

| Item No. | Agenda Item  | Date       |
|----------|--|------------|
| 4.2      | Consider a recommendation to the SJRA Board of Directors relating to the adoption of an amended Fiscal Year 2026 Operating Budget for the GRP Division | 09/22/2025 |

#### BACKGROUND INFORMATION

Since the adoption of the GRP Fiscal Year 2026 Operating Budget, it has become necessary to increase water supply demands for certain GRP participants within the GRP Division, therefore necessitating a budget amendment for the Fiscal Year 2026 GRP Division Operating budget. The proposed amendment increases production at the water treatment facility from 16.5 million gallons per day (MGD) to 20.0 MGD, for Fiscal Year 2026.

This increase in supply has effects on the GRP operating budget relative to revenues, expenses, and capital improvements which must be recognized and accounted for in the GRP Division Fiscal Year 2026 budget. SJRA staff has identified two options for consideration by the GRP Review Committee and the SJRA Board of Directors regarding the proposed budget amendment.

Two options for the amending the FY26 GRP Operating Budget are presented:

##### Proposed Budget Amendment - Option 1

Water Supply Demand: Average 20.0 MGD

Groundwater Fee: \$2.62 (unchanged)

Surface Water Fee \$3.21 (unchanged)

Contribution to R&R Fund \$4.5 Million

##### Proposed Budget Amendment - Option 2

Water Supply Demand: Average 20.0 MGD

Groundwater Fee: \$2.52 (reduction)

Surface Water Fee \$3.11 (reduction)

Contribution to R&R Fund \$2.9 Million

**ATTACHMENTS:** Proposed Amended FY26 GRP Operation Budget

#### RECOMMENDED ACTION

Recommend approval to the SJRA Board of Directors relating to the adoption of an amended Fiscal Year 2026 Operating Budget for the GRP Division.

**San Jacinto River Authority - GRP**  
**Exhibit A - Proposed Budget Amendment**  
**FY2026**

Groundwater Pumpage Fee: \$2.62

Surface Water Fee: \$3.21

Proposed Flat Rate

| Description  | <b>OPTION 1</b>                       |   |                                       |
|--|---------------------------------------|---|---------------------------------------|
|  | <b>Approved<br/>Budget<br/>FY2026</b> | <b>Proposed<br/>Budget<br/>Amendment*</b> | <b>Proposed<br/>Budget<br/>FY2026</b> |
| <b>OPERATING REVENUES</b>                            | \$ 65,354,705                         | \$ 4,106,361                              | \$ 69,461,066                         |
| <b>OTHER REVENUES</b>                                | \$ 304,140                            | -   | \$ 304,140                            |
| <b>TOTAL SALARIES, WAGES, &amp; EMPLOYEE BENEFIT</b> | \$ 5,305,488                          | -   | \$ 5,305,488                          |
| <b>TOTAL PROFESSIONAL FEES</b>                       | \$ 2,580,375                          | -   | \$ 2,580,375                          |
| <b>PURCHASED &amp; CONTRACTED SERVICES</b>           |                                       |   |                                       |
| Sludge Disposal                                      | 217,260                               | 24,990                                    | \$ 242,250                            |
| <b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>     | \$ 355,491                            | 24,990                                    | \$ 380,481                            |
| <b>SUPPLIES, MATERIALS &amp; UTILITIES</b>           |                                       |   |                                       |
| Copper Sulfate                                       | 34,523                                | 13,477                                    | \$ 48,000                             |
| Citric Acid  | 118,800                               | 2,400                                     | 121,200                               |
| Granulated Activated Carbon                          | 4,236,900                             | (1,090,900)                               | 3,146,000                             |
| Aluminum Chlorohydrate                               | 1,142,943                             | 256,295                                   | 1,399,238                             |
| Sodium Permanganate                                  | 262,985                               | (19,342)                                  | 243,643                               |
| Sodium Bisulfate                                     | 38,337                                | 5,171                                     | 43,508                                |
| Sodium Hydroxide                                     | 40,417                                | (10,894)                                  | 29,523                                |
| Sodium Hypochlorite                                  | 633,295                               | (36,618)                                  | 596,677                               |
| Polymer  | 56,735                                | 10,857                                    | 67,592                                |
| Utilities-Electric                                   | 1,626,075                             | 344,925                                   | 1,971,000                             |
| Utilities-Sewer                                      | 299,393                               | 63,507                                    | 362,900                               |
| Supply Use Fee-SJRA                                  | -                                     | 39,979                                    | 39,979                                |
| <b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>     | \$ 19,019,638                         | (421,143)                                 | \$ 18,598,495                         |
| <b>TOTAL RENTALS</b>                                 | \$ 4,000                              | -   | \$ 4,000                              |
| <b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>        | \$ 1,864,280                          | -   | \$ 1,864,280                          |
| <b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>   | \$ 569,817                            | -   | \$ 569,817                            |
| <b>TOTAL NON-OPERATING EXPENSES</b>                  | \$ 15,341,139                         | -   | \$ 15,341,139                         |
| <b>TOTAL EXPENSES</b>                                | \$ 45,040,227                         | \$ (396,153)                              | \$ 44,644,074                         |
| <b>NET REVENUES OVER EXPENSES</b>                    | \$ 20,618,618                         | \$ 4,502,514                              | \$ 25,121,132                         |
| <b>CAPITAL IMPROVEMENTS*</b>                         |                                       |   |                                       |
| Water Treatment Plant & Facilities                   | \$ 295,000                            | \$ 100,000                                | \$ 395,000                            |
| <b>TOTAL CAPITAL IMPROVEMENTS</b>                    | \$ 2,008,939                          | \$ 100,000                                | \$ 2,108,939                          |
| <b>OTHER SOURCES (USES)*</b>                         |                                       |   |                                       |
| Bond Principal                                       | \$ (17,812,917)                       | \$ -                                      | \$ (17,812,917)                       |
| Operating Reserve Fund                               | (1,135,943)                           | 97,486                                    | (1,038,457)                           |
| Capital Contributions                                | 1,270,000                             | -   | 1,270,000                             |
| R&R Transfer   | (930,820)                             | (4,500,000)                               | (5,430,820)                           |
| <b>TOTAL OTHER SOURCES (USES)</b>                    | \$ (18,609,680)                       | \$ (4,402,514)                            | \$ (23,012,194)                       |
| <b>NET CASH BASIS SOURCES (USES)</b>                 | \$ -                                  | \$ -                                      | \$ -                                  |

