

BOARD MEETING PACKET

August 19, 2025

FAC Meeting at 5:00 pm
Regular Meeting at 6:00 pm



Cabazon Water District
14618 Broadway Street • P.O. Box 297
Cabazon, California 92230

FINANCE & AUDIT COMMITTEE MEETING

AGENDA

Meeting Location:

14618 Broadway St.
Cabazon, CA 92230

Teleconference:

Dial-in #: 978-990-5321
Access Code: 117188

Meeting Date:

Tuesday, August 19, 2025 – 5:00 PM

CALL TO ORDER,

PLEDGE OF ALLEGIANCE,

ROLL CALL

FINANCE & AUDIT COMMITTEE

1. Discussion Finance & Audit Committee Report
 - Balance Sheet
 - Profit and Loss Budget Comparison
 - Capital Detail
2. Discussion: Miscellaneous District Financial Matters
3. Finance & Audit Committee District Payables Review and Approval/Signing

PUBLIC COMMENT

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ADJOURNMENT

ADA Compliance Issues

In compliance with the Americans with Disabilities Act & Government Code Section 54954.2, if special assistance is needed to participate in a Board meeting, please contact the Clerk of the Board at (951) 849-4442. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting.



Cabazon Water District
14618 Broadway Street • P.O. Box 297
Cabazon, California 92230

REGULAR BOARD MEETING

AGENDA

Meeting Location:

14618 Broadway St.
Cabazon, CA 92230

Teleconference:

Dial-in #: 978-990-5321
Access Code: 117188
Email: info@cabazonwater.org

Meeting Date:

Tuesday, August 19, 2025 – 6:00 PM

CALL TO ORDER

PLEDGE OF ALLEGIANCE

REMEMBRANCE OF OUR SERVICE MEN AND WOMEN

ROLL CALL

CONSENT CALENDAR

All matters in this category are considered to be consistent with the Board/District goals, District Policies and Regulations adopted and/or approved by the Board of Directors, and will be enacted in one motion. There will be no separate discussion of these items. If discussion is required, items may be removed from the consent calendar and will be considered separately.

1. Approval of:

- a. Finance and Audit Committee Meeting Minutes and Warrants of July 15, 2025
- b. Regular Board Meeting Minutes and Warrants of July 15, 2025

2. Warrants – None

3. Awards of Contracts – None

NEW BUSINESS

1. Discussion/Action: **Rate Study Update by Water Economics Resources**

2. Discussion/Action: **2018 Ford F-350 – Continue to Finance (60 Months, 10.59% APR), or Pay Off**

OLD BUSINESS

1. Discussion/Updates: **Discussion/Updates with SGPWA Director(s) regarding various matters**
2. Discussion/Action: **Community Involvement**

UPDATES

1. Update: CWD Operations Report
(by GM Pollack)

PUBLIC COMMENTS

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CLOSED SESSION

1. Discussion/Action Public Employee Performance Evaluation (Government Code section 54957): (General Manager)

OPEN SESSION

FUTURE AGENDA ITEMS AND COMMENTS

1. Future Agenda Items
The Board Chair or the majority of the Board may direct staff to investigate and report back to an individual(s) and the Board on matters suggested or direct the General Manager/Board Secretary to place the matter on a future Board meeting.
 - Suggested agenda items from the Public.
 - Suggested agenda items from Management.
 - Suggested agenda items from Board Members.
2. Management Comments
Staff members may speak on items of information not requiring comment or discussion to the Board and public. Topics which may be included on a future meeting agenda may be presented but cannot be discussed. (3 minutes)
3. Board Member Comments
Board members may speak on items of information not requiring comment or discussion to the Board and public. (3 minutes)

MISCELLANEOUS

1. Future Board Items/Next Board Meeting Date(s)
 - a. 09/08/2025 (Monday) at 1:30 PM: San Gorgonio Pass Water Agency Meeting
 - b. 09/15/2025 (Monday) at 6:00 PM: San Gorgonio Pass Water Agency Meeting
 - c. 09/16/2025 (Tuesday) at 5:00 PM: Finance & Audit Committee Meeting
 - d. 09/16/2025 (Tuesday) at 6:00 PM: Regular Board Meeting
 - e. 09/24/2025 (Wednesday) at 5:00 PM: San Gorgonio Pass Regional Water Alliance Committee Meeting
 - f. 10/09/2025 (Thursday) at 6:00 PM: West Desert MAC Meeting at the Community Center
 - g. TBD: Personnel Committee Meeting

ADJOURNMENT

ADA Compliance Issues

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Cabazon Water District
Statement of Net Position
(Preliminary and Unaudited)
As of July 31, 2025

	2025
ASSETS	
Current Assets	
Checking/Savings	\$ 330,454
Investments - LAIF and CLASS	2,188,403
Total Cash and Investments	2,518,858
Accounts Receivable	604,138
Bank of New York Trustee Accounts	59,008
Prepaid Expenses	50,327
Inventory	86,796
Total Current Assets	3,319,127
Fixed Assets	
Total Fixed Assets	17,491,945
Accumulated Depreciation	(7,973,510)
Net Fixed Assets	9,518,435
Other Assets	
Lease Receivable-Cell Towers	907,891
Total Other Assets	907,891
TOTAL ASSETS	13,745,453
LIABILITIES, DIR and FUND BALANCE	
Liabilities	
Current Liabilities	
Accounts Payable	50,559
Due to Other Government - SGPWA	292,664
Customer Deposits	11,250
Deferred Revenue - Tower Lease	-
Current Portion DWR Loan	47,183
Current RCAC (Well 4) Loan	13,947
Current Portion 2022 Ford	-
Accrued Expenses	67,102
Total Current Liabilities	482,705
Long Term Liabilities	
DWR Loan Payable	15,524
Ford Loan Payable	-
RCAC Loan Payable	133,464
Total Long Term Liabilities	148,988
TOTAL LIABILITIES	631,693
Deferred Inflow of Resources (DIR)	
Deferred Lease Inflows	833,081
Total Deferred Inflows	833,081
Total Fund Balance	12,280,678
TOTAL LIABILITIES, DIR and FUND BALANCE	\$ 13,745,453



Cabazon Water District
Budget to Actual
(Preliminary and Unaudited)
For Period Ending July 31, 2025

