA). The project will significantly enhance the understanding of groundwater conditions, flow patterns, and quality within the San Geronio Pass region, particularly in the data gap area identified in the Groundwater Sustainability Plan (GSP). The majority of the expenses for this initiative will be covered by a grant from the Department of Water Resources (DWR), allowing the Agency to leverage external funding for this crucial activity. The budget also includes resources for site preparation, drilling operations, data analysis, and reporting to ensure comprehensive and effective monitoring well installation and utilization.

Heli-Hydrant (#75)

This line item supports planning and design for additional Heli-Hydrant facilities in the Agency's service area. These facilities improve regional wildfire response capabilities by providing dedicated water refill infrastructure for firefighting helicopters.

LINE ITEM AND PROJECT DESCRIPTIONS, page 6

Water Banking Development (#76)

This line item supports activities associated with developing external water banking opportunities, including partnership coordination, agreements, and related costs needed to advance long-term water storage and supply reliability.

San Gorgonio GSA (#77)

This budget line item supports the Agency's continued participation in the San Gorgonio Pass Groundwater Sustainability Agency (GSA). As a member agency, we contribute to the development, implementation, and periodic updates of the Groundwater Sustainability Plan (GSP), as well as the preparation of the Annual Report required by the California Department of Water Resources (DWR). The significant increase in this line item for FY 2025–26 reflects several major initiatives, including the DWR-mandated 5-Year Periodic Update to the GSP, basin underflow studies between the Beaumont Basin and the San Gorgonio Pass Subbasin, analysis of outflow from the San Gorgonio Pass Subbasin to the Indio Subbasin, and preparation of the Annual Report for Water Year 2025. These efforts are critical to ensuring sustainable groundwater management within the San Gorgonio Pass Subbasin. The costs associated with these activities, including 5-Year Periodic Update, Subbasin Coordination, and Annual Report are shared amongst all GSA members, which include Banning Heights Mutual Water Company, Cabazon Water District, City of Banning, Desert Water Agency, and Mission Springs Water District. This collaboration is essential for achieving long-term groundwater sustainability and compliance with state regulations.

Yucaipa GSA and Verbena GSA (#78)

This line item covers the costs associated with the Agency's participation in the Yucaipa Groundwater Sustainability Agency (GSA) and the Verbena Groundwater Sustainability Agency (GSA). This includes contributions to the development and implementation of the Yucaipa Subbasin Groundwater Sustainability Plan (GSP) and the generation of Annual Reports required by the Department of Water Resources (DWR). The funding supports activities such as data collection, analysis, project planning, and annual report preparation. These efforts are crucial for maintaining compliance with state regulations, promoting sustainable groundwater management practices, and ensuring the long-term viability of the groundwater resources within the Yucaipa and Verbena subbasins.

LINE ITEM AND PROJECT DESCRIPTIONS, page 7

Flume Monitoring and Support (#79)

This line item funds the Agency's efforts to help preserve the water supply provided by the flume to the Banning Heights Mutual Water Company and the City of Banning. The Agency has been dedicated to this initiative for many years, recognizing its critical importance for the region's water security. The funding supports activities such as monitoring the flume's condition and collaborating with the City of Banning to ensure the continued viability of this water source. Additionally, this line item allocates resources for technical assistance, infrastructure improvements, and necessary studies to maintain the long-term sustainability and reliability of the flume system.

Financial Modeling + Nexus Rate Study (#81)

As the region has developed, so has the need to expand facilities, both internally and externally. With these changes, it is necessary to update the Agency financial model to accommodate these new aspects. As a part of this work, the updated financial model will help to facilitate a new rate study for the Agency.

USGS Studies and Monitoring (82)

This line item funds the United States Geological Survey (USGS) for collecting water level and water quality data, which supports the Agency's various groundwater modeling and reporting requirements. The USGS will be incorporating the 13 monitoring wells that are currently being drilled into the USGS database, taking water level measurements, and performing water quality sampling to get a baseline of water quality. Additionally, it includes specific studies requested by the Agency to address emerging concerns or specific project needs, such as gravity and electrical resistivity tomography (ERT) surveys, Burnt Canyon streamgage monitoring, data documentation, reporting, interpretation, and publications. This ongoing effort appears annually in the budget, with the Board reviewing and approving a new contract each year. USGS studies are crucial for ensuring accurate groundwater assessments, aiding in effective resource management, and fulfilling regulatory and planning obligations.

Local Supplies (#83)

Keeping local water local is always a welcome goal. As an importer of water, it isn't in the Agency's scope to directly provide recycled water to customers, but the Agency can assist with facilitating recycled water projects through thoughtful accommodation in the construction of our facilities. This line item investigates the potential for joint-use facilities that can accommodate imported water, recycled water, and stormwater capture to ensure the most effective use of regional resources.

LINE ITEM AND PROJECT DESCRIPTIONS, page 8

Local Recharge Feasibility Studies (#84)

This line item supports feasibility studies, planning, and groundwater modeling for local recharge opportunities within the Agency's service area to help expand regional recharge capacity and support long-term water supply reliability.

UWMP Support and Annual Report Completion (#85)

This line item supports completion and maintenance of the Agency's Urban Water Management Plan, including any carryover tasks, as well as required annual reporting with retailers to track water use, meet regulatory requirements, and support water resource planning.

ASSET MANAGEMENT (86)

This line item supports a facility inventory, asset management program, and capital improvement plan to track Agency infrastructure, evaluate future needs, and guide long-term capital planning.

Grant Support Services (#89)

This line item funds various consultants who assist Agency staff in drafting and submitting grant applications for capital improvement projects. These consultants provide specialized expertise in grant writing, project planning, and regulatory compliance, ensuring that our proposals are comprehensive, competitive, and aligned with funding requirements. Their support enhances the Agency's ability to secure the financial resources necessary for infrastructure development, planning, design, and construction, thereby promoting the successful execution of our capital improvement projects.

