

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
July 20, 2026 at 6:00 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: 926 3191 5535

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: 926 3191 5535

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 July 13, 2026, Regular Meeting of the San Geronio Pass Water Agency Board of Directors, [\(pg. 4\)](#)

6. Reports – Staff

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

7. Informational Presentations and Updates:

- A. Senate Bill 707 (SB 707) Presentation, [\(pg. 10\)](#)
- B. Water Conditions Report, [\(pg. 37\)](#)
- C. SGMA 101 Presentation, [\(pg. 43\)](#)
- D. Overview of Data Center Development in the Pass Area, [\(pg. 49\)](#)
- E. Overview of the Central Valley Project, [\(pg. 51\)](#)

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: APN: 3046-023-022
Agency negotiator: Lance Eckhart, General Manager
Negotiating parties: SGPWA, AVEK, and Property Owner
Under negotiation: Price and Terms of Payment

11. Reconvene

- A. Report out of Closed Session

12. Announcements

- A. Finance & Budget Committee Meeting, July 23, 2026 at 4:00 p.m.
- B. Water Conservation & Education Committee Meeting, August 11, 2026 at 1:30 p.m.
- C. Regular Board Meeting, August 17, 2026 at 6:00 p.m.

13. Adjournment

Pending Agenda Items:

<i>Request</i>	<i>Requester</i>	<i>Date of Request</i>	<i>Status</i>
Presentation from Riv. Cty Flood Control reg. El Nino Impacts	Smith	6/15/26	Scheduled for August 17 th Board Meeting
Review of Previous Finance & Budget Procedures	Ball	6/15/26	

(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
July 13, 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 1:30 p.m., Monday, July 13, 2026, at the office of the Agency. Vice President Smith provided the invocation and Treasurer Tickemyer 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, Executive Assistant /Clerk of the Board
Emmett Campbell, Director of Water Resources
Matt Howard, Operations Manager
Jose Romero, Water Systems Operator II

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 June 15, 2026, Regular Meeting of the San Geronio Pass Water Agency Board of Directors and Pass Water Agency Foundation Board
- B. Approve Finance and Budget Committee Meeting Report, for June 2026

Director Ball requested Item 5.B be removed 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 removed from Consent Calendar

5B. Approve Finance and Budget Committee Meeting Report for June 2026

Director Ball requested clarification regarding payments to the Morongo Band of Mission Indians, San Bernardino Valley Municipal Water District, Wells Fargo credit card expenses, and Seek Personnel Staffing. Director Valdivia reported that the Finance and Budget Committee reviewed the financial items and staff responded to questions.

On a motion by Director Valdivia, seconded by Treasurer Tickemyer, the Board approved item 5.B, Finance and Budget Committee Meeting Report for June 2026.

Approved by the following 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. Nomination period for Agency's Board seats in Division 3, Division 4, and At-Large No. 2 is open through August 7, 2026
2. Sites Reservoir benefits and obligations contract continues to move forward, and additional state conditional funding was announced for the project
3. Bureau of Reclamation Grant Application submitted to support development of a regional groundwater model, with letters of support from Watermaster entities
4. 2025 Urban Water Management Plan finalized and filed with the state
5. Data Center informational and related white paper will be presented at next Board meeting
6. Working on Federal Water Resources Development Act (WRDA) language that could support future regional water infrastructure projects, including backbone pipeline and hub and spoke concept

B. Legal Counsel's Report

Counsel Stewart provided an update on the following:

1. Monitoring the Sites Reservoir water rights process and coordinating with staff and partner agencies.
2. SB 707 presentation will be presented at next Board meeting

7. Informational Presentations and Updates:

A. Update on Inland Empire Resource Conservation District (IERCD) Outreach, presentation by IERCD

Heidi Ortloff and Gabriella Preciado, representing Inland Empire Resource Conservation District, provided an update on Agency outreach activities, including classroom programs, community workshops, event outreach, and plans to expand future programming.

B. Update on Quarter 2 Outreach, presentation by CV Strategies

Beatrice Eslamboly, representing CV Strategies, provided an update on second quarter outreach activities, including the Board Handbook, media training workshop, recognition of former Chief Financial Officer Tom Todd, social media and community storytelling, the Banning Heights tank ribbon cutting, monthly media reporting, website redesign, and preparations for a future State of the Pass event.

8. New Business – Discussion and Possible Action:

A. Consideration of Cost-of-Living Adjustment for Fiscal Year 2026-27

Chief Financial Officer Jennifer Ustation presented a proposed 3.09 percent cost of living adjustment for staff effective July 1, 2026. She stated the adjustment is based on the Riverside-San Bernardino-Ontario Consumer Price Index and is consistent with the Agency's historical approach. The estimated fiscal impact is approximately \$21,400 to the General Fund and \$16,000 to the Debt Service Fund.

Given the floor by President Ybarra, Della Condon commented on the placement of the item on the agenda in relation to the budget item.

On a motion by Treasurer Tickemyer, seconded by Director Valdivia, the board approved a 3.09 percent cost-of-living adjustment for staff effective July 1, 2026, for Fiscal Year 2026-27.

Approved by the following roll call vote:

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

Noes: None

Absent: Letulle

Motion passed 6-0.

B. Adopt Resolution No. 2026-06, Approving the Fiscal Year 2026-27 Debt Service Fund Budget and Establishing the Fiscal Year 2026-27 Tax Rate

General Manager Eckhart and Chief Financial Officer Ustation presented the Fiscal Year 2026-27 Debt Service Fund Budget and tax rate reviewing the Agency's fund structure, long-term State Water Project obligations, reserves,

projected revenues and expenditures, balloon payments, Sites Reservoir, Delta Conveyance, and future financial planning. Staff recommended maintaining the tax rate at 17.5 cents per \$100 of assessed valuation.

Board discussion included the use of reserves, the orange bucket, future obligations, timing of budget review, potential tax rate reductions, and the importance of stable long-term financial planning.

Given the floor by President Ybarra, Ms. Della Condon commented on the proposed tax rate and shared concerns she heard from seniors in the community.

Given the floor by President Ybarra, Laura Leindecker commented on how she appreciated the Board's discussion and commended the Agency for its professionalism, diplomacy, and financial responsibility.

On a motion by Director Mickey Valdivia, seconded by Vice President Smith, the Board adopted Resolution No. 2026-06 approving the Fiscal Year 2026-27 Debt Service Fund Budget and establishing the Fiscal Year 2026-27 tax rate at 17.5 cents per \$100 of assessed valuation.

Approved by the following roll call vote:

Ayes: Valdivia, Wargo, Smith, Tickemyer, Ybarra

Noes: Ball

Absent: Letulle

Motion passed 5-1.

C. Adopt Resolution No. 2026-07, Appropriations Limit for Fiscal Year 2026-27

Chief Financial Officer Ustation presented the annual appropriations limit, also known as the Gann limit. She reported that the Agency's Fiscal Year 2026-27 appropriations limit is approximately \$95 million, while appropriations subject to the limit are approximately \$28 million. Ms. Ustation stated the item is an annual compliance requirement and that the Agency is well within the limit.

On a motion by Vice President Smith, seconded by President Ybarra, the Board adopted Resolution No. 2026-07 approving the Fiscal Year 2026-27 appropriations limit.

Approved by the following roll call vote:

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

Noes: Ball

Absent: Letulle

Motion passed 6-0.

D. Adopt the San Geronio Pass Water Agency Board of Directors Handbook

Beatrice Eslamboly, representing CV Strategies, presented the San Geronio Pass Water Agency Board of Directors Handbook. She stated the handbook was developed with the Board Handbook Committee, staff, and legal counsel as a resource for current and future Board members regarding Agency history,

governance, roles, procedures, communications, ethics, policies, and related resources.

On a motion by Secretary Wargo, seconded by Treasurer Tickemyer, the Board adopted the Board of Directors Handbook with the changes discussed and any other non-substantive edits identified by staff of CV Strategies.

Approved by the following roll call vote:

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

Noes: None

Absent: Letulle

Motion passed 6-0.

E. Approve the Seventh Amendment to the Employment Agreement between the San Geronio Pass Water Agency and Lance Eckhart, General Manager/Chief Hydrogeologist

Counsel Stewart summarized the proposed Seventh Amendment to the General Manager's Employment Agreement, including provisions related to future merit and market equity adjustments, a non-pensionable annual incentive bonus, automatic renewal and notice requirements, severance provisions, a technology loan, and preventative body scan reimbursement or coverage.

On a motion by Vice President Smith, seconded by President Ybarra, the Board approved the Seventh Amendment to the Employment Agreement between the San Geronio Pass Water Agency and Lance Eckhart, General Manager/Chief Hydrogeologist.

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:

- June 16, 2026, Cabazon Water District Board Meeting (Wargo)
- June 17, 2026, High Valleys Water District Board Meeting (Valdivia, Wargo)
- June 30, 2026, The Giving Heart of the Pass Rotary Event (Wargo)
- July 1, 2026, San Bernardino Valley Municipal Water District Board Meeting (Smith, Wargo)
- July 8, 2026, South Mesa Water Company Board Meeting (Valdivia)
- July 8, 2026, Beaumont-Cherry Valley Water District Board Meeting (Ball, Wargo)
- July 9, 2026, Cabazon Mall Plan Informational Meeting (Wargo)

Treasurer Tickemyer and President Ybarra had no report.

Vice President Smith requested Board consensus to provide supportive comments to San Bernardino Valley Municipal Water District regarding its presentation on restricted funds. The Board expressed support.

10. Topics for Future Agendas

No topics were discussed.

11. Announcements

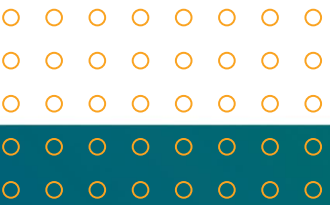
President Ybarra reviewed the following announcements:

- A. Regular Board Meeting, July 20, 2026 at 6:00 p.m.
- B. Finance & Budget Committee Meeting, July 23, 2026 at 4:00 p.m.
- C. Water Conservation & Education Committee Meeting, August 11, 2026 at 1:30 p.m.
- D. Regular Board Meeting, August 17, 2026 at 6:00 p.m.

12. Adjournment

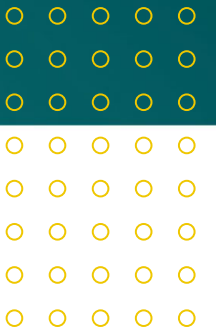
There being no further business to discuss, President Ybarra adjourned the meeting at 4:23 p.m. The next regularly scheduled meeting is Monday, August 17, 2026 at 6:00 p.m.

Maricela V. Cabral, MPA, CMC
Deputy Secretary of the Board



SB 707

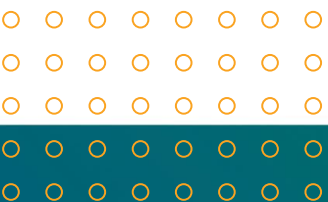
Presenter: Holland Stewart, General Counsel



Agenda

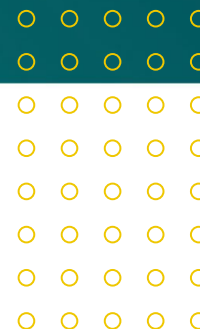


- Overview of SB 707
- Applicability to SGPWA
 - Teleconferencing Updates
 - Social Media
 - Miscellaneous Updates
 - Disruption Policy
- Updates for Eligible Legislative Bodies



Overview of SB 707

Important Changes to the Brown Act in 2026



Senate Bill (SB) 707



- Effective: January 1, 2026; some portions become effective July 1, 2026
- Modernizes the Brown Act (Gov. Code § 54950 *et seq.*) to reflect technology changes and promote greater public access
 - Most significant changes apply to “eligible” legislative bodies, although some changes apply to all legislative bodies of local agencies
 - Teleconferencing, social media, disruptions, etc.