\*Only amended budget lines are reflected in the Exhibit

**San Jacinto River Authority - GRP**  
**Exhibit A - Proposed Budget Amendment**  
**FY2026**

Groundwater Pumpage Fee: \$2.62

Surface Water Fee: \$3.21

Proposed \$0.10 reduction January - August 2026

| Description   | <b>OPTION 2</b>              |                                  |                              |
|---|------------------------------|----------------------------------|------------------------------|
|   | Approved<br>Budget<br>FY2026 | Proposed<br>Budget<br>Amendment* | Proposed<br>Budget<br>FY2026 |
| <b>OPERATING REVENUES</b>                             | \$ 65,354,705                | \$ 2,457,023                     | \$ 67,811,728                |
| <b>OTHER REVENUES</b>                                 | \$ 304,140                   | -                                | \$ 304,140                   |
| <b>TOTAL SALARIES, WAGES, &amp; EMPLOYEE BENEFITS</b> | \$ 5,305,488                 | -                                | \$ 5,305,488                 |
| <b>TOTAL PROFESSIONAL FEES</b>                        | \$ 2,580,375                 | -                                | \$ 2,580,375                 |
| <b>PURCHASED &amp; CONTRACTED SERVICES</b>            |                              |                                  |                              |
| Sludge Disposal                                       | 217,260                      | 24,990                           | 242,250                      |
| <b>TOTAL PURCHASED &amp; CONTRACTED SERVICES</b>      | \$ 355,491                   | 24,990                           | \$ 380,481                   |
| <b>SUPPLIES, MATERIALS &amp; UTILITIES</b>            |                              |                                  |                              |
| Copper Sulfate  | 34,523                       | 13,477                           | \$ 48,000                    |
| Citric Acid   | 118,800                      | 2,400                            | 121,200                      |
| Granulated Activated Carbon                           | 4,236,900                    | (1,090,900)                      | 3,146,000                    |
| Aluminum Chlorohydrate                                | 1,142,943                    | 256,295                          | 1,399,238                    |
| Sodium Permanganate                                   | 262,985                      | (19,342)                         | 243,643                      |
| Sodium Bisulfate                                      | 38,337                       | 5,171                            | 43,508                       |
| Sodium Hydroxide                                      | 40,417                       | (10,894)                         | 29,523                       |
| Sodium Hypochlorite                                   | 633,295                      | (36,618)                         | 596,677                      |
| Polymer   | 56,735                       | 10,857                           | 67,592                       |
| Utilities-Electric                                    | 1,626,075                    | 344,925                          | 1,971,000                    |
| Utilities-Sewer                                       | 299,393                      | 63,507                           | 362,900                      |
| Supply Use Fee-SJRA                                   | -                            | 39,979                           | 39,979                       |
| <b>TOTAL SUPPLIES, MATERIALS &amp; UTILITIES</b>      | \$ 19,019,638                | (421,143)                        | \$ 18,598,495                |
| <b>TOTAL RENTALS</b>                                  | \$ 4,000                     | -                                | \$ 4,000                     |
| <b>TOTAL MAINTENANCE, REPAIRS &amp; PARTS</b>         | \$ 1,864,280                 | -                                | \$ 1,864,280                 |
| <b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>    | \$ 569,817                   | -                                | \$ 569,817                   |
| <b>TOTAL NON-OPERATING EXPENSES</b>                   | \$ 15,341,139                | -                                | \$ 15,341,139                |
| <b>TOTAL EXPENSES</b>                                 | \$ 45,040,227                | \$ (396,153)                     | \$ 44,644,074                |
| <b>NET REVENUES OVER EXPENSES</b>                     | \$ 20,618,618                | \$ 2,853,176                     | \$ 23,471,794                |
| <b>CAPITAL IMPROVEMENTS*</b>                          |                              |                                  |                              |
| Water Treatment Plant & Facilities                    | \$ 295,000                   | \$ 100,000                       | \$ 395,000                   |
| <b>TOTAL CAPITAL IMPROVEMENTS</b>                     | \$ 2,008,939                 | \$ 100,000                       | \$ 2,108,939                 |
| <b>OTHER SOURCES (USES)*</b>                          |                              |                                  |                              |
| Bond Principal  | \$ (17,812,917)              | \$ -                             | \$ (17,812,917)              |
| Operating Reserve Fund                                | (1,135,943)                  | 146,824                          | (989,119)                    |
| Capital Contributions                                 | 1,270,000                    | -                                | 1,270,000                    |
| R&R Transfer  | (930,820)                    | (2,900,000)                      | (3,830,820)                  |
| <b>TOTAL OTHER SOURCES (USES)</b>                     | \$ (18,609,680)              | \$ (2,753,176)                   | \$ (21,362,856)              |
| <b>NET CASH BASIS SOURCES (USES)</b>                  | \$ -                         | \$ -                             | \$ -                         |

\*Only amended budget lines are reflected in the Exhibit