	A	B	C	D=B/C
	July 2025	Current YTD	FY 24/25	YTD 8.3%
1 REVENUES				
2 OPERATING REVENUES				
3 Base Rate - Water Bills	\$ 48,848	\$ 48,848	\$ 615,100	8%
4 Commodity Sales	92,676	92,676	909,200	10%
5 Fire Sales - Water Bills	864	864	9,400	9%
6 Fees and Charges	4,360	4,360	67,100	6%
7 Basic Facilities Fee	27,158	27,158	90,760	30%
8 Stand By Fees - Tax Revenue	-	-	124,200	0%
9 TOTAL OPERATING REVENUES	173,906	173,906	1,815,760	10%
10 NON-OPERATING REVENUES				
11 Property Taxes	120	120	128,800	0%
12 Cell Tower Lease Income	2,892	2,892	39,800	7%
13 Miscellaneous Non-Operating Income	38,030	38,030	-	N/A
14 Main St Yard Sale	-	-	-	N/A
15 Interest Income - Investment Accounts	8,188	8,188	67,600	12%
16 Interest Income - Water Bills	546	546	8,300	7%
17 TOTAL NON-OPERATING REVENUES	49,776	49,776	244,500	20%
18 TOTAL REVENUES	223,682	223,682	2,060,260	11%
19 EXPENSES				
20 PAYROLL				
21 Directors Fees	2,000	2,000	20,000	10%
22 Management and Customer Service	27,576	27,576	263,300	10%
23 Field Workers	28,350	28,350	250,300	11%
24 Employee Benefits Expense	18,542	18,542	209,000	9%
25 Payroll Taxes	5,320	5,320	46,300	11%
26 TOTAL PAYROLL	81,788	81,788	788,900	10%
27 OPERATING EXPENSES				
28 Facilities, Wells, Transmission and Distribution				
29 Lab Fees	241	241	13,000	2%
30 Meter Testing and Repair	-	-	1,000	0%
31 Utilities - Wells	9,603	9,603	225,000	4%
32 Line Repair and Maintenance Materials	16,319	16,319	45,000	36%
33 Well Maintenance	1,670	1,670	34,000	5%
34 Security	520	520	18,700	3%
35 Engineering Services	-	-	15,000	0%
36 Facilities, Wells, Transmission and Distribution - Other	1,377	1,377	25,000	6%
37 Total Facilities, Wells, Transmission and Distribution	29,730	29,730	376,700	8%
38 Office Expenses				
39 Utilities - Office	3,770	3,770	36,500	10%
40 Water Billing System	-	-	13,400	0%
41 Supplies and Equipment	454	454	9,400	5%
42 Copier and Supplies	256	256	4,900	5%
43 Dues and Subscriptions	15	15	2,000	1%
44 Postage	-	-	11,800	0%
45 Printing and Publications	-	-	500	0%
46 Computer Services	3,019	3,019	25,800	12%
47 Air Conditioning Servicing	-	-	5,500	0%
48 Office Expenses - Other	-	-	6,400	0%
49 Total Office Expenses	7,514	7,514	116,200	6%
50 Support Services				
51 Financial Audit	-	-	15,600	0%
52 Accounting	-	-	55,400	0%
53 Legal Services	-	-	15,000	0%
54 Payroll/Bank Service Charge	326	326	7,900	4%
55 Website Support	75	75	1,100	7%
56 Insurance	-	-	54,300	0%
57 Total Support Services	401	401	149,300	0%

58	Training/Travel	-	-	-	N/A
59	Other Fees/State Water Resource Control Board	612	612	11,300	5%
60	Service Tools and Equipment				N/A
61	Shop Supplies and Small Tools	1,098	1,098	9,000	12%
62	Vehicle Fuel	7	7	12,500	0%
63	Employee Uniforms	-	-	2,000	0%
64	Safety	-	-	2,000	0%
65	Tractor Expenses/ Maintenance	1,346	1,346	4,000	34%
66	Equipment Rental	-	-	4,000	0%
67	Service Trucks - Repair and Maintenance	162	162	12,000	1%
68	Water Operations On-Call Phones	-	-	4,500	0%
69	Total Service Tools and Equipment	2,613	2,613	50,000	5%
70	TOTAL OPERATING EXPENSES	122,659	122,659	1,492,400	8%
71	NON-OPERATING EXPENSES				
72	Loan Interest and Processing Fee	1	1	11,400	0%
73	Bad Debt Expense	-	-	1,400	0%
74	Miscellaneous	-	-	1,500	0%
75	TOTAL NON-OPERATING EXPENSES	1	1	14,300	0%
76	TOTAL EXPENSES	122,660	122,660	1,506,700	8%
77	NET INCOME BEFORE CAPITAL and DEBT SERVICE	101,022	101,022	553,560	18%
78	Capital Projects - District Funded	-	-	(290,300)	0%
79	Debt Service - Principal	-	-	(77,700)	0%
80	NET INCOME / (LOSS)	101,022	101,022	185,560	54%



Cabazon Water District
14618 Broadway Street • P.O. Box 297
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FINANCE & AUDIT COMMITTEE MEETING

MINUTES

Meeting Location:
Cabazon Water District Office
14618 Broadway Street
Cabazon, California 92230

Teleconference:
Dial-in #: 978-990-5321
Access Code: 117188

Meeting Date:
Tuesday, July 15, 2025 – 5:00 PM

CALL TO ORDER
PLEDGE OF ALLEGIANCE
ROLL CALL

Director Melissa Carlin – Present
Board Chair Terry Tincher – Present
Michael Pollack, General Manager – Present
Evelyn Aguilar, Board Secretary – Present

***Note: This meeting was recorded by the District**

FINANCE & AUDIT COMMITTEE

1. Discussion: Finance & Audit Committee Report
 - Balance Sheet
 - Profit and Loss Budget Comparison
 - Capital Detail

Main Reports:

- Balance Sheet – depicts what the District owns and what the District owes.
- Profit & Loss Budget Performance – shows how the District is performing against the budget, and the condition of the District fiscal year to date.
- Capital Detail – shows activity pertaining to Capital Projects.

Balance Sheet:

The District's combined Cash and Investments with Chase Bank, Local Agency Investment Fund (LAIF), and California Cooperative Liquid Assets Securities System (CLASS) balance was \$2,489,338 at month end. The District's total liabilities were approximately \$695,085 at month end.

