

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



SAN GORGONIO PASS
WATER AGENCY
A California State Water Project Contractor

Finance & Budget Committee Meeting
June 16, 2026 at 2:00 p.m.

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 Teleconference Link](#)
TO JOIN THE MEETING BY TELEPHONE
CALL: 669-900-6833 | MEETING ID: 942 7637 8467

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

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

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 Teleconference Link](#)
PARA UNIRSE A LA JUNTA CON LA OPCIÓN TELEFONICA
LLAMAR: 669-900-6833 | ID DE REUNIÓN: 942 7637 8467

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

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

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, Pledge of Allegiance, and Roll Call

2. Adjustment and Adoption of Agenda

- 3. Public Comment:** Members of the public may address the Committee at this time concerning items relating to any matter within the Agency's jurisdiction. There will be an opportunity to comment on specific agenda items as the items are addressed. Speakers are requested to keep their comments to no more than five (5) minutes. Under the Brown Act, no action or discussion shall take place on any item not appearing on the agenda, except that the Committee or Staff may briefly respond to statements made or questions posed for the purpose of directing statements or questions to Staff for follow-up.

4. Approval of the Minutes

- A. Approval of the Minutes of the Finance & Budget Committee Meeting, May 28, 2026, [\(pg. 3\)](#)

5. New Business – Discussion and Possible Action:

- A. Ratification of Paid Invoices and Monthly Payroll for May 2026, [\(pg. 6\)](#)
B. Review of Bank Reconciliation for May 2026, [\(pg. 10\)](#)
C. Review of Budget Report for May 2026, [\(pg. 11\)](#)
D. Gap Funding Report and Heli-Hydrant Report, [\(pg. 23\)](#)
E. Review of Pending Legal Invoices for May 2026, [\(pg. 25\)](#)
F. Review Appropriations Limit for FY 2026-27, [\(pg. 26\)](#)
G. Review of Cost of Living Adjustment for FY 2026-27, [\(pg. 30\)](#)
H. Review Draft Debt Service Budget for FY 2026-27, [\(pg. 34\)](#)
I. Discussion regarding Agency's application for Cal-Card Program

6. Committee Member Comments

7. Items to Report Out to Board

8. Announcements

- A. Regular Board Meeting, July 13, 2026 at 1:30 p.m.
B. Regular Board Meeting, July 20, 2026 at 6:00 p.m.
C. Finance & Budget Committee Meeting, July 23, 2026 at 4:00 p.m.

9. Adjournment

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

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

Official Minutes
Finance & Budget Committee Meeting
May 28, 2026

THIS MEETING WAS HELD IN PERSON AND VIA ZOOM.

Committee Members Present: James Tickemyer, Treasurer
Robert Ybarra, President

Committee Members Absent: Mickey Valdivia, Chair

Staff Present: Jennifer Ustation, Chief Financial Officer
Lance Eckhart, General Manager
Maricela Cabral, Exec. Asst./Clerk of the Board

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

The San Gorgonio Pass Water Agency Finance and Budget Committee Meeting was called to order by President Robert Ybarra at 4:00 p.m., Monday, May 28, 2026, at the office of the Agency. President Ybarra led the Pledge of Allegiance and requested a roll call. A quorum was present.

2. Adoption and Adjustment of Agenda

The agenda was adopted as published.

3. Public Comment

No public comment received.

4. Approval of the Minutes

A. Approval of the Minutes of the Finance & Budget Committee Meeting, April 23, 2026

On a motion by Treasurer Tickemyer, seconded by President Ybarra, the committee approved the minutes of the April 23, 2026, Finance & Budget Committee Meeting.

Approved by the following vote:

Ayes: Tickemyer, Ybarra

Noes: None

Absent: Valdivia

Motion passed 2-0.

5. New Business – Discussion and Possible Action

A. Ratification of Paid Invoices and Monthly Payroll for April 2026

B. Review of Bank Reconciliation for April 2026

C. Review of Budget Report for April 2026

Ms. Ustation reviewed the April 2026 paid invoices, bank reconciliation, and budget report.

On a motion by President Ybarra, seconded by Treasurer Tickemyer, the committee accepted items 5.A-C.

Approved by the following vote:

Ayes: Tickemyer, Ybarra

Noes: None

Absent: Valdivia

Motion passed 3-0.

D. Review of Pending Legal Invoices for April 2026

Ms. Ustation presented the Best, Best & Krieger April legal invoice.

On a motion by President Ybarra, seconded by Treasurer Tickemyer, the committee approved item 5.D.

Approved by the following vote:

Ayes: Tickemyer, Ybarra

Noes: None

Absent: Valdivia

Motion passed 3-0.

E. Gap Funding Report and Heli-Hydrant Report

Ms. Ustation provided an update on gap funding and heli-hydrant related expenses. The Committee discussed project funding, reimbursements, and tracking of related costs.

F. Review of Draft General Fund Budget for FY 2026-27

Ms. Ustation presented the draft Fiscal Year 2026-27 General Fund Budget, highlighting the Agency's conservative approach, strong reserves, and continued investment in infrastructure, groundwater sustainability, advocacy, organizational capacity, and long-term water reliability. The Committee discussed budget priorities, revenue and expenditure assumptions, upcoming review of the Debt Service Fund and ad valorem tax rate, and noted that budgeting funds provides direction and flexibility for Board priorities and multi-year projects

On a motion by President Ybarra, seconded by Treasurer Tickemyer, the committee approved item 5.F.

Approved by the following vote:

Ayes: Tickemyer, Ybarra

Noes: None

Absent: Valdivia

Motion passed 3-0.

G. Discussion of Procurement Policy

Ms. Ustation reviewed proposed updates related to the Agency's procurement policy. The Committee discussed purchasing procedures, thresholds, and internal

controls. Ms. Ustation stated the updates are intended to improve clarity, consistency and operational efficiency.

On a motion by Treasurer Tickemyer, seconded by President Ybarra, the committee approved item 5.G.

Approved by the following vote:

Ayes: Tickemyer, Ybarra

Noes: None

Absent: Valdivia

Motion passed 3-0.

6. Committee Member Comments

No comments.

7. Announcements

President Ybarra reviewed the following announcements:

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

B. Regular Board Meeting, June 15, 2026 at 6:00 p.m.

C. Finance & Budget Committee Meeting, June 16, 2026 at 2:00 p.m.

8. Adjournment

There being no further business to discuss, President Ybarra adjourned the Finance & Budget Committee meeting at 4:47 p.m.

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

San Gorgonio Pass Water Agency
Check History Report
May 1 through May 31, 2026

ACCOUNTS PAYABLE

Date	Number	Name	Amount
05/11/2026	122292	ACWA JPIA	8,649.54
05/11/2026	122293	BEST BEST & KRIEGER	47,666.10
05/11/2026	122294	CONTROL TEMP, INC.	343.00
05/11/2026	122295	CRIDER PUBLIC RELATIONS	500.00
05/11/2026	122296	CV STRATEGIES	24,412.50
05/11/2026	122297	EARTHCAM, INC	637.92
05/11/2026	122298	THE FERGUSON GROUP	2,625.00
05/11/2026	122299	GF ADVOCACY, LLC	2,500.00
05/11/2026	122300	HDL COREN & CONE	6,896.80
05/11/2026	122301	T. R. HOLLIMAN	15,430.00
05/11/2026	122302	I. E. RESOURCE CONSERVATION DISTRICT	24,175.00
05/11/2026	122303	LENITY TECHNOLOGY	2,156.36
05/11/2026	122304	MORONGO BAND OF MISSION INDIANS	11,314.80
05/11/2026	122305	PUBLIC AGENCY RETIREMENT SERVICES	3,766.00
05/11/2026	122306	PROVOST & PRITCHARD	72,630.86
05/11/2026	122307	STANDARD INSURANCE COMPANY	1,441.18
05/11/2026	122308	UNLIMITED SERVICES	437.00
05/11/2026	122309	UNDERGROUND SERVICE ALERT	16.45
05/11/2026	122310	U. S. GEOLOGICAL SURVEY	531,193.39
05/11/2026	122311	VERIZON BUSINESS	60.04
05/11/2026	122312	WATER RESOURCES ECONOMICS	1,008.75
05/13/2026	122313	ACWA BENEFITS	713.27
05/13/2026	122314	ALBERT WEBB ASSOCIATES	35,168.21
05/13/2026	122315	ATAC EXTERMINATORS INC	89.00
05/13/2026	122316	CITY OF BEAUMONT	108.62
05/13/2026	122317	CRM TECH	4,303.55
05/13/2026	122318	FRONTIER COMMUNICATIONS	463.48
05/13/2026	122319	FRONTIER	65.00
05/13/2026	122320	LAND ENGINEERING CONSULTANTS	66,598.25
05/13/2026	122321	PROVOST & PRITCHARD	1,339.80
05/13/2026	122322	SAN BERNARDINO VALLEY MUNI WATER DISTRICT	1,999,377.61
05/13/2026	122323	SOUTHERN CALIFORNIA GAS	18.33
05/13/2026	122324	U. S. GEOLOGICAL SURVEY	111,188.00
05/13/2026	122325	WASTE MGT CORPORATE SERVICES	138.46
05/13/2026	122326	ZANJERO WATER CONSULTING	28,705.00
05/31/2026	122327	WELLS FARGO ELITE CREDIT CARD	12,498.90
05/04/2026	901329	EMPLOYMENT DEVELOPMENT DEPARTMENT	3,929.33
05/04/2026	901330	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	25,777.16
05/04/2026	901331	CALPERS RETIREMENT	14,150.51
05/04/2026	901332	CAL PERS RETIREMENT - SIP-457	32,564.00
05/04/2026	901333	PAYCHEX	231.75
05/04/2026	901334	SARAH C. WARGO - REIMBURSEMENT	113.10
05/04/2026	901335	LAWRENCE R. SMITH - REIMBURSEMENT	889.96
05/19/2026	901336	EMPLOYMENT DEVELOPMENT DEPARTMENT	3,137.74
05/19/2026	901337	ELECTRONIC FEDERAL TAX PAYMENT SYSTEM	15,299.25
05/19/2026	901338	CALPERS RETIREMENT	11,512.68
05/19/2026	901339	CAL PERS RETIREMENT - SIP-457	3,564.00
05/19/2026	901340	PAYCHEX	296.65

San Gorgonio Pass Water Agency
Check History Report
May 1 through May 31, 2026

ACCOUNTS PAYABLE (CON'T)

Date	Number	Name	Amount
05/19/2026	901341	SARAH C. WARGO - REIMBURSEMENT	31.90
05/19/2026	901342	LANCE E. ECKHART - REIMBURSEMENT	30.91
05/19/2026	901343	MARICELA V. CABRAL - REIMBURSEMENT	2,690.00
05/19/2026	901344	MARICELA V. CABRAL - REIMBURSEMENT	819.30
05/19/2026	901345	JAMES N. TICKEMYER - REIMBURSEMENT	558.38
05/19/2026	901346	MICHAEL R. VALDIVIA - REIMBURSEMENT	1,959.40
05/28/2026	901348	DEPARTMENT OF WATER RESOURCES	1,256,725.00
05/28/2026	901349	CALPERS HEALTH	18,805.80
TOTAL ACCOUNTS PAYABLE CHECKS			<u>4,411,722.99</u>

PAYROLL

Date	Number	Name	Amount
05/01/2026	803168	MARICELA V. CABRAL	4,688.97
05/01/2026	803169	EMMETT G. CAMPBELL	5,533.64
05/01/2026	803170	LANCE E. ECKHART	7,249.91
05/01/2026	803171	MATTHEW E. HOWARD	4,831.22
05/01/2026	803172	JOSE L. ROMERO	1,518.72
05/01/2026	803173	LAWRENCE R. SMITH	3,020.93
05/01/2026	803174	JAMES N. TICKEMYER	2,408.56
05/01/2026	803175	SCOTT W. TIRRELL	336.02
05/01/2026	803176	THOMAS W. TODD, JR.	5,139.01
05/01/2026	803177	JENNIFER L. USTATION	5,922.70
05/01/2026	803178	MICHAEL R. VALDIVIA	3,020.94
05/01/2026	803179	SARAH C. WARGO	2,953.50
05/01/2026	803180	ROBERT G. YBARRA	3,020.94
05/18/2026	803181	MARICELA V. CABRAL	4,688.98
05/18/2026	803182	EMMETT G. CAMPBELL	5,533.62
05/18/2026	803183	LANCE E. ECKHART	7,249.92
05/18/2026	803184	MATTHEW E. HOWARD	4,831.21
05/18/2026	803185	JOSE L. ROMERO	3,014.32
05/18/2026	803186	SCOTT W. TIRRELL	793.41
05/18/2026	803187	JENNIFER L. USTATION	5,922.70
05/18/2026	803188	THOMAS W. TODD, JR.	906.00
TOTAL PAYROLL			<u>82,585.22</u>
TOTAL DISBURSEMENTS FOR MAY 2026			<u><u>4,494,308.21</u></u>

