

**Borrego Water District Board of Directors**  
**Regular Meeting**  
**February 26, 2019 @ 9:00 a.m.**  
**806 Palm Canyon Drive**  
**Borrego Springs, CA 92004**

**I. OPENING PROCEDURES**

- A. Call to Order
- B. Pledge of Allegiance
- C. Roll Call
- D. Approval of Agenda
- E. Approval of Minutes:
  - 1. January 8, 2019 Special Meeting Minutes (3-6)
  - 2. January 11, 2019 Special Meeting Minutes (7-8)
  - 3. January 22, 2019 Regular Meeting Minutes (9-12)
- F. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min)
- G. Comments from Directors
- H. Correspondence Received from the Public

**II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION**

- A. Borrego Water District
  - 1. Consent Calendar
    - a. Resolution No. 2018-02-01 Setting 2019 Board Meeting Dates – G Poole (13-15)
    - b. Ratification of Selecting Leaf & Cole LLP for Auditing District's FY 2020 - FY 2022 Financial Statements (16-37)
    - d. Refund of Club Circle Golf Fees to Santiago Estates HOA – K Pittman (38-41)
  - 2. Acceptance of Bid and Authorization of Staff to Send Letter of Award to Southwest Drilling for Replacement Well #1 (ID 4-4 location) (42-43)
  - 3. Cost of Service Study Proposal for Establishing District Rates for FY 2021 - FY 2025 from Raftelis (44-53)
  - 4. 2019 Town Hall Slides – All (54-72)
- B. GSA: Borrego Springs Sub Basin
  - 1. Reimbursement Agreement with County of San Diego for SDAC Prop One Grant Proceeds – G Poole (73-126)
  - 2. Information Only: ENSI, Comparison of Pumping Rate Reduction Schedules Under SGMA (February 11, 2019) (127-139)

AGENDA: February 26, 2019

All Documents for public review on file with the District's secretary located at 806 Palm Canyon Drive, Borrego Springs CA 92004

Any public record provided to a majority of the Board of Directors less than 72 hours prior to the meeting, regarding any item on the open session portion of this agenda, is available for public inspection during normal business hours at the Office of the Board Secretary, located at 806 Palm Canyon Drive, Borrego Springs CA 92004.

The Borrego Springs Water District complies with the Americans with Disabilities Act. Persons with special needs should call Geoff Poole – Board Secretary at (760) 767 – 5806 at least 48 hours in advance of the start of this meeting, in order to enable the District to make reasonable arrangements to ensure accessibility.

If you challenge any action of the Board of Directors in court, you may be limited to raising only those issues you or someone else raised at the public hearing, or in written correspondence delivered to the Board of Directors (c/o the Board Secretary) at, or prior to, the public hearing.

3. Information Only: Concept Proposal to Borrego Valley Endowment Fund for the Local Government Commission to Provide Proposal Development Support to the BWD for Integrated Community Planning to Complement the GSP and Provide Draft GSP Review Comments (140)

### **III. STANDING AND AD-HOC BOARD COMMITTEE REPORTS –**

#### **A. STANDING:**

1. Operations and Infrastructure – Delahay/Duncan

#### **B. AD-HOC:**

1. GSP Preparation – Brecht/Duncan
2. 2019-20 Budget – Brecht/Ehrlich
3. Cost of Service Study – Brecht/Ehrlich
4. Rams Hill Operating Agreement – Brecht
5. Risk and Security – Ehrlich
6. Proposition 68 Funding – Dice
7. Association of California Water Agencies/Joint Powers Authority - Ehrlich

### **IV. STAFF REPORT**

- A. Financial Reports: January 2019 (141-154)
- B. Water and Wastewater Operations Report: Pushed to February Board Meeting
- C. Water Production/Use Records: Pushed to February Board Meeting
- D. General Manager: ATT Cell Tower near Rams Hill, Wastewater and Water Projects Grant Application, Prop 68 Grant Application, Well #2 Location, BS High School Well, GSP Update and Meeting Schedule (157-160)

### **V. CLOSED SESSION:**

- A. Conference with Legal Counsel - Significant exposure to litigation pursuant to paragraph (53) of subdivision (d) of Section 54956.9: (Five (5) potential cases)

### **ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION:**

2. A.5 - Renegotiation of Long Term Cooperating Agreement and Spare Capacity Agreement with T2 Borrego/Rams Hill:

### **VI. CLOSING PROCEDURE**

- A. Suggested Items for Next/Future Agenda: Fallowing Standards
- B. The next Regular Meeting of the Board of Directors is scheduled for Tuesday, March 26<sup>th</sup> 2019, - 9:00

AGENDA: February 26, 2019

All Documents for public review on file with the District's secretary located at 806 Palm Canyon Drive, Borrego Springs CA 92004

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**Borrego Water District Board of Directors**  
**MINUTES**  
**Special Meeting**  
**January 8, 2019 @ 9:00 a.m.**  
**806 Palm Canyon Drive**  
**Borrego Springs, CA 92004**

**I. OPENING PROCEDURES**

**A. Call to Order:** Vice-President Brecht called the meeting to order at 9:00 a.m.

**B. Pledge of Allegiance:** Those present stood for the Pledge of Allegiance.

**C. Roll Call:      Directors:      Present:      Vice-President Brecht, Delahay,**

Dice, Duncan, Ehrlich

Staff:                      Geoff Poole, General Manager

Craig Hayes, Best Best & Krieger (via  
teleconference)

Wendy Quinn, Recording Secretary

Public:                      Rebecca Falk, Sponsor Group

Diane Johnson, Stewardship Council

Gary Haldeman, ratepayers

Rick Alexander, TRAC

Kayvan Ilkhanipour, Dudek (via teleconference)

**D. Approval of Agenda: *MSC: Delahay/Ehrlich approving the Agenda as written.***

**E. Comments from the Public and Requests for Future Agenda Items:** None

**F. Comments from Directors:** Director Ehrlich requested a detailed update on water quality testing progress and next steps.

**G. Correspondence Received from the Public:** Director Brecht thanked Gary Haldeman for his letter, which was published in the *Borrego Sun*, and offered the Board's assistance. He asked Mr. Haldeman for input on the Town Hall Meeting Agenda. Mr. Haldeman said he would publish a schedule of ratepayers' meetings in the *Sun* and distribute it to Board members.

Director Brecht referred to Rebecca Falk's letter asking how the GSP would affect ratepayers. He suggested waiting to see what happens at the next Advisory Committee meeting, and if her questions aren't answered, they will be addressed at the following Board meeting. Ms. Falk requested a written statement addressing her questions. Discussion followed as to how to disseminate the information. Suggestions included the County and BWD websites and signs at the Post Office and Library in English and Spanish.

**II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION**

**A. Borrego Water District:**

1. Election of Board Officers: President, Vice President, Secretary/Treasurer:  
***MSC: Ehrlich/Delahay electing Kathy Dice as President. MSC: Ehrlich/Delahay electing Dave Duncan as Secretary/Treasurer.*** Vice-President Brecht agreed to continue as Vice-President.

2. Capital Improvement Plan Update:

a. BWD Pipelines – Phase One: Rejection of Apparent Low Bidder and Award of Contract. Craig Hayes reported there were two bids for Phase One of the pipeline projects: one for \$400,000 and one for \$514,313. He recommended rejecting the low bid from AZTEC because they used the wrong bid schedule form and was therefore nonresponsive, and

awarding the contract to A and R. **MSC: Brecht/Delahay rejecting the nonresponsive low bid from AZTEC. MSC: Delahay/Brecht awarding the contract for the Phase One pipeline projects to A and R.** Mr. Poole explained that Phases Two and Three would probably be combined. As it has done in the past, the District may hire temporary employees for the projects and have permanent employees supervise them.

b. Well Replacement #1 & #2 Bid Documents. Mr. Poole explained that bid documents for Well Replacements #1 and #2 had been combined to save time and money. Well #2 is an alternate bid item, because the District has not yet secured the land. Director Ehrlich questioned the dates set for the pre-bid meeting (1/22) and bid opening (1/29). Kayvan Ilkhanipour recommended changing them to 1/30 and 2/6, respectively. He will take care of advertising in a newspaper of general circulation. Director Ehrlich asked whether the 120-day construction period would change depending on whether the award is for one well or two. Mr. Ilkhanipour thought it was just for Well #1, but agreed to check with Trey Driscoll. **MSC: Ehrlich/Brecht authorizing the General Manager and Engineer to go out to bid on Well Replacements #1 and #2 with the modified pre-bid meeting and bid opening dates.** Mr. Poole asked Mr. Ilkhanipour to be the contact.

3. Grant Progress Report & Priorities. Rick Alexander reported that Spindrift Archeological was nearing completion of its report for the Proposition 1 grant application, and an agreement with Rocks Biological had been finalized. The application is being processed by the State Water Resources Control Board. Local legislative staff is working to arrange meetings with Sacramento staff and BWD representatives. An agreement with the Local Government Commission has been signed for assistance with potential Proposition 68 funding, and a conference call is scheduled for Thursday. Director Brecht recommended identifying sources of low interest loans for FY 2021-22. Mr. Alexander suggested the State Water Resources Control Board, Bureau of Reclamation and the US Department of Agriculture. Mr. Poole pointed out that most grants and loans are offered for specified types of projects. He had asked Mr. Alexander to look at the requirements. Diane Johnson noted that foundation grants may be available.