Budget to Actual: - Year to date (YTD) is 100% of the year.

Revenue:

- 7. Basic Facilities Fee: Fees for new service connections, meter installations, and upgrades. These revenues are budgeted conservatively due to their unpredictable nature. YTD is over budget due to multiple service installations.
- 12. Cell Tower Lease Income: Monthly lease payment for use of District property for cell towers. YTD is over budget due to a \$5K for signing bonus per the amendment received in October.
- 15. Interest Income-Investment Accounts: Interest earnings in the District's LAIF and other investment accounts. YTD is over budget due to higher than anticipated interest returns.
- 30. Meter Testing & Repair: Costs of meter repairs and meter testing. Expenses vary throughout the year. YTD is under budget at 11% due to less repairs than anticipated.
- 44. Postage: Postage expenses for District activities. Expenses vary throughout the year. YTD is over budget due to higher costs than anticipated.
- 46. Computer Services: Monthly IT support. YTD is over budget due to the payment for a server replacement not anticipated in budget.
- 54. Payroll/Bank Service Charge: Payroll processing fees. YTD is over budget due to higher fees for services than anticipated.

Preliminary net income as of June 30th is \$387,790.

Capital Detail:

- 5. Bonita Vault: New vault and materials. YTD is over budget due to material purchases of \$59.3K being higher than anticipated.
- 12. Tank Maintenance: Budgeted \$3.7K for tank inspections. The District plans to inspect 1 tank per year for the next 4 years with a 1-year gap between cycles. YTD is over budget due to costs for cleaning and inspection of tank #1 and tank #3 higher than anticipated.
- 16. Esperanza Waterline Improvements: Project is expected to be primarily grant funded with a total project cost of \$359,700 and grant funding of \$343,700.
- 19. Groundwater Well Improvements: Project is expected to be 100% grant funded. Cash flow relating to grant receipts to be supported by SGPWA Gap Funding.
- 22. Heli-Hydrants: Project is expected to be 100% grant funded for the construction of two helihydrants totaling \$600,000. YTD activity includes full payment for heli-hydrant for tank #1 and tank #3.

- 2. Discussion: Miscellaneous District Financial Matters
- 3. Finance & Audit Committee District Payables Review and Approval/Signing

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ADJOURNMENT

Meeting adjourned at 5:10 PM on Tuesday, July 15, 2025 and the FAC proceeded to check signing.

**Terry Tincher, Board Chair
Board of Directors
Cabazon Water District**

**Evelyn Aguilar, Secretary
Board of Directors
Cabazon Water District**

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**REGULAR BOARD MEETING
MINUTES**

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Meeting Date:

Tuesday, July 15, 2025 – 6:00 PM

CALL TO ORDER

PLEDGE OF ALLEGIANCE

REMEMBRANCE OF OUR SERVICE MEN AND WOMEN

ROLL CALL

Director Guillermo Perez - Present
Director Melissa Carlin - Present
Director Alan Davis - Present
Board Vice Chair Taffy Brock - Present
Board Chair Terry Tincher - Present
Michael Pollack, General Manager - Present
Evelyn Aguilar, Board Secretary - Present

Note: This meeting was recorded by the District

CONSENT CALENDAR

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1. Approval of:

- a. Finance and Audit Committee Meeting Minutes and Warrants of June 17, 2025
- b. Regular Board Meeting Minutes and Warrants of June 17, 2025

Motion to approve following consent calendar items (a.) Finance and Audit Committee Meeting Minutes and Warrants of June 17, 2025 and (b.) Regular Board Meeting Minutes and Warrants of June 17, 2025 made by Director Davis and 2nd by Director Carlin.

**Director Perez - Aye
Director Carlin - Aye
Director Davis - Aye
Board Vice Chair Brock - Aye
Board Chair Tincher - Aye**

- 2. Warrants – None**
- 3. Awards of Contracts – None**

NEW BUSINESS

- 1. Discussion/Action: Approval of Service Agreement with Platinum Strategies Inc. for Accounting Services (Current Accounting Firm is Eide Bailly)**
 - GM Pollack shared that the Eide Bailly contract renewal was set for 07/01, and the annual cost was increasing to \$55,200. Josh Byerrum of Platinum Strategies Inc. provided a quote of \$35,000 per year, with no additional fees for travel time or mileage. Mr. Byerrum has worked for the District previously while working for another accounting firm.

Motion to approve the Service Agreement with Platinum Strategies Inc. for Accounting Services made by Director Davis and 2nd by Director Carlin.

**Director Perez - Aye
Director Carlin - Aye
Director Davis - Aye
Board Vice Chair Brock - Aye
Board Chair Tincher - Aye**

- 2. Discussion/Action: Approval of Resolution 2025-03: Fixing Water Standby Assessments for Fiscal Year 2025-2026**
 - The standby fees have not increased since 1997.

Motion to approve Resolution 2025-03: Fixing Water Standby Assessments for Fiscal Year 2025-2026 made by Director Perez and 2nd by Board Vice Chair Brock.

**Director Perez - Aye
Director Carlin - Aye
Director Davis - No
Board Vice Chair Brock - Aye
Board Chair Tincher - Aye**

OLD BUSINESS

1. Discussion/Updates: Discussion/Updates with SGPWA Director(s) regarding various matters

- SGPWA Director Sarah Wargo was present and shared the following updates:
 - At the last SGPWA meeting, the Board voted on the tax rates. This is the 6th year in a row with no increases.
 - The heli-hydrants were used briefly to help put out the Wolf Fire. The installation of a 7th heli-hydrant has been approved, and will be placed in the Banning Bench.
 - Golden mussels have been seen in some systems coming from the delta. There haven't been any spotted close to this area, but a close eye is being kept on the matter.

2. Discussion/Action: Community Involvement

- There will be a Youth Summer Event at the community center on 07/18/2025.

UPDATES

**1. Update: CWD Operations Report
(by GM Pollack)**

- Heli-hydrants: Gavin Nguyen of channel 3 news interviewed GM Pollack, Larry Smith of SGPWA, and Glenn Chavez about the success of the heli-hydrants. Additional rock will be placed around the devices to lessen the amount of dust from blowing while helicopters hover above the tanks.
- The FY 24/25 audit is expected to be presented at the 10/21/2025 Board Meeting.
- Someone broke into the back parking lot and stole a toolbox from one of the trucks. An additional camera was installed by Bay Alarm to expand the visibility of the voicedown speaker. Bay Alarm waived the \$2,700 installation fee, since the alarm did not go off when the intruder stole the tools.
- Well efficiency tests have been performed for Well 5 and Well 2.
- The concrete has been poured for the Well #2 site building. The construction of the building is scheduled for 07/22/2025. The Notice of Exemption was accepted by the County, so a building permit will not need to be filed.