Federal – State Advocate (#88)

These funds are planned for advocacy efforts that may be necessary to support proposed grant funding of Agency projects, and to lobby for the completion of currently planned regional projects.

LINE ITEM AND PROJECT DESCRIPTIONS, page 9

SAWPA Regional Projects (#91)

A portion of the Agency's service area falls within the Santa Ana Watershed Project Authority (SAWPA) boundaries. To support the management and sustainability of this critical water resource, the Agency collaborates with SAWPA on various regional projects. These projects include annual monitoring of salinity and nitrogen concentrations, administering regional multi-agency task forces, and evaluating new and emerging regulations on constituents of concern. By sharing the cost of these studies and task forces, the Agency contributes to a comprehensive understanding of the watershed's health, helping to ensure the long-term viability and quality of the water supply for the Agency.

General Engineering and Environmental (#92)

This line item supports miscellaneous engineering, environmental, and technical services for Agency needs that arise during the fiscal year, including project support, permitting, design assistance, environmental documentation, and related professional services not assigned to a specific project line item.

Category: Conservation and Education

Public Information and Education (#98)

Previous budgets had three different line items related to social media, public education, conservation-related activities that were targeted for the general public, as well as other educational efforts, such as workshops and events. The Agency has secured the services of C V Strategies to provide comprehensive public outreach services, such as social media, advertising campaigns, press releases, special events, branding, and other activities to inform the general public about Agency-related efforts to provide water for the region.

Sponsorships (#99)

This line item will continue to be used in conjunction with the newly formed Pass Water Agency Foundation.

LINE ITEM AND PROJECT DESCRIPTIONS, page 10

Transfer to Pass Foundation (#100)

This line item provides funds for the newly formed Pass Water Agency Foundation. The amount suggested by Staff approximates expected income from the cell tower lease, but can be more or less, depending on Board decisions.

65th Anniversary Celebration (#101)

The Agency's 65th anniversary will be in 2026. The Committee suggested producing a yearbook, which takes 12 to 18 months, and is currently in progress. The amount allows for the completion of the book, as well as other elements for a public event.

Category: Major and Capital Expenditures

Vehicles (#109)

This line item is carryover from vehicle approved in FY2025-26. The vehicle is on order and will not be received until FY2026-27.

Sites Reservoir (#111)

The Agency continues to maintain a substantial participation position with the Sites Reservoir Project. At this time, no further requests for funds for planning have been made from the Sites Joint Reservoir Committee. However, the Agency is currently considering its position with Beaumont Cherry Valley Water District, and preparing for the possibility of reimbursing it for its investment to date. As the project moves ahead, if there may be additional funds needed before construction starts, Staff would bring a budget revision to the Board for consideration.

New Property (#112)

This line item supports the acquisition of property, easements, or related real estate interests needed for current or future Agency projects.

County Line Recharge – Construction (#113)

This line item provides for the construction of the County Line Recharge facility.

WELL DRILLING (#114)

This line item supports the development of groundwater monitoring wells in the San Gorgonio Pass Water Agency service area.

LINE ITEM AND PROJECT DESCRIPTIONS, page 11

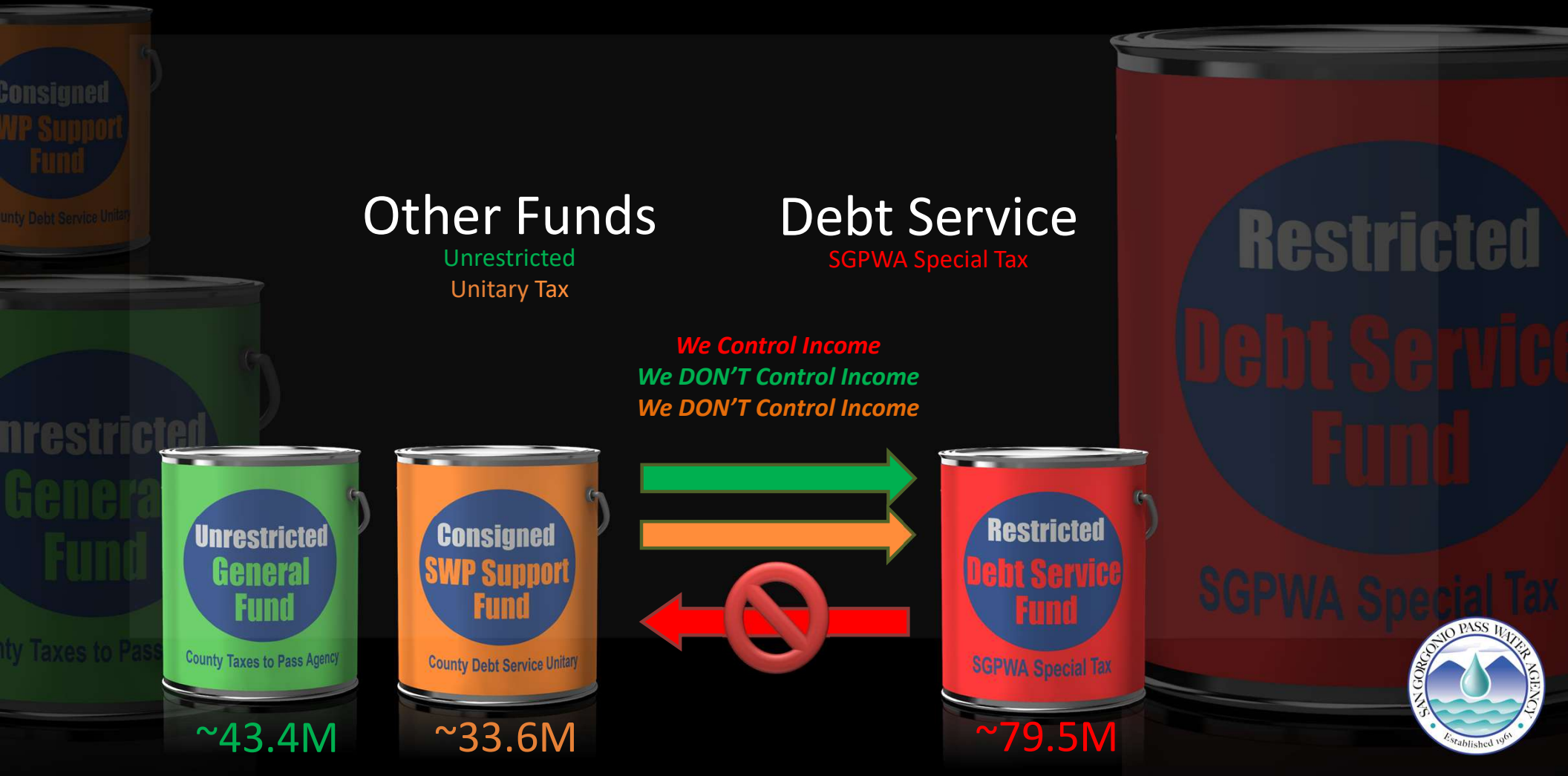
Heli-Hydrant (#115)