4. FY 2019 Budget Development Process & Tie-In to Prop 218 Analysis. Director Brecht referred to a chart in the Board package proposing a timeline for FY 19 budget development and Proposition 218 analysis. He pointed out that the District's cash flow is \$1 million less than budgeted, and \$300,000 is budgeted for CIP cash expenditures. He asked the Operations and Infrastructure Committee to investigate and see if the expenditures are really necessary. Director Delahay noted that there are unexpected expenditures, and Director Brecht recommended they be built into the budget. Discussion followed regarding rates, and Director Delahay expressed a preference for raising commodity rates and leaving meter charges as is. Director Brecht pointed out that T2 owes the District for spare capacity, and there are unreimbursed GSP development costs.

Discussion followed regarding Rams Hill flood control, and Director Ehrlich suggested an annual inspection. Mr. Poole reported that Alan Asche was working on it. Director Brecht suggested talking to counsel about how to document that the District is doing what is necessary. Further discussion followed regarding the delay in GSP development cost reimbursement. Director Brecht noted that implementation costs are now being incurred as well, and negotiations are underway. He suggested forming a Budget Committee to develop a Proposition 218 schedule.

5. 2019 Town Hall Meeting Date Selection & Agenda. Director Brecht invited the Board's attention to the draft Town Hall Meeting Agenda in the Board package, and suggested forming a Town Hall Meeting Committee. He hoped to have the draft GSP released in

February, so suggested having the Town Hall Meeting in February. There is a 60-day period in which to comment on the GSP. Director Ehrlich thought the CIP overview last year was helpful. Ms. Falk suggested a handout on the CIP to shorten the presentation. Gary Haldeman suggested a two-part meeting, one for technical and one more informational with interaction. He also suggested a barbecue prior to the meeting. President Dice suggested considering the Library Community Room.

6. Nomination of Board Standing and Ad hoc Committee Selection. Director Delahay agreed to continue on the Operations and Infrastructure Committee. Director Duncan will join him, and President Dice will attend as an observer. The following ad hoc committee assignments were made: Budget and Proposition 218: Directors Brecht and Ehrlich; Town Hall Meeting: President Dice and Director Duncan; GSP: Directors Brecht and Duncan; T2 Borrego: Director Brecht; Risk/Security and Systems: Director Ehrlich and President Dice; Community Planning: President Dice; and Audit: Directors Ehrlich and Brecht. Director Ehrlich will continue as the Joint Powers Insurance Authority representative.

7. Future Meeting Dates:

Director Brecht suggested holding the February Special Meeting on February 12, the Strategy Development Meeting with Dolly Mack on February 19, and the Regular Board Meeting on February 26. He pointed out that the Special Meetings were originally scheduled to discuss decisions to be made at the Regular Meeting. Then they were supposed to focus on GSP issues. Now, general business is addressed at both meetings. He suggested having more time between the two meetings, for example maybe March 5 and 26, and see how it works. The February and March schedules will be on the January Regular Agenda for discussion and possible action.

- a. Resolution to Change Date of Regular Meeting to January 29<sup>th</sup>.
- b. January 11<sup>th</sup> Special Meeting (9:15-9:45 AM) to receive and file FY 2018

Audit results.

c. January 23<sup>rd</sup> Special Board Meeting for AB 1234 Ethics Training BB&K Webinar (:9:00-11:00 AM) – voluntary.

***MSC: Duncan/Delahay scheduling Special Board Meetings for January 11 and 23 and adopting Resolution No. 2019-01-01, Resolution of the Board of Supervisors of the Borrego Water District Revising the Schedule of Regular Meetings (scheduling the Regular Board Meeting for January 29).***

d. February 2019 – Dolly Mack Associates Board Strategy Development Proposal. The Strategy Development Meeting was scheduled for February 19.

**B. GSA: Borrego Springs Sub Basin:**

1. Facilitation Services for GSP Advisory Committee. Mr. Poole reported that DWR is no longer funding the services of the AC Facilitator, Meagan Wylie from the Center for Collaborative Policy. He invited the Board's attention to her proposal in the Board package, \$8,000 for January through August. Director Brecht questioned why the County was notified of the discontinued funding, and not the District. Mr. Poole agreed to find out. Director Ehrlich noted that the Board of Supervisors might provide funding and agreed to look into it. ***MSC: Brecht/Delahay approving the proposal for Facilitation Services to the GSP Advisory Committee.***

2. District Draft GSP Review Process. Director Brecht invited the Board's attention to material in the Board package. He pointed out there are three general perspectives: legal, technical and economic. He felt the GSP review process was successful so far in the legal and technical areas, but needed more work on the economic perspective.

3. GSP Planning Process PPT. Director Brecht invited the Board's attention to material in the Board package and offered to answer questions.

4. ENSI Takeaways PPT. Director Brecht invited the Board's attention to material in the Board package and offered to answer questions. Well information should be in the next Board package.

5. "Water Quality Review and Assessment: Borrego Water District (BWD) Water Supply Wells" (December 7, 2018). Dr. Jay Jones' report was included in the Board package.

6. Holly Doremus, Professor of Law, University of California, Berkeley, "Adaptive Management as an Information Problem" (2011). Professor Doremus' article was included in the Board package. Director Brecht explained that "adaptive management" means changing plans after the fact.

Director Delahay reported that a ratepayer was angry about the lack of answers concerning SGMA and GSP. He further reported that some senior citizens who were considering purchasing homes in Borrego were reluctant to do so until the water situation is resolved.

### **III. CLOSED SESSION**

**A. Conference with Legal Counsel – Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Government Code Section 54956.9 (three (3) potential cases):**

**B. Conference with Real Property Negotiators (Gov. Code Section 54956.8):**

Property APN: 198-270-13: S8-11-6E (EX RDS) NEQ of the SEQ of Section 8

BWD Negotiator: Geoff Poole

Negotiating Parties: Geoff Poole, General Manager and Borrego Springs Unified School District

Under Negotiation: Price and Terms of Payment

The Board adjourned to closed session at 11:30 a.m., and the open session reconvened at 12:30 p.m. There was no reportable action.

### **IV. CLOSING PROCEDURE**

**A. Suggested Items for Next/Future Agenda:** Items for the next Agenda were discussed earlier in the meeting.

**B. The next Meeting of the Board of Directors is scheduled for Tuesday, January 29 – 9:00.** There being no further business, the Board adjourned at 12:30 p.m.



Town Hall Meeting Committee meeting next week. Ms. Hart agreed to draft some suggested changes to the response.

1. Borrego Water District Fiscal Year 2017-18 Financial Audit. John Rotherham assured the group that the delay in completion of the audit was not the fault of District management. He summarized his report on the District's financial statements for the fiscal year ending 2018. In the auditors' opinion, they were clean and unqualified. His report addressed financial procedures and supplemental issues, and all were found acceptable. The financial data agrees with the audited financial statements. The assets, cash and capital assets were healthy and consistent with the prior year. From the operational standpoint, there were no adjustments to the balance sheet or profit and loss. The cash position is strong and up from the prior year. There were no significant changes in accounting policies, which conformed to common practice. ***MSC: Brecht/Delahay accepting the fiscal year 2017-2018 financial audit.***

### **III. CLOSED SESSION**

None

### **IV. CLOSING PROCEDURE**

**A.** Suggested Items for Next/Future Agenda: None

**B.** The next Meeting of the Board of Directors is scheduled for Tuesday, January 29 @ 9:00 am. There being no further business, the Board adjourned at 9:55 a.m.





Canyon. He is working with the Endowment Fund to build an urgent care facility, and hopes to begin work this year.

2. RoadRunner Farms Fallowing Plan and Water Credit Request. Mr. Poole reported that in 2016 the owners of RoadRunner Farms requested acceptance of their fallowing plan but didn't follow through with it. They now want to resurrect it and are requesting review of their plan. The County has approved it. Director Brecht referred to a fallowing checklist prepared by Dudek and expressed concern regarding CEQA requirements and potential liability. Director Delahay suggested that someone walk through the property to make sure there is no hazardous material. Director Brecht pointed out that Dudek's checklist was geared to one particular property, and suggested the matter be included on the next Agenda along with prior studies. Mr. Poole will come back to the Board with a proposed general fallowing procedure and more specific information on the RoadRunner property. President Dice will work with him.

3. Notice of Exemption: Well Replacement #1 ID 4-4. ***MSC: Ehrlich/Delahay authorizing the General Manager to file a Notice of Exemption for Well Replacement #1, ID 4-4.***

4. Request for Proposal for Cost of Service Study. Director Brecht introduced a proposal that he and Director Ehrlich developed regarding cash flow. He explained that since the District has been successfully using Raftelis, an RFP may not be necessary. He recommended reframing the proposal to set forth specific rate issues and asking Raftelis for a quote. The Board concurred. The Budget Committee will work with staff and Raftelis and come back with a recommendation.

5. Alternative Dates and Draft 2019 Town Hall PPT. Mr. Poole reported that the Town Hall Meeting date was tentatively set for February 28, and the Library Community Room has been reserved. However, Steve Anderson is not available. Discussion followed regarding whether his attendance is necessary. The Board decided to stay with February 28. Director Brecht invited the Board's attention to slides in the Board package. Mr. Shindler referred to a slide showing comparative water rates in similar districts, and suggested adding agricultural water rates.

6. Cyber Security for Municipal Water Utilities. Director Brecht invited the Board's attention to information on cyber security in the Board package. Something on the subject will need to be included in the next audit and budget.