PUBLIC COMMENTS

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CLOSED SESSION at 6:28 PM

1. Discussion/Action Public Employee Performance Evaluation (Government Code section 54957): (General Manager)

OPEN SESSION at 6:46 PM

- No reportable actions were taken during closed session.

FUTURE AGENDA ITEMS AND COMMENTS

1. Future Agenda Items

The Board Chair or the majority of the Board may direct staff to investigate and report back to an individual(s) and the Board on matters suggested or direct the General Manager/Board Secretary to place the matter on a future Board meeting.

- Suggested agenda items from the Public.
 - Suggested agenda items from Management.
- At the August meeting, there will be a workshop regarding the Rate Study.
- Suggested agenda items from Board Members.
- Another closed session for the GM Evaluation will take place at the August meeting.

2. Management Comments

Staff members may speak on items of information not requiring comment or discussion to the Board and public. Topics which may be included on a future meeting agenda may be presented but cannot be discussed. (3 minutes)

3. Board Member Comments

Board members may speak on items of information not requiring comment or discussion to the Board and public. (3 minutes)

- The Board asked the GM if there has been an update on the Elm St. property. GM Pollack said the buyer is trying to negotiate the fees, and there hasn't been much action on the matter.

MISCELLANEOUS

1. Future Board Items/Next Board Meeting Date(s)

- a. 07/21/2025 (Monday) at 6:00 PM: San Gorgonio Pass Water Agency Meeting
- b. 07/23/2025 (Wednesday) at 5:00 PM: San Gorgonio Pass Regional Water Alliance Committee Meeting
- c. 08/04/2025 (Monday) at 1:30 PM: San Gorgonio Pass Water Agency Meeting
- d. 08/14/2025 (Thursday) at 6:00 PM: West Desert MAC Meeting at the Community Center
- e. 08/18/2025 (Monday) at 6:00 PM: San Gorgonio Pass Water Agency Meeting
- f. 08/19/2025 (Tuesday) at 5:00 PM: Finance & Audit Committee Meeting
- g. 08/19/2025 (Tuesday) at 6:00 PM: Regular Board Meeting
- h. TBD: Personnel Committee Meeting

ADJOURNMENT

Motion to adjourn at 6:52 PM made by Board Vice Chair Brock and 2nd by Director Carlin.

Director Perez - Aye
Director Carlin - Aye
Director Davis - Aye
Board Vice Chair Brock - Aye
Board Chair Tincher - Aye

Meeting adjourned at 6:52 PM on Tuesday, July 15, 2025

Terry Tincher, Board Chair
Board of Directors
Cabazon Water District

Evelyn Aguilar, Secretary
Board of Directors
Cabazon Water District

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New Business

1. Discussion/Action Item:

Rate Study Update by Water Economics Resources

Attachments:

1. PowerPoint presentation by Water Resources Economics

Cabazon Water District Water Rate Study

Board Meeting

August 19, 2025



**Water Resources
Economics**

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE

Agenda

- Rate Study Overview
- Proposed Financial Plan
- Proposed Rates
- Monthly Bill Impacts
- Discussion & Next Steps



Current Water Rates

- The currently adopted 5-year rate schedule was developed during the last rate study in 2020
 - Established rates through 2025
 - Included 3% annual revenue increases each year
- This rate study establishes an updated 5-year rate schedule from January 2026 through 2030



Rate Study Process

1. **Policy framework:** Identify key policy objectives
2. **Financial plan:** Develop multi-year cash flow projections to determine annual rate revenue requirement
3. **Cost-of-service analysis:** Allocate the rate revenue requirement to customers based on proportional use of the water system
4. **Rate design:** Identify appropriate rate structure changes and calculate proposed rates
5. **Documentation:** Develop a study report to provide transparency and defensibility
6. **Rate Adoption:** Hold a public hearing to formally adopt the proposed rates



Proposition 218 Overview

(Article XIII C and XIII D of California Constitution)

- Applies to property-related fees for service including retail water rates
- Water rate implications:
 - Rates must be proportional to and may not exceed the cost of providing water service
 - One customer class (residential, commercial, etc.) may not subsidize another customer class
 - Retail water agencies typically conduct a “cost-of-service analysis” at least once every 5 years to ensure a sufficient nexus between rates and costs
- Rates must be adopted at a public hearing
- All customers must be mailed a public hearing notice no fewer than 45 days before the hearing
- Rates cannot be adopted if a majority of customers submit a formal protest