This line item supports construction and installation of additional Heli-Hydrant facilities within the Agency's service area, including Agency-led projects. These facilities enhance regional wildfire response capabilities by providing dedicated water refill infrastructure for firefighting helicopters.

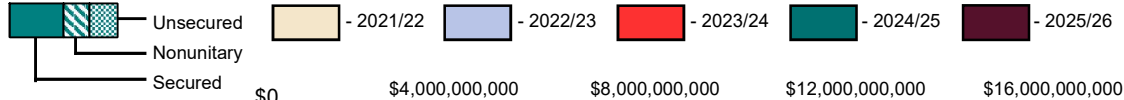
Facility Upgrades (#116)

This line item supports capital improvements and construction activities for upgrades at existing Agency facilities, including site, frontage, signage, drainage, and related improvements that enhance facility appearance, functionality, and coordination with surrounding public improvements.

State of the Buckets

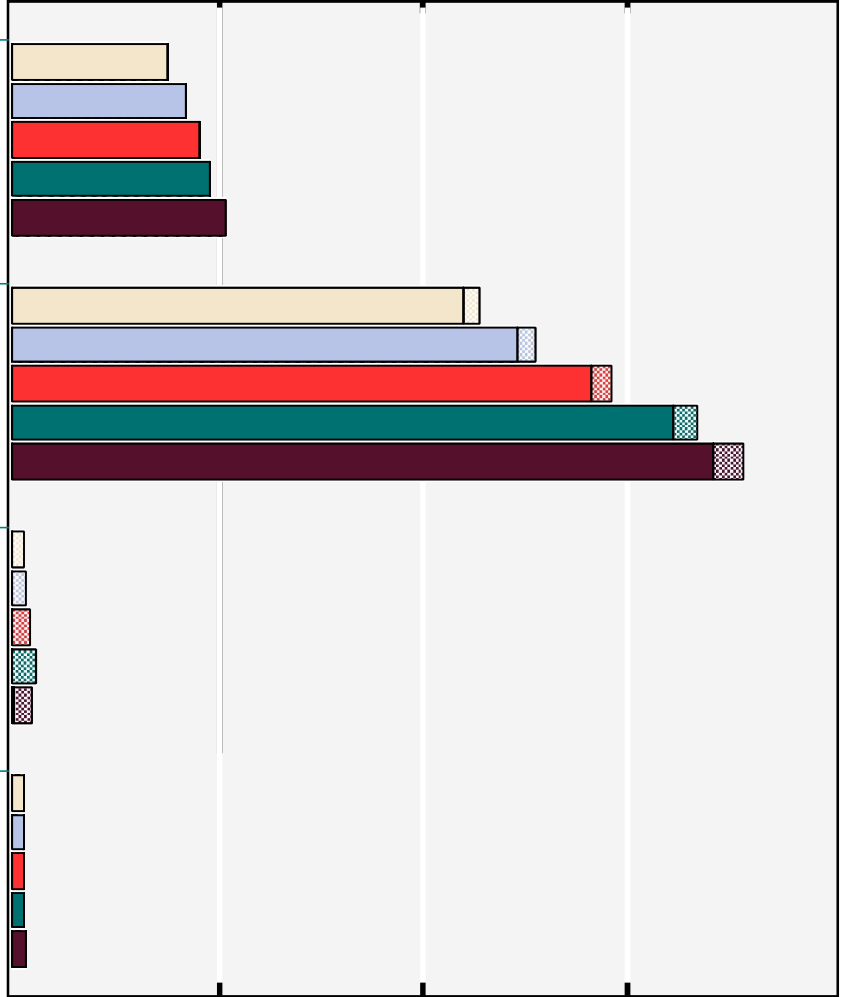


SAN GORGONIO PASS WATER 2021/22 TO 2025/26 ASSESSED VALUES



Land

\$3,061,845,808
\$3,404,691,397
\$3,654,326,815
\$3,876,424,036
