

IWVGA ADMINISTRATIVE OFFICE

STAFF REPORT

TO: IWVGA Board Members **DATE:** October 14, 2026

FROM: IWVGA Staff

SUBJECT: **Agenda Item 9 – Board Review and Consideration of Adoption of the Proposed 2027 Budget**

Background:

The proposed 2027 budget is presented for the Board’s review, consideration and possible approval with or without amendments. Following the September budget discussion, staff consolidated estimates from the Authority’s contracted agencies and made additional adjustments to develop the final proposed budget.

The proposed budget outlines anticipated revenues and expenditures to support the Authority’s priorities for 2027, including advancement of the Imported Water Project, and ongoing administrative and operational responsibilities.

Discussion:

Regional Government Services

The proposed 2027 RGS budget increase is primarily attributable to establishing a salaried General Manager position. This fixed personnel cost provides budget predictability while supporting consistent management, accountability, and oversight of the Authority’s consultant and project expenditures. The position also provides a local administrative presence, allowing greater public accessibility and participation in community events and meetings with elected officials and constituents.

Proposed finance costs reflect a decrease from prior years, with an estimated 25 hours per month for ongoing accounting support. This preliminary estimate excludes employee transition, training, and MIP accounting software implementation tasks. MIP is now fully operational and is being used to prepare the Authority’s budget and monthly financial reports. Staff anticipates that ongoing finance hours may decrease as accounting processes become more efficient and support needs are better defined. The budget also includes a \$600 monthly technology fee for full MIP access and data storage.

Capitol Core Group

Capitol Core Group's 2027 budget request for IWVGA totals \$255,220, built from 807 estimated professional hours across three areas: the Water Replenishment Pipeline, other projects supporting the Authority, and project administration. The estimate is a bottom-up build — each task line assigns hours to the specific staff classification the work requires, priced at that classification's rate, with no contingency, escalation, or expense allowance added. Two scope changes distinguish 2027 from prior years: 1) water purchase activities are excluded pending resolution of outstanding litigation affecting the quantity of water

IWVGA will need: and 2) general federal lobbying is significantly reduced, a planned result of the Authority having identified its project, selected a funding strategy, and implementing it. The budget is a not-to-exceed estimate rather than a billing commitment. As an alternative to the billable hour against a not-to-exceed amount, the request also separates the work into 507 hours of continuous activity (advocacy, board meetings, milestone reporting) and 300 hours of episodic, trigger-dependent work (negotiations, regulatory, USACE, ad hoc reporting), which supports a hybrid structure should the Board prefer budget predictability — a monthly retainer for the continuous work paired with a task-based not-to-exceed budget for the episodic lines, reconciled quarterly. That decision can be made at the time of contracting.

Westbound Communications

The proposed 2027 Westbound budget supports implementation of the Authority's Communications and Engagement Plan, developed by the Policy Advisory Committee and revised and accepted by the Authority in 2022. Services will focus on keeping stakeholders informed about groundwater conditions and actions toward sustainability, while providing opportunities to obtain information and participate in Groundwater Sustainability Plan implementation. Work will include public communications, continued website improvements, and outreach related to key Authority activities.

The proposed allocation includes \$125,000 for ongoing communications services and \$25,000 for public hearing and workshop notifications, supporting materials, and related outreach associated with environmental review and pipeline design, including Environmental Impact Report milestones and public comment opportunities. The total \$150,000 allocation is a not-to-exceed amount, and the Authority will be billed only for work requested.

Basin Management

The proposed 2027 Basin Management budget is \$393,850 (approximately 30% below 2026) including \$392,000 for Stetson Engineers and \$1,850 for WellIntel monitoring services. Funding consists of \$376,850 from the Extraction Fee and \$17,000 from the Augmentation Fee.

The budget prioritizes SGMA and Groundwater Sustainability Plan compliance, including groundwater monitoring and data-gap work, the Annual Report, Data Management System support, and the five-year GSP update. It also funds imported and recycled water coordination, U.S. Army Corps planning support, general engineering and project management, configuration management, monitoring of 18 wells with WellIntel dataloggers, and obtaining and analyzing data from dozens of other wells in the Basin.