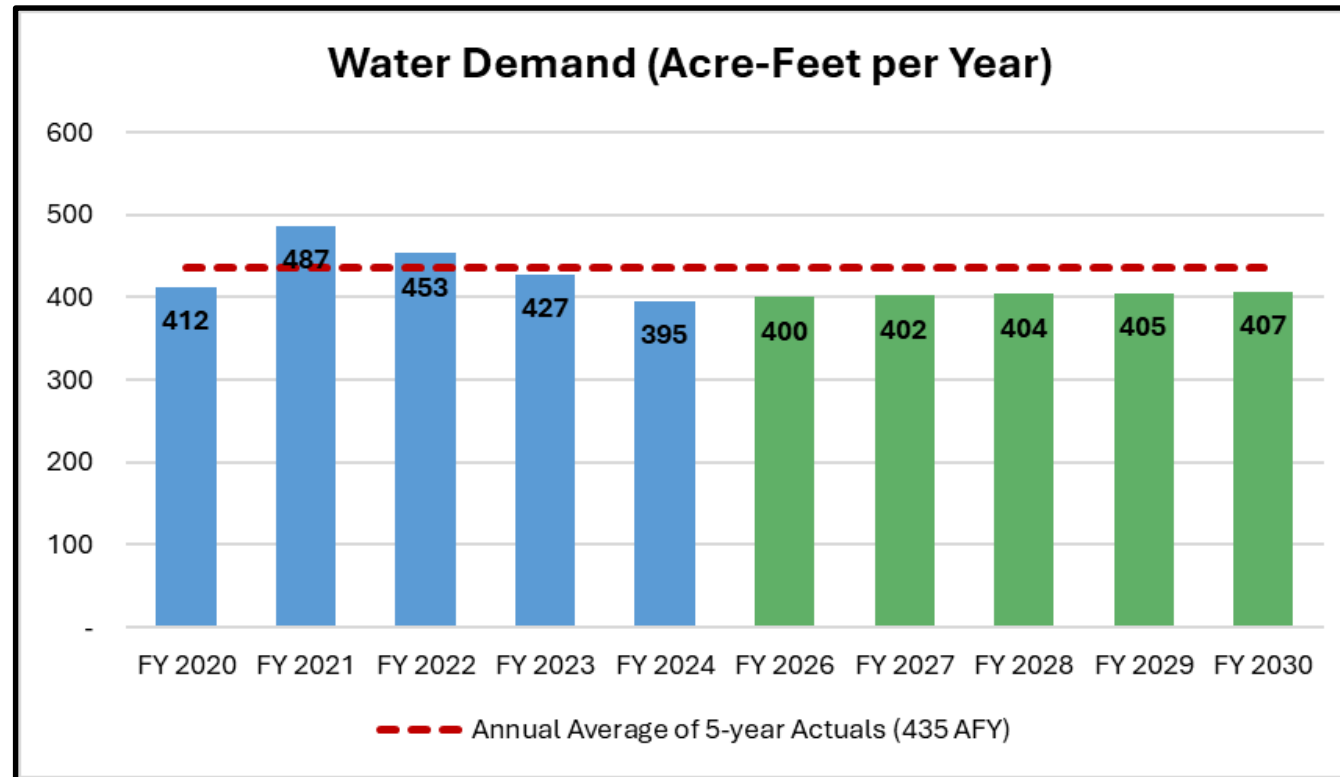


Financial Plan Assumptions

- Financial plan timeframe includes the next five fiscal years through FY 2029/30
- Modest residential connection growth (<10 connections per year)
- Total O&M expenses projected to increase by 6% per year on average
- Total levelized CIP over next 5 years: \$350k per year (plus 4% inflation)
 - Assumed to be 100% cash funded (no new debt financing or grants)
- Revenue projections assume 400 AFY of baseline water demand + 0.22 AFY per new connection



Financial Plan: Projected Baseline Water Demand (from 400 AFY)



Note: Totals reflect metered water use and exclude system water losses.



Existing Reserve Policy

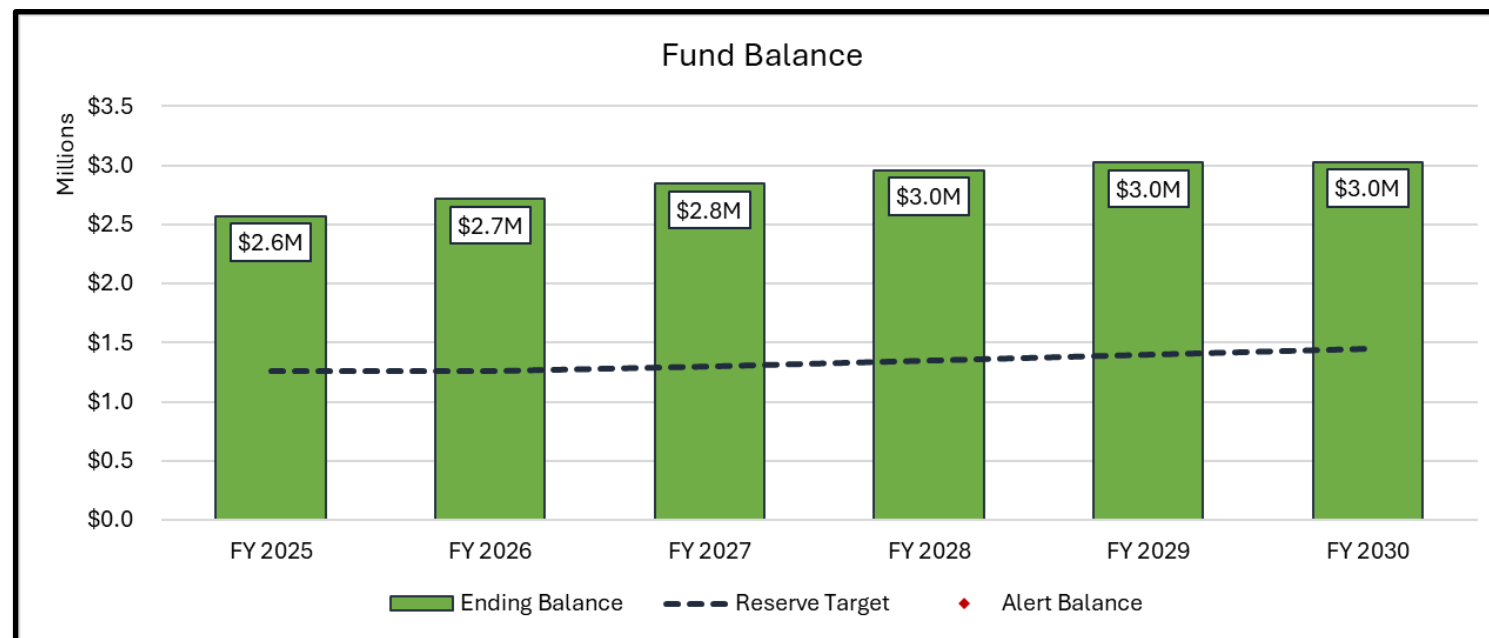
- No proposed changes to existing reserve targets:
 - Operating reserve: 180 days of annual O&M expenses
 - Capital reserve: 6% of net capital assets



Proposed Financial Plan

Fiscal Year	Effective Date	Revenue Adjustment
FY 2025/26	January 2026	0.0%
FY 2026/27	January 2027	3.0%
FY 2027/28	January 2028	3.0%
FY 2028/29	January 2029	3.0%
FY 2029/30	January 2030	3.0%

- No revenue adjustment is proposed for FY 2025/26 to offset the effect of rate structure changes on customers in the first year



Current Rate Structure: Fixed Charges



- Each water meter is subject to a monthly fixed charge based on meter size
- Dedicated private firelines (fire sprinklers, etc.) are subject to separate fixed charges