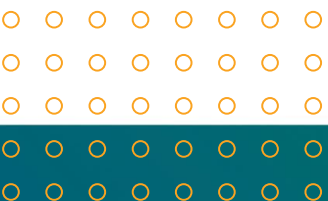
Two Types of Legislative Bodies

“ELIGIBLE” LEGISLATIVE BODIES

- Most senior body (e.g., council, board) of a...
 - City w/ population over 30k
 - County w/ population over 30k
 - City in a County w/ population over 600k
 - Special district with a website and
 - covering all of a county over 600k, and 200+ employees
 - 1k+ employees
 - \$400 million annual revenue and 200+ employees

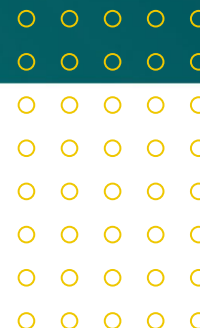
ALL LEGISLATIVE BODIES

- Any other body not fitting the “eligible” description, including...
 - Boards of *most* special districts
 - Standing lower decision-making bodies (e.g., Planning Commission, Historic Commission, committees); and
 - Advisory bodies, etc.
- Most significant changes under SB 707 **will not** apply to these bodies
- SGPWA is **not** an eligible legislative body



Updates to Teleconferencing Rules

Effective January 1, 2026, for all Legislative Bodies



Classic Teleconferencing Rules

- “Classic” teleconferencing rules ((Gov. Code § 54953(b))) remain the same
 - Under “classic” rules, legislative body members can teleconference as long as:
 - Agenda is posted at all meeting locations—including all teleconference locations
 - Agenda identifies the teleconference locations
 - Public can attend and provide public comment from all meeting locations—including all teleconference locations
 - At least a quorum of the body participates within the body’s jurisdiction
 - All votes are taken by roll call

New Alternative Teleconferencing – General Rules



- Public participation access is required via two-way video platform **or** two-way phone + live webcast (Zoom/Teams most common)
- Agenda must include participation and public comment instructions
- Remote members generally must participate by audio and video
- Remote members must disclose any adult (18+) present and their general relationship before action is taken
- SB 707 alternative teleconferencing options include:
 - Disability-related reasonable accommodation
 - Proclaimed state or local emergency
 - Just cause

Alternative Teleconferencing – General Rules (cont'd)

- Real-time public comment required (no advance request required)
- Allow reasonable time for public participation
- No further action if technical issues prevent public access or comment
- Minutes must identify remote attendees and the teleconferencing exception used – **NEW**



Alternative Teleconferencing – Disability Accommodation



- Teleconferencing as a reasonable accommodation for a member's disability
 - Remote participation may be provided as a reasonable accommodation for a member with a disability, consistent with applicable disability law (e.g., ADA, FEHA)
 - Remote participation is treated as in-person attendance for quorum/location requirements
 - Member uses audio and video; audio-only allowed if disability prevents appearing on camera (disability-related accommodation)
 - Member must disclose any adults (18+) present in the room and general relationship before action is taken

Alternative Teleconferencing Options

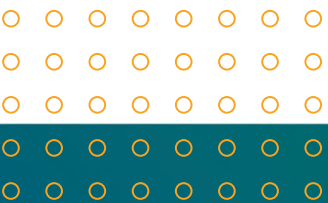


Proclaimed State or Local Emergencies

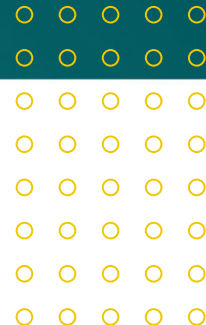
- Continuation/expansion of AB 361, adopted during COVID-19, for Governor-declared emergencies
- Allows fully remote meetings during qualifying emergencies
- Expands coverage to *local emergencies*, “a condition of extreme peril to persons or property proclaimed by the governing body of the local agency” under the California Emergency Services Act, or a local health emergency declared under Health & Safety Code § 101080 within boundaries (**new**)

Just Cause

- Continuation of AB 2449, adopted in 2022. Continues same rules: Quorum from one location, announcement of reason for teleconferencing at start, camera on
- Includes childcare, caregiving to certain family members, travel for official agency business, immunocompromised family member, medical emergency (**new**), military service (**new**), physical or mental condition not accommodated under other provisions
- Use limits apply: 2x/year if meetings monthly or less; 5x/year if meetings 2x per month; etc.



Social Media: Key Points



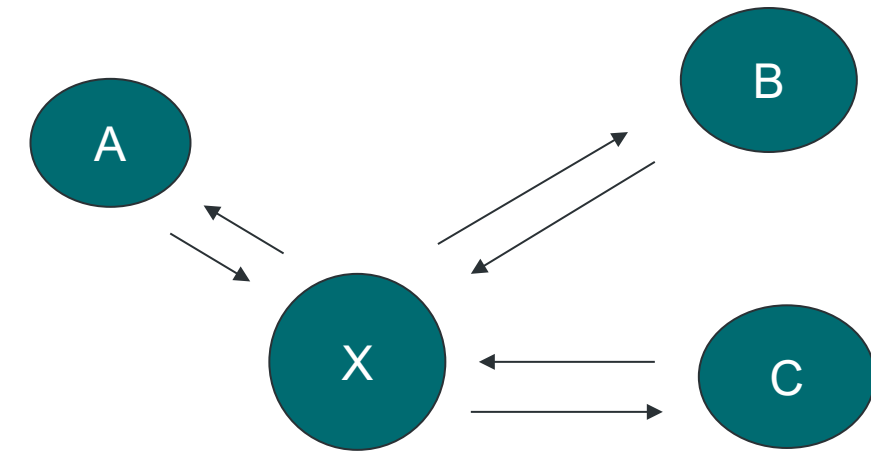
Social Media and the Brown Act



- California Government Code § 54952.2 prohibits certain communications by officials over social media
 - A majority of the members may **not** use an internet-based social media platform to discuss business within subject matter of the body's jurisdiction
 - A member may **not** respond directly to any communication posted or shared by another member regarding the body's business on an internet-based social media platform
 - "Communication" includes likes, thumbs up, emojis or other symbols
- Officials may "like," thumbs up, or comment on posts from the legislative body's official social media page, so long as they are not interacting with each other

Social Media Regulations

- Board members ***may not*** do the following on a social media platform:
 - Discussion by a majority: Discuss legislative body's business with a majority of members
 - Discussion includes communicating, posting, sharing, commenting, or using digital icons (i.e., a thumbs up or an emoji);
 - Direct Responses: Respond directly to another member's communication, comment or post if:
 - (1) both members, and (2) the topic concerns legislative body's business
- Concern about serial meetings, which are prohibited by the Brown Act
 - Hub & Spoke / Daisy-Chain



Legal Considerations



- A public official's use of social media can cross the line from personal expression to official government speech, subjecting that official's actions on social media to First Amendment scrutiny

Case Study: *Lindke v. Freed* (2024)



- James Freed operated a Facebook page with a profile picture where he wore a city label pin
- Freed’s “About” section included a link to the city website, the city’s general email address, and he described himself as “Daddy to Lucy, Husband to Jessie and City Manager, Chief Administrative Officer for the citizens of Port Huron, MI”
- Freed made personal posts about his family
- Freed also shared news about the city’s policies, communications from other city officials, and even solicited feedback from the public

Case Study: *Lindke v. Freed* (2024)



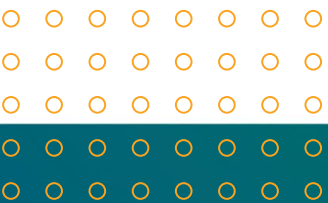
- Freed deleted “derogatory” or “stupid” comments
- Freed began deleting Kevin Lindke’s comments regarding the city’s approach to the Covid-19 pandemic
- Eventually, Freed blocked the Lindke from commenting on his posts
- Lindke sued under 42 U.S.C. § 1983, arguing Freed’s actions violated his First Amendment rights because Freed’s Facebook page was an “official” page

Case Study: *Lindke v. Freed* (2024)

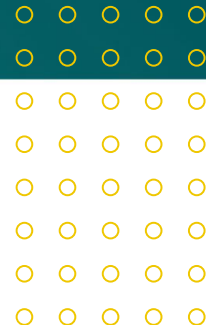
- A public official's social media activity constitutes state action only if the official:
 - (1) possessed actual authority to speak on the State's behalf, and
 - (2) purported to exercise that authority when he spoke on social media."
- Disclaimers are entitled a heavy, but not irrefutable, presumption that that social media activity is personal
 - Ex: "This is the personal page of _____, all thoughts expressed herein are my own."
- Ninth Circuit applied *Lindke* rule in *Garnier v. O'Connor-Ratcliff*

How to Avoid Creating a Government Account?

- To avoid unintentionally creating government accounts, public officials should:
 - Authority: Determine the scope of your authority to speak on behalf of the agency
 - Separate Accounts: Create separate official and personal accounts and clearly distinguish them
 - Disclaimer: If an account is intended to be a personal account, officials should include a disclaimer, of the sort discussed in *Lindke* (“This is the personal page of _____, the views expressed are strictly my own.”)
 - Be aware of the nature of the content you share: Nature of the content shared and how account is used (e.g., does it make official announcements, or solicit public feedback on government matters?) are crucial in determining whether state action is present



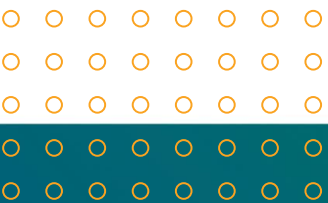
Miscellaneous Updates Applicable to SGPWA



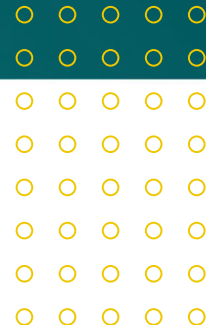
Miscellaneous Updates Effective January 1, 2026



- Social media restrictions now made permanent by SB 707
- Copies of Brown Act must be provided to each member of legislative body (electronic is fine)
- No special meetings on legislative body's salary or benefits (prior language prohibited special meetings for local agency executive salary/benefits)
- Members can waive notice of a special meeting by e-mail or telephone (prior language required waiver by telegram)
- Removal of disruptive virtual attendees (prior language did not acknowledge option to remove)
- Must provide oral report of executive compensation in open sessions (whether considering or approving)
- Local agency must identify and make available a list of one or more meeting locations for legislative body meetings.



Disruption Policy



Disruption Policy

- *Recommended* to adopt **policy on service disruption**, including good faith attempts to restore service for at least an hour [effective July 1, 2026]
- To implement a disruption policy, a body must adopt the policy at a regular meeting during action items, i.e., not on consent calendar



Disruption Policy – Technical Difficulties



If the body becomes aware of service disruption:

- Immediately announce the service disruption
- Call for recess of the open session
- MAY convene the legislative body in an authorized closed session, consistent with the Brown Act
- Recess shall last for one (1) hour or until service is restored, whichever is earlier
- Staff shall make good faith efforts to diagnose and restore the disrupted service

If cannot remedy technical disruption within one (1) hour, the legislative body may:

- Adjourn the meeting
- Further extend recess to restore service; or
- MAY reconvene in open session, but MUST adopt a finding, by roll call vote, that: (1) good faith efforts were taken to restore the service; and (2) the public interest in continuing the meeting outweighs the public interest in remote public access

Disruption Policy – Disruptive Speaker

- If a virtual commentor disrupts a legislative body's meeting:
 - Must first provide a warning consistent with the Brown Act. Indicate behavior is actually disrupting the meeting and failure to cease the disruptive behavior shall result in removal
 - If the commentor persists, then speaker may be muted
 - If muting the commentor does not stop the disruptive behavior, commentor may be removed from the Zoom platform



Recommended Action for SGPWA Board



- Adopt a Resolution Adopting a Policy on Disruption of Telephonic or Internet Service During Public Meetings in Accordance with Senate Bill 707
 - Note: Because SGPWA is not an eligible legislative body, the policy is recommended by BBK, but not required



Questions?