\$4,161,807,192

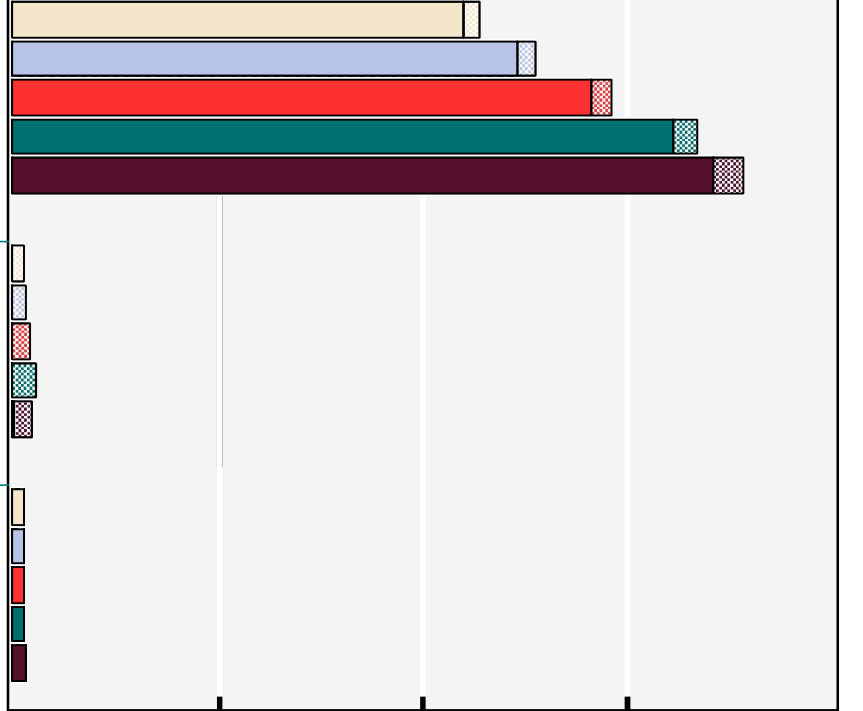


Percent Change District County

11.2%		7.0%
7.3%		6.6%
6.1%		6.2%
7.4%		6.9%

Improvements

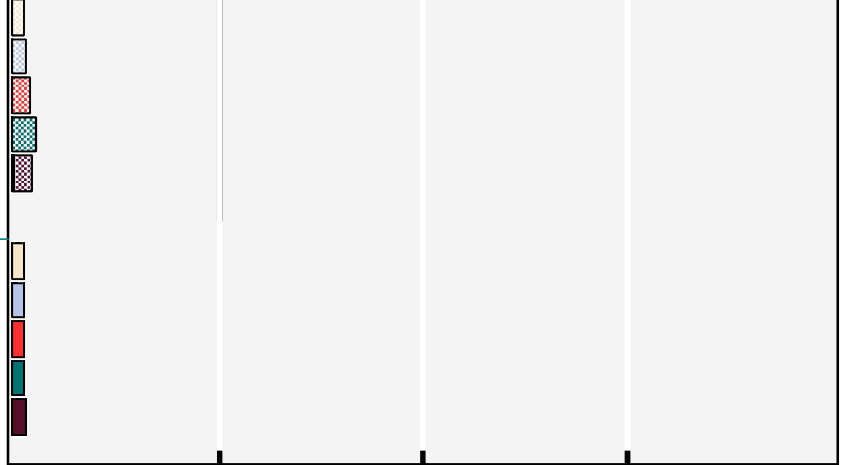
\$9,138,171,576
\$10,213,600,605
\$11,723,427,037
\$13,370,826,672
\$14,280,268,683



11.8%		10.5%
14.8%		10.3%
14.1%		7.2%
6.8%		6.2%

Personal Property

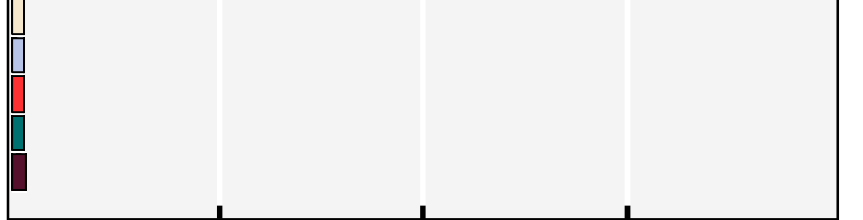
\$253,757,769
\$290,422,525
\$337,851,907
\$462,826,596
\$374,782,751



14.4%		7.4%
16.3%		12.2%
37.0%		8.3%
-19.0%		5.0%

Exemptions

\$220,210,169
\$240,803,006
\$247,906,376
\$253,622,491
\$280,137,350

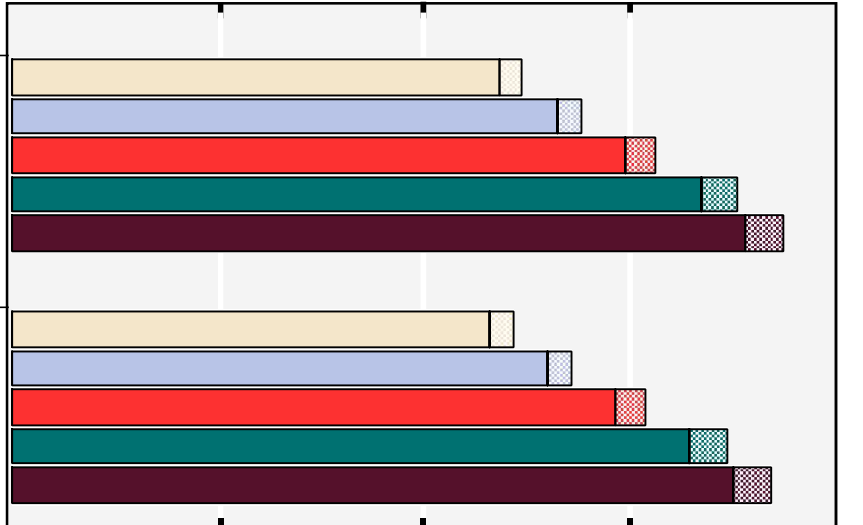


District County

9.4%		3.9%
2.9%		-0.9%
2.3%		10.8%
10.5%		11.0%

Gross Assessed

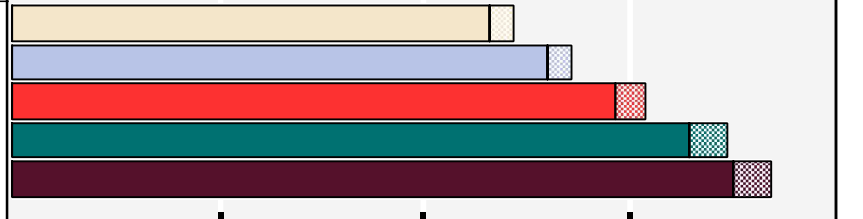
\$12,453,775,153
\$13,908,714,527
\$15,715,605,759
\$17,710,077,304
\$18,816,858,626