NOTES

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

San Geronio Pass Water Agency
Check History Report
May 1 through May 31, 2026

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

SAN GORGONIO PASS WATER AGENCY
New Vendors List
JUNE 2026

Vendor - Name and Address	Expenditure Type
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Seek Personnel Staffing

72855 Fred Waring Dr. Su. A3, Palm Desert, CA 92260

Staffing Services

SAN GORGONIO PASS WATER AGENCY
BANK RECONCILIATION
May 31, 2026

BANK STATEMENT BALANCE (CHECKING ACCOUNT) -	May 31, 2026	\$	1,600,000.00
SWEEP ACCOUNT DEBIT (Balance)	May 31, 2026	\$	16,468,801.27

LESS: OUTSTANDING CHECKS

	CHECK NUMBER	AMOUNT	CHECK NUMBER	AMOUNT
MACCOM	122250	1,305.00		
	122315	89.00		
	122323	18.33		
	122326	28,705.00		
	122327	12,498.90		
		42,616.23		-

TOTAL OUTSTANDING CHECKS		(42,616.23)
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ADJUSTED BANK STATEMENT BALANCE - May 31, 2026		\$ 18,026,185.04
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BALANCE PER GENERAL LEDGER AT END OF PRIOR MONTH		\$ 5,888,351.80
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CASH RECEIPTS FOR CURRENT MONTH		25,609,520.98
INTEREST INCOME		22,620.47

CASH DISBURSEMENTS FOR CURRENT MONTH

ACCOUNTS PAYABLE	Checks	(3,018,636.17)	
ACCOUNTS PAYABLE	ACHs	(1,393,086.82)	(4,411,722.99)

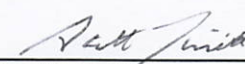
PAYROLL	Prior Month: 16th-EOM	(49,645.06)	
PAYROLL	This Month: 1st-15th	(32,940.16)	(82,585.22)

TRANSFERS

FROM LAIF & CAMP TO CHECKING ACCT		
FROM CHECKING ACCT TO LAIF & CAMP		(9,000,000.00)

BALANCE PER GENERAL LEDGER - May 31, 2026		\$ 18,026,185.04
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REPORT PREPARED BY:



 Scott Tirrell

6/8/26

 Date

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

DATE	RECEIVED FROM	DESCRIPTION	AMOUNT
DEPOSIT TO CHECKING ACCOUNT			
5/14/26	RIVERSIDE COUNTY	PROPERTY TAXES	77,889.47
5/14/26	SAN BERNARDINO COUNTY	PROPERTY TAXES	10.06
5/14/26	STATE OF CALIF/DWR	BOND COVER REFUND - TSAB MAR25	4,333.00
5/14/26	STATE OF CALIF/DWR	BOND COVER REFUND - PDSC JAN25	17,039.00
5/14/26	STATE OF CALIF/DWR	BOND COVER REFUND - EBX MAR25	1,332,930.00
5/14/26	STATE OF CALIF/DWR	BOND COVER REFUND - WSRB JAN25	159,394.00
5/14/26	STATE OF CALIF/DWR	BOND COVER REFUND - SMIF INT JUL-DEC25	273,474.00
5/14/26	RIVERSIDE COUNTY	CNTY LN RD ARPA GRANT	1,126,559.09
5/15/26	RIVERSIDE COUNTY	PROPERTY TAXES	194,699.01
5/20/26	RIVERSIDE COUNTY	SBE UNITARY	11,044,819.53
5/29/26	RIVERSIDE COUNTY	PROPERTY TAXES	11,378,373.82
5/30/26	WELLS FARGO	SWEEP INTEREST MAY26	22,620.47
TOTAL FOR MAY 2026			25,632,141.45

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:

- Grant Support Services
- Sponsorships

For this month, Legal Services, Tax Collection Charges, and Public Information and Education 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:

- Insurance and Bonds

Consigned – SWP Support Fund (Orange Bucket)

Income

The Consigned Fund income has exceeded budget.

Expenses

Overall expenses for the Consigned Fund are within budget.

Debt Service Fund (Red Bucket)

Income

Overall, Debt Service Income is near budget expectations at this time.

Expenses

Overall expenses for the Debt Service Fund are within budget.

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

- Water Transfers

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 May.

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE (number spelled out) MONTHS ENDING ON MAY 31, 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:	91.7%
							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	13,869,912.77	104.7%
4		INTEREST	600,000		600,000	1,477,465.24	246.2%
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	22,553,185.83	89.1%
							Under budget
		EXPENSES					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	682,935.80	85.4%
18		PAYROLL TAXES	73,000		73,000	52,953.24	72.5%
19		PAYROLL SERVICES	11,000	5,000	16,000	11,232.24	70.2%
20		RETIREMENT	350,000		350,000	257,942.42	73.7%
21		OTHER POST-EMPLOYMENT BENEFITS (OPEB)	200,000		200,000	95,832.69	47.9%
22		HEALTH INSURANCE	75,000		75,000	52,578.03	70.1%
23		ACWA BENEFITS	12,000		12,000	7,526.07	62.7%
24		DISABILITY INSURANCE	8,000		8,000	6,078.51	76.0%
25		WORKERS COMPENSATION INSURANCE	7,000		7,000	3,449.80	49.3%
26		SGPWA STAFF MEDICAL REIMBURSEMENT	22,000		22,000	11,021.32	50.1%
27		EMPLOYEE EDUCATION	7,000		7,000	5,250.00	75.0%
28		TOTAL SALARIES AND EMPLOYEE BENEFITS	1,565,000	5,000	1,570,000	1,186,800.12	75.8%

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE (number spelled out) MONTHS ENDING ON MAY 31, 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:	91.7%
	ADMINISTRATIVE AND PROFESSIONAL SERVICES						Under budget
	DIRECTOR EXPENDITURES						Over budget
33	DIRECTORS FEES		285,000		285,000	155,538.85	54.6%
34	DIRECTORS TRAVEL AND EDUCATION		80,000		80,000	48,272.91	60.3%
35	DIRECTORS MEDICAL		214,000		214,000	28,084.79	13.1%
	OFFICE EXPENDITURES						
37	OFFICE EXPENSE		40,000	12,000	52,000	67,030.70	128.9%
38	POSTAGE		1,000		1,000	533.16	53.3%
39	TELEPHONE		8,000		8,000	7,228.51	90.4%
40	UTILITIES		7,000		7,000	3,498.62	50.0%
	SERVICE EXPENDITURES						
42	COMPUTER, WEBSITE AND PHONE SUPPORT		75,000		75,000	64,126.84	85.5%
43	GENERAL MANAGER AND STAFF TRAVEL		50,000		50,000	35,944.44	71.9%
44	SUCCESSION PLANNING		65,000		65,000	59,955.91	92.2%
45	INSURANCE AND BONDS		70,000		70,000	71,332.78	101.9%
46	ACCOUNTING AND AUDITING		22,000		22,000	20,000.00	90.9%
47	LEGAL SERVICES		350,000		350,000	344,688.92	98.5%
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	3,828.24	191.4%
54	MAINTENANCE AND REPAIRS - VEHICLE		30,000		30,000	16,985.50	56.6%
55	MAINTENANCE AND REPAIRS - BUILDING		50,000		50,000	17,981.32	36.0%
56	MAINTENANCE AND REPAIRS - FIELD		60,000		60,000	46,932.23	78.2%
	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	67,171.69	96.0%
61	TOTAL ADMINISTRATIVE AND PROFESSIONAL SERVICES		1,586,000	12,000	1,598,000	1,140,525.25	71.9%

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE (number spelled out) MONTHS ENDING ON MAY 31, 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:	91.7%
	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	1,393,584.71	77.4%
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	119,905.62	21.8%
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	36,981.33	67.2%
80	USGS STUDIES AND MONITORING		400,000		400,000	324,283.94	81.1%
81	LOCAL SUPPLIES		50,000		50,000	0.00	0.0%
82	LOCAL RECHARGE FEASIBILITY STUDIES		750,000		750,000	49,290.10	6.6%
83	UWMP SUPPORT AND ANNUAL REPORT COMPLETION		300,000		300,000	131,495.00	43.8%
	GENERAL ENGINEERING SERVICES						
85	ON-CALL ENGINEERING SERVICES		500,000		500,000	90,723.39	18.1%
86	GRANT SUPPORT SERVICES		50,000		50,000	56,140.00	112.3%
87	STATE + FEDERAL ADVOCACY		80,000		80,000	25,000.00	31.3%
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	2,963,753.18	41.5%

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE (number spelled out) MONTHS ENDING ON MAY 31, 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:	91.7%
							Under budget
		CONSERVATION AND EDUCATION					Over budget
98		SCHOOL EDUCATION PROGRAMS	65,000		65,000	38,833.00	59.7%
99		PUBLIC INFORMATION AND EDUCATION	260,000		260,000	251,727.84	96.8%
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	23,435.00	46.9%
103		TOTAL CONSERVATION AND EDUCATION	420,000	0	420,000	358,967.46	85.5%
		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	2,658,305.60	40.9%
117		TOTAL MAJOR AND CAPITAL EXPENDITURES	7,565,000	545,000	8,110,000	3,209,368.91	42.4%
119		TRANSFERS TO OTHER FUNDS					
121		TOTAL GENERAL FUND EXPENSES	21,976,000	562,000	22,538,000	11,313,840.92	50.2%
123		GENERAL FUND NET INCOME YTD	3,339,000	-562,000	2,777,000	11,239,344.91	

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE (number spelled out) MONTHS ENDING ON MAY 31, 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:	91.7%
		INCOME					Over budget
							Under budget
		INCOME					
130		UNITARY TAX REVENUE ALLOCATED	9,100,000		9,100,000	9,577,770.74	105.3%
131		INTEREST	580,000		580,000	972,813.97	167.7%
132		OTHER INCOME	0		0		
133		TOTAL SWP SUPPORT FUND INCOME	9,680,000	0	9,680,000	10,550,584.71	109.0%
		EXPENSES					Under budget
							Over budget
		EXPENDITURES					
139		TAX COLLECTION CHARGES	24,000		24,000	23,944.43	99.8%
140		OTHER EXPENSES	0		0		
141		TOTAL SWP SUPPORT FUND EXPENSES	24,000	0	24,000	23,944.43	99.8%
143		TRANSFERS TO OTHER FUNDS					
145		CONSIGNED - SWP SUPPORT FUND NET INCOME YTD	9,656,000	0	9,656,000	10,526,640.28	

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE (number spelled out) MONTHS ENDING ON MAY 31, 2026

		1	2	3	4	5
		ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
DEBT SERVICE FUND						
	INCOME				% of Budget Year:	91.7%
						Over budget
						Under budget
153	TAX REVENUE	34,754,000		34,754,000	32,883,129.91	94.6%
154	INTEREST	2,000,000		2,000,000	2,916,955.04	145.8%
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	37,698,631.95	93.5%
	EXPENSES					Under budget
						Over budget
161	SWP PURCHASED WATER	4,800,000		4,800,000	5,700,145.00	118.8%
162	SALARIES	640,000		640,000	522,158.23	81.6%
163	PAYROLL TAXES	40,000		40,000	29,083.12	72.7%
164	BENEFITS	400,000		400,000	240,333.35	60.1%
165	SWP UTILITIES	12,000		12,000	6,872.11	57.3%
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	3,969,699.61	147.0%
174	STATE WATER CONTRACT PAYMENTS	26,000,000		26,000,000	22,774,322.00	87.6%
175	TAX COLLECTION CHARGES	170,000		170,000	114,665.69	67.5%
176	TOTAL DEBT SERVICE FUND EXPENSES	37,746,000	0	37,746,000	33,881,509.99	89.8%
178	TRANSFERS FROM RESERVES			0.00	0.00	
180	DEBT SERVICE NET INCOME YTD	2,558,000	0	2,558,000	3,817,121.96	

SAN GORGONIO PASS WATER AGENCY
APPROVED BUDGET FOR FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026
FOR THE (number spelled out) MONTHS ENDING ON MAY 31, 2026

			1	2	3	4	5
			ADOPTED BUDGET	REVISIONS TO BUDGET	TOTAL REVISED BUDGET	ACTUAL YTD	Over/Under Budget
		FUNDING PROGRAMS					
		GAP FUNDING PROGRAM				% of Budget Year:	91.7%
		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	19 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 Geronio Pass Water Agency
Gap Funding Program
Summary Report
Report Date: June 5, 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: June 5, 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 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	260531	LEGAL SERVICES MAY 2026	34,462.75

TOTAL PENDING INVOICES FOR APPROVAL MAY 2026

34,462.75

San Gorgonio Pass Water Agency

DATE: June 16, 2026
TO: Finance and Budget Committee
FROM: Lance Eckhart, General Manager
BY: Jennifer Ustation, Chief Financial Officer
SUBJECT: ADOPT RESOLUTION 2026-04 APPROPRIATIONS LIMIT

RECOMMENDATION

Adopt Resolution 2026-04, Appropriations Limit for FY 2026-27

BACKGROUND

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

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

ANALYSIS

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

The attached calculation of the Appropriations Limit for the San Gorgonio Pass Water Agency shows that we are limited to spending a bit under \$95 million in FY 2026-27. The combined expenditure budgets subject to the limit for the Agency are expected to total around \$28 million, so the Agency is well within the Appropriations Limit for FY26-27.