Current Fixed Charges		Effective 1/2025
Monthly Fixed Service Charge		
5/8"		\$37.53
3/4"		\$53.21
1"		\$84.56
1 1/2"		\$162.94
2"		\$257.01
3"		\$507.84
4"		\$790.02
Contract (10 inch)		\$6,590.45
Construction Meters (3 inch)		\$532.61
Monthly Fixed Fire Service Charge		
4"		\$38.33
6"		\$79.67
8"		\$134.79

Current Rate Structure: Commodity Rates



- Each hundred cubic foot (CCF) of metered water use is subject to a volumetric rate
- The number of tiers varies based on customer class
 - Single family residential: 3 tiers
 - Non-residential: Uniform

Current Commodity Charges	Effective 1/2025
Single Family Residential	
Tier 1	\$2.22
Tier 2	\$7.88
Tier 3	\$14.45
Non-Residential	\$5.37

Implications of Recent *Cozairh v. Otay Water District* Ruling



- Higher burden of proof to show that rates are proportional to costs
- Tiered rates are now more difficult to justify and vulnerable to legal challenges
- Higher degree of uncertainty regarding which rate structures will pass legal muster



Proposed Rate Structure Changes

- Fixed Fire Service Charges:
 - Proposed change:
 - Update methodology used to calculate fixed fire service charges
 - Purpose:
 - Conforms to new industry standards and improves legal defensibility
 - Proposed change:
 - Reduce the number of tiers for single family residential rates from three to two
 - Purpose:
 - Reduces legal risk in light of recent Cozairh v. Otay Water District case

Proposed 5-Year Rate Schedule

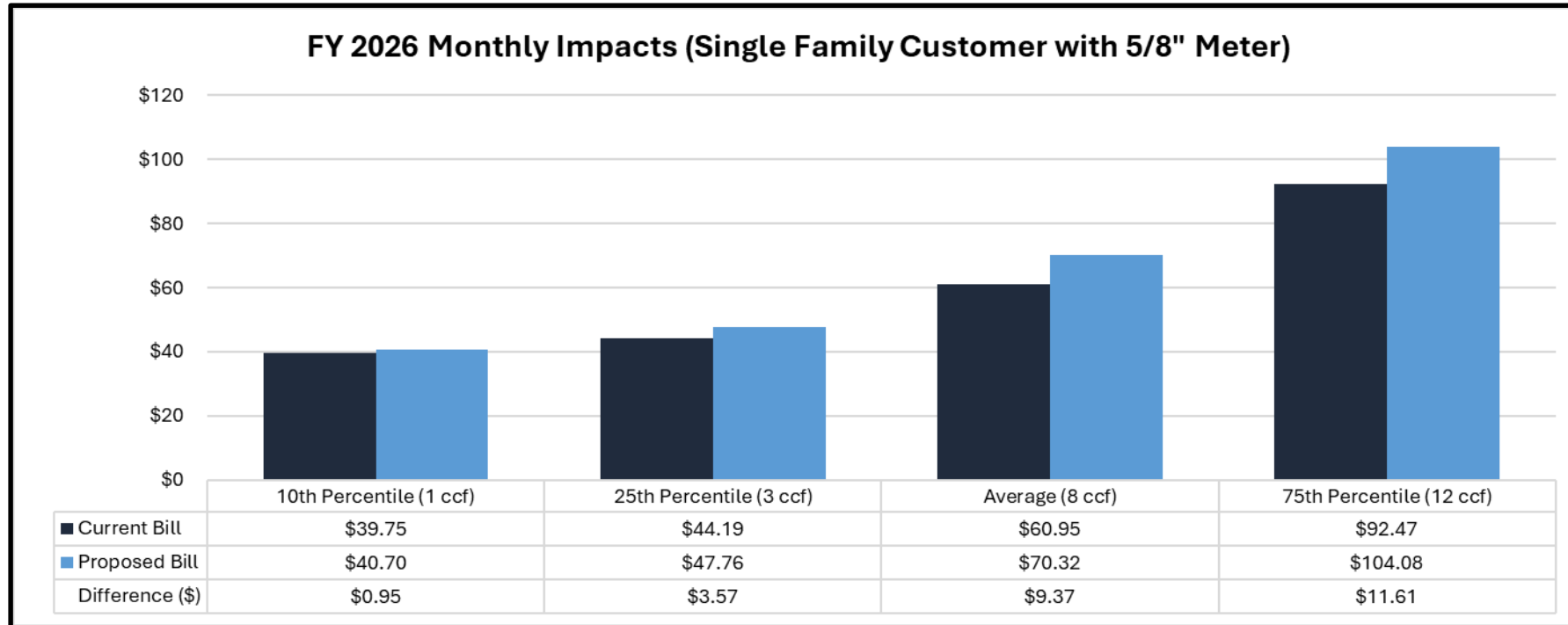


**Water Resources
Economics**

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE

Proposed Water Rate Schedule	Effective January 2026	Effective January 2027	Effective January 2028	Effective January 2029	Effective January 2030
Monthly Fixed Service Charge					
5/8"	\$37.17	\$38.29	\$39.44	\$40.63	\$41.85
3/4"	\$51.90	\$53.46	\$55.07	\$56.73	\$58.44
1"	\$81.36	\$83.81	\$86.33	\$88.92	\$91.59
1 1/2"	\$155.02	\$159.68	\$164.48	\$169.42	\$174.51
2"	\$243.40	\$250.71	\$258.24	\$265.99	\$273.97
3"	\$479.10	\$493.48	\$508.29	\$523.54	\$539.25
4"	\$744.26	\$766.59	\$789.59	\$813.28	\$837.68
6"	\$1,480.81	\$1,525.24	\$1,571.00	\$1,618.13	\$1,666.68
8"	\$2,364.67	\$2,435.62	\$2,508.69	\$2,583.96	\$2,661.48
Contract (10 inch)	\$6,194.72	\$6,380.57	\$6,571.99	\$6,769.15	\$6,972.23
Construction Meters (3 inch)	\$479.10	\$493.48	\$508.29	\$523.54	\$539.25
Monthly Fixed Fire Service Charge					
4"	\$117.58	\$121.11	\$124.75	\$128.50	\$132.36
6"	\$326.88	\$336.69	\$346.80	\$357.21	\$367.93
8"	\$687.87	\$708.51	\$729.77	\$751.67	\$774.23
Commodity Charge					
Single Family Residential					
Tier 1	\$3.53	\$3.64	\$3.75	\$3.87	\$3.99
Tier 2	\$8.44	\$8.70	\$8.97	\$9.24	\$9.52
Tier 3	N/A	N/A	N/A	N/A	N/A
Non-Residential	\$5.38	\$5.55	\$5.72	\$5.90	\$6.08