11.7%		9.5%
13.0%		9.4%
12.7%		7.0%
6.2%		6.4%

Net Taxable Value

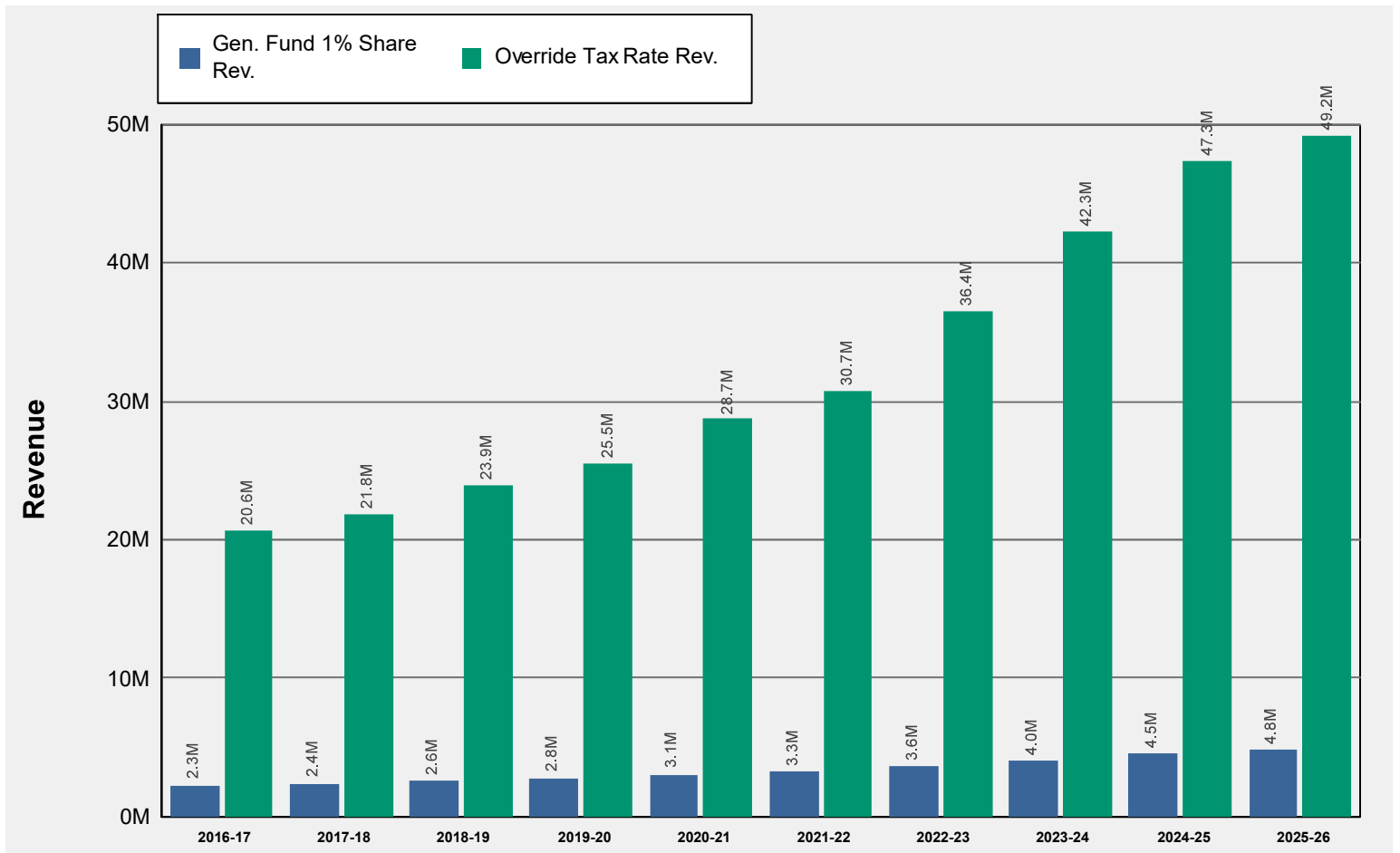
\$12,233,564,984
\$13,667,911,521
\$15,467,699,383
\$17,455,948,702
\$18,536,721,276



11.7%		9.6%
13.2%		9.6%
12.9%		6.9%
6.2%		6.3%

SAN GORGONIO PASS WATER REVENUE HISTORY

Roll Year	Gen. Fund 1% Share Rev.	% Chg	Override Tax Rate Rev.	% Chg
2016-17	\$2,252,705		\$20,599,545	
2017-18	\$2,401,383	6.6%	\$21,815,188	5.9%
2018-19	\$2,589,746	7.8%	\$23,944,724	9.7%
2019-20	\$2,778,698	7.3%	\$25,458,677	6.3%
2020-21	\$3,057,769	10.0%	\$28,696,548	12.7%
2021-22	\$3,262,261	6.6%	\$30,669,566	6.8%
2022-23	\$3,620,472	10.9%	\$36,441,384	18.8%
2023-24	\$4,022,301	11.1%	\$42,280,722	16.0%
2024-25	\$4,532,619	12.6%	\$47,319,881	11.9%
2025-26	\$4,803,591	5.9%	\$49,211,233	4.0%



Override Tax Rate Rev. includes: San Gorgonio Pass Water Ag

Revenue flowing through a Successor Agency's RPTTF process as residual distribution is not included in this data, nor are most pooled revenue adjustments, such as County administrative fees, supplemental allocations, redemptions for delinquent payments in Non-Teeter cities, tax payer refunds due to successful appeals, and roll corrections. Homeowner exemption revenue is included in this revenue model. Where available and applicable, unitary revenues and TEA revenue are included.