7. SpringBrook Training for BWD Staff. Kim Pittman explained that SpringBrook training in utility billing had been included in the budget, and with two new employees this is a good time. The budgeted amount is \$10,000, and the quote was \$7,632 for a week of training. ***MSC: Brecht/Delahay approving SpringBrook training for BWD staff.***

**B. GSA: Borrego Springs Sub Basin:**

1. ENSI, Assessment of Water Level Decline, Hydrogeologic Conditions, and Potential Overdraft Impacts for Active BWD Water Supply Wells (January 27, 2019). Director Brecht invited the Board's attention to information in the Board package. Mr. Poole confirmed that it had been sent to the County and Dudek.

2. GSP Questions and Answers v#12. Mr. Shindler reiterated that he did not believe there is only one allocation method, equal. He felt the ratepayers do not necessarily have to pay for adjudication. He went on to question whether competing interests to purchase farmland could drive up prices. President Dice explained that the questions and answers document is evolving, and asked Mr. Shindler to send her his suggestions and she will take them under advisement.

3. Draft GSP Public Outreach. Mr. Poole reported that Ms. Falk had suggested a series of meetings during the GSP public review period. County Core Team member Jim

Bennett prefers not to participate, feeling such meetings could be contentious, but suggested addressing the Sponsor Group instead. Ms. Falk concurred, and will work with Mr. Poole to arrange something. Mr. Poole added that Rachel Ralston of LeSar, socioeconomic consultant for the GSP, will be scheduling a public meeting. Perhaps a technical meeting will be held as well. Ms. Falk felt there should be a meeting for those who want to understand the GSP in detail, rather than an overview. Director Duncan pointed out that during the review period there will be a BWD workshop Board meeting, an AC meeting, a Sponsor Group meeting and the Town Hall meeting.

### **III. STANDING AND AD-HOC BOARD COMMITTEE REPORTS**

#### **A. Standing:**

1. Operations and Infrastructure. No report.

#### **B. Ad-Hoc:**

1. GSP Preparation. No report.

2. 2018 Audit. Director Brecht requested that the Committee name be changed to Audit RFP.

3. Rams Hill Operating Agreement. No report.

4. Risk. No report.

5. 2019 Town Hall Meeting. No report.

6. Proposition 68 Funding. President Dice reported that the Committee would meet this week.

7. Association of California Water Agencies/Joint Powers Authority. No report.

Director Brecht requested the addition of the Budget Committee (Directors Brecht and Ehrlich).

### **V. STAFF REPORTS**

#### **A. Financial Reports:**

November 2018

December 2018

Ms. Pittman offered to answer questions regarding the Financial Reports.

#### **B. Water and Wastewater Operations Report:**

September 2018

October 2018

November 2018

December 2018

Director Ehrlich questioned the non-water revenue for December, which doubled. Director Delahay explained that the meter reading date changed over the holidays to avoid overtime, and there was also a line break. Mr. Poole agreed to look into it.

#### **C. Water Production/Use Records:**

September 2018

October 2018

November 2018

December 2018

The Water Production/Use Records were included in the Board package.

**D. General Manager:** Mr. Poole invited the Board's attention to his written report in the Board package and offered to answer questions. He noted that he was not entirely satisfied with the thoroughness of Dudek's work on the water quality monitoring and was looking into alternatives, perhaps doing it in house. A reimbursement agreement with the County for the

SDAC grant is being drafted, and Mr. Poole will present it to the Board on February 12. Director Brecht inquired about the claim process and how long reimbursement would take. Mr. Poole is trying to find out and will report on February 12.

**V. CLOSED SESSION**

**A. Conference with Legal Counsel – Significant exposure to litigation pursuant to Government Code paragraph (3) of subdivision (d) of Section 54956.9 (three (3) potential cases):**

The Board adjourned to closed session at 11:15 a.m., and the open session reconvened at 12:50 p.m. There was no reportable action.

**VI. CLOSING PROCEDURE**

**A. Suggested Items for Next/Future Agenda:** Items for the next Agenda were discussed previously.

**B. The next Regular Meeting of the Board of Directors is scheduled for February 26, 2019 – 9:00.** There being no further business, the Board adjourned at 12:50 p.m.

BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
February 26, 2019  
Item II.A.i.a: Consent Calendar

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Resolution No. 2019-02-01 Setting 2019 Board Meeting Dates – G Poole

RECOMMENDED ACTION

Approve Resolution setting Board Meeting dates for the remainder of 2019

ITEM EXPLANATION

Following the two month trial, staff is recommending continuation of the Board Meeting schedule for the 2<sup>nd</sup> and 4<sup>th</sup> Tuesday of each month. Specifically, the dates for the remainder of the year are as follows, including being dark in Sept and one meeting per month in Nov and Dec. If additional meetings are needed a Special Meeting can be called at any time with 24 hours' notice:

Board Meeting Dates for 2019

March 12 & 26  
April 9 & 23  
May 14 & 28  
June 11 & 25  
July 9 & 23  
September 10 & 24  
October 8 & 22  
November 12  
December 10

FISCAL IMPACT  
N/A

ATTACHMENT  
1. Resolution 2019-02-01 setting Board Meeting dates

RESOLUTION NO. 2019-02-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
BORREGO WATER DISTRICT  
REVISING THE SCHEDULE OF REGULAR MEETINGS

WHEREAS, on June 14, 1983, this Board of Directors adopted Ordinance No. 83-1 establishing the Administrative Code of the Borrego Water District (“Administrative Code”) pursuant to the specific and implied grants of authority in Division 13, commencing with Section 34000, of the Water Code of the State of California to serve in part as the Bylaws of the Borrego Water District as required by Section 35300 et seq. of the Water Code; and

WHEREAS, Section 4.1.1 of the Administrative Code as adopted by Ordinance No. 83-1 established a schedule of the regular meetings of the Board of Directors; and

WHEREAS, on February 28, 2007 the Board of Directors adopted Ordinance No. 07-1 amending Section 4.1.1 of the Administrative Code governing the date and time of regular meetings of the Board of Directors to read: “4.1.1 Regular Meetings. Regular meetings of the Board shall be held pursuant to such schedule as the Board may adopt by Resolution from time to time. In the event the regular meeting date falls on a holiday designated in Section 6700 of the Government Code, a regular meeting of the Board of the cancellation of a regular meeting or meetings may be made by a majority vote of the members of the Board at least fifteen (15) days prior to the change or cancellation. A determination to change or cancel a regular meeting must be made at a regular or special meeting of the Board;” and

WHEREAS, the Board of Directors adopted Resolution 2007-2-1 on February 28, 2007 setting its regular board meetings at 9:00 a.m. on the second and fourth Wednesday of each month.

WHEREAS, the Board of Directors Adopted Resolution 2008-9-03 on September 24, 2008 setting its regular board meetings at 9:15 a.m. on the fourth Wednesday of every month.

WHEREAS, the Board of Directors adopted Resolution 2011-02-01 on February 15, 2011 setting its regular meetings at 9:00 a.m. on the fourth Wednesday of the month.

WHEREAS, pursuant to Ordinance 07-1, the Board of Directors desires to revise the schedule for its regular meetings.

NOW, THEREFORE,  
the Board of Directors of the Borrego Water District does hereby resolve, determine and order as follows:

Section 1.

The Board of Directors of the Borrego Water District shall hold its regular meetings at 9:00 a.m. on the fourth Wednesday of each month.

Section 2.

Notwithstanding Section 1, above, the regular meetings of the Board of Directors of the Borrego Water District for the months of March through July 2019 will be as follows:

Tuesday March 12 and Tuesday March 26  
Tuesday April 9 and Tuesday April 23  
Tuesday May 14 and Tuesday May 28  
Tuesday June 11 and Tuesday June 25  
Tuesday July 9 and Tuesday July 23

For the month of August 2019 there will be no Board Meeting

For the months of September and October 2019 as follows:

Tuesday September 10 and Tuesday September 24  
Tuesday October 8 and Tuesday October 22

For the months of November and December 2019 as Follows:

Tuesday November 12  
Tuesday December 17

ADOPTED, SIGNED AND APPROVED this 26<sup>th</sup> day of February, 2019.

\_\_\_\_\_  
President of the Board of Directors of Borrego Water District

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors of Borrego Water District

STATE OF CALIFORNIA  
)  
) ss.  
COUNTY OF SAN DIEGO)

I, Dave Duncan, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said District at a regular meeting held on the 26<sup>th</sup> day of February, 2019, and that it was so adopted by the following vote:

AYES, DIRECTORS:

NOES, DIRECTORS:

ABSENT, DIRECTORS:

ABSTAIN, DIRECTORS:

\_\_\_\_\_  
Secretary of the Board of Directors of Borrego Water District

BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
February 26, 2019  
Item II.A.i.b: Consent Calendar

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Ratification of Selecting Leaf & Cole LLP for Auditing District's FY 2020 - FY 2022 Financial Statements

**RECOMMENDED ACTION**

Authorize staff to enter into Agreement with Leaf and Cole for 2020-2022 Auditor Services

**ITEM EXPLANATION**

Directors Brecht and Ehrlich and Kim Pittman develop a Request for Proposal and interviewed auditing firms and are recommending Leaf and Cole to provide services to BWD thru 2022.