FISCAL IMPACT

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

ACTION

Adopt Resolution 2026-04, Appropriations Limit for FY 2026-27

ATTACHMENTS

Appropriations Limit calculation for FY 2026-27

Resolution 2026-04, Appropriations Limit for FY 2026-27



**SAN GORGONIO PASS WATER AGENCY
APPROPRIATIONS LIMIT
FISCAL YEAR ENDING 6/30/2027**

APPROPRIATIONS LIMIT FYE 6/30/2026			90,134,359
	<u>Percent</u>	<u>Ratio</u>	
ADJUSTMENT FOR PERCENTAGE CHANGES			
California Per Capita Personal Income From 2026	4.95	1.0495	
Annual Polpulation Change From 2026	0.42	1.0042	
PERCENT CHANGE AS A FACTOR:			<u>105.3908%</u>
APPROPRIATIONS LIMIT FYE 6/30/2027			<u><u>94,993,313</u></u>

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

Posted June 10, 2025

RESOLUTION NO. 2026-04

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SAN GORGONIO PASS WATER AGENCY ESTABLISHING THE
APPROPRIATIONS LIMIT FOR FISCAL YEAR 2026-27**

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

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

WHEREAS, The San Gorgonio Pass Water Agency has documented its calculations of the Agency's appropriations limit for Fiscal Year 2026-27, and notice of said calculations has been posted on the Agency's outside bulletin board (said notice being visible from the public walkway in front of the Agency's building) and the calculations have been made available to the public at least fifteen days prior to the adoption of this resolution;

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

1. The appropriation limit applicable to this Agency pursuant to Article XIII B of the California Constitution for Fiscal Year 2026-27 is hereby established and determined to be the sum of \$94,993,313.
2. A copy of the documentation used in the determination of the Fiscal Year 2026-27 appropriations limit shall be affixed hereto and shall be available for public inspection.
3. Pursuant to Section 7910 of the California Government Code, any judicial action or proceeding to attach, review, set aside, void or annul the establishment of the Fiscal Year 2026-27 appropriations limit as set forth herein must be commenced within forty-five days of the adoption of this resolution.

Resolution No. 2026-04 was adopted by the following roll call vote:

Ayes:

Noes:

Abstain:

Absent:

I hereby certify that the foregoing is a true and correct copy of Resolution No. 2026-04 adopted by the Board of Directors of San Gorgonio Pass Water Agency at its meeting on June 15, 2026.

Maricela V. Cabral, CMC, CPMC
Deputy Secretary to the Board

San Gorgonio Pass Water Agency

DATE: June 16, 2026

TO: Finance and Budget Committee

FROM: Lance Eckhart, General Manager

BY: Jennifer Ustation, Chief Financial Officer

SUBJECT: COST-OF-LIVING ADJUSTMENT (COLA) FOR FY 2026-27

RECOMMENDATION

The Board authorize a 3.09% cost-of-living adjustment for Staff, effective July 1, 2026.

PREVIOUS CONSIDERATION

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

BACKGROUND

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

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

ANALYSIS

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

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

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

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

Economic conditions remain generally stable. Inflation has moderated from the historic highs experienced in recent years but continues to exceed pre-pandemic levels in certain sectors. The Federal Reserve has maintained current interest rates while monitoring inflation and economic activity. Although tariffs and other federal policy changes have created some economic uncertainty, the impacts on consumer prices and overall economic growth have been less pronounced than originally projected. Given these conditions, staff believes the proposed Cost-of-Living Adjustment appropriately balances maintaining employee purchasing power with the Agency's long-term financial sustainability.

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

For the years between 2025 and 2026, the index for the Riverside-San Bernardino-Ontario area, March to March, has changed from 136.511 to 140.728. This represents a 3.09% increase in 12 months. By comparison, the U.S. City Average, March to March, has changed from 319.799 to 330.213, which represents a 3.26% increase.

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

This is the calculation for the current year: 140.728 (current year value) minus 136.511 (previous year value) = 4.217 (difference between the years); 4.217 divided by 136.511 = 3.09%.

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

FISCAL IMPACT

The COLA amount the Board authorizes will affect the budget for Staff salaries in the General Fund and in the Debt Service Fund. The amount the Board authorizes may affect Board compensation, depending on a future Board decision. Based on projected budget amounts for these categories, an estimate of the increases due to COLA is as follows:

- General Fund Staff: up to \$21,400
- Debt Service Staff: up to \$16,000

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

ACTION

The Board authorize a 3.09% cost-of-living adjustment for Staff, effective July 1, 2026.

ATTACHMENTS

CPI Comparison Data Table

SAN GORGONIO PASS WATER AGENCY						
CPI Comparison						
Time Period: Thru March or April 2026						
Area	Month	Yr	Previous	Current	Difference	% change
US City	May	25	314.069	321.465	7.396	2.35%
	Jun	25	314.175	322.561	8.386	2.67%
	Jul	25	314.540	323.048	8.508	2.70%
	Aug	25	314.796	323.976	9.180	2.92%
	Sep	25	315.301	324.800	9.499	3.01%
	Oct	25	315.664	325.700	10.036	3.18%
	Nov	25	315.493	324.122	8.629	2.74%
	Dec	25	315.605	324.054	8.449	2.68%
	Jan	26	317.671	325.252	7.581	2.39%
	Feb	26	319.082	326.785	7.703	2.41%
	Mar	26	319.799	330.213	10.414	3.26%
R-S-O	May	25	133.144	137.456	4.312	3.24%
	Jul	25	133.943	137.708	3.765	2.81%
	Sep	25	133.113	138.029	4.916	3.69%
	Nov	25	133.179	138.851	5.672	4.26%
	Jan	26	132.853	139.602	6.749	5.08%
	Mar	26	136.511	140.728	4.217	3.09%



San Geronio Pass Water Agency

DRAFT Debt Service Fund Budget FY 2026-27

FROM THE GENERAL MANAGER



Lance Eckhart, PG, CHG

To the Board of Directors:

Subject: Fiscal Year 2026–27 Budget – Prepared for the Future: Meeting Long-Term Water Obligations

Dear Board Members,

I am pleased to present the proposed Debt Service Budget for Fiscal Year 2026–27. This budget reflects the Agency’s commitment to long-term financial stewardship and prudent planning as we enter a significant phase of increased State Water Project (SWP) contractual obligations.

For many years, the Agency has anticipated the escalation of State Water Contract payments associated with long-term financing obligations. Recognizing this challenge well in advance, the Agency strategically built reserves to prepare for this period of higher costs. The Fiscal Year 2026–27 budget represents the beginning of that planned transition, with reserves being utilized as intended to help offset increased expenditures while maintaining financial stability and protecting the Agency’s member agencies and customers from abrupt impacts.

The most significant driver of this year’s budget is the increase in State Water Contract payments. These obligations support critical statewide water infrastructure investments that ensure continued access to reliable imported water supplies for the San Geronio Pass region. In addition, the budget includes anticipated costs associated with purchased water, contract operations, engineering and maintenance activities, and other contractual commitments necessary to support the Agency’s mission.

Despite these increased costs, the Agency remains in a strong financial position. Property tax revenues continue to provide a stable and dependable funding source, while reserves accumulated through years of disciplined financial management provide an important tool for managing fluctuations in annual expenditures. The planned use of reserves this year reflects the purpose for which they were established—to maintain financial stability during periods of elevated costs and long-term investment.

The Debt Service Fund remains essential to supporting the Agency's participation in the State Water Project and other strategic initiatives that enhance regional water reliability. These investments help ensure the continued delivery of imported water supplies, support groundwater recharge efforts, and strengthen the region's ability to respond to future water supply challenges.

This budget demonstrates the value of long-range financial planning. By anticipating future obligations, building reserves in advance, and responsibly deploying those resources when needed, the Agency continues to fulfill its commitment to reliable water supplies and sound fiscal management.

Thank you for your continued leadership and support as we navigate this important phase of the Agency's long-term financial plan.

Respectfully,

A handwritten signature in black ink, appearing to read "Lance Eckhart", with a stylized, cursive script.

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

FROM THE CHIEF FINANCIAL OFFICER



Jennifer Ustation

To the Board of Directors:

The Debt Service Fund, commonly referred to as the “Red Bucket,” is dedicated to fulfilling the Agency’s financial obligations associated with the State Water Project (SWP) and supporting our primary mission of importing water to the San Geronio Pass region. While the General Fund supports the Agency’s broader regional initiatives and operational activities, the Debt Service Fund remains focused on securing and delivering reliable imported water supplies for the communities we serve.

Fiscal Year 2026-27 marks an important milestone in the Agency’s long-range financial plan. For many years, the Board of Directors has anticipated the significant increase in State Water Contract obligations associated with the East Branch Extension financing. Through disciplined financial management and prudent reserve accumulation, the Agency prepared for this transition well in advance. This budget reflects the beginning of that planned period, during which reserves will be strategically utilized to offset higher debt service costs while maintaining financial stability.

As anticipated, Fiscal Year 2026-27 represents the beginning of the balloon payment phase of the Agency’s State Water Contract obligations. While expenditures are projected to exceed annual revenues, this outcome is consistent with the Agency’s long-term financial strategy. The planned use of reserves is not a response to an unforeseen challenge, but rather the execution of a strategy developed years ago to ensure the Agency could meet its obligations without creating sudden impacts on taxpayers or member agencies.

The largest expenditure within the Debt Service Fund continues to be the State Water Contract Payments assessed by the Department of Water Resources (DWR). These payments represent the Agency’s share of the costs to operate,

maintain, repair, and improve the State Water Project. Additional significant expenditures include water delivery charges, water transfer agreements, and operational costs associated with the East Branch Extension facilities operated jointly with the San Bernardino Valley Municipal Water District.

For Fiscal Year 2026-27, Debt Service Fund revenues are projected at approximately \$40.8 million, while expenditures are projected at approximately \$48.2 million. The resulting planned deficit of approximately \$7.4 million will be funded through reserves accumulated in prior years. These reserves were established specifically to mitigate the impacts of future increases in State Water Contract obligations and provide stability during periods of elevated costs.

One aspect of the Debt Service Budget that can sometimes create confusion is the timing of DWR charges. The Department of Water Resources issues its Statement of Charges on a calendar-year basis, while the Agency operates on a fiscal year beginning July 1 and ending June 30. As a result, each fiscal year budget incorporates portions of two separate DWR billing years. Consistent

with recent budget practices, this proposed budget is based on the May Estimate provided by DWR and will be updated as necessary once the final Statement of Charges is received.

Looking ahead, the Agency continues to monitor future obligations that may affect the Debt Service Fund in the years ahead. Statewide investments such as the Delta Conveyance Project and Sites Reservoir Project have the potential to improve the reliability, flexibility, and resilience of California's water supply system. While these projects are not significant drivers of the Fiscal Year 2026-27 budget, they represent future commitments that the Agency will evaluate carefully as planning, financing, and construction activities advance. Maintaining strong reserves and a long-term financial perspective will help ensure the Agency remains prepared to participate in opportunities that support water reliability for the San Geronio Pass region.

