

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Kevin Hawkins, Assistant City Manager

DATE: January 13, 2026

SUBJECT: Approve Voluntary Intergovernmental Agreement Between the City of Temecula and the Pechanga Band of Indians (At the Request of Pechanga Tribal Council Representatives Rahn and Schwank)

RECOMMENDATION: That the City Council approve a voluntary Intergovernmental Agreement between the City of Temecula and the Pechanga Band of Indians in substantial form.

This voluntary Intergovernmental Agreement (IGA) renews and strengthens the long-standing partnership between the City of Temecula (City) and the Pechanga Band of Indians (Tribe), fostering continued collaboration on public safety, infrastructure, and community investment initiatives that advance shared goals and enhance quality of life throughout the Temecula Valley.

BACKGROUND: The City of Temecula and the Pechanga Band of Indians have long maintained a strong government-to-government partnership rooted in collaboration, mutual respect, and a shared commitment to community well-being. The Pechanga Band of Indians can offset or seek credits against any payment due to the State of California for the ability to host gaming activities. Pechanga generates substantial positive economic, fiscal, and social impacts in Temecula, Riverside County, and surrounding areas. Through direct expenditures related to the tribal government and the operation of gaming and non-gaming-related businesses (such as Pechanga Resort Casino, Temecula Creek Inn, and Pechanga RV Resort), the Tribe actively supports the local economy by making significant contributions to local employment, wages, production, and more.

Since 2004, Pechanga has provided over \$40 million to the City for critical infrastructure improvements and public safety enhancements—contributing to projects such as the I-15 South/Temecula Parkway off-ramp improvements and construction of the Northbound auxiliary lane from Temecula Parkway to Rancho California Road.

In 2021, Pechanga's government operations and gaming and non-gaming businesses in Riverside County collectively contributed to an estimated total economic output of \$1.1 billion. This supported 6,468 jobs, contributed \$313.6 million in total labor income (wages and benefits), and generated \$154.4 million in tax revenue at various government levels. Statewide, estimated

economic output reached \$1.3 billion, supporting 7,279 jobs, contributing a total of \$384.7 million in labor income, and generating \$181.2 million in tax revenue.

Building on the framework established in the prior Intergovernmental Agreements, the 2025 IGA continues and expands upon this cooperative relationship. The Agreement is intended to:

- Strengthen the long-term government-to-government relationship between the City and the Tribe.
- Establish a collaborative process for dispute resolution and coordinated project delivery.
- Identify joint opportunities for public safety services, infrastructure enhancements, and capital investment benefiting both the tribal and local communities.

Under this renewed Agreement, Pechanga will make a voluntary annual contribution of \$950,000 into the Pechanga Community Fund, dedicated to funding programs and projects mutually agreed upon by the Pechanga Tribal Council and the City.

Funding will focus on:

- Additional public safety services
- Traffic improvement projects and maintenance; and
- Financial contributions or loans supporting mutually agreed-upon capital projects.

The Tribe and City recognize that future Capital Improvement Projects may arise. As a result, this agreement allows for additional consideration between the Tribe and City for additional grants for specific Capital Improvement Projects.

This year, Pechanga will also make a one-time grant deposit of Eight Hundred and Fifty Thousand Dollars (\$850,000) into the Pechanga Community Fund for these purposes.

This current Agreement will be effective as of July 1, 2025, with an initial three-year term ending June 30, 2028, an annual contribution which has been increased to \$950,000 and provides for three-year extension options at the discretion of the Tribe, aligned with the duration of the Tribe's current Tribal-State Compact.

This continued partnership reinforces Pechanga's and the City's joint vision for community investment, fiscal responsibility, and regional collaboration that enhances the overall quality of life throughout the Temecula Valley.

FISCAL IMPACT: The \$950,000 Annual Contribution and the one-time payment of \$850,000 for yet to be identified Work Plan of projects/programs focused on additional public safety services, traffic improvement projects and maintenance and financial contributions or loans supporting mutually agreed-upon capital projects.

ATTACHMENTS: Intergovernmental Agreement