FISCAL IMPACT  
See Proposal

ATTACHMENT  
1. Leaf and Cole Proposal



***BORREGO WATER DISTRICT***  
***AUDIT PROPOSAL FOR THE YEARS ENDED***  
***JUNE 30, 2019 THROUGH 2021***

**PREPARED BY**

LEAF & COLE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**CONTACT PARTNER**

MICHAEL J. ZIZZI

[mjzizzi@leaf-cole.com](mailto:mjzizzi@leaf-cole.com)

2810 CAMINO DEL RIO SOUTH, SUITE 200

SAN DIEGO, CALIFORNIA 92108

Phone: (619) 294-7200

Fax: (619) 294-7077

February 5, 2019



*Leaf & Cole, LLP*  
*Certified Public Accountants*

**LEAF & COLE, LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
REQUEST FOR PROPOSALS  
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Appendix B - Neil S. Glass	3A - 3B
Appendix C - Dave F. Moran	4A - 4B



Leaf & Cole, LLP  
*Certified Public Accountants*  
*A Partnership of Professional Corporations*

February 5, 2019

To the Board of Directors  
Borrego Water District

Thank you for giving us the opportunity to submit our proposal for the audit of Borrego Water District. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the State Controllers minimum audit requirements. Should the District find itself subject to the requirements described in the Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards, a new engagement letter would be issued describing the scope of those additional services. Leaf & Cole, LLP is committed to completing these services within a time frame that will meet your needs. We feel uniquely qualified to provide the services required by the Borrego Water District for the following reasons:

- Leaf & Cole was established in 1960 and has grown steadily over the past fifty-eight years. Our high ratio of partners to staff allows us to better understand and anticipate our client's needs. By assigning partners to perform significant portions of the audit fieldwork and report preparation, Leaf & Cole is able to provide our governmental clients with a more consistent and experienced engagement team.
- Leaf & Cole does not audit Cities or Counties. Our governmental audit practice is focused on water and wastewater districts. Many of our government clients prepare a Comprehensive Annual Financial Report. Our experience working with the G.F.O.A. is extensive. Each and every CAFR prepared with an audit report from Leaf & Cole has received the Certificate of Achievement for Excellence in Financial Reporting.
- Our water district practice is charged with keeping our clients and our own professionals informed of significant developments in the water industry of California. This includes assisting our clients with the adjustments required by recent Governmental Accounting Standards Board Pronouncements such as GASB 68 and GASB 75.
- Leaf & Cole, LLP has provided services similar to those required by Borrego Water District to other special districts in the Amador, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, San Diego and San Luis Obispo counties.
- Leaf & Cole, LLP has provided accounting and auditing services to nearly twenty different special districts in the past five years. Our experience in the industry is not limited to auditing financial statements. We provide to our clients single audit reports, agreed-upon procedures, parity calculations, Government Finance Officers Association award assistance and guidance and bond offering-official statement preparation assistance.

- We have completed our tenth peer review. This review included services provided to similar districts.
- All staff scheduled have previous experience with similar special districts. This should dramatically reduce the time required and burden placed upon the District's staff.

We feel the items noted above render us unsurpassed in the quality of service provided to our clients. Any questions concerning this proposal should be directed to Michael J. Zizzi, Partner, who will be happy to meet with district representatives. Michael is authorized to represent Leaf & Cole, LLP.

Very truly yours,

LEAF & COLE, LLP



Michael J. Zizzi  
[mjzizzi@leaf-cole.com](mailto:mjzizzi@leaf-cole.com)

## **PROFILE OF THE FIRM**

### ***LICENSE TO PRACTICE IN CALIFORNIA***

Leaf & Cole, LLP and all professional staff assigned to the Borrego Water District audit are properly licensed to practice in the State of California. Following is a list of current licenses with the State Board of Accountancy of the firm and key personnel:

Leaf and Cole	PAR 984
Michael J. Zizzi	55110E
Steven W. Northcote	28780E

### ***INDEPENDENCE***

Leaf & Cole, LLP is independent of the Borrego Water District as defined by Generally Accepted Auditing Standards (GAAS), Governmental Auditing Standards (GAGAS) and as defined by the American Institute of Certified Public Accountants (AICPA), the minimum audit requirements and reporting guidelines for Special Districts as required by the State Controller's Office and those issued by the Comptroller General of the United States. Leaf & Cole has not provided any services to Borrego Water District in the past five years, and would provide written notice to the District of any professional relationships entered into during the period of this agreement that might impact our independence.

### ***FIRM QUALIFICATIONS AND EXPERIENCE***

Leaf & Cole, LLP is the 16<sup>th</sup> largest accounting firm in San Diego with a staff of over 40 individuals, including over 20 professionals and 8 partners. This high ratio of partners to professional staff permits us to be extremely responsive to our clients while providing a quality product.

It is difficult to be great at everything. For this reason, Leaf & Cole, LLP has chosen to develop four very specialized areas of expertise in its audit practice. We conduct audits throughout the State of California in each of these niche markets:

- California Special Districts
- Nonprofit Organizations
- Affordable Housing Developments
- Limited Scope Pension Audits

Our governmental audit staff consists of fifteen accountants, including three partners. Our experience in the industry and particularly with the special districts of California allows us to be quite certain of our staffing needs. Fieldwork will be completed by an audit partner, a senior accountant and a staff accountant, a second staff accountant may be used as needed. The engagement team has substantial special district experience. We believe that by assigning partners to participate in the fieldwork of the engagement, our clients receive the highest quality of service.

***FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)***

Michael J. Zizzi recently attended the American Institute of Certified Public Accountant’s national governmental and not-for-profit training program. Michael has also received the Certificate of Professional Development from the Government Finance Officers Association of the United States and Canada. This program includes the reporting requirements for the Government Finance Officers Association Certificate of Achievement Award. Leaf & Cole, LLP believes this type of continued education provides our governmental clients with the best quality of service available.

Leaf & Cole, LLP successfully completed a tenth peer review dated February 27, 2018. This peer review did include specific examination of our governmental auditing practice. We were pleased once again to receive a rating of “Pass”, the highest rating available under the AICPA’s peer review program.

Leaf & Cole, LLP has not been the object of any disciplinary action in the entire history of the firm.

***PARTNER AND SUPERVISORY STAFF QUALIFICATIONS***

Effective and efficient client service depends upon the strength of the engagement team. We believe the key factors of that strength are the availability, responsiveness, experience and commitment of the team members. Leaf & Cole, LLP is committed to providing an exceptional level of service to all clients. We have outlined the qualifications and experience of the key personnel assigned to Borrego Water District.

The quality of staff assigned to the job can most certainly be assured. All individuals mentioned have been assigned to similar special district audits for several years. Since turnover of audit staff is one of the strongest objections voiced by auditees, we believe Leaf & Cole, LLP can offer a unique and beneficial continuity vital to a successful audit, by assigning partners to play a significant role, in the fieldwork of the engagement. We will make every effort to maintain staff continuity throughout the term of the engagement. It is worth noting that the audit senior has been with Leaf & Cole for nearly 30 years.

	<u>Appendix</u>
Michael J. Zizzi	1
Steven W. Northcote	2
Neil S. Glass	3
Dave F. Moran	4

## ***SPECIFIC AUDIT APPROACH***

### **Planning the Audit**

Audit planning involves developing an overall strategy for the expected conduct and scope of the audit. The nature, extent and timing of planning will be based on our experience. In planning the audit we will consider, among other matters:

- a. Reviewing correspondence files, prior auditor's working papers, financial statements, board of directors' minutes, permanent files and current year's budget.
- b. Discussing the type, scope and timing of the audit with management of the District and/or the board of directors.
- c. Discussing matters that may affect the audit with District personnel responsible for nonaccounting services.
- d. Considering the effect of applicable accounting and auditing pronouncements.
- e. Coordinating the assistance of District personnel in data preparation.
- f. Obtain from District personnel an understanding of internal control sufficient to plan the audit.

### **Audit Objectives**

We will develop specific audit objectives for each material account balance or class of transactions listed below in the following broad categories:

a. *Existence of Occurrence:*

Reported assets and liabilities actually existed at the balance sheet date and transactions reported in the income statement actually occurred during the period covered.

b. *Completeness:*

All transactions and accounts that should be included in the financial statements are included and there are no material undisclosed assets, liabilities or transactions.

c. *Rights and Obligations:*

The District owns and has clear title to the assets, the liabilities and obligations of the District, and the District was actually a party to reported transactions.

d. *Valuation or Allocation:*

The assets and liabilities are valued properly and the revenues and expenses are measured properly.

e. *Presentation and Disclosure:*

The assets, liabilities, revenues and expenses are properly described and disclosed in the financial statements.

### **Audit Sampling**

Sampling is one of the principal methods used to control audit risk. From a statistical sample we are able to quantify the risk that conclusions drawn are correct within a specified level of precision.

The Borrego Water District has a multitude of transactions that could be sampled, however, not all populations are equally important. Therefore, we use a sampling approach that reasonably relates the extent of sampling to the audit risk involved. Our approach provides a method for assessing the principal sources of audit risk and deciding where sampling is needed and how much to do. Factors considered in this model include: the nature of audit procedures to be performed, the relative costs and benefits, and the potential for material error. Sample sizes are determined objectively and vary depending upon these factors. Sampling is used only where it is determined to be the most efficient way to meet the audit objectives.

Our tests of laws and regulations will be designed to test the laws and regulations that if not complied with could have a direct and material effect on the financial statements under audit. We will obtain information on the applicable laws and regulations from the District's management. We will review long-term debt covenants, and investment requirements from the California Government Code.

We will assess for each material requirement, the risk that material noncompliance could occur. This includes consideration and assessment of the internal control in place to assure compliance with laws and regulations. Based on the assessment we will design steps and procedures to test compliance with laws and regulations to provide reasonable assurance of detecting both unintentional and intentional instances of non-compliance that could have a material effect on the financial statements.

### **EDP Software**

Leaf & Cole LLP's audit approach is designed to achieve our audit objectives in the most efficient manner. This includes the use of top quality software programs in order to perform the audit in the digital age and a paperless environment.