The Agency remains well positioned to meet its financial obligations. Stable property tax revenues, prudent financial planning, and reserve balances accumulated over many years provide the resources necessary to navigate increasing State Water Project costs while maintaining long-term financial sustainability. The Board's foresight in planning for future obligations has placed the Agency in a strong position to manage these challenges while continuing to provide reliable imported water supplies to the region.

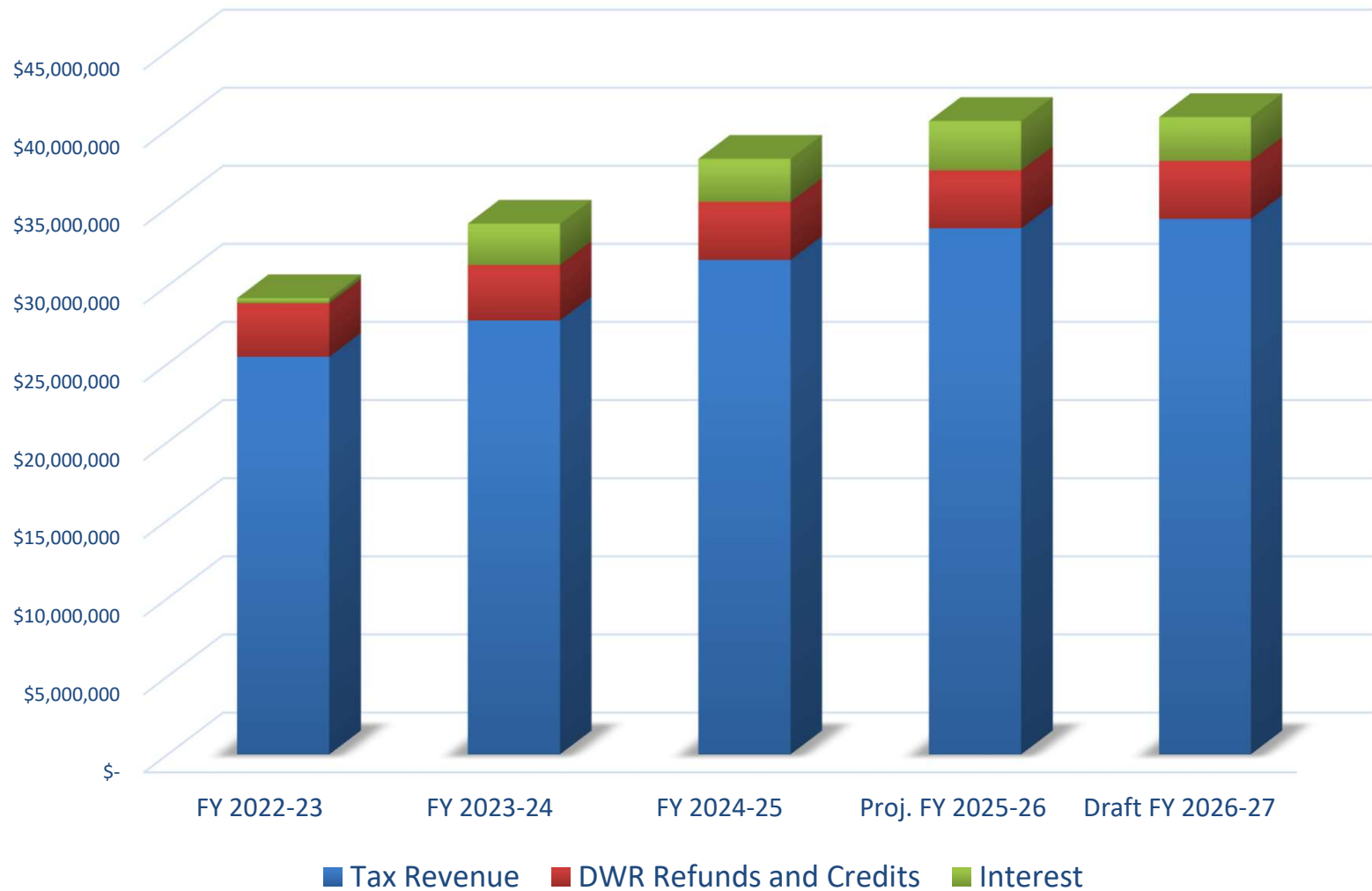
This budget reflects the Agency's commitment to responsible stewardship of public resources, fulfillment of its contractual obligations, and protection of long-term water reliability for the San Geronio Pass region. By planning ahead, maintaining adequate reserves, and strategically deploying those resources when needed, the Agency continues to demonstrate sound financial management in support of its mission.

Respectfully,

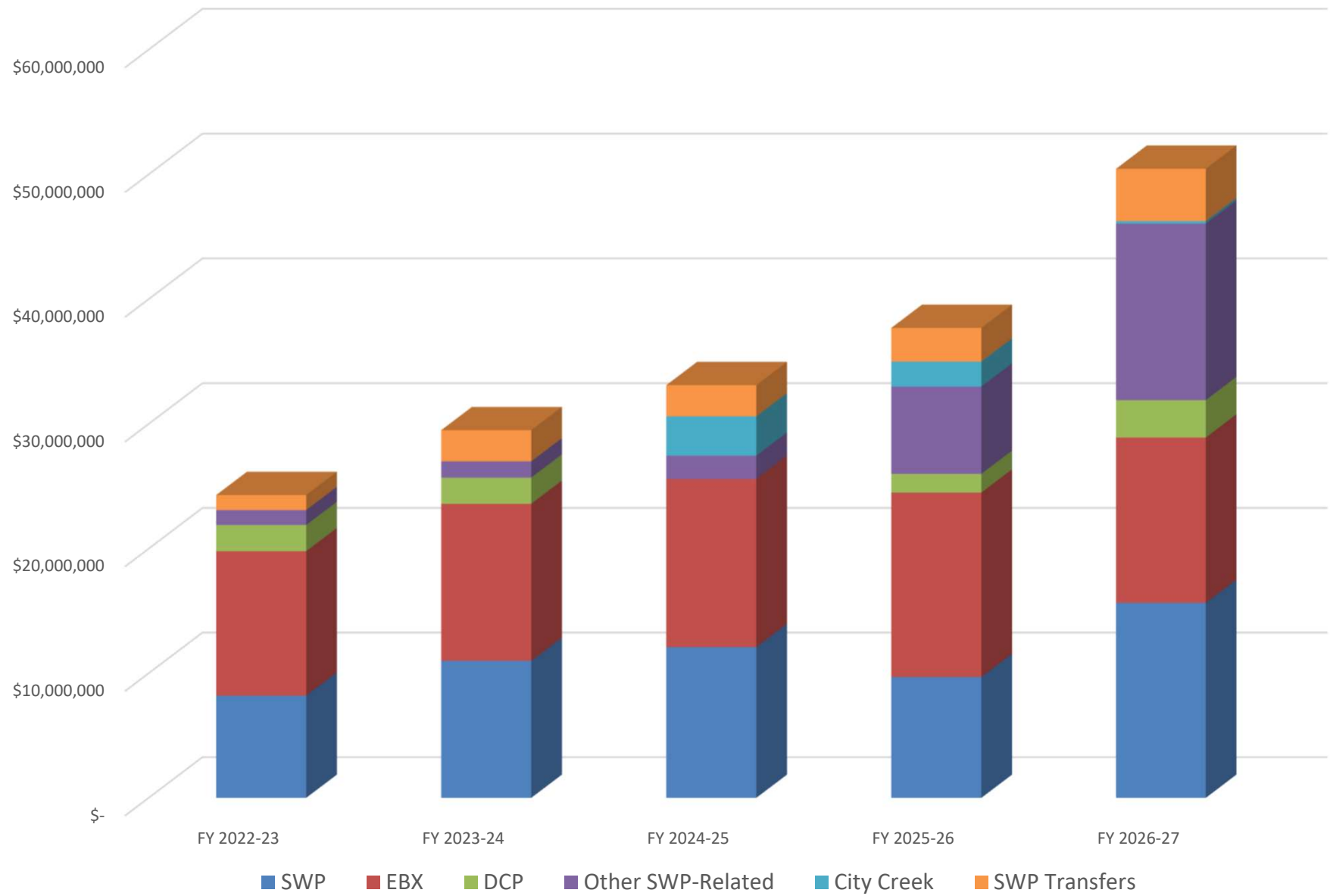


Jennifer Ustation, CPFO
Chief Financial Officer
San Geronio Pass Water Agency

Debt Service Fund Income by Type



Debt Service Expenditures by Fiscal Year



SAN GORGONIO PASS WATER AGENCY
DRAFT DEBT SERVICE FUND BUDGET FOR FY 2026-27
BASED ON MAY 2026 BUDGET REPORT

				FISCAL YEAR JULY 1, 2025 - JUNE 30, 2026				FY JULY 1, 2026 - JUNE 30, 2027	
				1	2	3	4	5	6
				TOTAL REVISED BUDGET	ACTUAL MAY 2026	PROJECTED YEAR END	Over/Under Budget	PROPOSED FY 2025-26	%Projected to Proposed
DEBT SERVICE FUND - INCOME									
INCOME									
153	TAX REVENUE			34,754,000	32,883,129.91	33,664,545.00	-3.1%	34,270,507	1.8%
154	INTEREST			2,000,000	2,916,955.04	3,150,311.44	57.5%	2,800,000	-11.1%
155	CONTRIBUTIONS - GOVERNMENT			0	0.00	0.00	0.0%	0	
156	DWR CREDITS - BOND COVER, OTHER			3,550,000	1,898,547.00	3,720,379.00	4.8%	3,715,000	-0.1%
157	TOTAL DEBT SERVICE FUND INCOME			40,304,000	37,698,631.95	40,535,235.44	0.6%	40,785,507	0.6%
DEBT SERVICE FUND - EXPENSES									
EXPENSES									
160	SWP PURCHASED WATER			4,800,000	5,700,145.00	6,669,169.65	38.9%	6,300,000	
161	SALARIES			640,000	522,158.23	563,930.89	-11.9%	621,245	10.2%
162	PAYROLL TAXES			40,000	29,083.12	31,409.77	-21.5%	45,000	43.3%
163	BENEFITS			400,000	240,333.35	259,560.02	-35.1%	400,000	54.1%
164	TRAVEL EXPENSE STAFF			0	0.00	0.00	#DIV/0!	5,000	
165	SWP UTILITIES			12,000	6,872.11	7,421.88	-38.2%	12,000	61.7%
166	STATE WATER CONTRACT AUDIT			8,000	6,818.00	7,363.44	-8.0%	8,000	8.6%
167	STATE WATER CONTRACTOR DUES			45,000	50,311.00	39,185.00	-12.9%	55,000	40.4%
168	STATE WATER LEGAL SERVICES			1,000	0.00	0.00	0.0%	1,000	increase
169	DELTA CONVEYANCE FINANCING AUTHORITY			30,000	0.00	0.00	-100.0%	0	decrease
170	WATER TREATMENT EXPENSE			100,000	110,234.46	84,000.00	-16.0%	122,471	45.8%
171	EBX CONTRACT OPERATIONS			400,000	232,274.25	355,000.00	-11.3%	400,000	12.7%
172	SWP ENGINEERING AND MAINTENANCE			2,400,000	124,593.17	150,000.00	-93.8%	200,000	33.3%
173	WATER TRANSFERS			2,700,000	3,969,699.61	2,626,205.00	-2.7%	4,200,000	59.9%
174	STATE WATER CONTRACT PAYMENTS			26,000,000	22,774,322.00	23,436,162.00	-9.9%	35,649,018	52.1%
175	TAX COLLECTION CHARGES			170,000	114,665.69	160,000.00	-5.9%	170,000	6.3%
176	TOTAL DEBT SERVICE FUND EXPENSES			37,746,000	33,881,509.99	34,389,407.64	-8.9%	48,188,734	27.7%
177									
178	TRANSFERS FROM RESERVES			0	0.00	0.00	0.00	0	
179									
180	DEBT SERVICE NET INCOME YEAR-END			2,558,000	3,817,121.96	6,145,827.80		-7,403,227	