Holland Stewart

Holland.Stewart@bbklaw.com | (951) 826-8353

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Water Conditions Report

Board of Directors Meeting

July 20, 2026



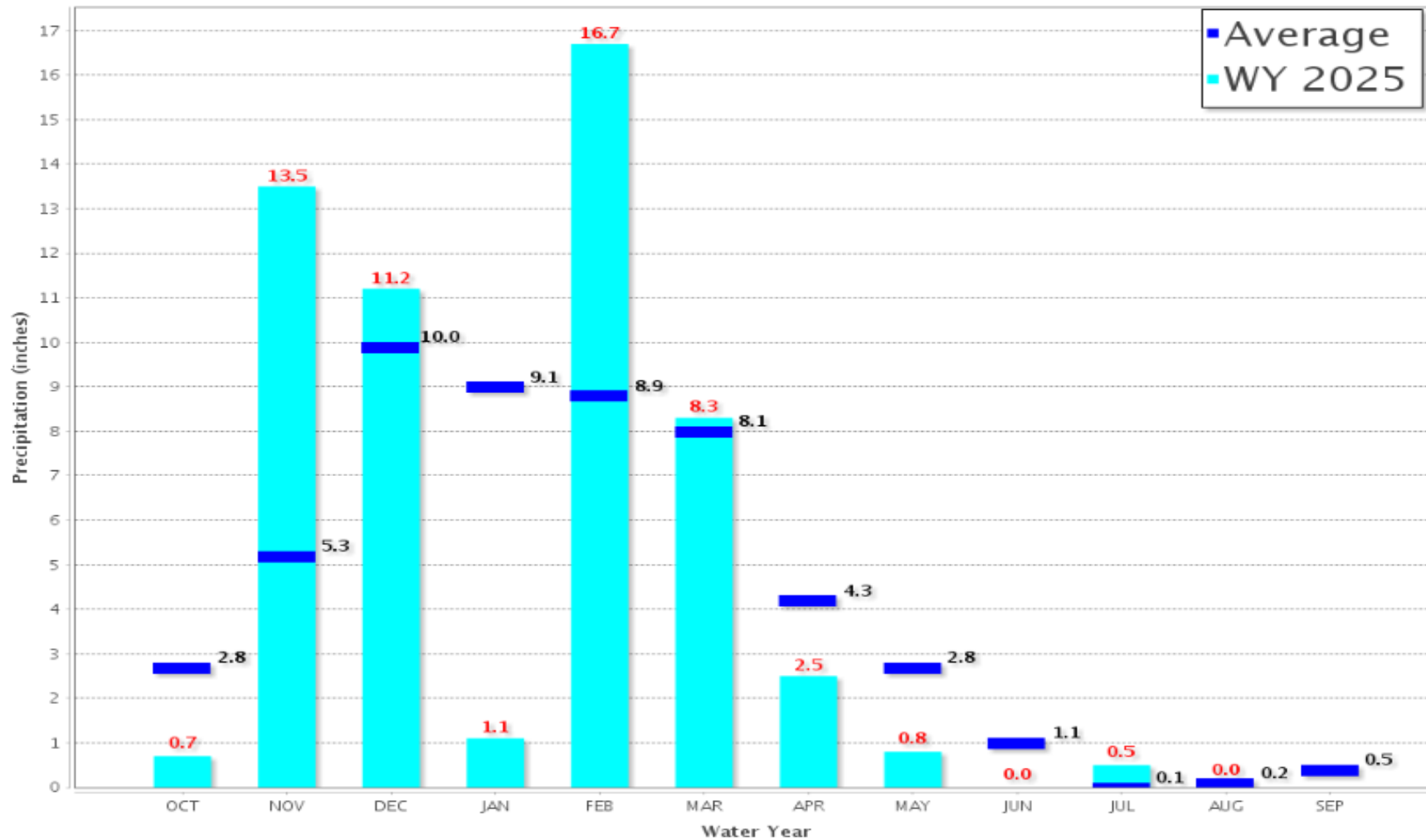


Northern Sierra 8-Station

Precipitation Index for Water Year 2025 – Updated on August 13, 2025 02:48 PM

Note: Monthly totals may not add up to seasonal total because of rounding

Water Year Monthly totals are calculated based on Daily precipitation data from 12am to 12am PST

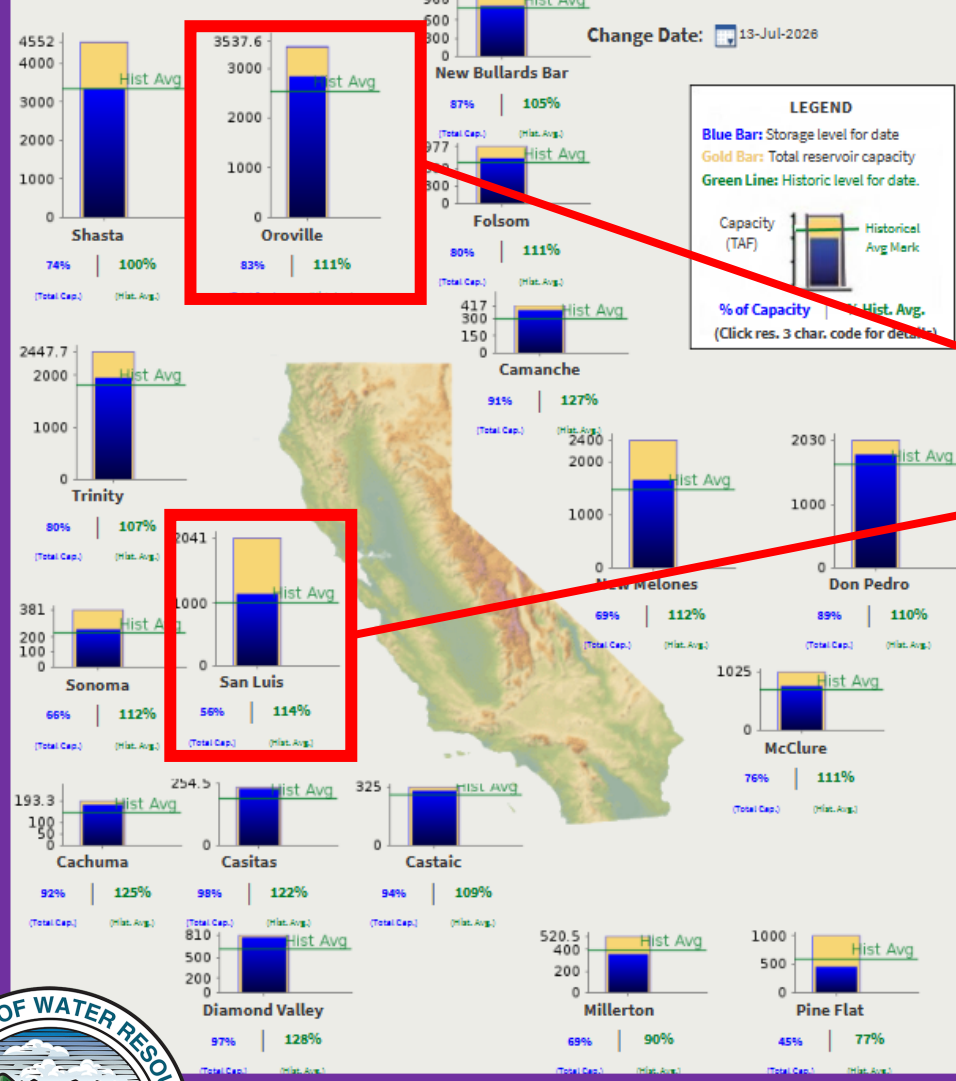


State Precipitation Stations – North Sierra

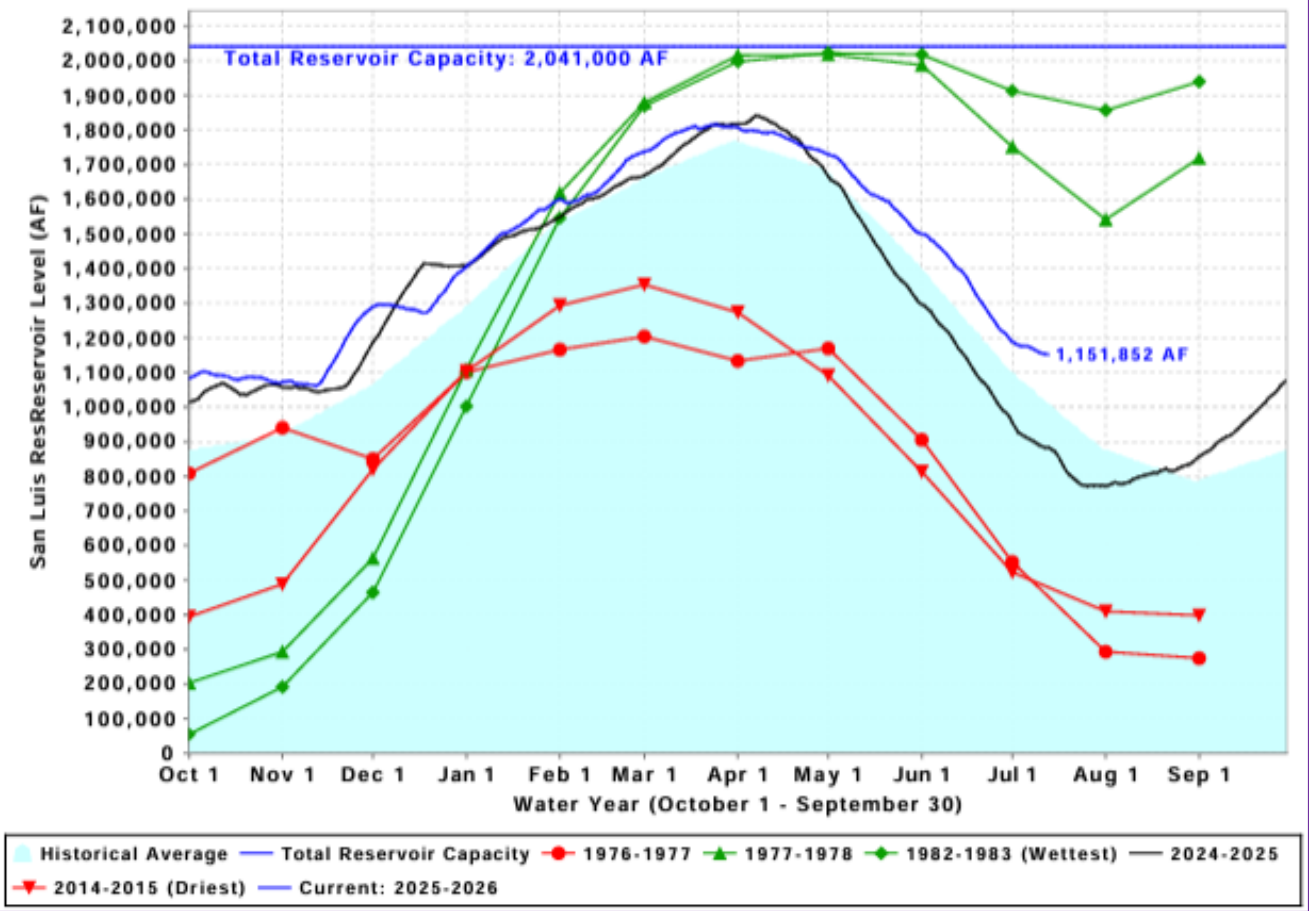


CURRENT CONDITIONS: MAJOR WATER SUPPLY RESERVOIRS:13-JUL-2026

Midnight: 13-Jul-2026



San Luis Res Levels: Various Past Water Years and Current Water Year, Ending At Midnight July 13, 2026