SWP Allocation Timeline

2026 Table A Allocation Timeline

December 1, 2025: 10% allocation

January 29, 2026: 30% allocation

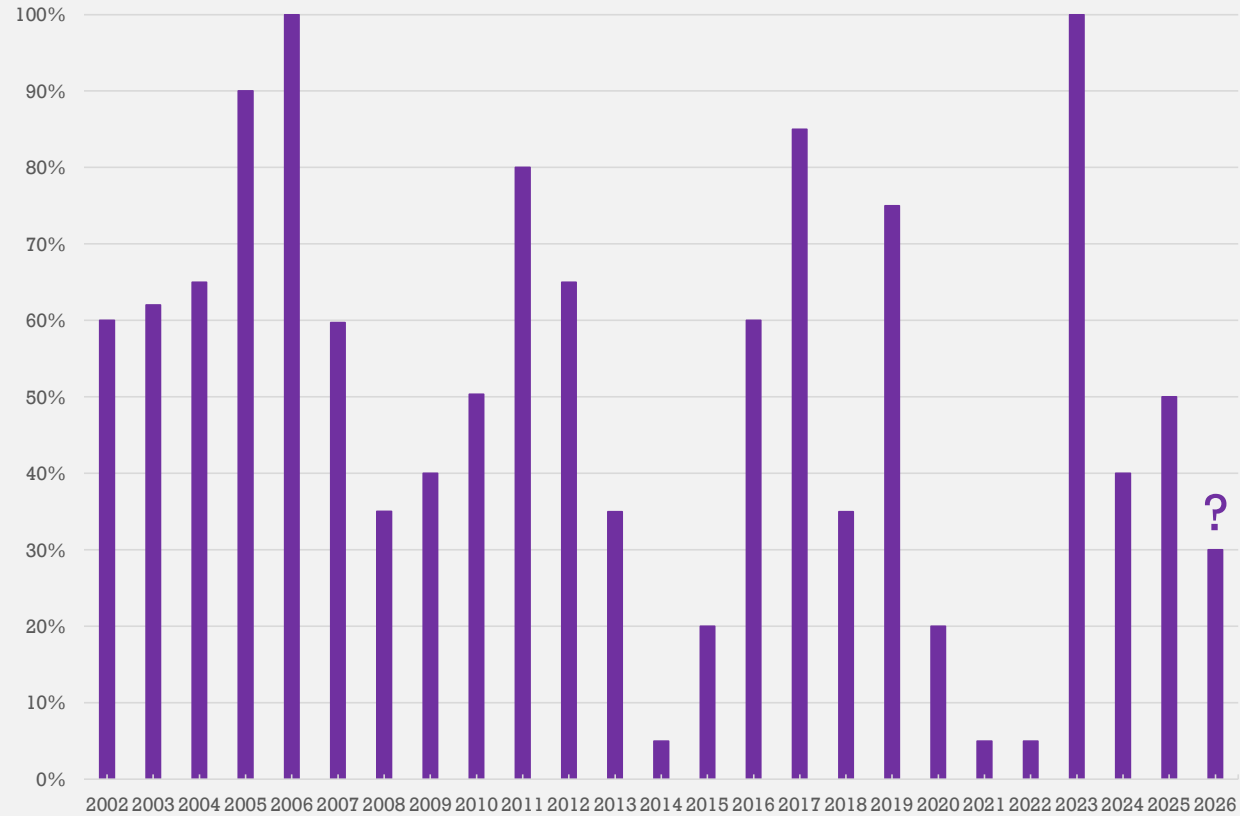
SGPWA Portfolio @ 45%

Source	Total (AF)	Delivered
SWP – Carryover	50	✓
SWP – Table A	7,785	✓
SWP – Ventura	4,500	✓
Non-SWP - Nickel Water	1,700	
County of Napa Transfer	3,000	✓
Total Available Supply	17,035	

*Note: Does not include:

1. AVEK Return Water = 3,200 AF
2. Beaumont Basin Storage Account = 2,500 AF
3. SBVMWD Return Water = 4,250 AF

Historic SWP Allocations



2026 SWP Allocation & Portfolio Update



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
CY	Calendar Year	12-month reporting period that coincides with the calendar year
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
FY	Fiscal Year	12-month accounting cycle used for financial reporting
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

San Gorgonio Pass Water Agency

List of Some Acronyms and Vendors and Their Functions

Acronym	Name	Function and Information
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
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
LEC	Land Engineering Consultants	Consulting firm based in Calimesa that provides engineering services to the Agency.
MAPILA	Matthew Pistilli Landscape Services	Provides landscape and gardening services
NAPCFC	Napa County Flood Control and Water Conservator	A state water contractor, participated in water transfer to SGPWA
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

San Gorgonio Pass Water Agency

List of Some Acronyms and Vendors and Their Functions

Acronym	Name	Function and Information
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 copper sulfite solution for water treatment
USGS	U.S. Geological Survey	Federal agency that provides groundwater data and modeling
UWMP	Urban Water Management Plan	
WEF	Water Education Foundation	
Weka, Inc.	Construction firm	Bid approved to construct County Line Recharge facility
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 260408

San Geronio
Pass Water
Agency
FY 2026–27
Draft Budget

Board of Directors Presentation
June 1, 2026



An aerial photograph of a large, rectangular water reservoir. The reservoir is filled with dark blue water and is surrounded by a concrete dam and earthen embankments. In the background, there is a residential area with houses and trees, and a large green field. The foreground shows a dirt road and some construction equipment. A small orange rectangle is visible in the upper left corner of the image.