Shallow Well Mitigation Program

The proposed 2027 Shallow Well Mitigation Program budget is \$65,000, funded by the Shallow Well Mitigation Fee. The program reimburses eligible domestic and small-community well owners for impacts associated with declining groundwater levels during Groundwater Sustainability Plan implementation.

The proposed 2027 budget reserves \$50,000, unchanged from 2026, to provide rapid assistance to eligible applicants facing emergency well conditions and \$15,000 for application processing, eligibility evaluation, and communication with affected residents and applicants.

Navy / Coso Program

The March 2023 Navy/Coso Cooperative Agreement provides \$300,000 to install two Rose Valley groundwater monitoring wells and publish data on groundwater levels and subsurface flow. The proposed 2027 Navy/Coso Royalty Program budget is \$247,500, compared with \$306,000 in 2026; \$153,331 of

Navy/Coso Royalty Funds is currently available for 2027.

The proposed 2027 budget includes \$160,000 to install the second Rose Valley monitoring well and \$87,500 (funded by the Extraction Fee) for engineering, construction management, environmental surveys, and project management. Following delays in BLM authorization for environmental surveys, drilling is expected to begin in 2027.

Importantly, the need for this monitoring well and associated costs are contingent upon the outstanding public records request submitted to the Indian Wells Valley Water District for data collected on monitoring wells drilled in the Rose Valley area in 2024.

Urban Communities Drought Relief Program

The January 2024 Urban Community Drought Relief Grant Agreement with the California Department of Water Resources provided \$3,345,000 for administration, planning, design, engineering, environmental documentation, construction, and easement acquisition for IWVGA consolidation projects. The proposed 2027 budget is \$56,000, compared with \$2,122,200 in 2026, and assumes an amendment extending grant completion from December 31, 2026, to March 31, 2027, with closeout in April 2027. Approximately \$2,655,500 in grant funds is expected to remain after the amended deadline.

The proposed 2027 budget includes \$8,000 for grant administration, reflecting anticipated closeout in April 2027 and \$20,000 for general planning, design, and engineering. Remaining tasks include coordination with IWVWD and Hamner, Jewell & Associates and technical review of project documents.

Additionally, the proposed 2027 budget includes \$20,000 for Indian Wells Valley Water District (IWVWD) planning, design, and engineering. Work includes final design, permitting, and environmental documentation for the Stark Street Consolidation Project. No construction funding is proposed in 2027 with the Phase 2 of the Rademacher Consolidation Project completion in 2026.

Finally, the proposed 2027 budget includes \$8,000 for easement acquisition services by Hamner, Jewell & Associates. Added after easement difficulties emerged, the work covers title review, landowner negotiation and outreach, and preparation and recordation of easement documents.

EPA Resiliency Grant

In September 2025, the Authority executed a \$2.79 million EPA Drinking Water System Infrastructure Resilience and Sustainability Grant Agreement. The grant reimburses administration, project management, design, environmental permitting and documentation, and right-of-way acquisition costs for the Imported Water Project.

The proposed 2027 EPA Resiliency Grant budget is \$1,596,149, compared with \$1,889,860 in 2026. Lower-than-budgeted 2026 expenditures, primarily due to environmental and design schedules, will carry forward to support 2027 work.

Construction funding will determine project phasing and final design packages. The first design package is anticipated in 2027, with construction targeted for early 2028. The project will retain flexibility to align scope with funding cycles and may include pipeline connections, transmission lines, lift stations, regulating and terminus tanks, environmental mitigation, power extensions and connections, right-of-way acquisition, and regulatory permitting.

Grant Administration; General Design, Environmental, and Right-of-Way Support (Stetson Engineers)

The proposed 2027 budget includes \$35,000 for Stetson Engineers' grant administration, based on average 2026 monthly costs. Services include EPA coordination, grant compliance, invoicing, reimbursement requests, and performance and financial reporting.