### **Internal Control**

Our approach to internal control is to obtain an understanding of each of the components of internal control sufficient to plan the audit, by performing procedures to understand the design of controls relevant to an audit of the financial statements and whether they have been placed in operation. In obtaining this understanding we consider such things as materiality, our knowledge of the industry, and the complexity and sophistication of your operations and systems. This information is compiled, and our procedures are tailored specifically to your organization.

### **Experience With Computer System Controls**

As a normal part of planning, Leaf & Cole, LLP considers the methods used to process accounting information because such methods influence the design of the internal control structure. In every audit, we determine the extent to which computer processing is used in significant accounting applications, as well as the complexity of that processing; as these may influence the nature timing and extent of audit procedures. In a computerized financial reporting system, the decision to obtain further understanding of computer controls is based on the degree of the client's dependence on the computer in its financial reporting system. In most small governments, the computer merely processes routine transactions and accounting entries. However, if the client depends heavily on the computer in its financial reporting system, such as the computer initiating transactions or accounting entries or the computer processes and controls substantially all of the information in one or more significant applications with little user involvement, then we would need to obtain a further understanding of the computer controls.



### *Audit and Analytical Procedures*

In designing our audit program we need to select audit procedures necessary to achieve the specified objectives developed above. Factors that influence the procedures to be implemented include the nature and materiality of the account, the reliance on internal accounting controls and the expected effectiveness of possible audit procedures. A representative listing of audit procedures, their description and an example of their use follows:

<u>Procedure</u>	<u>Description</u>	<u>Examples</u>
Physical Examination	Identification of an item's quantity and sometimes its quality.	Tests counts of inventory, cash count, securities count, fixed assets count.
Confirmation	Correspondence directly with independent parties outside the District.	Confirming accounts receivable, standard bank confirmations, notes payable and attorney's letters.
Vouching	Inspection of documents that support recorded transactions or amounts.	Agreeing recorded transactions with billing documents for revenues and invoices for disbursements.
Tracing	Tracing source documents to the amounts in the accounting records.	Tracing vendor invoices to recorded disbursements in the accounting records.
Re-performance	Auditor repetition of client routines such as calculating and bookkeeping functions.	Determining that journal entries have been posted to the proper accounts, re-computing client depreciation calculations.
Scanning	A visual scrutiny of accounting records, reports and schedules to detect unusual items or inconsistencies.	Scanning the charges to the repairs expense account for capital items.
Inquiry	Questioning management and employees (response to which may be oral or written).	Obtain a client representation letter, determining work order status.
Inspection	Looking at documents in other than vouching or tracing procedures.	Inspection of notes, contracts, insurance policies, leases and board minutes.
Analytical Procedures	Systematical analysis and comparison of relationships among absolute amounts, trends and ratios.	Comparing sales with budget and prior years.
Observation	Visually reviewing client activities or locations.	Observation of bookkeeping routines, tour of plant, etc.

### **Scope of the Audit**

The audit of the District will be divided into separate and distinct phases. Preliminary fieldwork, the first phase, will take place at a mutually agreed-upon time prior to or near year end and will consist of the following areas:

- a. Internal control
- b. Cash disbursements and purchases
- c. Cash receipts
- d. Payroll
- e. Capital assets
- f. Notes payable including the new certificates of participation, and any related accrued interest
- g. Draft financial statements

Next, year-end cutoff of selected accounts is a short but important step. Cash and cash equivalents cutoff, capital assets and purchase and sales cutoff should be completed by June 30 to adequately insure a proper cutoff of transactions.

The fieldwork phase of an audit is the most comprehensive and time consuming portion of the audit. Leaf & Cole, LLP would begin fieldwork promptly upon completion of the District's June 30, 2019 financial statements. During this phase our work will include the following accounts:

- a. Completion of testing started in June
- b. Cash and cash equivalents including any restrictions
- c. Receivables
- d. Inventory
- e. Prepaid expenses
- f. Deferred inflows and outflows
- g. Accounts payable
- h. Accrued payroll and related expenses (If any)
- i. Customer deposits
- j. Compensated absences
- k. Non-current liabilities including the net pension liability
- l. Contributed capital
- m. Net assets
- n. Income and expenses

Preparing the financial statements and issuing the report are the final product of an audit engagement. Although these steps are the last to be completed, they are evolving throughout the entire audit engagement. Please note that it is our intent to provide you with a draft of the financial statements prior to commencing fieldwork in an attempt to identify any potential reporting issues early in the engagement.

## ***REFERENCES***

- ***Newhall County Water District***  
Rochelle Patterson, Accounting Manager  
(661) 702-4422  
  
***Scope of Work*** - Comprehensive Annual Financial Report  
  
***Date*** - June 30, 2001 to 2009 and June 30, 2013 to December 31, 2017  
  
***Engagement Partner*** - Michael J. Zizzi  
  
***Total Hours*** - Audit 200 Hours
  
- ***Valley Center Water District***  
Jim Pugh, Director of Finance  
(760) 749-1600  
  
***Scope of Work*** - Comprehensive Annual Financial Report and Agreed-Upon Procedures  
  
***Date*** - June 30, 2003 to Present  
  
***Engagement Partner*** - Michael J. Zizzi  
  
***Total Hours*** - Audit 200 Hours
  
- ***Templeton Community Services District***  
Natalie Klock, Finance Officer  
(805) 434-4904  
  
***Scope of Work*** - Audited Financial Statement and State Controllers Report  
  
***Date*** - June 30, 1991 to Present  
  
***Engagement Partner*** - Michael J. Zizzi  
  
***Total Hours*** - Audit 300 Hours

*APPENDICES*



Michael J. Zizzi  
*Managing Partner*

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Education:

- California Polytechnic University San Luis Obispo, Bachelor of Science in Accounting, 1986

Professional Certifications & Affiliations:

- American Institute of Certified Public Accountants, Licensed 1990
- California Society of Certified Public Accountants
- Designated Audit Quality Partner - American Institute of Certified Public Accountants - Governmental Audit Quality Center
- Former Treasurer of Parkview Little League
- President and Past Treasurer of San Diego Country Club

Work Experience:

- Leaf & Cole, LLP (28 years)
- KPMG, Peat Marwick (3 years)

Professional Experience:

- Specializes in audits of special districts such as water and housing authorities and nonprofit organizations, including compliance with Uniform Guidance (formerly OMB Circular A-133).
- Also has done extensive work for federally assisted real estate projects and small business auditing, accounting and consulting.
- Responsible for the firm's quality control and peer review functions.
- Instructor for the Special District Board Management Institute which provides professional education for board members and managers of California Special Districts.
- Coordinates the calculating or rebateable arbitrage earnings for clients with bond offerings subject to the appropriate regulations.
- Assists special districts in the gathering and preparation of data in bond offering documents.

Continuing Education:

- Exceeds 120 hours during the last three years including extensive concentration in the statements issued by the Governmental Accounting Standards Board (GASB), Analysis of U.S. General Accounting Office Government Auditing Standards (Yellow Book) and Statements of Auditing Standards issued by the American Institute of Certified Public Accountants.

Michael J. Zizzi  
*Managing Partner*

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Water District Experience:

- Santa Rosa Community Services District (21 years)
- Vista Irrigation District (17 years)
- Valley Center Municipal Water District (14 years)
- Joshua Basin Water District (13 years)
- South Coast Water District (12 years)
- Amador Water Agency (12 years)
- Newhall County Water District (12 years)
- Carmichael Water District (10 years)
- Pico Water District (9 years)
- Arcade Water District (8 years)
- Encina Wastewater Authority (8 years)
- Lakeside Water District (7 years)
- Yorba Linda Water District (7 years)
- Fairbanks Ranch Community Services District (6 years)
- Vallecitos Water District (6 years)
- Santa Fe Irrigation District (6 years)
- Otay Water District (5 years)
- Rainbow Municipal Water District (5 years)
- Community Service District No. 88-3 of the Rancho California Water District (4 years)
- Lake Cuyamaca Recreation and Park District (4 years)
- Rancho California Water District (4 years)
- Descanso Water District (2 years)
- Southeast San Diego Redevelopment Agency (2 years)
- Trabuco Canyon Water District (2 years)
- Templeton Community Services District (2 years)
- Valley Center Fire Protection District (1 year)



Steven W. Northcote  
*Audit Partner*

Education:

- San Diego State University, Bachelor of Science in Accounting, 1975

Professional Organizations:

- American Institute of Certified Public Accountants, Licensed 1979.
- California Society of Certified Public Accountants
- Member of the Audit Committee for San Diego Foundation
- Former Board Vice-Chairman, Finance Chairman and Director of the United Way of San Diego County, 2014 Volunteer of the year.
- Former Chairman of the Board, Treasurer and Director of the Combined Health Agencies of San Diego
- Former Officer and Director of the American Lung Association of San Diego and Imperial Counties

Work Experience:

- Leaf & Cole, LLP (40 years)

Professional Experience:

- Director of accounting and auditing department of Leaf & Cole, which includes the preparation and review of compiled, reviewed and audited financial statements. Responsible for the firm's quality control and peer review functions.
- Professional experience includes supervision and preparation of audited financial statements with a concentration in nonprofit organizations, governmental agencies and federally assisted housing projects. Extensive experience in the compliance with single audits in accordance with OMB Circular A-133 "Audits of States, Local Governments and Nonprofit Organization."
- Provides management advisory services to clients on topics such as governmental financing, taxation of nonprofit organizations and agreed-upon procedures.