SAN GORGONIO PASS WATER AGENCY
DEPARTMENT OF WATER RESOURCES EXPENSE REQUIREMENTS
FOR THE FISCAL YEAR 2026-27

DRAFT

DEPARTMENT OF WATER RESOURCES		Statement of Charges	May Estimate
		FOR THE	FOR THE
		PERIOD	PERIOD
INVOICE		JUL - DEC 2026	JAN - JUN 2027
INVOICE (type) - NUMBER (attachment)			
Water Supply - T Invoice - ATTACHMENT 1		5,839,072	8,758,609
Delta Conveyance Project		0	3,000,000
Sites Reservoir		0	0
Other			
Sub-Total Water Supply		5,839,072	11,758,609
OAP - O Invoice- ATTACHMENT 1-1		2,143	1,683
RAS - U Invoice - ATTACHMENT 1-2		0	0
EBX - X Invoice - ATTACHMENT 1-5		13,257,420	3,739,272
Tehachapi - TAB Invoice - ATTACHMENT 1-6		31,819	33,000
DWR FIXED CHARGES		19,130,454	15,532,564
TOTAL DWR STATEMENT OF CHARGES			34,663,018
OTHER DWR CHARGES			
Healthy Rivers and Landscapes			86,000
CONTINGENCY			900,000
TOTAL OTHER CHARGES			986,000
TOTAL PROJECTED DWR EXPENDITURES (rounded)			35,649,018

SAN GORGONIO PASS WATER AGENCY				
DEPARTMENT OF WATER RESOURCES EXPENSE REQUIREMENTS				
FOR THE FISCAL YEAR 2026-27				
DRAFT				
ADDITIONAL DEBT SERVICE EXPENSES				
	Purchased Water			6,300,000
	Debt Service Salaries			621,245
	Debt Service Payroll Taxes			45,000
	Debt Service Benefits			400,000
	Debt Service Travel Expense Staff			5,000
	Debt Service Utilities			12,000
	State Water Contract Audit			8,000
	SWC Contractor Dues			55,000
	SWP Legal Services			1,000
	Delta Conveyance Financing Authority			0
	Sites			0
	Water Treatment			122,471
	EBX Contract Operations			400,000
	SWP Engineering and Maintenance			200,000
	Tax Collection Charges			170,000
	TOTAL ADDITIONAL EXPENSES			8,339,716
WATER TRANSFERS				
	Ventura Water Transfer			2,200,000
	Other Water Transfers			2,000,000
	TOTAL WATER TRANSFERS			4,200,000
	GRAND TOTAL DEBT SERVICE EXPENDITURES			48,188,734

DRAFT

**SAN GORGONIO PASS WATER AGENCY
DEBT SERVICE REVENUE REQUIREMENTS
CALCULATION OF POTENTIAL REVENUES FOR FY 2026-27**

STEP ONE: REVIEW PROJECTED DEBT SERVICE EXPENSES

DWR Contract Payments	35,649,018
Purchased Water	6,300,000
Water Transfers	4,200,000
Other Debt Service Expenditures	2,039,716
Total Projected Debt Service Expenditures	48,188,734

STEP TWO: REVIEW PROJECTED NON-TAX DEBT SERVICE REVENUE

Other Debt Service Revenue (does not include tax revenue)	
Estimate of Bond Cover Refunds and Credits	3,715,000
Estimate of SGPWA Allocated Interest	2,800,000
Other Revenue	0
Total Other Debt Service Revenue	6,515,000

STEP THREE: DETERMINE CURRENT INCOME RATE

Tax Revenue (Projected) FY 2025-26	33,664,545
Tax Rate	17.50
Income derived for each cent of tax FY 2025-26	1,923,688

STEP FOUR: CALCULATE POTENTIAL INCOME RATE FOR FY 2026-27

Income derived for each cent of tax FY 2025-26	1,923,688
Estimated percentage increase in assessed value	4.6%
Estimated percentage delinquency rate FY 2024-25	-2.8%
Net percentage revenue increase	1.8%
Estimated increase in tax revenue for 1 cent	34,626
Estimate of revenue for each cent of tax FY 2026-27	1,958,315

STEP FIVE: COMPARE PROJECTED EXPENSES WITH POTENTIAL REVENUE

Alternative Tax Rates	Reduced Rate	Reduced Rate	Maintain Rate	Increased Rate	Increased Rate
Potential Tax Rates for FY 2026-27	17.00	17.25	17.50	17.75	18.00
Potential Tax Revenue FY 2026-27	33,291,350	33,780,928	34,270,507	34,760,086	35,249,664
Projected Non-Tax Debt Service Revenue	6,515,000	6,515,000	6,515,000	6,515,000	6,515,000
Estimate of Total Debt Service Revenue FY 2026-27	39,806,350	40,295,928	40,785,507	41,275,086	41,764,664

PROJECTED NET RESERVES FY 2026-27

Net Reserves: decrease(negative) or increase (positive)	-8,382,384	-7,892,806	-7,403,227	-6,913,648	-6,424,070
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LINE ITEM AND PROJECT DESCRIPTIONS, page 1

DEBT SERVICE FUND INCOME

Tax Revenue (reference line #153)

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

Government Contributions (#155)

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

DWR Credits (#156)

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

DEBT SERVICE FUND EXPENSES

SWP Purchased Water (#160)

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

LINE ITEM AND PROJECT DESCRIPTIONS, page 2

SWP Utilities (#165)

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

State Water Contract Audit (#166)

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

State Water Contractor Dues (#167)

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

SWP Legal Services (#168)

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

Delta Conveyance Financing Authority (#169)

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

Water Treatment Expense (#170)

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

LINE ITEM AND PROJECT DESCRIPTIONS, page 3

EBX Contract Operations (#171)

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

SWP Engineering and Maintenance (#172)

The Agency shares the other costs of improvements and maintenance of the EBX with SBVMWD. There are a variety of routine costs, for example, air conditioning maintenance, or fuel for back-up generators. We also share the costs of major repairs and improvements. SBVMWD is currently working on the repair of the City Creek Crossing. We are responsible for approximately 18% of these costs, which are divided into two major categories, design and construction. The design element is expected to cost the Agency about \$150,000 this fiscal year. The construction contract for the repairs is projected to cost about \$16 million in total, of which the Agency would be responsible for about \$3 million. Currently, the project is experiencing difficulties with permitting and environmental constraints, which likely means the project will cost more. Funds will need to be expended no matter what is decided going forward. \$2 million is included in the budget as an educated guess about what is expected to be paid in FY25-26.

Water Transfers (#173)

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

State Water Contract Payments (#174)

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

Tax Rate & Debt Service Fund Budget Discussion FY 2026-27



Finance & Budget Committee – June 16, 2026

Where we left off in 2025

“The current Debt Service Fund balance is projected to be about \$85 million at year-end. This is projected to enable the Agency to meet its obligations to the State Water Project (SWP) through 2030 using the built-up reserves. However, increasing financial pressures on the SWP, along with the cost of generational project opportunities, aging SWP infrastructure, and subsidence remediation, suggest that the current tax rate may not be sufficient to continue to meet our participation obligations and maintain a prudent level of reserves past 2030.” **July 7th, 2025 BOD**



Review of Funds

"The Bucket List"

Other Funds

Unrestricted
Unitary Tax

Debt Service

SGPWA Special Tax

We Control Income

We DON'T Control Income

We DON'T Control Income



General Fund

Adopted June 1, 2026

Administrative Overhead

Engineering/Science

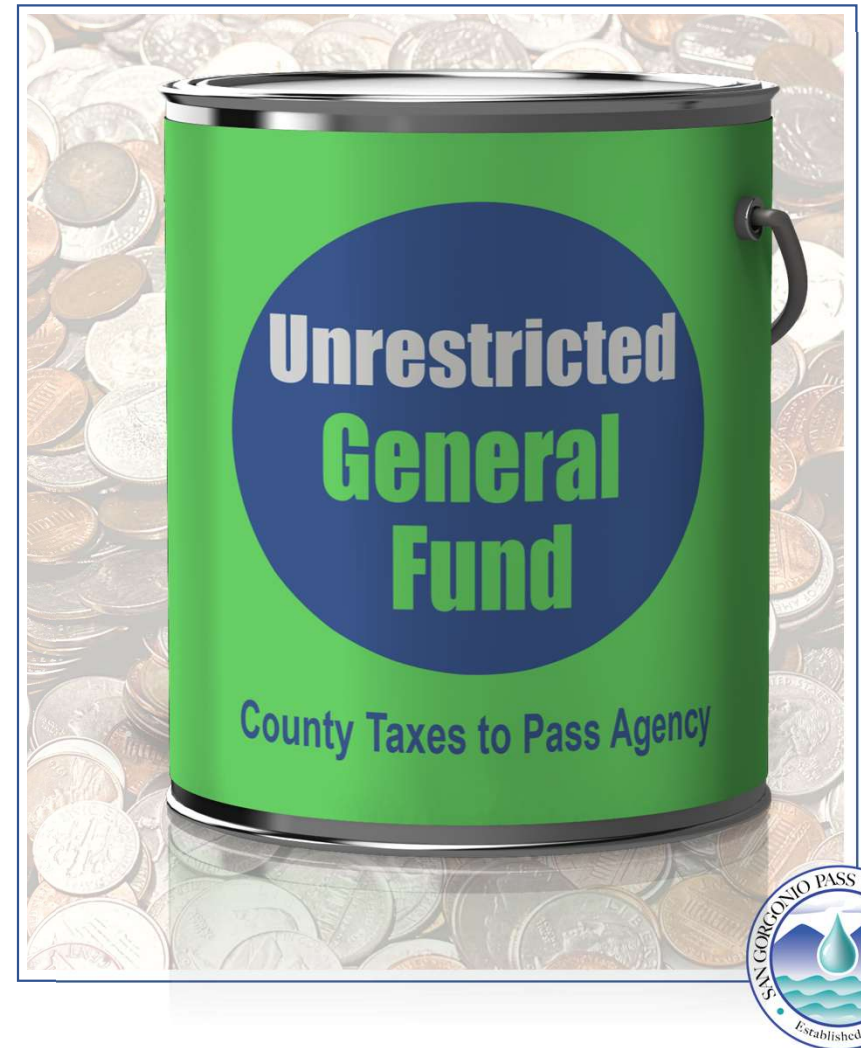
Local Projects (e.g. Backbone Pipeline)

External Projects (e.g. Water Bank)

Water Purchases

Non-Project Water

Nickel Water

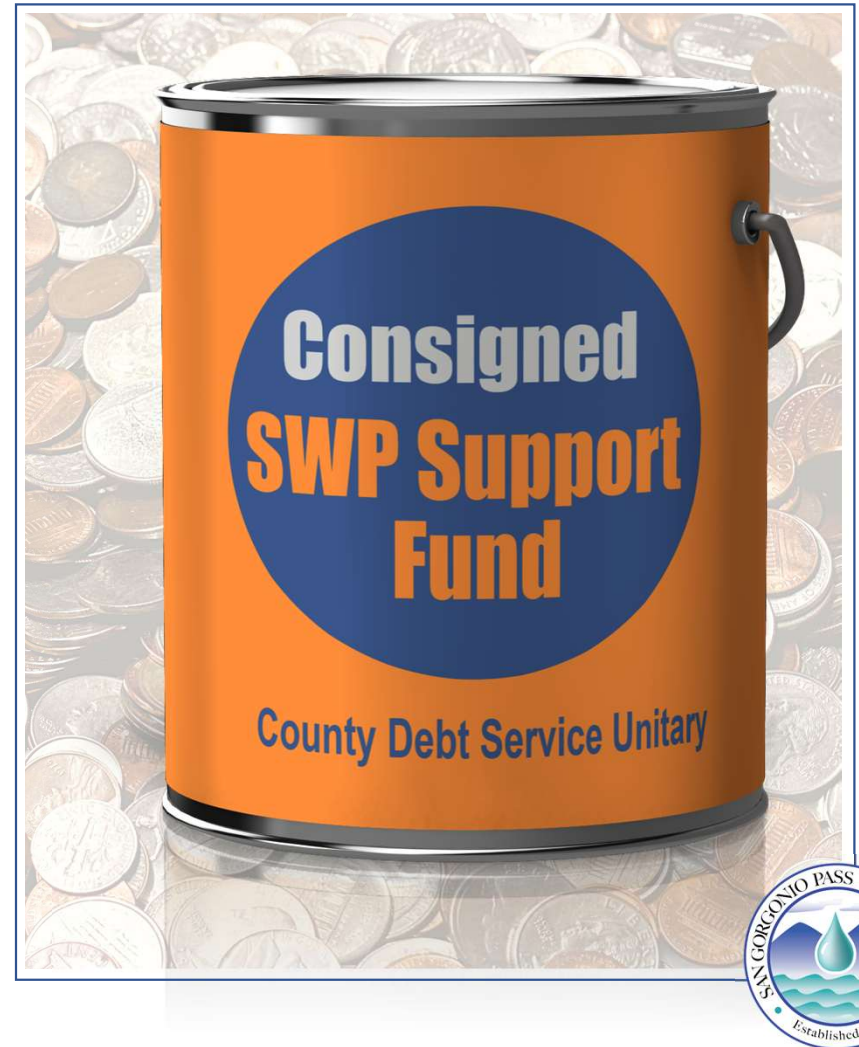


Consigned Fund

Adopted June 1, 2026

Same as the General Fund with some potential restrictions.