The proposed 2027 budget also includes \$80,000 for general design (\$40,000), environmental support (\$30,000), and right-of-way support (\$10,000) for the Imported Water Project. Stetson Engineers will coordinate these workstreams with the program management, design, environmental, and right-of-way consultants.

Program Management (Blue Mountain Development)

The proposed 2027 budget includes \$180,000 for Blue Mountain Development to manage project schedule, budget, consultant contracts, scopes, and deliverables for the Imported Water Project, supporting a constructible and cost-effective package for USACE. The budget assumes extending services through 2027 and adding \$148,138 to the contract.

Design (Provost and Pritchard)

The proposed 2027 budget includes \$440,000 for Provost and Pritchard to complete the final design package for the first construction phase for the Imported Water Project. Final packaging will depend on available construction funding. The budget assumes extending services through 2027 with no increase to the current contract amount.

Environmental Permitting and CEQA/NEPA Documentation (Provost and Pritchard)

The proposed 2027 budget includes \$196,000 for Provost and Pritchard to complete final environmental documents for the Imported Water Project. This amount represents the estimated contract increase and assumes services continue through 2027.

Right-of-Way Acquisition Services (GF-Transystems)

The proposed 2027 budget includes \$257,400 for GF-Transystems right-of-way acquisition services for the Imported Water Project. Acquisition requirements will depend on final design, construction funding, and construction packaging. The budget assumes services continue through 2027.

Permitting Agencies

The proposed 2027 budget includes \$408,000 for agency design and environmental permitting fees for the Imported Water Project, including unspent 2026 amounts carried forward into 2027.

Environmental review requires coordination with BLM, the California Department of Fish and Wildlife, and the State Water Resources Control Board. The proposed 2027 budget assumes continued BLM NEPA consultation and execution of a BLM right-of-way agreement (\$179,275), plus a Lake and Streambed Alteration Agreement and Incidental Take Permit from CDFW (\$69,500).

Design review also requires agency coordination and permitting. The proposed 2027 budget assumes continued review by AVEK (\$69,444) and California City (\$11,950); encroachment permits from Ridgecrest (\$80) and Caltrans (\$15,000); a State Parks right-of-entry permit (\$7,500); Union Pacific

railroad-crossing licenses (\$20,000); and Southern California Edison studies, final power-facility design, and easements (\$35,000). The Method of Service Study and final-design costs remain undetermined.

Recommendation:

Staff recommends Board review, consideration and approval of the proposed 2027 budget.