Continuing Education:

- Exceeds 120 hours during the past three years including the AICPA's National Governmental Training Program. Specific courses included Financial Accounting Standards board Pronouncements (FASB), Governmental Accounting Standards Board Pronouncements (GASB) and Emerging Issues with the Office of Management and Budget (OMB).
- Successful completion of both the AICPA's Governmental Accounting and Auditing and Nonprofit Accounting and Auditing Certificate of Educational Achievement Programs.

Steven W. Northcote

*Audit Partner*

Water District Experience:

- Templeton Community Services District (17 years)
- Rancho California Water District (16 years)
- West and Central Basin Financing Authority (13 years)
- Otay Water District (12 years)
- Central Basin Municipal Water District (10 years)
- West Basin Municipal Water District (10 years)
- Vallecitos Water District (9 years)
- Padre Dam Municipal Water District (7 years)
- Community Services District No. 88-3 of the Rancho California Water District (7 years)
- Santa Rosa Community Services District (7 years)
- Joshua Basin Water District (7 years)
- Pico Water District (7 years)
- Trabuco Canyon Water District (6 years)
- Arcade Water District (5 years)
- Mesa Consolidated Water District (4 years)
- Rainbow Municipal Water District (3 years)
- Murrieta County Water District (3 years)
- Amador Water Agency (3 years)
- Orange County Water district (3 years)
- Descanso Community Water District (2 years)
- Riverview Water District (2 years)
- Yorba Linda Water District (2 years)
- Templeton Cemetery District (2 years)
- Valley Center Municipal Water District (1 year)





Neil Glass  
*Audit Senior*

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Education:

- Long Island University, C.W. Post Campus Masters of Science in Accounting, 1989
- University of Rhode Island, Bachelor of Science in Marketing, 1984

Work Experience:

- Leaf & Cole, LLP (26 years)
- Jack Dobosh, CPA (3 years)

Professional Experience:

- Includes preparation of audited financial statements for governmental and nonprofit entities, including compliance requirements under OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- Provides accounting services to clients by preparing compilations, reviews, and various business tax returns.

Continuing Education:

- Exceeds 120 hours during the last three years including concentration in the statements issued by the Governmental Accounting Standards Board and Analysis of U.S. General Accounting Office Governmental Auditing Standards (Yellow Book).

Neil Glass  
*Audit Senior*

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Water District Experience:

- West Basin Municipal Water District (12 years)
- West and Central Basin Financing Authority (10 years)
- Templeton Community Services District (10 years)
- Central Basin Municipal Water District (8 years)
- Trabuco Canyon Water District (9 years)
- Newhall County Water District (6 years)
- Encina Wastewater Authority (4 years)
- Valley Center Municipal Water District (4 years)
- South Coast Water District (2 years)
- Rancho California water District (1 year)
- Padre Dam Municipal Water District (1 year)
- Orange County Water District (1 year)



Dave Moran  
*Staff Accountant*

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Education:

- Fairleigh Dickinson University, Masters of Science in Accounting, 2015
- Fairleigh Dickinson University, Bachelor of Science in Accounting, 2014

Professional Organizations:

- California society of Certified Public Accountants

Work Experience:

- Leaf & Cole, LLP (1 year)
- Deloitte & Touche, LLP (1 year)

Professional Experience:

- Includes preparation of compiled and audited financial statements for governmental and non-profit entities, including compliance requirements under OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Continuing Education:

- Exceeds 120 hours during the last three years including concentration in auditing procedures and techniques.

Dave F. Moran  
*Staff Accountant*

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Water District Experience:

- De Luz Community Services District (2 years)
- Lakeside Water District (2 years)
- Newhall County Water District (2 years)
- Valley Center Municipal Water District (2 years)
- Amador Water Agency (1 year)
- Encina Wastewater Authority (1 year)

# Grant Bennett Associates

A PROFESSIONAL CORPORATION

## Report on the Firm's System of Quality Control

February 27, 2018

To the Partners of Leaf & Cole, LLP and the Peer Review Committee of the California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Leaf & Cole, LLP (the firm) in effect for the year ended June 30, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Leaf & Cole, LLP in effect for the year ended June 30, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Leaf & Cole, LLP has received a peer review rating of *pass*.

*Grant Bennett Associates*

GRANT BENNETT ASSOCIATES  
A PROFESSIONAL CORPORATION  
Certified Public Accountants



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BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
February 26, 2019  
Item II.A.i.c: Consent Calendar

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Refund of Club Circle Golf Fees to Santiago Estates HOA – K Pittman

RECOMMENDED ACTION

Authorize staff to enter into Agreement with Santiago Estates HOA for refund of Golf Course fees

ITEM EXPLANATION

In 2018, BWD determined the fee charged to fund the maintenance of Club Circle golf course and a refund of one year of fees collected was warranted. Staff has been working with Santiago Estates HOA and now the necessary tenant information has been received.

FISCAL IMPACT

ATTACHMENT

1. Agreement with Santiago Estates HOA

**AGREEMENT  
FOR DEFENSE AND INDEMNIFICATION**

This Agreement for Defense and Indemnification (“Agreement”) is entered into between *Santiago Estates* (“HOA/Management Company”) and Borrego Water District (“District”). HOA/Management Company and the District are collectively referred to herein as the “Parties.”

**RECITALS**

WHEREAS, the District has decided to provide monetary refunds, upon request, to property owners within the affected developments and others who paid golf course maintenance fees (“Maintenance Fees”) associated with the Club Circle Golf Course for the period May 1, 2017 to May 1, 2018 (“Refund Period”); and

WHEREAS, such refunds are ordinarily payable to the property owner, as the entity upon whom the fee was legally imposed; and

WHEREAS, the HOA/Management Company has a practice of collecting Maintenance Fees on behalf of the homeowners it represents and submitting such Maintenance Fees to the District as part of consolidated bills for the entire development at issue that include the Maintenance Fees, trash fees, sewer and/or water fees; and

WHEREAS, in some cases during the Refund Period the HOA/Management Company advanced payment on consolidated District bills for property owners within its development that did not remit payment to the HOA/Management Company for their proportional share of such District bills; and

WHEREAS, the HOA/Management Company has requested that: (1) Maintenance Fee refunds be paid directly to the HOA/Management Company in all cases where the HOA/Management Company advanced payment for non-paying property owners within its development during the Refund Period; and (2) the HOA/Management Company also receive Maintenance Fee refunds in those cases where property owners in the subject development that did remit payment for the Maintenance Fees to the HOA/Management Company during the Refund Period voluntarily opt to have refunds paid the HOA/Management Company; and

WHEREAS, the District is willing to remit the appropriate Maintenance Fee refund payments to the applicable HOA/Management Company, provided the conditions set forth below are observed, including that the HOA/Management Company defend and indemnify the District in the event any property owner within the subject development later seeks a direct refund of the Maintenance Fees for which refund has already been made to the HOA/Management Company.

## **DEFENSE AND INDEMNIFICATION**

Based on mutual consideration expressly acknowledged by the Parties to this Agreement, the Parties hereby agree as follows:

1. The Recitals and definitions set forth above are incorporated into this portion of the Agreement as though fully set forth herein.
2. Prior to any refund being paid to the HOA/Management Company, the HOA/Management Company will provide to the District the following:

(a) A list of all property owners in the subject development during the Refund Period setting forth the physical address of each property owner. The list will indicate which property owners paid their Maintenance Fee assessments during the Refund Period to the HOA/Management Company and which property owners never made such payments. The list shall be signed under penalty of perjury by an HOA/Management Company representative.

(b) Proof of insurance, as further described in Section 4, below.

3. HOA/Management Company does hereby agree, at its own expense, to indemnify, defend and hold harmless the District, its board members, officers, and employees (each a "District Indemnitee"), from and against any and all claims, damages, losses and expenses including but not limited to attorney's fees, which may be asserted against or incurred by such District Indemnitee as a result of a claim brought by any person or entity whatsoever challenging the District's payment of any Maintenance Fee refund to the HOA/Management Company. HOA/Management Company's agreement to defend the District Indemnitees includes, but is not limited to, the defense in any legal action threatened or filed in a court of law by any property owner within its development or any other entity challenging the legality of District's payment of any Maintenance Fee refund to the HOA/Management Company. Any District Indemnitee seeking to be indemnified by HOA/Management Company agrees to: (i) notify HOA/Management Company as promptly as possible of any such claim, damage, loss or expense which is asserted against or incurred by such District Indemnitee with respect to the subject of indemnity contained herein; (ii) permit HOA/Management Company to control the defense and disposition of any such claim, damage, loss or expense; and (iii) reasonably cooperate with HOA/Management Company in the handling of any such claim, damage, loss or expense. HOA/Management Company agrees, at its own expense, to provide attorneys mutually agreeable to the District, to defend against any actions brought or filed against any District Indemnitee hereunder with respect to the subject of indemnity contained herein, whether or not such actions are rightfully brought. A District Indemnitee may participate in such defense with counsel of its own choosing at the District Indemnitee's own expense.
4. HOA/Management Company does hereby agree to procure and maintain, before receiving any Maintenance Fee refund from the District, appropriate insurance for the



District with coverage types and amounts no less than \$1 million recommended by HOA/Management Company's insurance carrier for HOA's/Management Companies. The District shall be named an additional insured on the general liability insurance of the HOA/Management Company for a period of at least four years.

5. The Parties represent that the individuals acting as signatories below are fully authorized to enter into this Agreement on behalf of their respective organizations.
6. This Agreement shall not be valid until approved or ratified by the HOA/Management Company Board of Directors.