At the discretion of the Board





Debt Service

Bond Payments

EBX 1 & 2

SWP Administrative Overhead

Project Water & Exchange Fixed Costs

SWP Projects & Repairs

Ventura Water

City Creek Crossing

EBX Balloon Payments

**Sites Reservoir Project (hold fast)*

Delta Tunnel (how much?)

"Any SWP-Related Costs"





—

All Models are Wrong....
Some Models are Useful...

*Models are designed as a hedge
against uncertainty*

*“Since all models are wrong, the
scientist must be alert to what is
importantly wrong. It is inappropriate
to be concerned about mice when
there are tigers abroad.”*

— George Box, statistician.

Solid Growth... but slowing like everywhere.

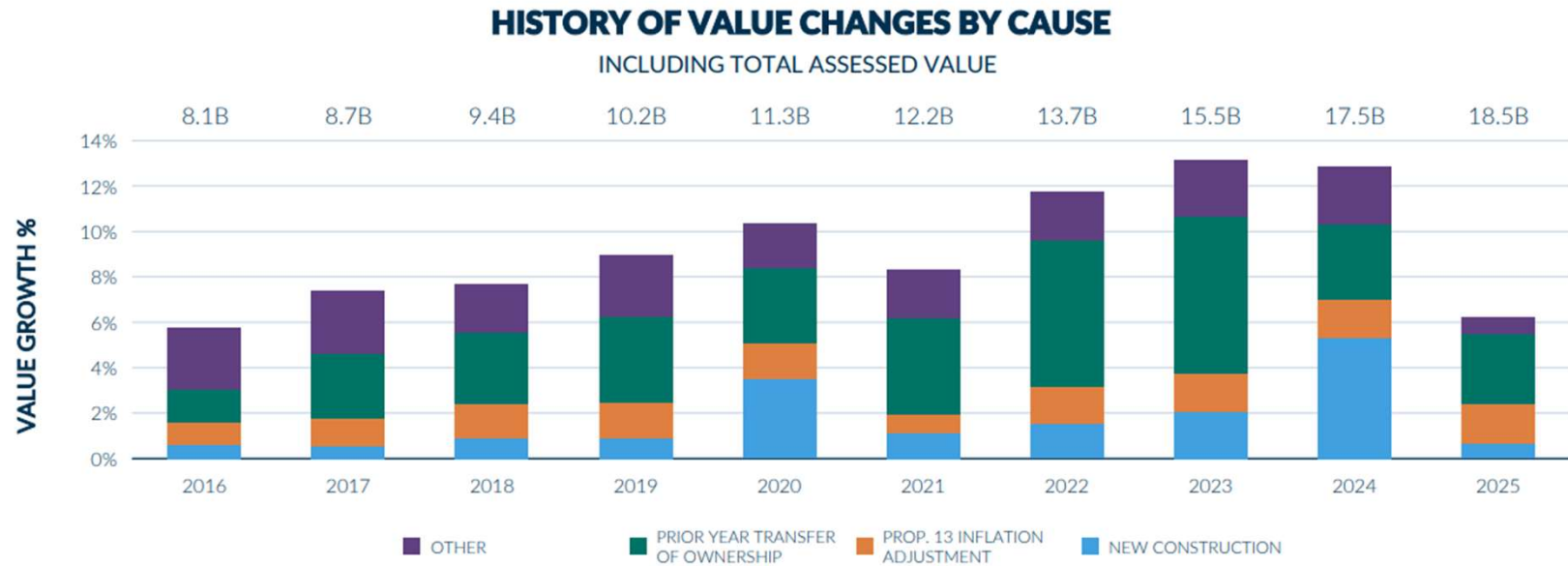
DETACHED SINGLE-FAMILY HOMES MEDIAN SALE PRICE HISTORY			
YEAR	SALES	MEDIAN PRICE	CHG %
2016	1,514	\$275,000	11.3%
2017	1,585	\$295,000	7.3%
2018	1,829	\$325,000	10.2%
2019	1,894	\$333,000	2.5%
2020	2,025	\$360,000	8.1%
2021	2,524	\$420,000	16.7%
2022	2,053	\$485,000	15.5%
2023	1,365	\$469,500	-3.2%
2024	1,484	\$503,750	7.3%
2025*	1,035	\$510,000	1.2%

* Year-to-Date (through September 2025)

TAXABLE ASSESSED VALUE
\$18.5 BILLION

+6.2% 
SAN GORGONIO PASS WATER

6.3% 
COUNTY



The Other change category may include effects of assessment appeals, multi parcel sales, and changes to secured exemptions, personal property, or utility-owned property values



RIVERSIDE COUNTY

2025 COUNTY SALES COMPARISON BY CITY

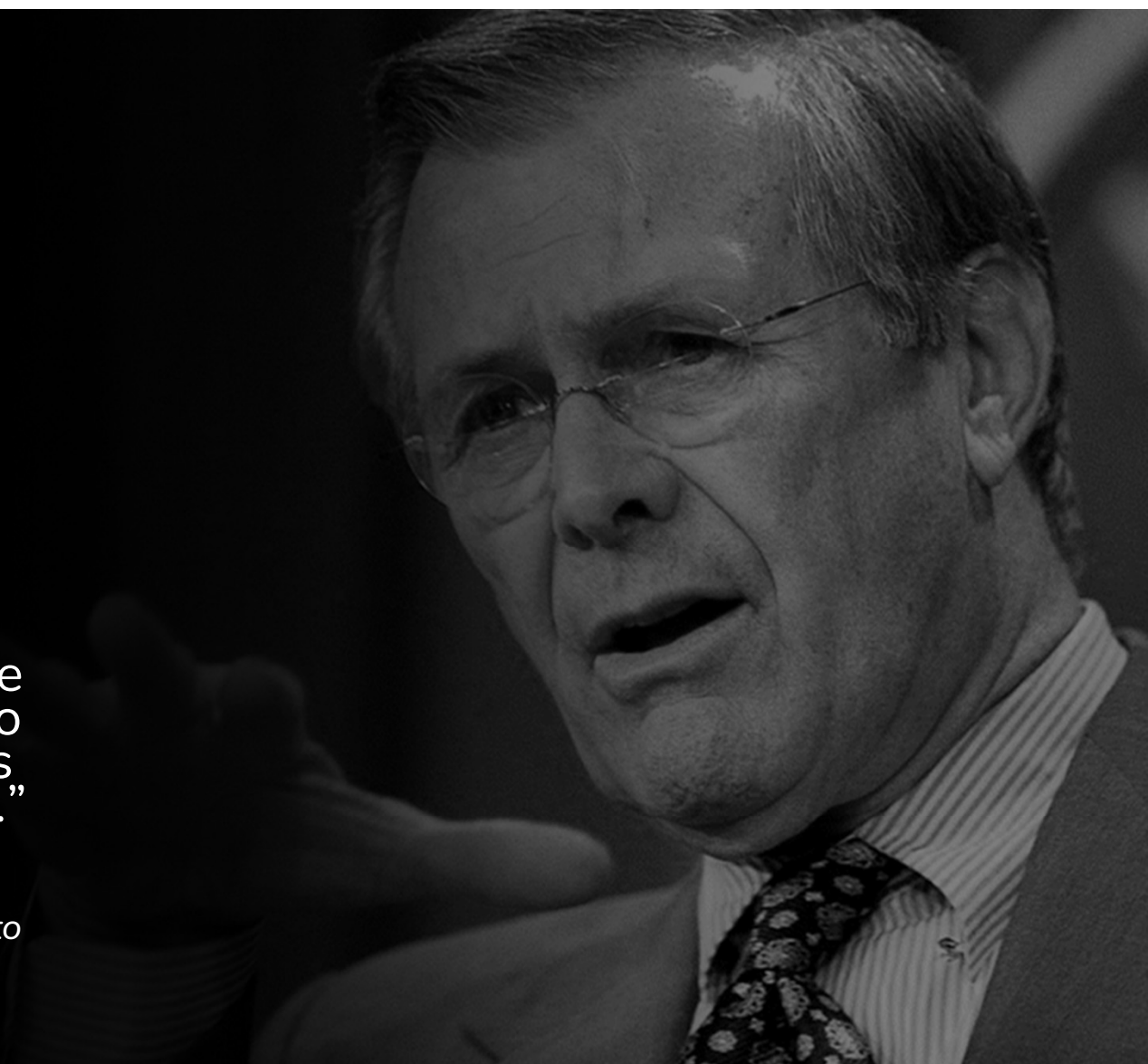
Single Family Residential Sales (01/01/2024 - 9/30/2025)

City	2024 Sale Count	2025 Sale Count	2024 Median Sales Price	2025 Median Sales Price	Median % Change
BANNING	511	318	414,000	390,000	-5.80
BEAUMONT	835	620	535,000	539,500	0.84
BLYTHE	99	60	235,000	209,000	-11.06
CALIMESA	97	78	550,000	577,000	4.91
CANYON LAKE	185	154	650,000	700,000	7.69
CATHEDRAL CITY	460	355	530,000	527,500	-0.47
COACHELLA	182	116	505,000	490,000	-2.97
CORONA	1,228	855	750,000	770,000	2.67
DESERT HOT SPRINGS	390	277	391,250	388,500	-0.70
EASTVALE	400	298	920,000	939,000	2.07
HEMET	1,056	761	445,000	440,000	-1.12
INDIAN WELLS	306	225	1,650,000	1,554,500	-5.79
INDIO	1,013	813	540,000	549,000	1.67
JURUPA VALLEY	586	421	649,500	650,000	0.08
LA QUINTA	1,188	1,021	796,250	785,000	-1.41
LAKE ELSINORE	746	693	595,250	616,000	3.49
MENIFEE	1,575	1,287	570,000	569,000	-0.18
MORENO VALLEY	1,264	1,096	540,000	553,750	2.55
MURRIETA	1,238	920	650,000	658,000	1.23
NORCO	228	158	877,500	905,500	3.19
PALM DESERT	1,420	1,086	580,000	579,000	-0.17
PALM SPRINGS	1,169	1,007	750,000	765,000	2.00
PERRIS	518	417	541,250	557,000	2.91
RANCHO MIRAGE	641	541	950,000	925,000	-2.63
RIVERSIDE	1,981	1,522	625,000	635,000	1.60
RIVERSIDE COUNTY UNINCORPORAT	4,157	3,332	570,000	590,000	3.51
SAN JACINTO	473	351	470,000	480,000	2.13
TEMECULA	1,194	856	720,000	725,000	0.69
WILDOMAR	343	214	640,000	659,500	3.05
RIVERSIDE COUNTY (Entire Region)	25,483	19,852	592,500	600,000	1.27

Known Knowns
vs.
Unknown Unknowns

“... as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns—the ones we don’t know we don’t know.”