Current Reservoir Conditions

SWP Allocation Timeline

2026 Table A Allocation Timeline

December 1, 2025: 10% allocation

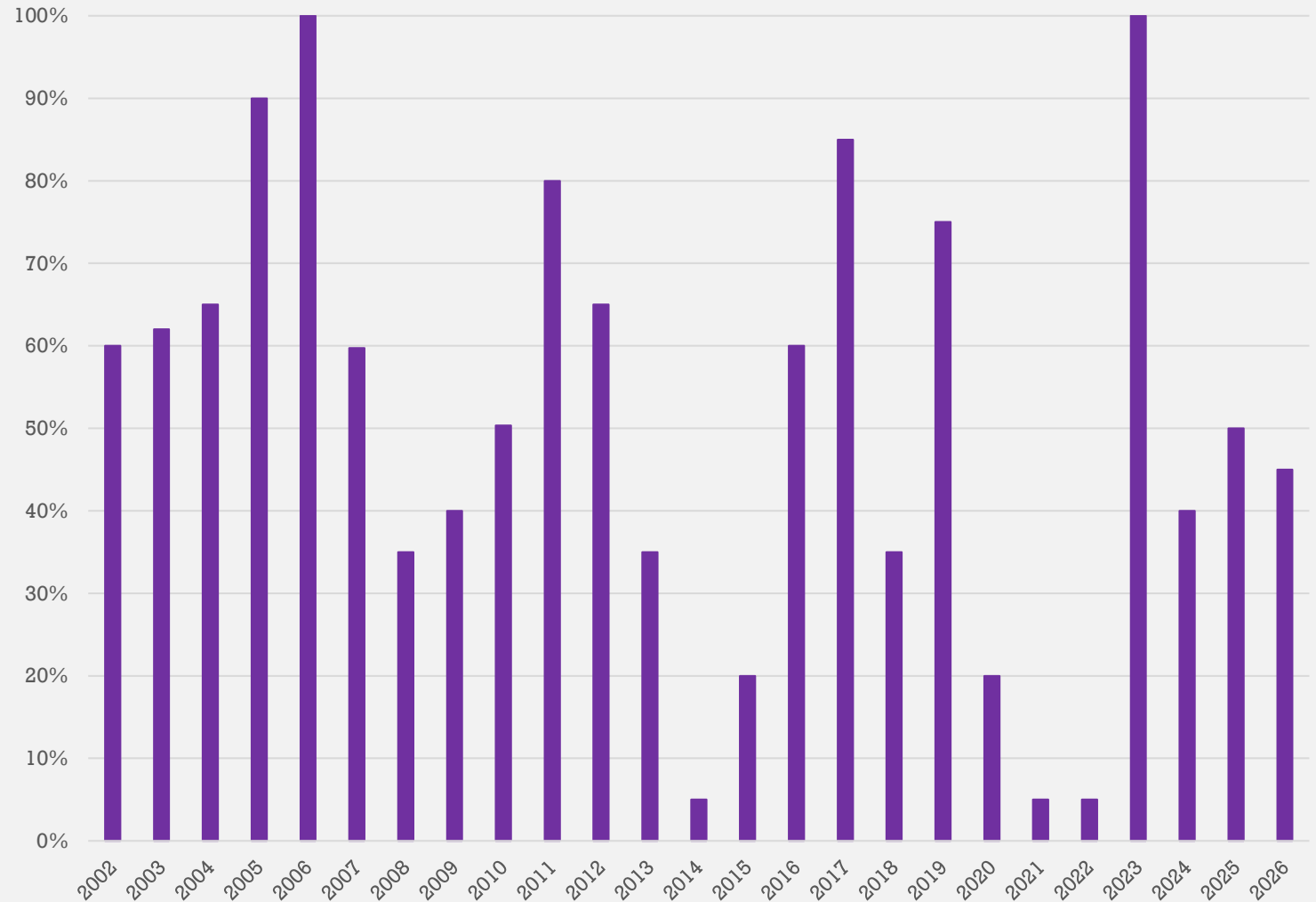
January 29, 2026: 30% allocation

May 14, 2026: 45% allocation

SGPWA Portfolio @ 45%

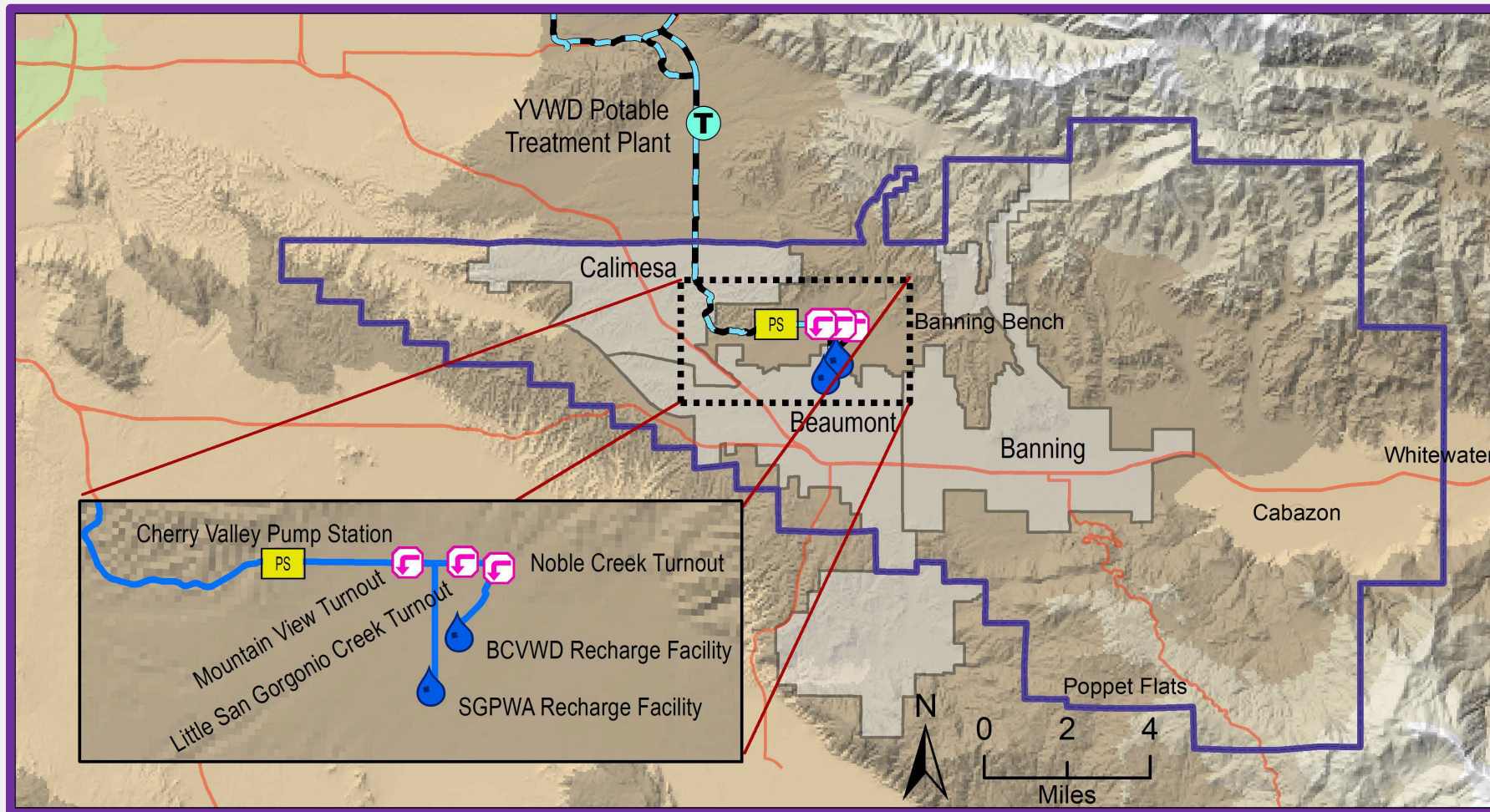
Source	Total (AF)	Delivered
SWP – Carryover	50	✓
SWP – Table A	7,785	✓
SWP – Ventura	4,500	
Non-SWP - Nickel Water	1,700	✓
County of Napa Transfer	3,000	✓
<u>Total Available Supply</u>	<u>17,035</u>	

Historic SWP Allocations



2026 SWP Allocation & Portfolio Update





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
Recharge	1,327	1,881	2,155	1,143	1,625	2,424	1,700	-	-	-	-	-	12,255
Direct	0	8	51	23	0	0	0	-	-	-	-	-	82

**Estimated*

**From Local Storage*



Local Deliveries 2026 (acre-feet)

Subject to Final Verification





Brookside East Recharge Facility



BCVWD Recharge Facilities



July Recharge Photos



SGMA 101

What is SGMA, and why does it matter?

Board of Directors

July 20, 2026

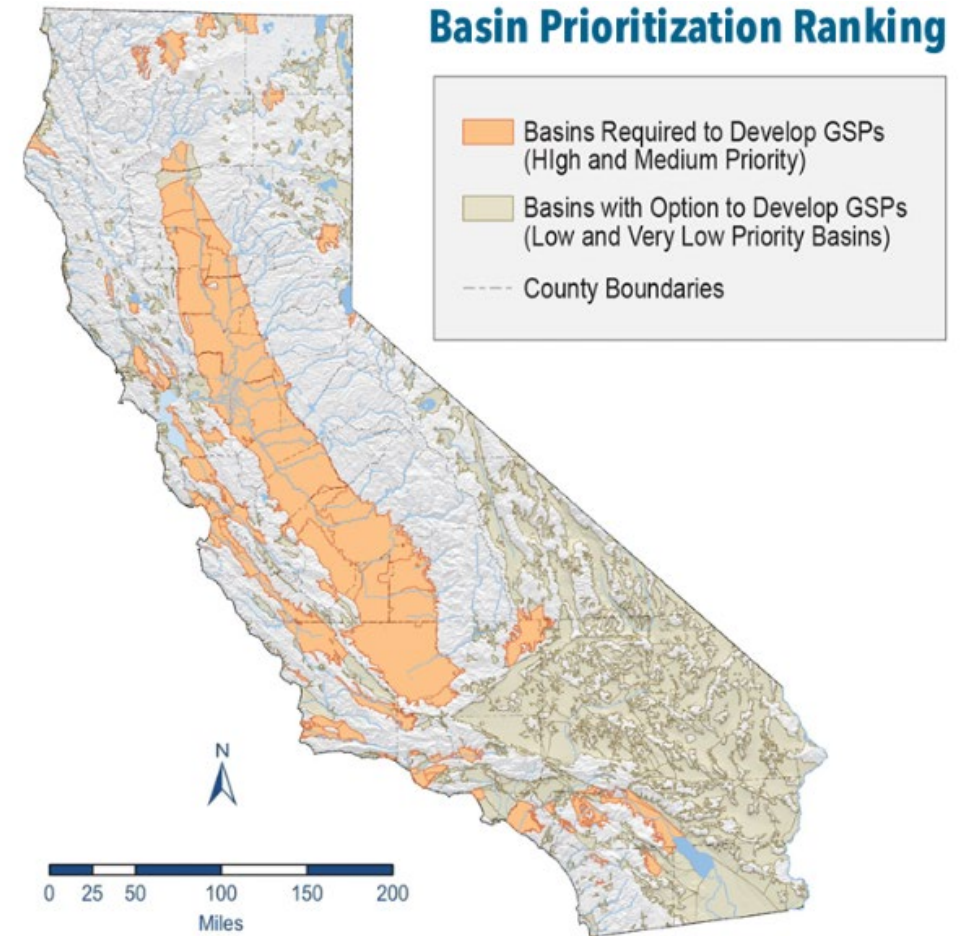
What is SGMA?

- SGMA stands for the Sustainable Groundwater Management Act
- In 2014, during the height of California's 2012 to 2016 drought, the State enacted historic legislation – the Sustainable Groundwater Management Act
- SGMA is California's framework for making sure groundwater is managed **locally**, responsibly, and sustainably for the long term
- **Local** agencies lead the work, with State oversight and review



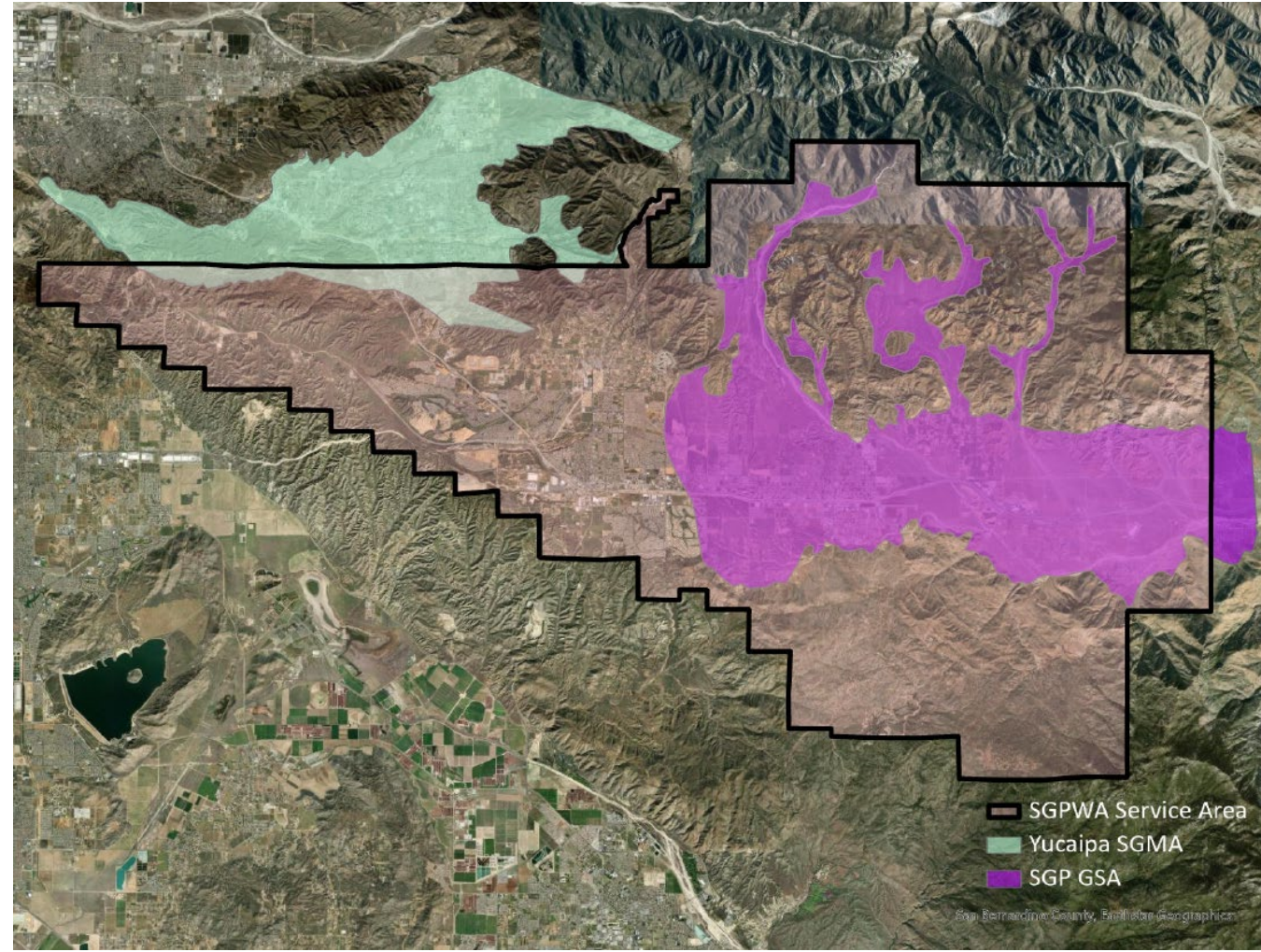
Who Manages SGMA?