Mission

San Geronio Pass Water Agency supports the region's quality of life through sustainable water management.



General Fund Budget Overview



- Proposed General Fund revenues: approximately \$24.0 million
- Proposed General Fund expenditures: approximately \$17.2 million
- Projected positive year-end balance: approximately \$6.9 million
- Budget prioritizes water reliability, recharge, infrastructure, and groundwater sustainability
- Continued investment in organizational capacity, advocacy, and technology



Strategic Priorities

- Compensation & Staffing Planning (Goal 5 – Objective 2)
- Land Use Alignment (Goal 1- Objective 9)
- Infrastructure Investment (Goal 2 – Objective 2)
- Asset Management (Goal 2 – Objective 8)
- Property Acquisition for Long-Term Needs (Goal 2 – Objective 3)
- Expand Storage and Supply Opportunities (Goal 2 – Objective 7)
- Maximize Water Asset Utilization (Goal 1 – Objective 4)
- Expand Partnerships and Advocacy (Goal 6 – Objective 5)

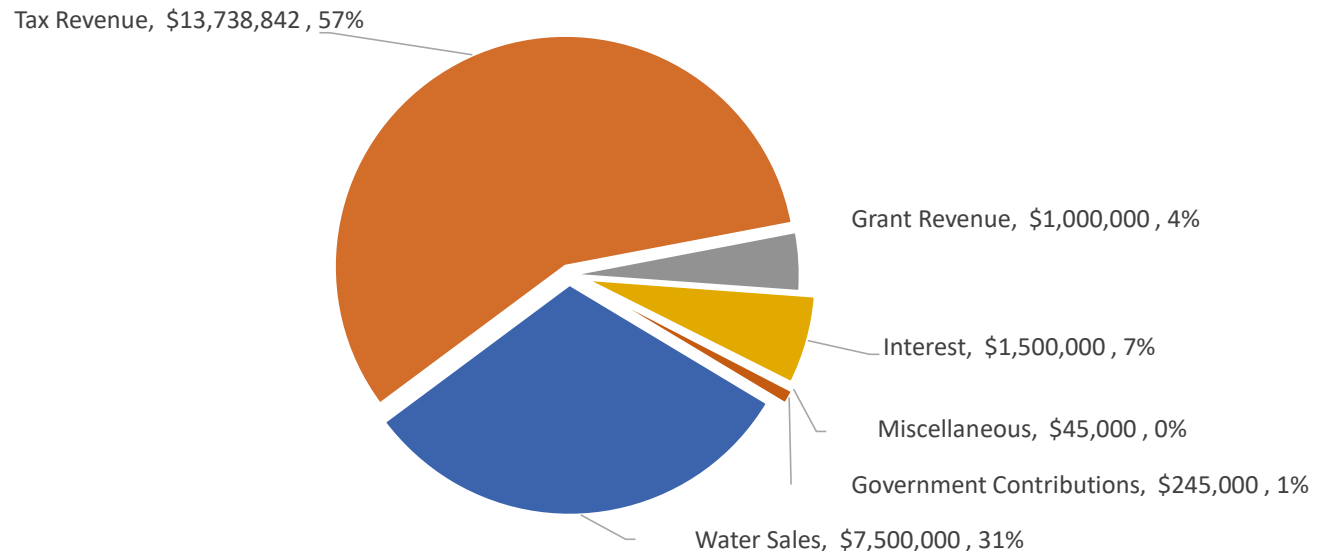


General Fund Revenue Highlights

- Water Sales: \$7.5 million (31%)
- Tax Revenue: \$13.7 million (57%)
- Interest Revenue: \$1.5 million (7%)
- Grant Revenue: \$1.0 million (4%)
- Government Contributions and Miscellaneous Revenue comprise remaining sources

General Fund Revenues

Proposed General Fund Sources of Revenue FY 2024-25



■ Water Sales ■ Tax Revenue ■ Grant Revenue ■ Interest ■ Miscellaneous ■ Government Contributions