Single Family Residential Monthly Bill Impacts (FY 2025/26)



Note: Bills are based on fixed service charges for a 5/8" meter (approximately 96% of single family residential connections have a 5/8" meter)



Discussion & Next Steps

- Next Steps:
 - Refine preliminary results as needed
 - Develop draft report
 - September 16, 2025: Board of Directors to receive final report
 - October 17, 2025: Deadline to mail out public hearing notices
 - December 16, 2025: Public hearing to formally adopt rates
 - January 1, 2026: New rates effective



Water Resources Economics

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE

Contact Information

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Rate Study Schedule

- **Today:** Present preliminary results
- September 16, 2025: Board of Directors to receive final report
- October 17, 2025: Deadline to mail out public hearing notices
- December 16, 2025: Public hearing to formally adopt rates
- January 1, 2026: New rates effective



Supplemental Slides

Annual Inflation



- Non-rate revenues:
 - Property tax: 2%
 - Cell tower lease: 2%
 - Miscellaneous: 0%
- General expenses: 4%
- Salaries: 5%
- Benefits: 6%
- Insurance: 10%
- Electricity: 10%
- Chemicals: 5%
- CIP expenditures: 4%

Summary of Revenue Projections

- Total projected revenue based on current rates (excluding any future rate adjustments):

	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Revenue Summary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenue					
Water Rate Revenues	\$1,550,855	\$1,559,385	\$1,567,915	\$1,576,445	\$1,584,975
Property Taxes	\$253,000	\$258,060	\$263,221	\$268,486	\$273,855
Cell Tower Lease	\$39,800	\$40,596	\$41,408	\$42,236	\$43,081
Interest Income	\$67,600	\$81,812	\$84,093	\$83,932	\$80,582
Miscellaneous Revenues	\$172,060	\$172,060	\$172,060	\$172,060	\$172,060
Total - Revenue	\$2,083,315	\$2,111,914	\$2,128,697	\$2,143,159	\$2,154,553

Summary of Expense Projections

- Total projected expenses:

	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Expenses Summary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Expenses					
Payroll Expenses	\$788,900	\$830,898	\$875,149	\$921,775	\$970,905
Facilities, Wells, Transmission & Distribution (T&D)	\$376,700	\$405,512	\$436,849	\$470,951	\$508,078
Office Expenses	\$115,900	\$121,778	\$128,015	\$134,639	\$141,677
Support Services	\$148,900	\$158,114	\$168,022	\$178,685	\$190,169
Other Operating Expenses	\$15,300	\$15,912	\$16,548	\$17,210	\$17,899
Service Tools & Equipment	\$50,000	\$52,750	\$55,685	\$58,820	\$62,171
Non-Operating Expenses	\$4,300	\$2,960	\$3,022	\$3,087	\$3,155
Total - Expenses	\$1,500,000	\$1,587,924	\$1,683,292	\$1,785,168	\$1,894,053
<i>% Change</i>		5.9%	6.0%	6.1%	6.1%

Summary of Debt

- Current annual debt service subject to 185% annual debt coverage requirement:

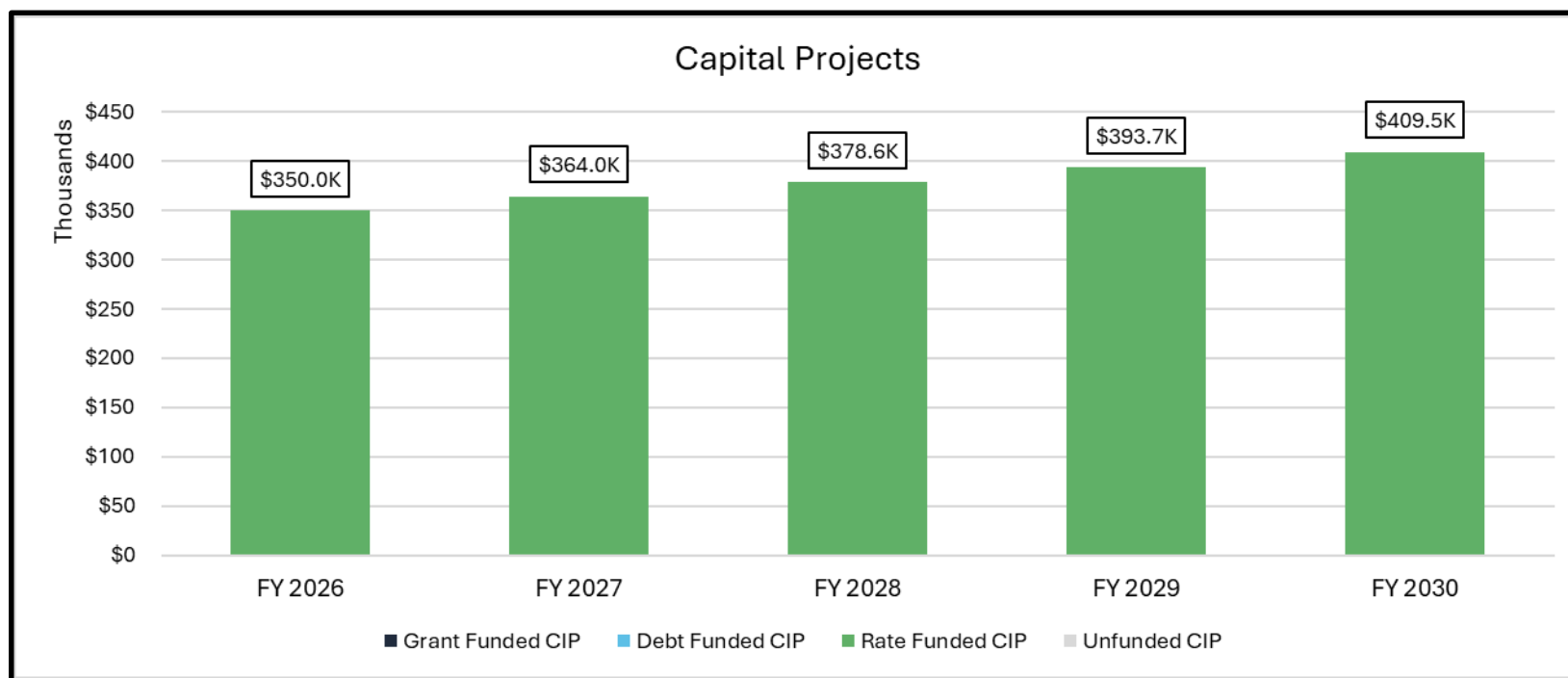
Debt Service	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
DWR Loan	\$48,691	\$15,754	\$0	\$0	\$0
Well 4 Loan	\$21,001	\$21,001	\$21,001	\$21,001	\$21,001
2022 Ford Loan	\$17,754	\$14,795	\$0	\$0	\$0
Total - Existing Debt Service	\$87,446	\$51,550	\$21,001	\$21,001	\$21,001