- SGMA is implemented **locally**
- **Local** agencies form Groundwater Sustainability Agencies (GSAs) to manage groundwater basins defined by DWR Bulletin 118
- High, and Medium Priority Basins required to form a Groundwater Sustainability Agency (GSA)
- Bulletin 118 identifies 515 groundwater basins in the State
 - High and Medium Priority = 94 Basins
 - Low and very low Priority = 410 Basins

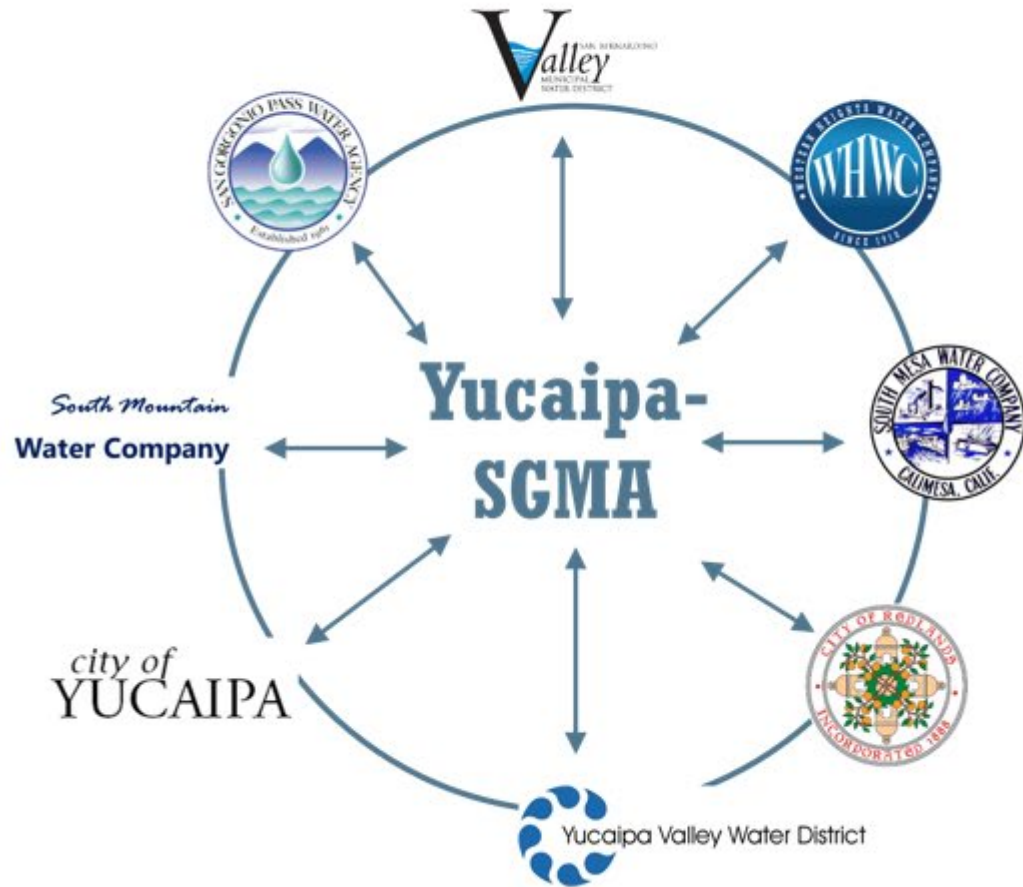


Who Manages SGMA

- Groundwater Sustainability Agencies (GSAs) are local agencies responsible for SGMA
- GSAs prepare and implement groundwater plans
- DWR reviews plans and provides guidance
- The State Water Board may step in if **local** management is not adequate

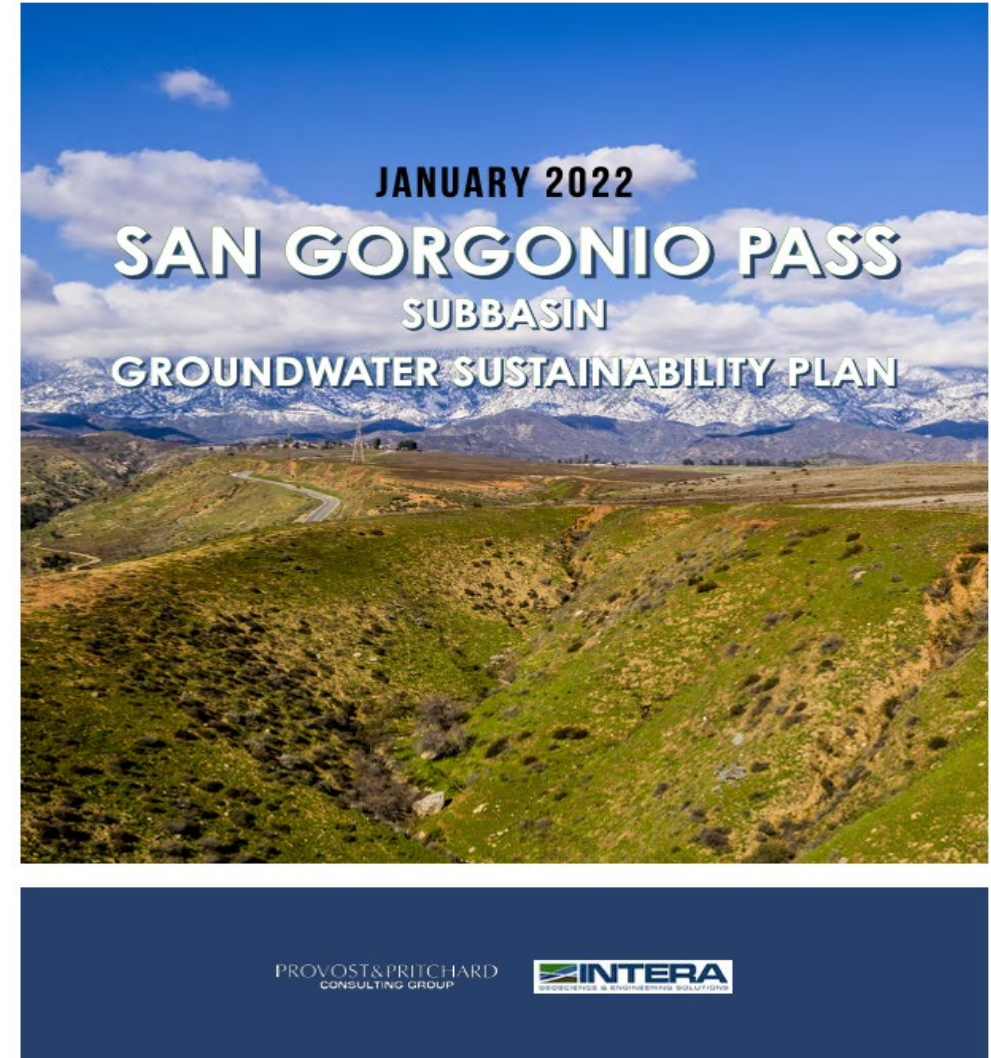


Who Manages the GSAs?



Next SGMA 101 topic Discussion

What is a Groundwater Sustainability Plan?



San Geronio Pass Water Agency

DATE: July 20, 2026

TO: Board of Directors

FROM: Lance Eckhart, General Manager

BY: Jagger Mattox, Agency Intern

**SUBJECT: Overview of Data Center Development in the Pass Area –
Informational Item Only**

RECOMMENDATION

Receive and file the attached report, Overview of Data Center Development in the Pass Area: Water Demand, Energy Demand, and Policy Considerations

BACKGROUND

Data center development is becoming an increasingly relevant regional planning issue due to the rapid growth of artificial intelligence, cloud computing, and high-load digital infrastructure. The attached report provides a high-level review of potential data center development in the Pass Area, with emphasis on water demand, electricity demand, and local fiscal considerations.

The report evaluates data centers as regional infrastructure users rather than traditional commercial development. It notes that electricity demand is generally the largest infrastructure concern, while direct water demand can be significant but potentially manageable depending on project size, cooling technology, and service agreements. For example, the report estimates that a 100 MW data center could use approximately 419 acre-feet of water per year, or roughly 5% of the City of Banning's annual water use, while consuming approximately six times Banning's 2024 electricity consumption.

DISCUSSION

The report is intended to help inform future Board and staff discussions if data center projects are proposed within the Agency's service area. Key themes include:

- Data centers should be evaluated based on full infrastructure impacts, including water, energy, and utility capacity.
- Any future project should include full-cost water and infrastructure agreements.
- Public benefit depends primarily on tax structure, utility agreements, and negotiated project terms, not long-term job creation.
- The Agency should maintain a neutral, fact-based position and evaluate projects case by case.

FISCAL IMPACT

There is no fiscal impact associated with receiving this informational report.

ACTION

No action, informational only.

ATTACHMENTS

Report

Data Center PowerPoint

San Geronio Pass Water Agency

Overview of Data Center Development in the Pass Area

Water Demand, Energy Demand, and Policy Considerations

July 20, 2026



To:

Board of Directors

Prepared By:

Jagger Mattox

1

Executive Summary

Data center development continues to be a polarized topic as local cities move to ban data centers outright (Victoria, 2026). To evaluate this issue objectively, this report evaluates whether data center development in local municipalities can create enough public benefit to outweigh the costs of its resource demands. The analysis focuses on three categories: electricity demand, water demand, and fiscal/tax impacts.

Findings

- Electricity is the largest infrastructure concern.

Data centers require large and constant electric loads, making them significant users of electricity in any grid they join. Using a PUE (Power Usage Effectiveness) of 1.11, a 100 MW IT load data center consumes approximately 972 GWh per year, or about 6 times the City of Banning's 2024 electricity consumption.

- Direct water demand is substantial but manageable.

Using a WUE (Water Usage Effectiveness) of 0.59 L/kWh, a 100 MW IT load data center consumes approximately 419 acre-feet of water per year. Compared to Banning's annual water consumption of 8,635 acre-feet, this represents about 5% of their total water use.

- Economic benefits from data centers depend on tax structure, not job creation.

Data centers cannot be treated as traditional businesses if the goal is to generate local benefits. A Business Insider investigation (Beckler et al., 2025) found that data centers create only about 25–150 permanent jobs, meaning communities should not expect long-term economic benefits from employment or consumer activity. Public value instead depends on local tax structures, utility negotiations, and beneficial project concessions to generate long-term revenue.

Key Considerations

- Do not evaluate data centers as typical commercial development.

Due to the resource demands of data centers, local agencies should be involved in negotiations to ensure utility agreements account for increased constant load and prevent infrastructure costs from being shifted onto existing ratepayers.

- Require full-cost water agreements before approval.

Projects should be required to pay for capacity, infrastructure, and long-term service obligations to meet their individual needs.

- Take a neutral approach to data centers.

Local agencies should not preemptively oppose data centers, but they also should not offer concessions without a clear framework in place. Data centers can be positive or negative depending on the structure of the agreement and what is established regarding long-term utility usage.

Introduction

With the advent of proposed data center projects in the region and nationally, understanding what data centers consume and what they contribute to communities has become increasingly important. The central issue is not whether data centers are inherently good or bad, but whether data center development may impose public costs that exceed local public benefits. While the potential benefits and drawbacks of data center development are nuanced, this report focuses specifically on electricity usage, water usage, and tax considerations if data center companies seek to establish projects in the area.

What is a datacenter?

A data center can be thought of as a warehouse, but instead of inventory, it is filled with server racks. These racks are filled with servers that are interconnected and share power, storage, cooling, and networking. A server is a specialized computer engineered for other devices to interact with, not something meant for individual use. The best way to think about this is from the perspective of a web server. When someone visits a website, a server somewhere stores and processes the information necessary to display the page. Networking equipment connected to the server routes the request, the server sends the information needed to display the page, and then it checks for inputs that will load the next page. Traditional data centers were built for this and similar tasks, mostly involving storage, networking, and general processing.

Modern artificial intelligence (AI) data centers add a new dimension to the workload, where systems need to repeatedly perform mathematical calculations. This is due to machine learning (ML), where models are trained by algorithms that adjust mathematical parameters to identify patterns, classify information, and make predictions. This change requires a different type of processing and therefore different hardware. Central processing units (CPUs) are chips designed for general computing in sequence, while graphics processing units (GPUs) are chips designed to perform almost identical calculations in parallel. These differences in computing create a contrast where modern AI data centers are built around GPU clusters, which require more power and produce more heat compared to traditional data centers which use CPUs.

Large language models (LLMs) have been a major catalyst for this transition and are one reason data center growth has accelerated. LLMs are machine learning systems designed to generate language, code, and other forms of semantic information. These systems have two computationally expensive stages: training and inference. Training, as with other ML models, requires building a model by running algorithms across large datasets, but LLMs are specifically trained to learn patterns in language and other semantic structures. Inference happens after the model has been trained and occurs when users prompt the model to generate responses. In the case of the largest LLMs, called frontier models, training can take months of continuous compute (Emberson and Edelman, 2025), helping justify the cost of the large GPU clusters required for these systems. What keeps electricity loads constant even when training is not occurring is inference. Every message sent to an LLM is different from loading a webpage with predetermined content. Instead, every prompt is run through the trained model, requiring additional computation to generate a response.

As servers use more power, most of that energy is converted into heat that must be removed. Traditional data centers typically use air cooling, where fans blow air across servers to carry heat away from the server racks. Larger facilities may use chilled-water systems, where

cooling towers act as heat exchangers to lower system temperatures, but causes water to evaporate in the process. Newer facilities are also using direct-to-chip cooling, where a working fluid circulates near individual chips to remove heat more efficiently. Each cooling system has benefits and drawbacks, and the best choice depends on the facility's design and whether the priority is minimizing water use, electricity use, or overall operating cost.

Why is this an issue today?