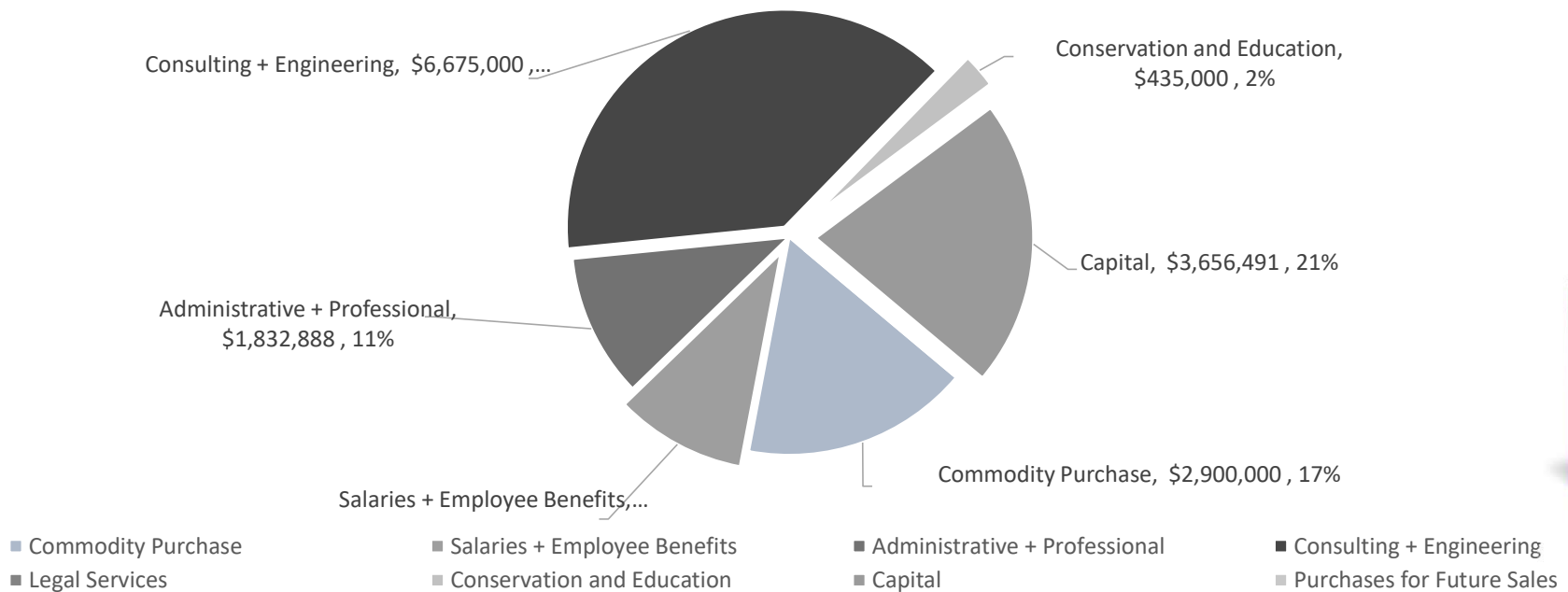


General Fund Expenditure Highlights

- Commodity Purchase: \$2.9 million (17%)
- Salaries & Benefits: \$1.7 million (10%)
- Administrative & Professional Services: \$1.8 million (11%)
- Consulting & Engineering: \$6.7 million (39%)
- Capital Expenditures: \$3.7 million (21%)

General Fund Expenditures

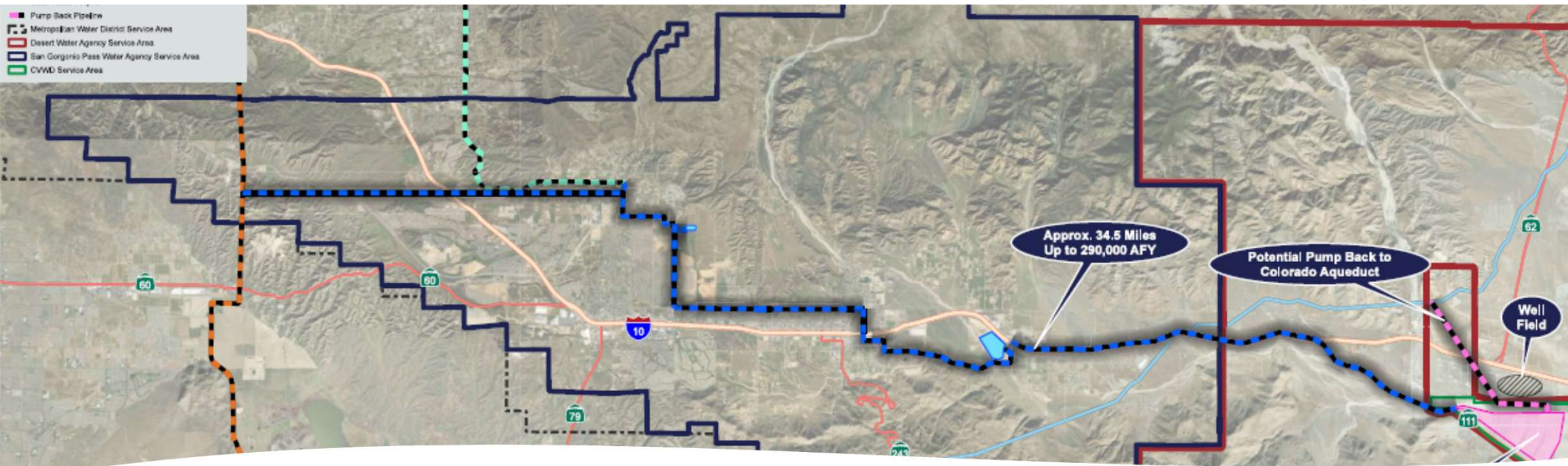
Proposed General Fund Expenditure Categories FY 2024-25





Organizational and Operational Investments

- Additional administrative support position proposed \$158K
- Technology enhancements, including ESRI workflow improvements \$75K
- Grant support and financial modeling services \$100K
- Succession planning and organizational development \$100K
- Federal and State Advocacy \$500K



Groundwater Sustainability Investments

- USGS studies and groundwater monitoring \$430K
- Beaumont Basin Recharge \$750K
- San Geronio Pass Regional Master Plan \$1M
- Water Banking Investigations (Development) \$2M
- Asset management and long-term infrastructure planning \$100K

Major Capital and Infrastructure Projects

- County Line Recharge project closeout and construction \$900K
- Groundwater monitoring well drilling \$750K
- Heli-Hydrant wildfire response infrastructure \$375K
- Sites Reservoir participation and strategic property acquisition \$900K
- Facility Upgrades \$500K



Financial Outlook

- Agency maintains strong reserves and positive projected fund balance
- Continued conservative budgeting and fiscal stewardship
- Revenue growth supported by property tax growth and stable water sales
- Focus on leveraging grant funding and regional partnerships
- Strategic investments position the Agency for long-term resiliency





Consigned Fund – Orange Bucket

- Revenues: Taxes and Interest \$10.9M
- Expenditures: Tax Collection Charges \$25K
- Net Income: \$10.89M

Gap & Heli-Hydrant Funding

- **Gap Funding**

- South Mesa Water Company \$4.5M

- **Heli-Hydrant Funding**

- South Mesa Water Company \$300,000
- Banning Heights MWC \$300,000

Questions & Discussion