**IN WITNESS WHEREOF**, the Parties hereto have approved and executed this Agreement on the date set for the opposite of their respective signatures.

Richard Simonian  
Santiago Estates, Borrego Springs

Dated: January 31, 2019

[Signature]  
Its CEO

Dated: January \_\_\_\_, 2019

Approved/Ratified by the Board of Directors

\_\_\_\_\_  
Certified by  
Secretary of Board to Santiago Estates

**BORREGO WATER DISTRICT**

Dated: February \_\_\_\_, 2019

\_\_\_\_\_  
Its \_\_\_\_\_

BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
February 26, 2019  
Item II.A.2

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Acceptance of Bid and Authorization of Staff to Send Letter of Award to Southwest Drilling for Replacement Well #1 (ID 4-4 location)

**RECOMMENDED ACTION**

Authorize staff to accept the Bid and authorize Staff to send Letter of Award to Southwest drilling

**ITEM EXPLANATION**

As reported at the February 12th Board Meeting, 4 bids were received and the low bidder was Southwest. Legal Counsel has completed the review and concluded the bid is responsive. Therefore, a Letter of Award issued to Southwest is the next step in the process.

**FISCAL IMPACT**

**ATTACHMENT**

1. Bid results for Replacement Well #1

New ID4-4 Well Location - Bid Summary								
Item	Description	Estimated Quantity	South West Unit Price	South West Extd Cost	Best Drilling Unit Price	Best Drilling Extd Cost	Zim Ind. Unit Price	Zim Extd Cost
1	Mobilization	1	\$80,000	\$80,000	\$142,000	\$142,000	\$131,200	\$131,200
2	30" Conductor	50	\$1,000	\$50,000	\$1,200	\$60,000	\$560	\$28,000
3	17.5" Pilot Hole	1,000	\$55	\$55,000	\$120	\$120,000	\$110	\$110,000
4	E-Log	1	\$7,000	\$7,000	\$5,000	\$5,000	\$4,100	\$4,100
5	Zone testing (optional)	3	\$15,000	\$45,000	\$17,500	\$52,500	\$18,000	\$54,000
6	Ream Pilot	1,000	\$65	\$65,000	\$80	\$80,000	\$100	\$100,000
7	Caliper	1	\$3,000	\$3,000	\$2,500	\$2,500	\$2,800	\$2,800
8	16" Blank Casing install	500	\$435	\$217,500	\$460	\$230,000	\$560	\$280,000
9	3.5" Gravel Feed Tube Install	325	\$30	\$9,750	\$44	\$14,300	\$35	\$11,375
10	14" Screen Casing Install	500	\$478	\$239,000	\$451	\$225,500	\$550	\$275,000
11	Filter Pack	700	\$53	\$37,100	\$55	\$38,500	\$53	\$37,100
12	Annular Seal	300	\$61	\$18,300	\$55	\$16,500	\$45	\$13,500
13	Dual-swab/air lift	24	\$600	\$14,400	\$450	\$10,800	\$550	\$13,200
14	Line-swab/air lift	24	\$375	\$9,000	\$450	\$10,800	\$490	\$11,760
15	Pump Development	12	\$300	\$3,600	\$450	\$5,400	\$450	\$5,400
16	Test Pumping	60	\$300	\$18,000	\$450	\$27,000	\$400	\$24,000
17	Video survey, spinner log, deviation test	1	\$10,000	\$10,000	\$6,000	\$6,000	\$9,650	\$9,650
18	Disinfection	1	\$4,000	\$4,000	\$2,500	\$2,500	\$1,400	\$1,400
19	Standby	1	\$400	\$400	\$450	\$450	\$500	\$500
	<b>Total Bid</b>			<b>\$886,050</b>		<b>\$1,049,750</b>		<b>\$1,112,985</b>

BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
February 26, 2019  
Item II.A.3

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Cost of Service Study Proposal for Establishing District Rates for FY 2021 - FY 2025  
from Raftelis

**RECOMMENDED ACTION**

Authorize staff to enter into Agreement with Raftelis to develop Cost of Service Study

**ITEM EXPLANATION**

As reported at the February 12th Board Meeting, Directors Brecht, Ehrlich and staff have been working with Raftelis representatives on a Proposal to create a Cost of Service study. The Proposal is attached for Board review.

**FISCAL IMPACT**

**ATTACHMENT**

1. Raftelis Proposal

February 21, 2019

Mr. Geoff Poole  
General Manager  
Borrego Water District  
806 Palm Canyon Drive  
Borrego Springs CA 92004

**Subject: Proposal to Provide Consulting Services for the 2019 Water and Wastewater Cost of Service Studies**

Dear Mr. Poole:

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to submit this scope of services to perform Water and Wastewater Cost of Service and Rate Studies (Studies) for the Borrego Water District (District). The following sections outline the tasks Raftelis believes will be involved in completing the Studies that accomplish the District's goals.

Raftelis is pleased to submit this proposal for services. If you agree with the proposed fee, please sign in the space on the last page and return one copy for our files. Please do not hesitate to call me at (213) 262-9304 or Kevin Kostiuk at (760) 519-8520 should you have any questions.

We look forward to the opportunity to assist the District with these important Studies.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sanjay Gaur'.

Sanjay Gaur  
Vice President

## *Scope of Services*

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### Task 1 – Kick-Off and Data Collection

#### Task 1.1 – Kick-Off Meeting

The Kick-Off conference call and web-meeting provides a foundation for the project and ensures that project participants are in mutual agreement as to the project’s approach, work plan, schedule, and the District’s priorities. As part of the meeting, Raftelis will discuss the District’s current rates, identify any new customer classes that may be considered as part of the cost of service analysis, work with staff and the Rates Committee to identify and prioritize rate objectives, develop a framework for the proposed new rate structure, and evaluate the various policy options available for meeting the District’s goals and objectives.

#### Task 1.2 – Data Collection and Cost Analysis

A detailed data request list will be submitted to the District so all appropriate data in the required format can be forwarded to Raftelis. Data requirements include but are not limited to operating and capital costs, water consumption and account information, prior year(s) financial statements, water production records, account growth estimates, and relevant master plan studies.

The District will provide Raftelis the data required in a timely manner to conduct the Studies for the water and wastewater enterprises. Data is preferred in electronic format as either Excel spreadsheets or Access databases. Subsequent conference calls and web-meetings may be required to discuss and confirm the received data.

#### Task 1.3 – Reserves and Risk Evaluation

Raftelis will review existing District reserve policies to recommend appropriate reserve balances (e.g. operating, capital, rate stabilization, and emergency) that are consistent with industry standards as well as the District’s risk profile. The District has identified long term capital requirements, some of which represent low probabilities but high risks and high costs including advanced water treatment, well re-drills in the Central Management Area of the groundwater basin, and water supply purchase and management costs, among other risks. Additionally, the District wishes to increase its cash reserves by \$3 million by fiscal year 2030 and add cash flow for additional low interest debt. We will work with District Staff and the Rates Committee to determine the appropriate types of reserves, individual funding targets of each reserve, and perform sensitivity analyses on future scenarios that incorporate the financial and environmental risks previously mentioned.

Current funds will be evaluated to determine if re-balancing, elimination, or amendments to specific reserves is required. This discussion will be particularly important for future capital repair and replacement and other future risks to the water and sewer systems.

**Meetings/Workshops:** Kick-Off conference call and web-meeting; follow up conference call as necessary to discuss data items

**Deliverables:** Data request list; Kick-Off meeting minutes

## Task 2 – Financial Plan Model Development

This task will include the projections of budget items for the water system and wastewater services within SA 1, SA2, and SA5. These budget items include annual costs related to the water system and sewer system, labor, power, materials, capital expenditures, operating and maintenance (O&M) expenses, reserve contributions, depreciation, and debt service. Future costs will be projected using assumptions based on different economic factors, inflationary factors, and growth trends.

Raftelis will develop a forecast of revenue requirements for the next 10-year planning period for water and for the three sewer service areas. This will include an estimate of revenues based on current rates, growth in customers and fee levels, as well as other revenues generated from other operating and non-operating revenues. Revenue requirements will be projected over the planning horizon (minimum of 10 years) considering the current budget, different CIP scenarios, the utilities' existing debt service, other obligations, and current economic trends. Raftelis will identify funding needs and develop financing options for capital projects over the long planning horizon allowing the District to make timely adjustments to expenses, reserve balances, or the timing of capital projects to smooth rate impacts and maintain financial sustainability and sufficiency. In addition, the financial models will have the ability to examine the financial consequences of different CIP scenarios and what-if scenarios that incorporate measurable financial and environmental risks identified in Task 1.3. We will produce two separate model dashboards, one each for water and wastewater.

Raftelis will conduct a long-term cash flow analysis to determine the revenue adjustments required to meet projected total costs for each year of the planning horizon. The Model cash flow incorporates revenues generated from different sources, expenses needed to maintain the water and sewer systems, any transfers in and out of the working cash fund, as well as the coverage needed to meet current and proposed debt service requirements. Raftelis will review reserves policies identified in Task 1.3 to recommend appropriate modifications and reserves targets for operating, capital, rate stabilization, and emergency needs, consistent with the District's risk management practices and industry standards.

Raftelis will conduct two web meetings with District Staff to review and validate inputs for the Financial Plan Model. Feedback from District Staff and the Rates Committee will be incorporated into the Model before any presentations to the District Board.