The reason data centers are becoming more consequential now is due to advances in artificial intelligence, specifically machine learning (ML) and large language models (LLMs). During training, hardware is optimized to run continuously at high utilization, requiring these data centers to operate for long periods with high power consumption and heat generation. Once a training run has started, it is difficult to stop because these runs can cost millions of dollars, and if the run is interrupted, the model may need to restart an iteration or face costly delays (Stanford Institute for Human-Centered AI, 2024). As a result, changes in how modern AI data centers operate have created a significant gap in both policy and taxation practices, leaving public entities and municipalities unprepared to deal with high constant load and rapidly changing technology.

This gap exists because data centers have undergone a significant shift from how they were understood over the last 30 years, moving away from the idea of a “center for data” toward a more accurate framing of “computing centers” or “AI facilities.” Historically, data centers primarily stored large amounts of data for enterprise users or hosted internet traffic. Today, these buildings are not being built only because more data storage is needed, but because companies need centralized locations that can operate tens of thousands of GPUs to train and run new models. This has allowed hyperscalers, defined as massive cloud service providers (Amazon AWS, Microsoft Azure, Google Cloud, Meta, Alibaba, etc.), to benefit from new business models which incentivize high compute. Older data centers did not operate on the same power density, business model, or utilization that modern AI facilities do today, making the distinction between traditional data centers and AI facilities important.

This distinction is shown in the growth and scale of data centers, with hyperscaler data centers increasing from 541 in 2020 to 1,136 in 2024, a 110% increase over five years (Synergy Research Group, 2020; Synergy Research Group, 2025). Not only has the number of data centers grown, but their size has increased as well. Cushman & Wakefield reports that the average data center parcel reached 224 acres, a 144% increase from 2022, showing that developers are moving toward multi-building AI campuses and expansions rather than individual buildings (Cushman & Wakefield, 2025). This shift is not only reflected in the market growth of AI companies, but also in the physical development patterns of data centers, making the change both visible and quantifiable.

Along with the increase in hyperscaler data centers, it should be noted that companies do not always specify whether new data center growth is tied directly to AI, since most data center reporting does not distinguish between traditional facilities and AI facilities. However, the pace of expansion, combined with the market growth of AI companies, suggests that data center growth is at least closely connected to the broader implementation of AI.

How significant is data center electricity demand?

Before describing how much electricity is used by data centers, it is important to understand the size and scale of different facility types.

IT Load [MW]	Facility Type	Common Operations
5	Small Enterprise / Edge Facility	Data Backup, Government Systems, Local Business
10	Regional Cloud Services	Edge Facility, Cloud Hosting, Video Streaming
25	Large Cloud / AI Services	AI Inferencing, Scientific Computing, Large Business
100	Hyperscale / AI Training	AI Training, GPU Rentals, One building of a campus

Table 1. Data center size by IT load, associated classification, and potential operations. Facility types are examples not formal or industry classification.

For this report, these sizes will be differentiated by Information Technology (IT) load. IT load is defined as the electrical power required to operate computing and networking equipment. This value excludes supporting systems such as cooling, lighting, and power distribution, which can differ significantly depending on the layout and size of the data center. To estimate total electricity use for each data center size by IT load, a Power Usage Effectiveness score (PUE) must be applied. PUE measures total facility electricity consumption relative to the electricity consumed by IT equipment (Vries-Gao, 2026). For this report, a PUE of 1.11 was chosen because it represents the average PUE of Google, Microsoft, and Meta, the American companies in Vries-Gao that reported both total company power and water usage.

$$\text{PUE} = \frac{\text{Total Facility Electricity Consumption (TWh)}}{\text{IT Load (TWh)}}$$

Equation 1. Power Usage Effectiveness (PUE)

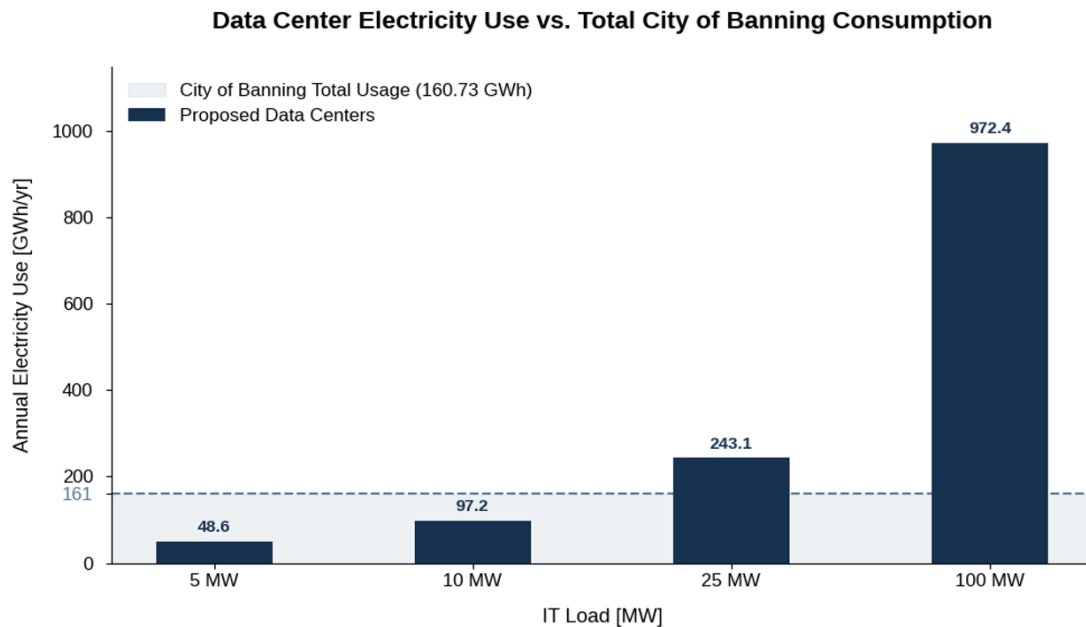
$$\text{Total Facility Electricity Consumption (TWh)} = \text{PUE} \times \text{IT Load (TWh)}$$

Equation 2. Rearranged total facility consumption equation

IT Load [MW]	GWh per Year	GWh (Total Consumption)
5	43.8	48.618
10	87.6	97.236
25	219	243.09
100	876	972.36

Table 2. Data Center IT Load Conversions (PUE = 1.11)

Table 2 shows the conversions between the hypothetical IT loads and estimated total consumption after accounting for cooling and other supporting systems associated with a data center. On their own, these numbers lack context, but as a reference point, the City of Banning used 160.73 GWh in 2024 according to the CEC (California Energy Commission, 2026). This means a 100 MW data center would consume approximately 605% of Banning’s 2024 electricity consumption or about 6 times as much as the city used that year. The average U.S. household consumes about 10,500 kWh per year, making a 100 MW data center equivalent to approximately 92,000 homes per year (U.S. Energy Information Administration, 2023).



City of Banning 2024 Reference: 160.73 GWh/yr. Assumes PUE 1.11.

Figure 1. Data Center Electricity Use vs. Total City of Banning Consumption

How significant is data center water usage?

To calculate data center water usage, a metric called Water Use Effectiveness score (WUE) is used. WUE expresses total on-site water consumption relative to the electricity consumption of IT equipment (Vries-Gao, 2026).

$$\text{WUE} = \frac{\text{Direct Water Consumption (Acre-Feet)}}{\text{IT Load (GWh)}}$$

Equation 2. Water Use Effectiveness (WUE)

Vries-Gao calculates a weighted average WUE of 0.59 L/kWh using the equation above for companies that provide both electricity consumption and direct water consumption data. One caveat to note is that these companies do not all report data center specific electricity consumption, meaning water intensity can only reflect company level reporting rather than facility specific. Using this value of 0.59 L/kWh or 0.48 AF/GWh, water usage can be estimated for the hypothetical data center sizes.

IT Load [MW]	GWh per Year	Acre-Feet per Year
5	43.8	20.95
10	87.6	41.90
25	219	104.75
100	876	419.01

Table 3. Estimated data center water consumption by IT load. (WUE = 0.59 L/kWh)

Based on these calculations, a 100 MW data center would consume approximately 419 acre-feet (AF) of water per year. By comparison, the City of Banning consumes 8,635 AF of water annually (City of Banning Public Works Department, 2026). This means the same data center that would use roughly six times Banning's annual electricity consumption would use approximately 5% of Banning's annual water consumption. Another way to frame this is that 1 AF of water typically serves about 3 homes, meaning 419 AF per year is equivalent to the annual water demand of approximately 1,257 homes.

This figure represents direct water consumption, not indirect water consumption. Indirect water consumption includes water used to generate electricity or produce silicon, which may be significant at a global scale but is outside the scope of this local analysis.

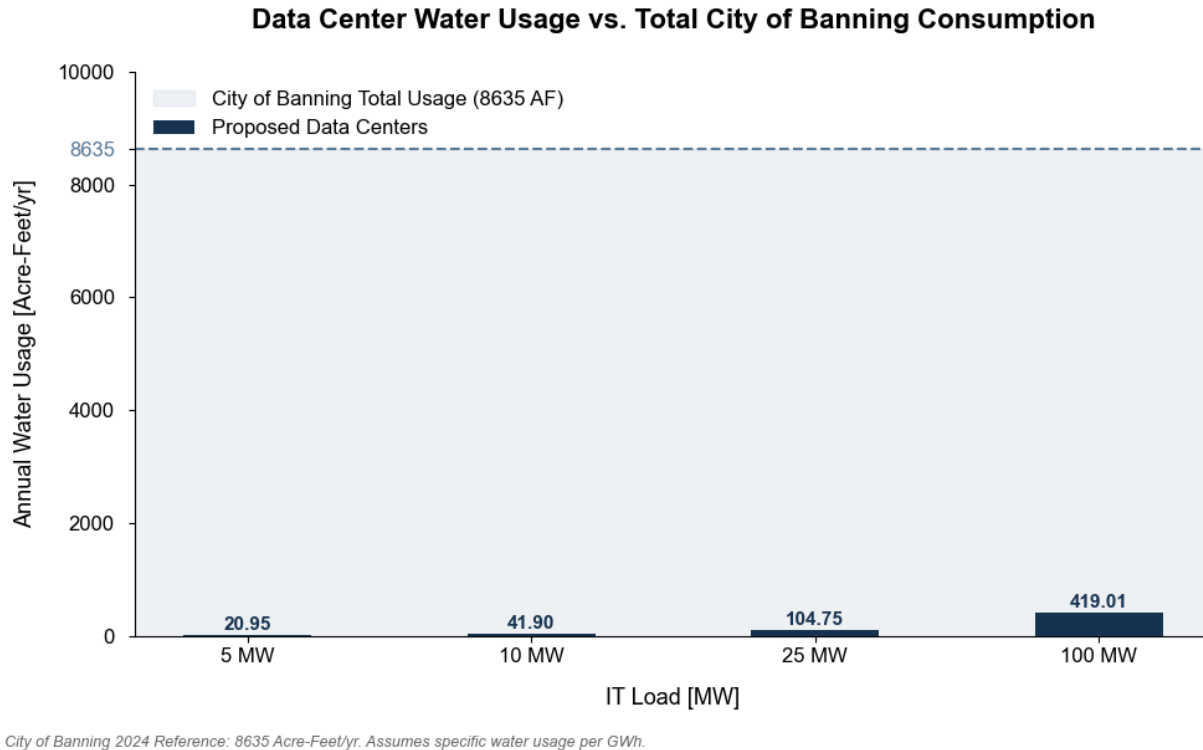


Figure 2. Data Center Water Use vs. Total City of Banning Consumption

What are the economic and fiscal impacts of data centers?

The most nuanced discussion regarding data centers comes from economic and feasibility analysis. Local governments must understand that data centers do not function like typical businesses. According to a Business Insider investigation, data centers create approximately 25–150 permanent jobs, meaning local governments should not expect a significant increase in revenue from increased consumer activity (Beckler et al., 2025). Additionally, due to the nature of data centers, local tax revenue will not be generated in the same way as consumer-facing businesses do. Instead, recurring local tax revenue depends on whether tax structures capture the value of capital assets such as land or equipment rather than sales activity or job creation (JLARC, 2024).

Taking these factors into consideration, it is critical for local governments to recognize that adding data centers without appropriate tax and utility provisions may be detrimental not only to the community, but also to the constituents. Lawrence Berkeley National Laboratory’s (LBNL) 2026 retail price update does not show that data centers directly increase retail electricity prices, but it does state that the relationship depends on available generation, transmission, distribution capacity, and tariff design (Hledik and Lam, 2026). In constrained regions, data center buildout can increase costs if infrastructure and capacity expenses are distributed across existing ratepayers rather than directly assigned to the customers causing those increases (Satchwell et al., 2025). From 2019 to 2025, residential electricity prices increased by 33%, compared to 26% for commercial customers and 27% for industrial customers, meaning residential prices rose 6–7 percentage points more than commercial and industrial rates over that

period (Hledik and Lam, 2026). Data centers did not cause these increases, but this trend shows why cost distribution matters. If data center infrastructure is treated like ordinary commercial or industrial use, those costs may be distributed across existing ratepayers. If historical trends continue, additional increases to the rate base could leave residential customers disproportionately exposed to higher costs.