Donald Rumsfeld – U.S. Defense Secretary to DoD; February 12, 2002



Rumsfeld Matrix

(unfortunate homeowner example)

Known knowns (aware & understand)

- *The water heater will eventually fail, but the life expectancy is generally understood.*

Known Unknowns (aware & don't fully understand)

- *As the house ages, it must be maintained, updated, and parts will fail. This is expected, but it is not known when or how bad.*

Unknown knowns (aren't aware & understand)

- *Do we have TERMITES!?*

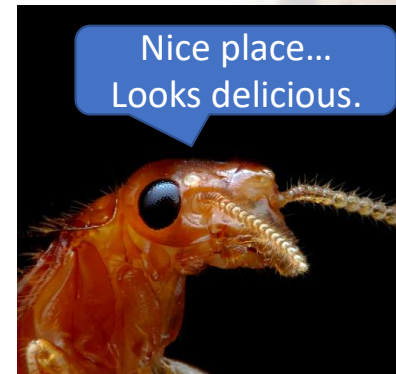
Unknown Unknowns (aren't aware & don't understand)

- *The house got hit by a meteor.*

Known



Unknown



Knowns

Unknowns

Rumsfeld Matrix

Known Knowns (aware & understand)

- This Year's Taxes
- 2025-26 Budget
- Reserve Minimums
- Balloon Payments
- Rough DCP/Sites Costs
- HDL Tax Estimates 5 Years Maximum
- Ventura Water

Known Unknowns (aware & don't fully understand)

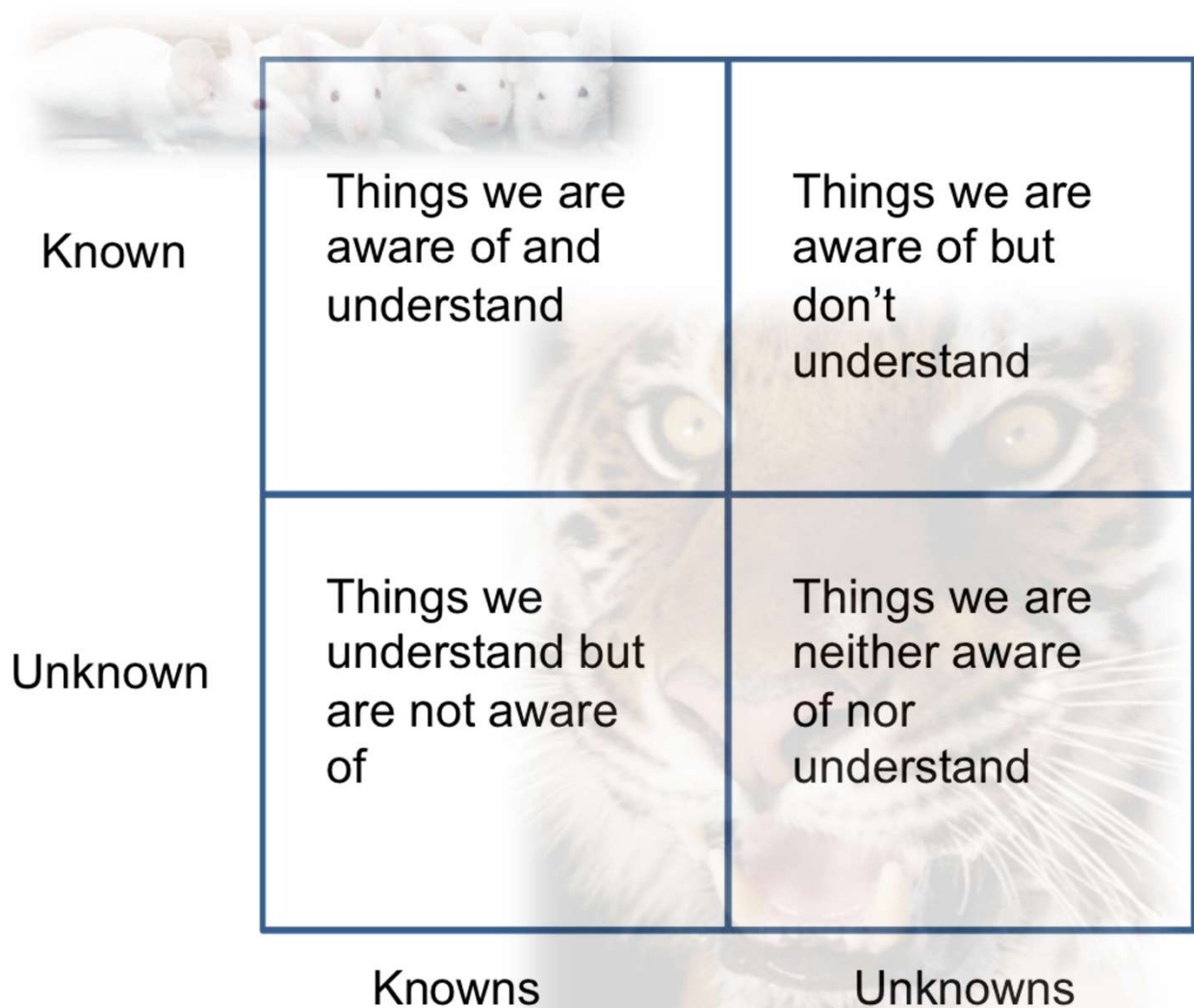
- Aging Infrastructure
- Increasing SWP Costs
- Precise DCP/Sites Costs
- Long Term Transfer Costs (other people's Table A)

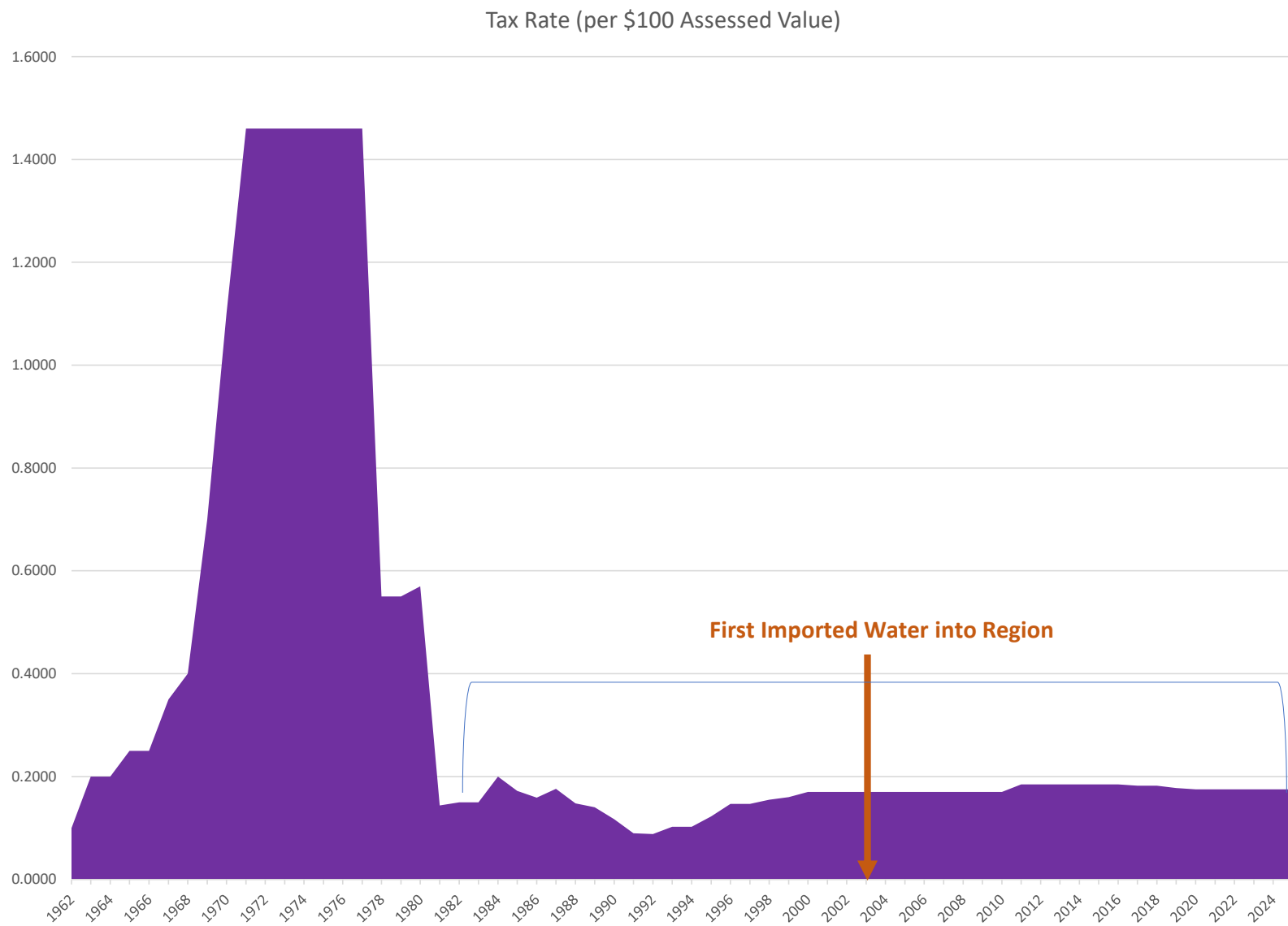
Unknown Knowns (aren't aware & understand)

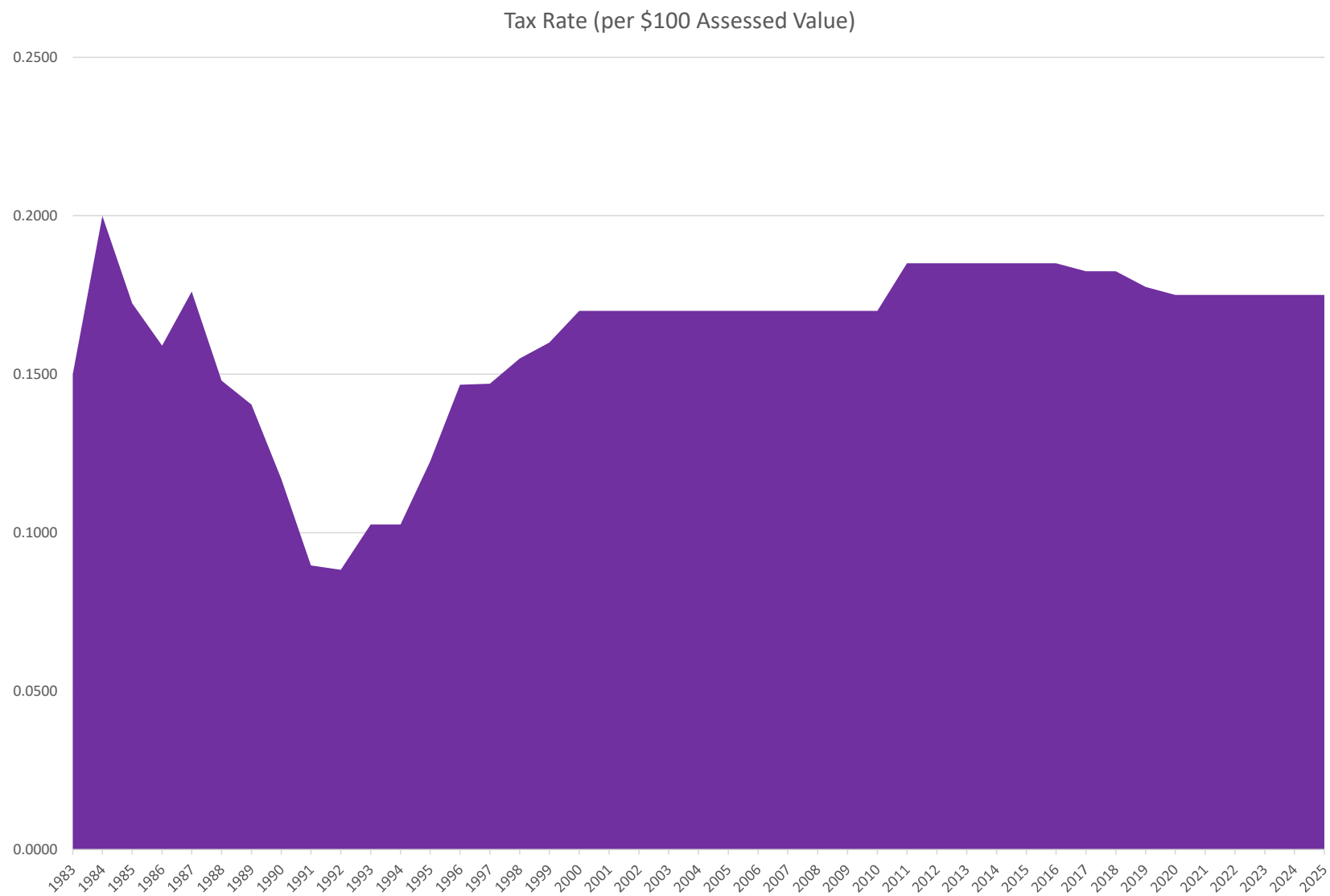
- Subsidence
- Delta Outage (e.g., earthquake in Delta)
- Climate Change and Effects on Supply
- Infrastructure Failures
- Golden Muscle

Unknown Unknowns (aren't aware & don't understand)

- Last 5-year recap: Drought, Deluge, Global Pandemic, Multiple Wars (new and old), Runaway Inflation/Stable.
- Force Majeure
- Major Disaster
 - Earthquake
 - Delta Levee Failure
 - Other?