- No new proposed debt



Rate Funded CIP Expenditures

- Planned CIP funding including 4% Inflation:





Proposed Tier Allotments

- Proposed Tier 2 usage includes current Tier 2 and 3 usage
- Proposed breakpoint of 7 ccf between Tier 1 and Tier 2 reflects efficient indoor water use per statewide efficiency standards

Proposed Fixed Service Charges (FY 2025/26)



Monthly Fixed Service Charges	Number of Meters	Proposed Charge (FY 2025/26)	Current Charge (FY 2024/25)	Difference
5/8"	881	\$37.17	\$37.53	(\$0.36)
3/4"	28	\$51.90	\$53.21	(\$1.31)
1"	14	\$81.36	\$84.56	(\$3.20)
1 1/2"	4	\$155.02	\$162.94	(\$7.92)
2"	18	\$243.40	\$257.01	(\$13.61)
3"	3	\$479.10	\$507.84	(\$28.74)
4"	1	\$744.26	\$790.02	(\$45.76)
6"	0	\$1,480.81	N/A	N/A
8"	0	\$2,364.67	N/A	N/A
Contract (10 inch)	1	\$6,194.72	\$6,590.45	(\$395.73)
Construction Meters (3 inch)	2	\$479.10	\$532.61	(\$53.51)
Total	953			

Note: No revenue adjustment for FY 2025/26 and differential impacts partly due to updated fixed fire service charge methodology

Proposed Fire Fixed Service Charges (FY 2025/26)



Monthly Fixed Fire Service Charges	Number of Fire Connections	Proposed Charge (FY 2025/26)	Current Charge (FY 2024/25)	Difference
4"	0	\$117.58	\$38.33	\$79.25
6"	2	\$326.88	\$79.67	\$247.21
8"	1	\$687.87	\$134.79	\$553.08
Total	3			

Note: No revenue adjustment for FY 2025/26 and differential impacts due to updated fixed fire service charge methodology

Proposed Commodity Rates (FY 2025/26)



Commodity Rates	Previous Annual Usage	Updated Annual Usage	Proposed Charge (FY 2025/26)	Current Charge (FY 2024/25)	Difference
Single Family Residential					
Tier 1	54,736	54,736	\$3.53	\$2.22	\$1.31
Tier 2	19,841	33,067	\$8.44	\$7.88	\$0.56
Tier 3	13,226	N/A	N/A	\$14.45	N/A
Non-Residential	86,437	86,437	\$5.38	\$5.37	\$0.01
Total	174,240	174,240			

Note: No revenue adjustment for FY 2025/26 and differential impacts due to reduction in single family tiers from three to two



Introductions

- Water Resources Economics Project Team:
 - Sanjay Gaur, Project Manager
 - Charles Diamond, Assistant Project Manager
 - Grace Hunzicker, Lead Analyst

New Business

1. Discussion/Action Item: [TAB 2]

2018 Ford F-350 – Continue to Finance (60 Months,
10.59% APR), or Pay Off

FEDERAL TRUTH-IN-LENDING DISCLOSURES				
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	Amount Financed The amount of credit provided to you or on your behalf.	Total of Payments The amount you will have paid after you have made all payments as scheduled.	Total Sale Price The total cost of your purchase on credit, including your down payment of
10.59 %	\$ 8,940.36 (e)	\$ 30,000.24 (e)	\$ 38,940.60 (e)	\$ 0.00 is \$ 38,940.60 (e)
(e) means an estimate				
YOUR PAYMENT SCHEDULE WILL BE:				
Number of Payments:	Amount of Payments:	When Payments Are Due:		
One Payment of	\$ N/A	N/A		
One Payment of	\$ N/A	N/A		
One Payment of	\$ N/A	N/A		
60	\$ 649.01	Monthly beginning 08/31/2025		
N/A	\$ N/A	N/A		
One final payment	\$ N/A	N/A		
Late Charge. If payment is not received in full within 10 days after it is due, you will pay a late charge of 5% of the part of the payment that is late. Prepayment. If you pay early, you may be charged a minimum finance charge. Security Interest. You are giving a security interest in the vehicle being purchased. Additional Information: See this contract for more information including information about nonpayment, default, any required repayment in full before the scheduled date, minimum finance charges, and security interest.				

Updates

CWD Operations Report: [TAB 3]

Attachments:

1. Monthly Operations Report



Cabazon Water District

14-618 Broadway Street • P.O. Box 297
Cabazon, California 92230

August 19, 2025

CWD Board Meeting

Operations Update

- On Monday, July 22, 2025 Channel 3 News of Palm Springs conducted a news interview on the Riverside County EIFD Program, and the benefits to the Cabazon community. (Enhanced Infrastructure Financing District)
- The Well 2 New Building began construction on August 4, 2025.



-
- I did have a conversation with a developer regarding a 20 acre parcel on the corner of Bonita and Broadway for a potential 30 home project.
- The property on the corner of Apache Trail and Bonita is being developed for a Regional Food Delivery Service
- The Cabazon Water District did purchase a used 2018 F350 work truck with utility bed and pipe rack, 97,500 miles closing cost at \$30,000. The Cabazon Water District did sell the recently owned utility truck for \$38,000, with the current payoff at \$30,315. Fiesta 97,000 – Tundra 171,000