While utility provisions determine whether infrastructure costs are shifted onto existing ratepayers, tax structure determines whether data centers provide enough public revenue to justify those infrastructure demands. The Tax Foundation created a \$1 billion data center scenario across 12 cities illustrating how dramatically tax liability and tax rates affect public revenue from data centers across jurisdictions (Walczak, 2024). In the scenario, the Tax Foundation models a \$1 billion data center facility, assuming \$220 million in annual revenue and a 15% net income before tax. Columns two and three assume a first-year new operation where all equipment is purchased in one year at maximum value, while columns four and five assume an established operation where the business is replacing previously used equipment.

The model shows a first-year tax liability range from \$2.2 million in Charlotte, NC, to \$86.8 million in Santa Clara County, CA. This equates to a tax liability approximately 39 times higher in Santa Clara County than in Charlotte under the same modeled scenario. The purpose of this model is not to analyze individual cities and their data center tax structures or suggest that the region should copy one of the examples, but to show that an identical data center can produce dramatically different levels of public revenue.

Data Center Tax Liability and Effective Tax Rates by Jurisdiction (Federal and All States)

Jurisdiction	First Year Tax Liability	First Year Effective Tax Rate	Steady State Tax Liability	Steady State Effective Tax Rate
Phoenix, AZ	\$16,461,296	50%	\$15,478,226	47%
Santa Clara County, CA	\$86,806,500	263%	\$26,268,463	80%
Atlanta, GA	\$7,440,164	23%	\$15,408,492	47%
Elk Grove, IL	\$19,434,387	59%	\$23,611,602	72%
Papillion, NE	\$6,046,276	18%	\$12,060,870	37%
Charlotte, NC	\$2,218,522	7%	\$8,008,539	24%
Columbus, OH	\$7,872,785	24%	\$12,050,000	37%
Hillsboro, OR	\$7,618,516	23%	\$17,135,927	52%
Irving, TX	\$15,247,927	46%	\$16,754,351	51%
Loudoun County, VA	\$18,592,601	56%	\$16,220,926	49%
Quincy, WA	\$13,452,990	41%	\$15,210,946	46%
Cheyenne, WY	\$8,256,517	25%	\$11,014,195	33%

Table 4. Data center tax liability and effective tax rates by jurisdiction under a \$1 billion model data center scenario (Walczak, 2024).

This dramatically different range is important because data centers use substantial infrastructure capacity while creating a relatively small number of permanent jobs, meaning the public benefit must come primarily from tax structure and negotiated payments. The model shows that significant public return is not guaranteed and depends on whether existing tax structures can generate revenue from the capital investment behind the project.

Project concessions are also as crucial as utility and tax provisions. For example, a data center developed in Dublin, Ohio, involved Amazon receiving 66 acres of land, valued at \$100,000 per acre, for \$1 total (Beckler et al., 2025). Amazon projected only 25 permanent workers for the facility, while an equivalent fulfillment center in Canton, Ohio, created a projected 1,000 jobs. Business Insider also found that 19 data center-related deals forfeited at least \$750 million in tax revenue in exchange for a total of 770 full-time jobs. On the other hand, localities in Virginia have allowed data centers broad access to electricity infrastructure while requiring them to pay business personal property taxes on computer equipment, generating substantial revenue through local tax structures. This has allowed some Northern Virginia cities to generate 31% of their total tax revenue from data centers (Beckler et al., 2025).

Additional Considerations

In this report, only three topics were discussed: electricity consumption, water consumption, and economics, due to their higher relevance compared to other considerations. Many reports on data centers mention issues such as noise, greenhouse gas emissions (GHGs), and land use concerns, but in the context of California and specifically the Pass Area, these concerns can be considered manageable or mitigated through existing policy.

Noise, for example, often stems from backup generators, cooling systems, and substations. These impacts can be addressed through the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) review processes, which can identify significant noise concerns and require mitigation measures (Association of Environmental Professionals, 2026). GHGs were also omitted from this report because direct emissions from data centers are limited, typically originating from refrigerant leaks and backup generator use. In California specifically, these sources are regulated through CARB and SCAQMD, which require monitoring and help minimize local impacts compared to other states (California Air Resources Board, n.d.) (South Coast AQMD, n.d.). Indirect emissions would stem from electricity generation and silicon production rather than anything released directly in the local area, making them outside the scope of this analysis. Nevertheless, many projects minimize these effects by requiring developers to use a percentage of renewable energy, decreasing the number of indirect emissions generated through electricity use. Pittsburg, CA, for example, has mandated the use of 100% carbon-free electricity, which dramatically reduces indirect emissions (City of Pittsburg, n.d.).

Land use and zoning are also concerns, but they are more site-specific than electricity, water, and tax issues. In the Pass Area, existing industrial zones have already been used to accommodate warehouses and fulfillment centers, which suggests that similar land-use impacts from data centers may be manageable if projects are placed in appropriate locations. This is not to say these effects are insignificant, especially in other locations, but within the scope of the Pass Area and California, existing policies provide stronger environmental and permitting requirements compared to many states.

Conclusions

The main conclusion of this report is that data centers are not automatically infeasible, but their public value depends on how water, electricity, and tax agreements are structured. Regarding water and electricity, significant planning is required to handle increased loads on both systems, but cost shifting can be minimized through negotiations that ensure companies pay

for capacity and infrastructure needs (Satchwell et al., 2025). From the perspective of a State Water Project (SWP) wholesaler, the scale of water use is manageable, but only after accounting for supply reliability, recharge rates, infrastructure burdens, and purchase agreements. Furthermore, specific data centers can use recycled water instead of potable water, potentially creating a sink for excess recycled water and making projects more manageable (Amazon, 2025). Electricity presents a greater challenge because demand may exceed existing infrastructure, but as mentioned before, the financial burden can be manageable if negotiations require companies to pay for the infrastructure needed to serve them.

Extracting public benefits is also a crucial consideration because data center development differs from regular business development. Due to data centers employing a relatively small amount of people, public benefit must come primarily from tax structures that capture revenue from capital assets such as land, buildings, and equipment. To make these projects worthwhile for the region, local agencies should focus on tax structure, utility negotiations, and project concessions. Tax structures need to capture long-term revenue from capital assets. Utility negotiations should prevent cost shifting to existing ratepayers by ensuring projects pay for required infrastructure upgrades and do not reduce load availability for existing constituents. Project concessions have been used successfully to attract investment, but they should be applied carefully because millions of dollars can be left on the table if they are structured incorrectly. If beneficial terms are not achieved through utility and tax negotiations, a local agency should not agree to the project. Without these protections, the resource demands of data center development can quickly outweigh the public benefits.

This report is intended to help local agencies evaluate data center development as a regional infrastructure issue, not only as an economic or land-use issue. Data centers are not inherently good or bad; some regions in the country have benefited significantly from them, while others have faced major challenges. In an increasingly polarized political environment around technology and AI, it is important to recognize that this is a nuanced topic, especially for local governments. A blanket ban on data centers could leave potentially hundreds of millions of dollars on the table that could otherwise support local programs and development. On the other hand, accepting data centers without proper negotiation has the potential to put pressure on both water and electricity systems, negatively affecting constituents across the area.

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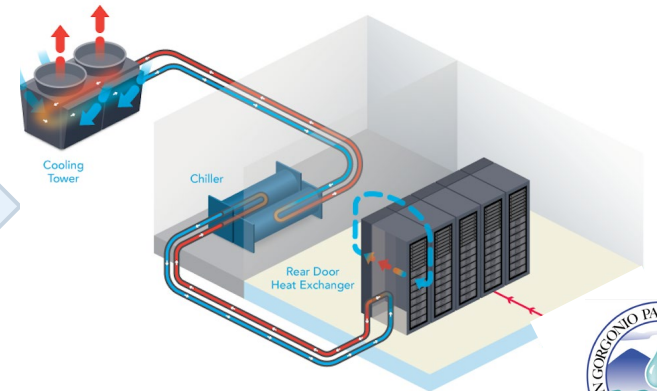
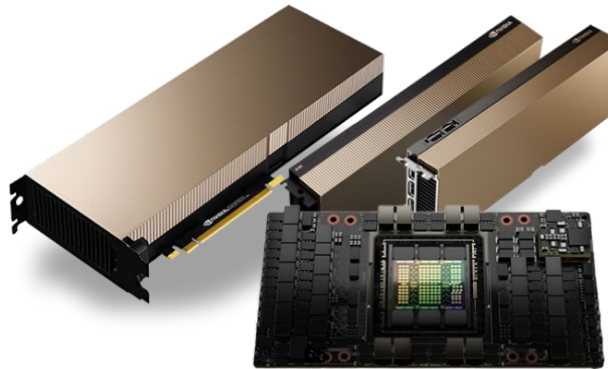
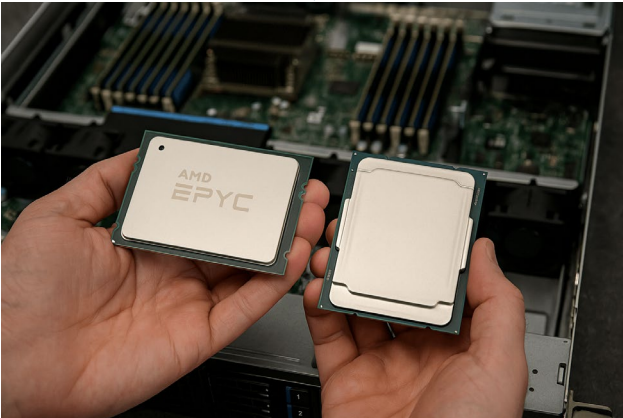
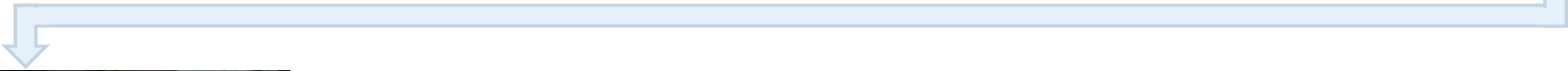
Overview of Data Center Development in the Pass Area



What is a Data Center?

Definition:

A facility designed to store and operate the IT infrastructure including computing, storage, networking, backups, and cooling.

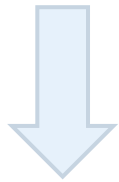


Why have data centers changed?

Traditional data centers were built around storage and service deliver, while modern AI data centers function as computation centers with significant power and compute requirements.

Traditional Data Center

Website Hosting
Cloud Storage
Secure Storage
Video Streaming



Modern Data Center

AI Model Training
AI Model Inferencing
Engineering Simulations
GPU Clusters



Data Center Scale

Data center sizes are compared using IT load, which indicates the amount of electricity used only by computing and networking equipment. Facility types are examples and should not be interpreted as formal industry classifications.

IT Load [MW]	Facility Type	Operations
5	Small Enterprise / Edge Facility	Data Backup, Government Systems, Local Business
10	Regional Cloud Services	Edge Facility, Cloud Hosting, Video Streaming
25	Large Cloud / AI Services	AI Inferencing, Scientific Computing, Large Business
100	Hyperscale / AI Training	AI Training, GPU Rentals, One Building of a Campus