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PROPOSED ANNUAL BUDGET-ALL FUNDS -BALANCED BUDGET

ACTUALS BY REVENUE ALLOCATION											
	PROPOSED BUDGET	Restricted Extraction	Unrestricted Second Transient Pool	Restricted Augmentation	Restricted Shallow Well Mitigation	Restricted SGMA IP Grant	Restricted EPA Resiliency Grant	Restricted Urban Com. Drought R Grant	Restricted Navy/COSO Royalty Fund	PROPOSED TOTAL BUDGET	
1	REVENUE										1
2	Extraction Fee	900,000	900,000	-	-	-	-	-	-	900,000	2
3	Second Transient Pool Fund	633,000	-	633,000	-	-	-	-	-	633,000	3
4	Augmentation Fee	2,468,502	-	-	2,468,502	-	-	-	-	2,468,502	4
5	Shallow Well Mitigation Fee	115,000	-	-	-	115,000	-	-	-	115,000	5
6	EPA Resiliency Grant	1,596,149	-	-	-	-	1,596,149	-	-	1,596,149	6
7	Urban Community Drought Relief Grant	106,000	-	-	-	-	-	106,000	-	106,000	7
8	Navy/COSO Royalty Fund	153,331	-	-	-	-	-	-	153,331	153,331	8
9	TOTAL REVENUES	5,971,982	900,000	633,000	2,468,502	115,000	-	1,596,149	106,000	5,971,982	9
10	EXPENSES										10
11	Administration										11
12	Administration (RGS)	400,900	200,450	-	200,450	-	-	-	-	400,900	12
13	Office Rent	3,600	1,800	-	1,800	-	-	-	-	3,600	13
14	Office Supplies	500	250	-	250	-	-	-	-	500	14
15	Postage and Delivery	360	180	-	180	-	-	-	-	360	15
16	External Audit (Nigro&Nigro)	18,500	9,250	-	9,250	-	-	-	-	18,500	16
17	Council Chambers/IT Services (City of Ridgecrest)	2,500	2,500	-	-	-	-	-	-	2,500	17
18	General Counsel (Aleshire & Wynder/City of Ridgecrest)	443,408	54,908	-	388,500	-	-	-	-	443,408	18
19	Additional Legal Services (Aleshire & Wynder)	62,160	62,160	-	-	-	-	-	-	62,160	19
20	Insurance Premium (Insurica)	22,000	-	-	22,000	-	-	-	-	22,000	20
21	Legal Notices (Daily Independent)	2,000	2,000	-	-	-	-	-	-	2,000	21
22	Memberships (Cal. Assoc.Mutual Water Co)	100	100	-	-	-	-	-	-	100	22
23	Bank Service Charges	100	100	-	-	-	-	-	-	100	23
24											24
25	Non-Departmental										25
26	Other Legal Services (RWG Law)	250,000	-	-	250,000	-	-	-	-	250,000	26
27	Lobbying Services (Capitol Core)	255,220	16,910	-	238,310	-	-	-	-	255,220	27
28	California State Lands Commission	170	170	-	-	-	-	-	-	170	28
29											29
30	Community & Engagement										30
31	Communications	150,000	125,000	-	25,000	-	-	-	-	150,000	31
32	Website	315	315	-	-	-	-	-	-	315	32
33											33
34	Shallow Well Mitigation Programs										34
35	Shallow Well Mitigation Emergency Assistance Program	50,000	-	-	-	50,000	-	-	-	50,000	35
36	Outreach and Impacts Eval.(Stetson)	15,000	-	-	-	15,000	-	-	-	15,000	36
37											37
38	NAVY/COSO Program										38
39	Rose Valley Construction	153,331	-	-	-	-	-	-	153,331	153,331	39
40	Navy/Coso Royalty Fund: FY 21 Rose Valley MW	75,000	75,000	-	-	-	-	-	-	75,000	40
41	Navy/Coso Cooperative Agreement (Stetson)	10,000	10,000	-	-	-	-	-	-	10,000	41
42	Navy/Coso Royalty Fund: Develop Projects & Secure Funding (Stetson)	2,500	2,500	-	-	-	-	-	-	2,500	42
43											43
44	Basin Management Administration										44
45	Production Reporting, Transient Pool, and Fee Support (Stetson)	15,000	15,000	-	-	-	-	-	-	15,000	45
46	Meetings and Prep (Stetson)	160,000	80,000	-	80,000	-	-	-	-	160,000	46
47	Budget Support (Stetson)	20,000	20,000	-	-	-	-	-	-	20,000	47
48	Stakeholder Coordination (Stetson)	5,000	5,000	-	-	-	-	-	-	5,000	48
49	Litigation Support (Stetson)	70,000	-	-	70,000	-	-	-	-	70,000	49