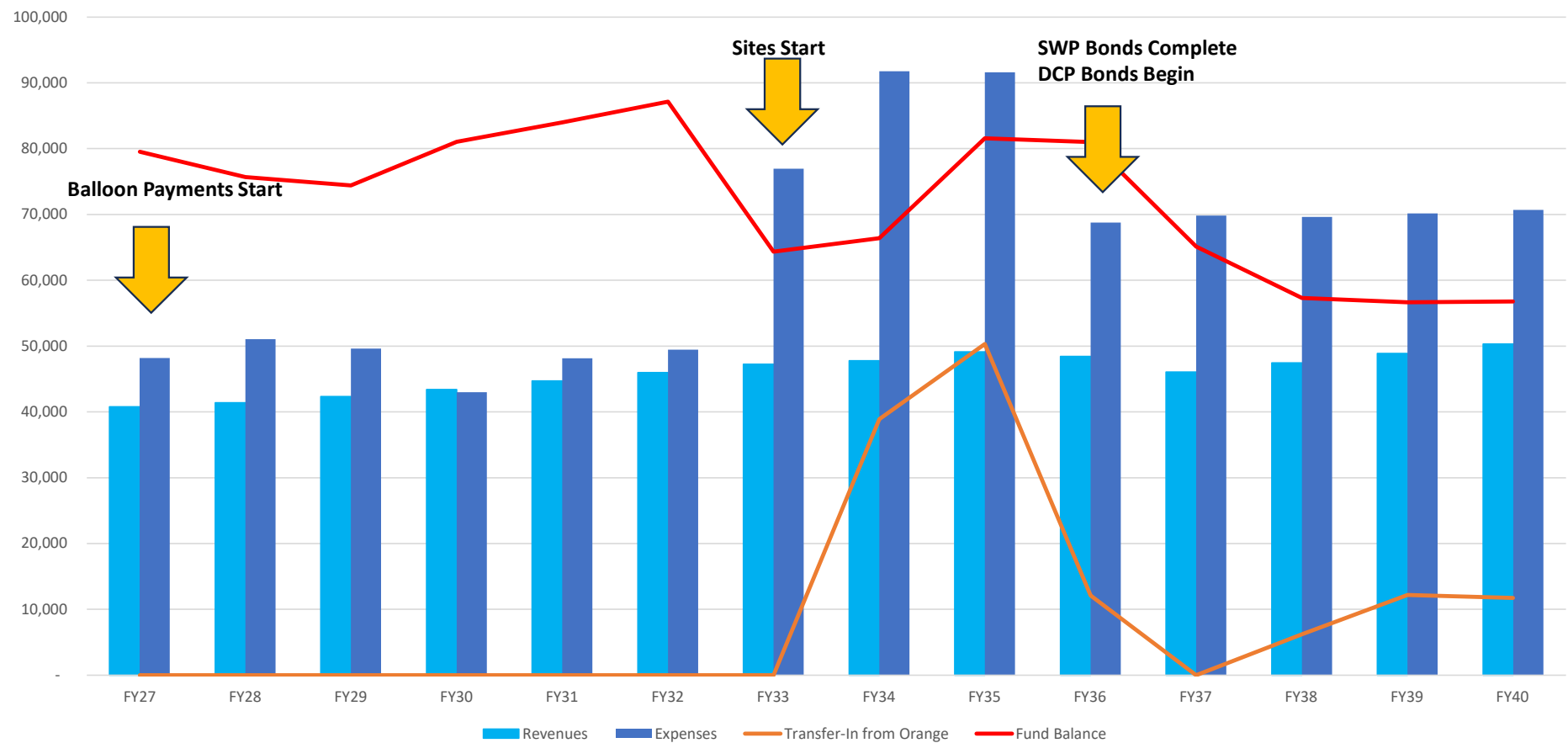
•FY2026-27 Debt Service Fund Budget

- Prepared for the Future: Meeting Long-Term Water Obligations

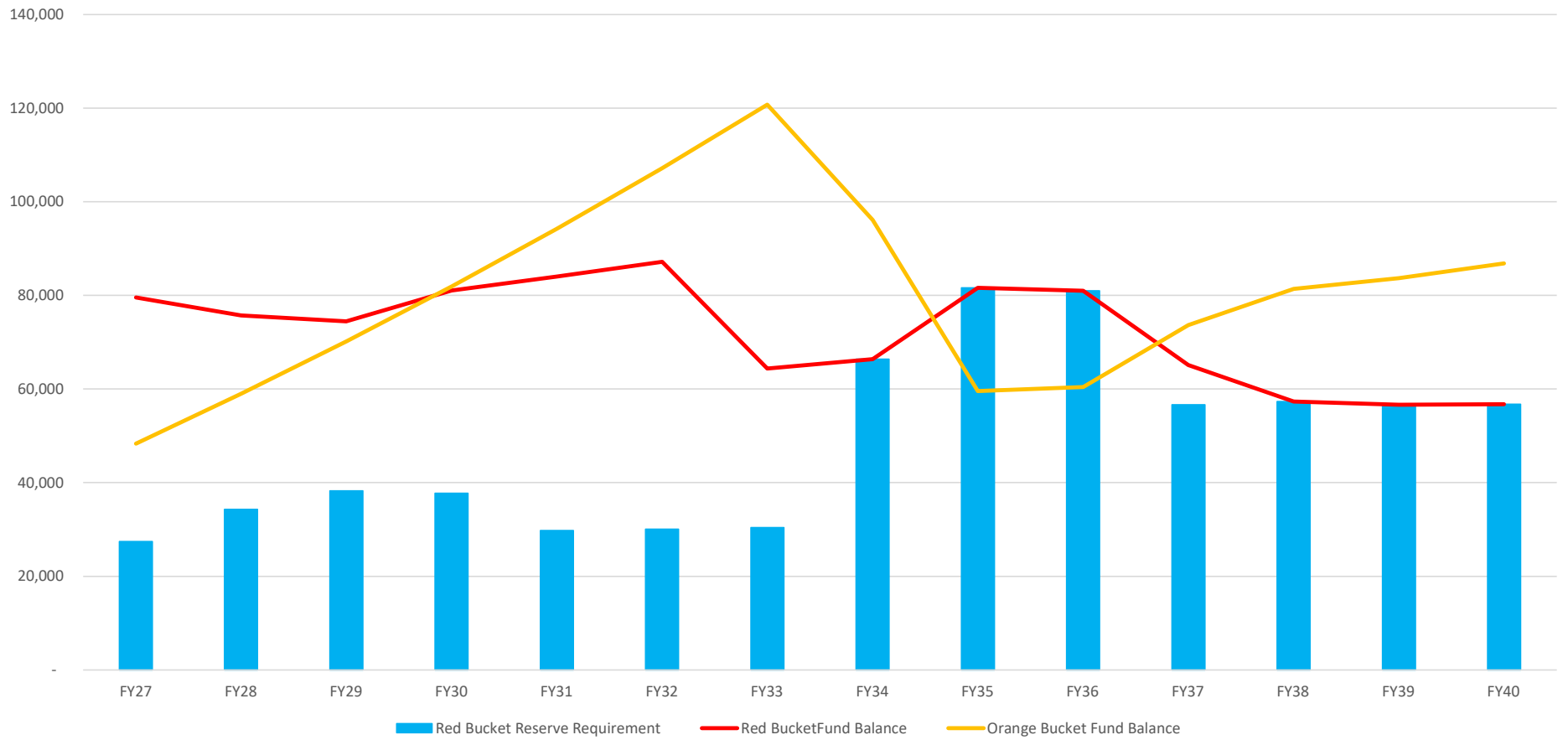


FY 2026-27 Highlights	
Revenue	\$40.8 Million
Expenditures	\$48.2 Million
Planned Use of Reserves	\$7.4 Million

Debt Service Fund LTFF (In Thousands)



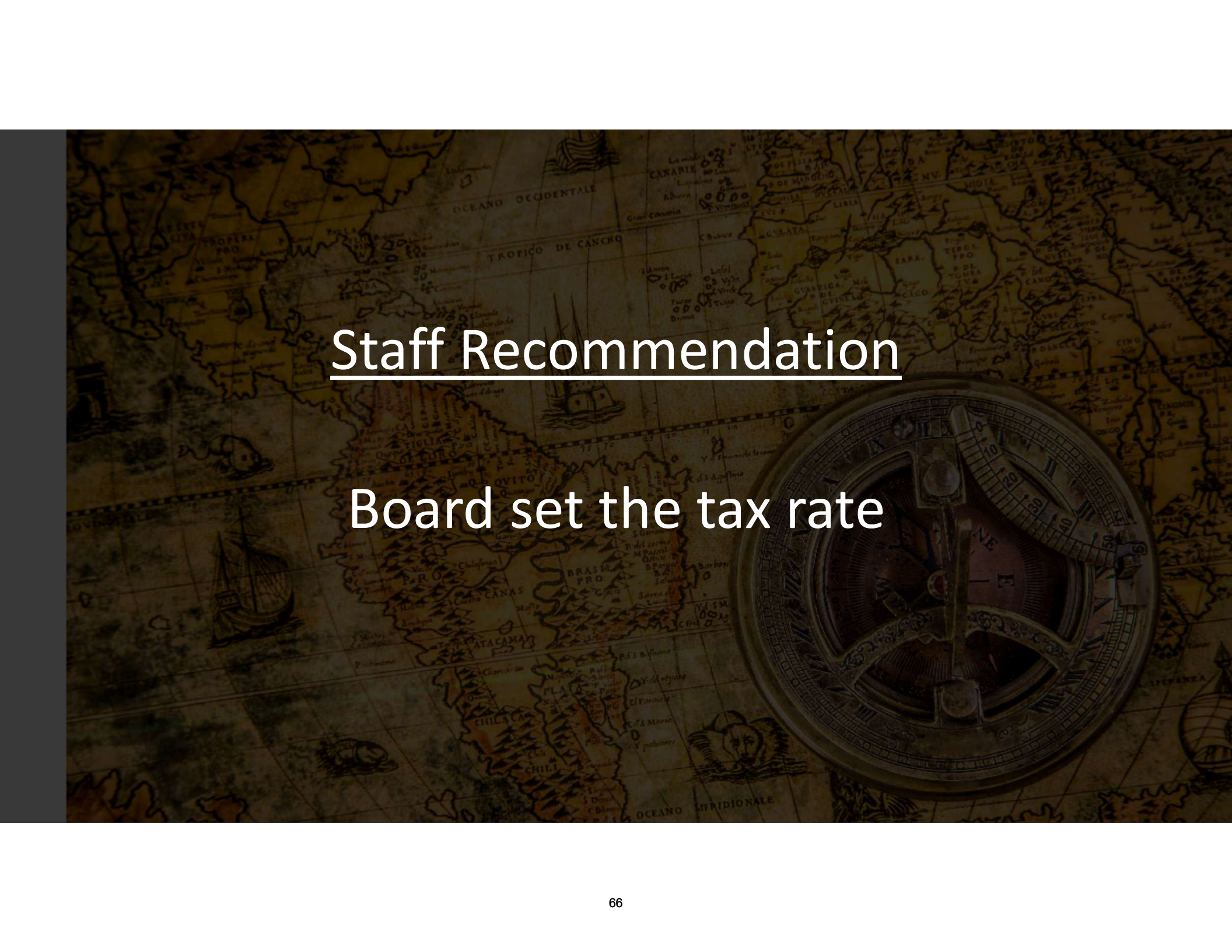
Red/Orange Fund Balance LTFF (In Thousands)



Summary

- Tax rate roughly maintained for the last 40 years (and can hold for another year)
- High growth area of Riverside County
 - Higher revenues & greater need for committed investments (Sites, DCP, etc.)
- **Budget: This year, expenses are greater than revenues at the current tax rate**

The Agency is presently well fiscally positioned, noting that there are future uncertainties.

The background of the slide is a dark, textured image of a vintage map of the Americas, showing various geographical features and place names. Overlaid on the right side of the map is a detailed brass sextant, a navigational instrument used for measuring the angle between celestial objects. The text "Staff Recommendation" is centered over the map and sextant, underlined.

Staff Recommendation

Board set the tax rate