Data Centers are City-Scale Electric Loads

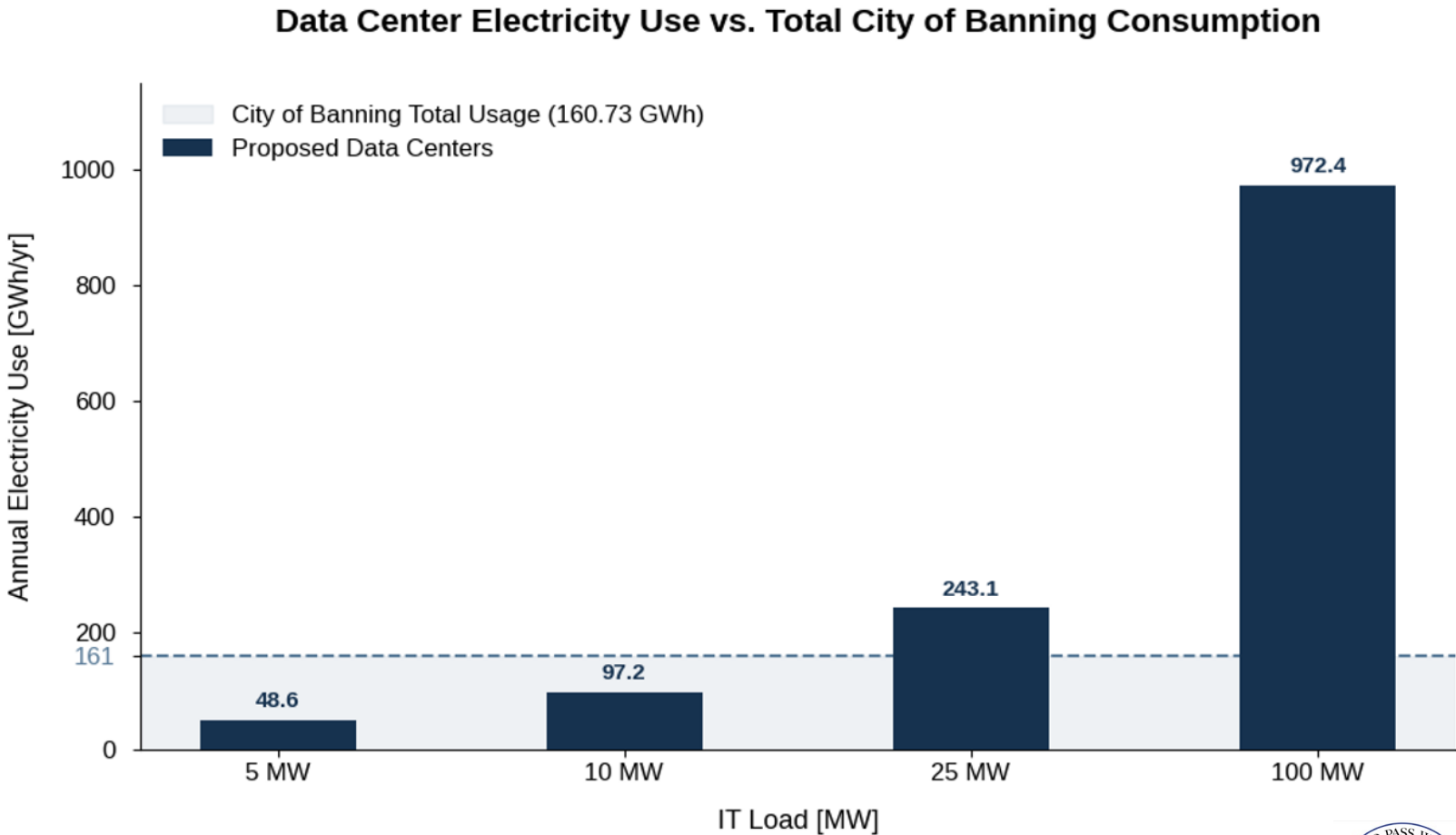
A 25 MW data center can use more electricity in one year than the entire City of Banning

5 MW:
~30% of Banning
~4,630 Homes

10 MW:
~60% of Banning
~9,261 Homes

25 MW:
~151% of Banning
~23,151 Homes

100 MW:
~605% of Banning
~92,606 Homes



City of Banning 2024 Reference: 160.73 GWh/yr. Assumes PUE 1.11.



Data center water usage is significant but manageable

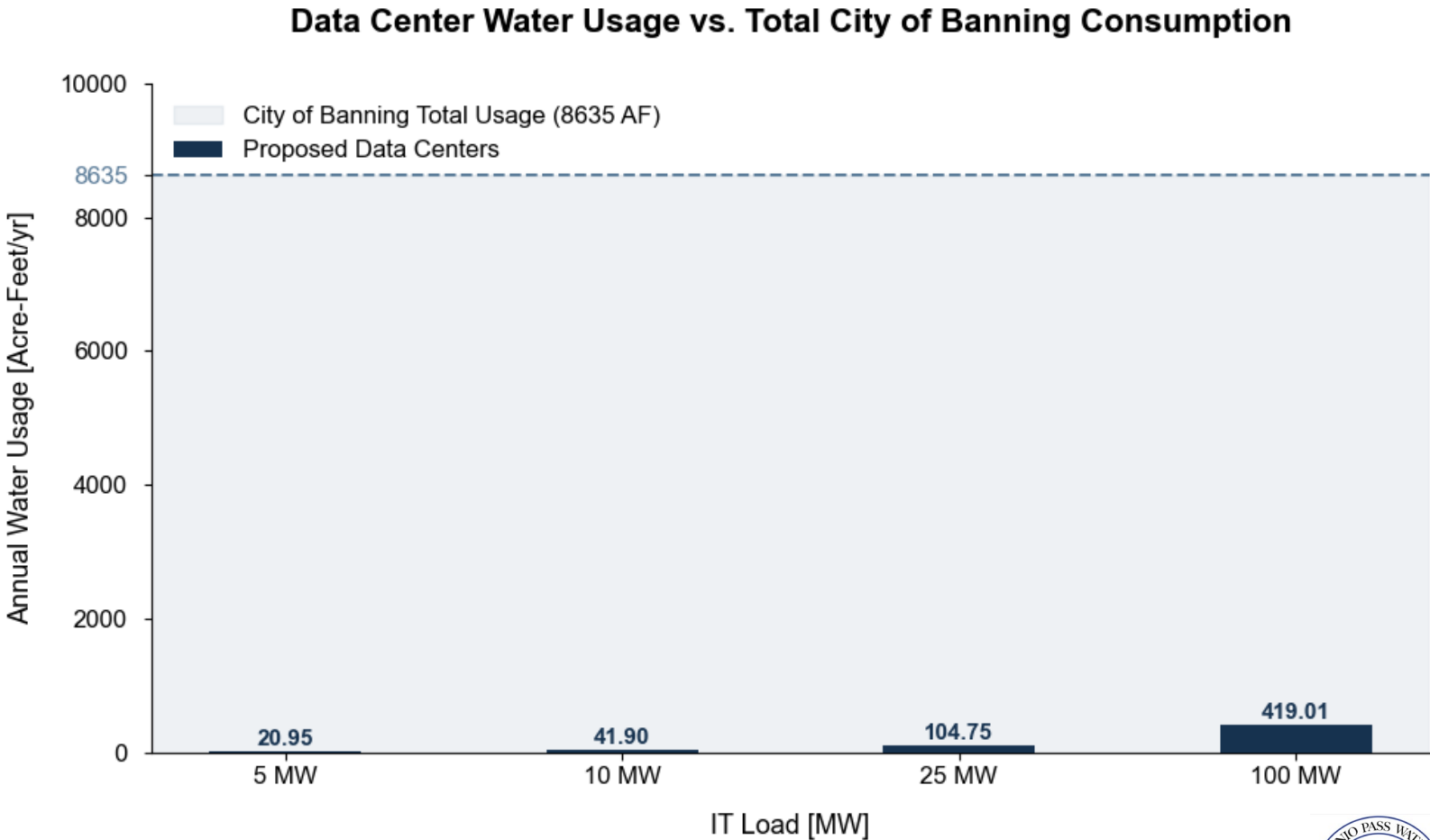
A 100 MW data center would use direct water equal to roughly 5% of Banning’s yearly water consumption

5 MW:
~0.2% of Banning
~63 Homes

10 MW:
~0.4% of Banning
~126 Homes

25 MW:
~1% of Banning
~314 Homes

100 MW:
~5% of Banning
~1,257 Homes



City of Banning 2024 Reference: 8635 Acre-Feet/yr. Assumes specific water usage per GWh.



Data Center Value Depends on Tax Structure, Not Jobs

Data centers are not major long-term employers. Their public value depends on whether local tax structures can capture revenue from land, buildings, infrastructure, and equipment.

Case Study 1: Virginia – Revenue Capture

- Northern Virginian cities generate significant public revenue from data centers
- In some regions, data centers account for up to 31% of total tax revenue
- Revenue primarily derives from business personal property taxes and real property taxes.

Virginia is proof that data centers can provide public value when tax structures capture capital investment and real estate.

Case Study 2: Central Ohio – Incentive Risk

- In Dublin, Ohio, Amazon was given 66 acres valued at \$100,000 per acre for \$1 total
- Amazon projected 25 permanent workers at the facility
- Across the Columbus region, BI found 19 data-center deals lost at least \$750 million in tax revenue for only 770 full-time jobs.

Central Ohio shows that incentives reduce public benefit when job creation is limited.

The Tax Foundation \$1 Billion Data Center Scenarios

First Year:

Assumes first year newly built operation; all equipment is purchased upfront and taxed before depreciation.

Steady State:

Assumes an established operation; property is depreciating and equipment is being replaced regularly.

Model Assumptions:

Facility Cost: \$1 Billion (approximately 100 MW scale)

Annual Revenue: \$220 Million

15% net income before tax

Data Center Tax Liability and Effective Tax Rates by Jurisdiction (Federal and All States)

Jurisdiction	First Year Tax Liability	First Year Effective Tax Rate	Steady State Tax Liability	Steady State Effective Tax Rate
Phoenix, AZ	\$16,461,296	50%	\$15,478,226	47%
Santa Clara County, CA	\$86,806,500	263%	\$26,268,463	80%
Atlanta, GA	\$7,440,164	23%	\$15,408,492	47%
Elk Grove, IL	\$19,434,387	59%	\$23,611,602	72%
Papillion, NE	\$6,046,276	18%	\$12,060,870	37%
Charlotte, NC	\$2,218,522	7%	\$8,008,539	24%
Columbus, OH	\$7,872,785	24%	\$12,050,000	37%
Hillsboro, OR	\$7,618,516	23%	\$17,135,927	52%
Irving, TX	\$15,247,927	46%	\$16,754,351	51%
Loudoun County, VA	\$18,592,601	56%	\$16,220,926	49%
Quincy, WA	\$13,452,990	41%	\$15,210,946	46%
Cheyenne, WY	\$8,256,517	25%	\$11,014,195	33%

Additional Considerations

These concerns are common among data center discussions, but depend on significantly on project location, design, and operations.

Noise

Concern:

Cooling systems, transformers, substations, backup-generator testing

Responses:

CEQA analysis, setbacks, zoning, testing limits

Emissions

Concern:

Backup generators and refrigerant leaks

Responses:

CARB/SCAQMD compliance, generator permits, testing limits

Land Use

Concern:

Increasingly larger parcels, expansion projects, generator yards

Responses:

Isolated locations, industrial zoning, home/school setbacks

Community

Concern:

Unclear local benefits, few permanent jobs, utilities price risk

Responses:

Open public discourse, infrastructure transparency, utility and tax structure protections

Conclusions

Local agencies depend on tax structure, utility negotiations, and project concessions to effectively extract local benefits.

Do not evaluate data centers as typical commercial or industrial development

Require full-cost utility agreements before approval

Do not preemptively oppose data centers

Bottom Line:

The question is not whether data centers are inherently good or bad, but whether data center development may impose public costs that exceed local public benefits.

The background image is a scenic landscape. In the foreground, there are dense green forests on rolling hills. A large concrete dam is visible in the middle ground, with a reservoir behind it. In the far background, a large mountain with a significant snow cover rises above the forested hills. The sky is clear and blue.

Overview of the Central Valley Project

The CVP Is a 400-Mile Water Network

Like the SWP, the CVP stores and moves water across California. It is federally owned, has different customers, and shares the Delta with the SWP

400+ Miles

Redding to Bakersfield

20 Dams and Reservoirs

Nearly 12 MAF of capacity

500+ Miles

Major canals + conveyance

1 Junction

Sacramento–San Joaquin Delta



Data: U.S. Bureau of Reclamation; CDFW; Delta Stewardship Council | Basemap © OpenStreetMap contributors

Who They Serve and How Much Water

The CVP primarily serves agricultural users, while the SWP is more focused on urban and industrial demand.

Industry	CVP	SWP
Agriculture	~5.0 MAF	~0.9 MAF
Cities + industry	~0.6 MAF	~1.7 MAF
Urban reach	~6M people	~27M residents
Dominant customer	Agriculture	Cities + industry

Federal Control of CVP Operations

Federal policy can change how water is managed, but it must still operate within California's legal, environmental, and physical constraints.

What federal policy can change:

- Operating plans and project priorities
- Timing of reservoir releases and pumping
- Contractor allocations
- Funding and infrastructure priorities
- How limited water are distributed

Federal policy can shift water deliveries within the CVP, which may also affect Delta operations and SWP allocations.

What federal policy cannot control:

- Overall water availability (rainfall, snowpack, etc.)
- California water quality requirements
- California Environmental protections
- Physical limits on Delta flows
- Coordination between CVP and SWP

The CVP remains subject to California water law and the physical limitations of the broader water system.

Same Delta, Different Systems

The CVP and SWP share parts of the Delta and some infrastructure, but they operate under different ownership, customer bases, and allocation systems.

Category	CVP	SWP
Ownership	Federal (operated by Reclamation)	State (operated by DWR)
Primary Users	Agriculture and regional contractors	Urban agencies and industrial users
Service Area	Central Valley and parts of Bay Area	Northern California to Southern California
Contract Structure	Over 250 contractors over many groups	29 public water agencies
Allocation System	No single CVP allocation table	Annual allocation percentage

Conclusions

The SWP and CVP are separate systems with separate authorities, but due to reliance on the Delta both systems are interconnected.

CVP ≠ SWP

Federal, agriculture focus, 250+ contractors.

Sharing the Delta

Coordinated through the Delta and joint-use facilities.

Federal Oversight

Can alter rules and allocations, not hydrology or governing law.

Bottom Line:

The CVP matters to the SGPWA because both projects operate within the same interconnected system, but changes to the CVP do not directly affect SGPWA supply.