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50	EXPENSES (Cont'd)									50
51	Basin Management									51
52	General Engineering (Stetson)	30,000	30,000	-	-	-	-	-	-	30,000
53	TSS: General Coordination/Application Support (Stetson)	2,500	2,500	-	-	-	-	-	-	2,500
54	GSP 5-Year Update (Stetson)	25,000	25,000	-	-	-	-	-	-	25,000
55	Annual Report Preparation (Stetson)	60,000	60,000	-	-	-	-	-	-	60,000
56	Data Management System Support - (Stetson)	45,000	45,000	-	-	-	-	-	-	45,000
57	Allocation Plan and Rules & Regs on Pumping/Restrictions (Stetson)	2,500	2,500	-	-	-	-	-	-	2,500
58	General Project Management (Stetson)	35,000	35,000	-	-	-	-	-	-	35,000
59	Configuration Management Plan (Stetson)	20,000	20,000	-	-	-	-	-	-	20,000
60	Data Collection, Monitoring, and Data Gaps (Stetson)	150,000	150,000	-	-	-	-	-	-	150,000
61	Imported Water: Negotiations and Coordination(Stetson)	10,000	-	-	10,000	-	-	-	-	10,000
62	Recycled Water (Stetson)	2,000	-	-	2,000	-	-	-	-	2,000
63	Planning Assistance to States: Army Corps Support (Stetson)	5,000	-	-	5,000	-	-	-	-	5,000
64	Review of Outside Studies and Coordination (Stetson)	5,000	5,000	-	-	-	-	-	-	5,000
65	Well Monitoring Services (WellIntel Inc.)	1,850	1,850	-	-	-	-	-	-	1,850
66										66
67	Grant Management									67
68	Grant Review and Application Preparation (Stetson)	25,000	25,000	-	-	-	-	-	-	25,000
69										69
70	Urban Community Drought Relief Grant Program									70
71	Urban Community Drought Relief Funding Administration (Stetson)	8,000	-	-	-	-	-	8,000	-	8,000
72	Shallow Well Consolidation Project (Stetson)- Plan/Design/Engin	20,000	-	-	-	-	-	20,000	-	20,000
73	Shallow Well Consolidation Project (IWVWD)-Planning/Design/Engineering	20,000	-	-	-	-	-	20,000	-	20,000
74	Shallow Well Consolidation Project (IWVWD)-Construction	50,000	-	-	-	-	-	50,000	-	50,000
75	Shallow Well Consolidation Project (IWVWD)-NonReimb	8,000	-	-	-	-	-	8,000	-	8,000
76										76
77	EPA Resilience Grant									77
78	EPA Resilience Grant Administration (Stetson)	35,000	-	-	-	-	35,000	-	-	35,000
79	Resilience Grant-Design (Stetson)	40,000	-	-	-	-	40,000	-	-	40,000
80	Resilience Grant-Environmental (Stetson)	30,000	-	-	-	-	30,000	-	-	30,000
81	Resilience Grant --Right of Way (Stetson)	10,000	-	-	-	-	10,000	-	-	10,000
82	Resilience Grant - Design (Provost & Pritchard)	440,000	-	-	-	-	440,000	-	-	440,000
83	Resilience Grant - Environmental (Provost & Pritchard)	196,000	-	-	-	-	196,000	-	-	196,000
84	Resilience Grant - ROW (Transystems)	257,400	-	-	-	-	257,400	-	-	257,400
85	Resilience Grant - Project Management (Blue Mountain)	180,000	-	-	-	-	180,000	-	-	180,000
86	Antelope Valley East Kern	69,444	-	-	-	-	69,444	-	-	69,444
87	City of California City	11,950	-	-	-	-	11,950	-	-	11,950
88	City of Ridgecrest	80	-	-	-	-	80	-	-	80
89	Bureau of Land Management	179,275	-	-	-	-	179,275	-	-	179,275
90	Southern California Edison	35,000	-	-	-	-	35,000	-	-	35,000
91	CalTrans	15,000	-	-	-	-	15,000	-	-	15,000
92	California Department of Fish and Wildlife	69,500	-	-	-	-	69,500	-	-	69,500
93	California Department of Parks & Recreation	7,500	-	-	-	-	7,500	-	-	7,500
94	Union Pacific Railroad	20,000	-	-	-	-	20,000	-	-	20,000
95										95
96	TOTAL EXPENSES	4,308,663	1,107,443	-	1,280,740	65,000	-	1,596,149	106,000	4,308,663
97										97
98	Surplus (Deficit)	1,663,319	(207,443)	633,000	1,187,762	50,000	-	-	-	1,663,319