**Meetings/Workshops:** Two (2) web-meetings with District Staff to review and finalize Financial Plans

**Deliverables:** Water and Wastewater Financial Plan Models in Microsoft Excel 2013 or later

## Task 3 – Water and Wastewater Cost of Service Analyses

### Task 3.1 – Water Cost of Service Analysis

The water cost of service study will be performed based on industry standards and methodologies approved by the American Water Works Association (AWWA) *M1 Rate Manual*. Mr. Gaur and Mr. Kostiuik will collectively ensure that the cost of service allocations focus on service functions, appropriately allocate the cost of service (revenue requirements) to the service functions, determine how those services are used by each customer class, and develop the cost allocation components of the models. Cost allocations among customer classes will likely be based on the AWWA-approved Base-Extra Capacity approach which utilizes the different demand patterns (or peaking factors) demonstrated by each customer class.

## BORREGO WATER DISTRICT 2019 WATER AND WASTEWATER COST OF SERVICE STUDIES

Based on the revenue requirements identified in Task 2, the cost of service will be allocated to the various cost components, including capacity-related costs, commodity (base delivery) costs, customer costs, and other direct and indirect costs consistent with industry standards. The purpose of this task is to allocate the costs associated with the various cost components of each utility to the various customer classes on the basis of the relative responsibility of each. Costs will be allocated based on the determination of units of service for each customer class and the application of unit costs of service to the respective units. The result is the total cost responsibility required of each customer class in order to maintain the financial stability of the District's water enterprise.

### Task 3.2 – Sewer Cost of Service Analysis

The sewer cost of service analysis will be performed based on industry standards and methodologies approved by the Water Environment Federation (WEF) *Manual of Practice, Financing and Charges for Wastewater Systems*. Raftelis will ensure that the cost of service allocations focus on appropriate service functions, appropriately allocate the cost of service to the service functions, determine how those services are used by each customer class, and develop the cost allocation components of the model. Cost allocations among customer classes for the wastewater enterprise will utilize estimated wastewater generation and associated strengths demonstrated by various user groups.

Based on the wastewater enterprise revenue requirement identified in Task 2, the cost of service will be allocated to the various cost components, including operating and capital costs related to collection, treatment, and customer costs, consistent with industry standards. The purpose of this analysis is to allocate the costs to the customer classes on the basis of the relative responsibility of each. The result is the total cost responsibility required of each customer class in order to maintain the financial stability of the District's wastewater enterprise.

Throughout the water and sewer cost allocation process, Raftelis will comply with the District's policy considerations and procedures, as well as current federal, state, and local rules and regulations such as Proposition 218. Although not a law firm, Raftelis is very familiar with Proposition 218 requirements and its implications on water and wastewater rates. Our Project Team has extensive experience with Proposition 218 and has conducted conference sessions on the matter.

**Meetings/Workshops:** One (1) web-meeting with District Staff to review and discuss the cost of service analyses

**Deliverables:** Water and sewer cost of service analyses in Microsoft Excel 2013 or later

## Task 4 – Water and Wastewater Rate Design

### Task 4.1 – Rate Design

Raftelis will develop a Water and Sewer Rate Model with the flexibility to compare the current rate structure with modified proposed new rate structure(s), such as, a three-tiered rate structure for the water utility. The models will also have the capability to examine different options to enhance revenue stability while still balancing competing objectives such as affordability for essential needs and conservation signalling. The baseline rate design will maintain the current revenue percentage split



**BORREGO WATER DISTRICT  
2019 WATER AND WASTEWATER COST OF SERVICE STUDIES**

between fixed and variable charges to aid District staff in comparing alternative scenarios to this baseline.

To help communicate with customers about the drivers behind any potential rate increases and the rationale behind the proposed rates, the

**Graphical interface showing tier widths and cost component breakdown**

Tiers	Current Rates	Proposed Rates				
		Water Supply	Delivery	Conservation	Offset	Total
Tier 1		\$1.86			(\$0.06)	\$1.80
Tier 2	\$1.89	\$1.86	\$0.34			\$2.20
Tier 3	\$1.89	\$3.80	\$0.34	\$0.24		\$4.38
Tier 4	\$1.89	\$5.70		\$0.24		\$5.94
Uniform Rate	\$1.89	\$1.86	\$0.17			\$2.03

water rates will have several cost components for each tier including water supply costs, the District’s system costs (delivery costs), and peak costs of capital. An example of this type of structuring is the water rates for El Toro Water District, which are shown in the table above. Water supply rates in tiers 1 (indoor allocation) and 2 (outdoor allocation) are associated with low water supply costs, and tiers 3 (50 percent of total allocation) and 4 are based on the cost of expanding the supplemental water supply and conservation programs. Raftelis will explore similar methodological approaches for the District to incorporate expected impacts of SGMA, long-term water purchases, and potential advanced treatment requirements.

Utilizing the Model, Raftelis will determine the water rates required for each tier to collect the required revenues. Raftelis will also build-in the capability to conduct various scenario analyses to address different conservation issues such as reduction of water supply, different levels of capital funding, and demands/wastewater flow generation. The Dashboard, which displays key variables and results on-screen in real-time, will facilitate discussion for quick consensus building.

**Task 4.2 –Customer Impact Analysis**

Besides required revenue adjustments, changes to the rate structure itself could also cause “rate shock” to customers. Raftelis will determine the potential financial impact on customers that may result from the proposed rate structure. In our impact analysis graphics, we regenerate every monthly bill of each account assuming the new proposed rates were already in place to determine the “true” impact of the new rate structure on District customers.

As an example, the customer impact illustration shown below indicates that a customer with a 5/8-inch meter using 20 hcf per billing period will see a \$0.80, or 1.2%, increase in the bimonthly bill. Raftelis will perform customer impact analyses for both water and sewer account bills.

*“The assessment of the overall financial impacts on customers is a tool for stakeholders to make informed decisions regarding different policy options and variables.”*

**BORREGO WATER DISTRICT  
2019 WATER AND WASTEWATER COST OF SERVICE STUDIES**



**Meetings/Workshops:** Two (2) web-meeting with District Staff to review and refine the rate design and customer impacts

**Deliverables:** Draft Water and Sewer Rate Models in Microsoft Excel 2013 or later

**Task 5 – Draft and Final Reports**

The draft report will include an executive summary highlighting the major issues addressed, decisions reached, and recommended rates developed during the course of the Studies. The main body of the report will include a brief physical description of the water and sewer systems and District characteristics, details of the financial plans and reserve policies, cost of service analyses, rate design details, and the proposed five-year water and sewer rates for fiscal years (FY) 2021-2025. It will also contain a discussion on rate structure selection and rate design assumptions. The methodology describing the cost of service analyses and rate calculations will be described in detail so that the nexus between costs and rates is clearly defined and understandable.

Proposed connection fees will be described in the report and will satisfy applicable regulatory requirements (Government Code 66000). Raftelis will provide a draft report to District Staff to comment and edit and will incorporate those changes into the final report.

**Meetings/Workshops:** One (1) conference call with District Staff to review the draft report(s)

**Deliverables:** Draft and Final Reports in Microsoft Word and Adobe PDF

**Task 6 – Public Hearing**

Raftelis will be available to assist the District through elements of the Proposition 218 process, such as reviewing the Proposition 218 notice. Raftelis will be present at the Public Hearing to adopt the recommended rates and will be available to answer any questions.

**Meetings/Workshops:** One (1) Public Hearing

**Deliverables:** Presentation materials, if necessary, in Microsoft PowerPoint

**BORREGO WATER DISTRICT  
2019 WATER AND WASTEWATER COST OF SERVICE STUDIES**

**Task 7 – Water and Sewer Connection Fee Updates (Optional Task)**

Concurrent with the utility cost of service and rate Studies, Raftelis will update the District’s water and sewer connection fees using the existing methodology. We will review the District’s current fixed asset schedules, as well as current and future potential demands based on existing master and capital plan documents. The goal is to ensure that total demand from existing users, and at build-out, is considered for purposes of calculating the connection fees. Raftelis will summarize the assets and costs that need to be constructed to meet future demand. The calculation of the fees will depend on current fixed assets, planned (future) capital improvements, capital financing assumptions, system capacities, and the level of service (or demand requirements) of new customers. Proposed fees will meet applicable regulatory requirements (i.e. Government Code 66000) in developing rates and impact fees. Raftelis will develop a Connection Fee Model that will reflect future demand and associated facility costs that benefit new development. Raftelis will review the resulting connection fees with District Staff before including in the draft report.

**Meetings/Workshops:** One (1) web-meeting with District Staff to review connection fee calculation results

**Deliverables:** Updated Connection Fee Model in Microsoft Excel 2013 or later

**BORREGO WATER DISTRICT  
2019 WATER AND WASTEWATER COST OF SERVICE STUDIES**

*Fees and Hours*

Raftelis proposes to complete Tasks 1-6 within the scope of work outlined above on a time-and-materials basis with a not-to-exceed cost of \$51,895. The following work plan provides a breakdown of the estimated level of effort required for completing each task described and the hourly billing rates for the personnel scheduled to complete the project.

Tasks	Web Meetings	Number of Meetings	Hours				Total Fees & Expenses
			PD	PM	SC	Total	
1. Project Initiation, Management, and Data Collection			4	18	12	34	\$7,180
2. Financial Plan Development	2		2	10	35	47	\$9,165
3. Cost of Service Analyses	1		3	16	20	39	\$7,945
4. Rate Structure Design	2		4	12	24	40	\$8,140
5. Draft and Final Reports			6	12	60	78	\$15,390
6. Public Hearing		1	2	12	2	16	\$4,075
7. Water and Sewer Connection Fees (Optional)	1		2	2	24	28	\$5,450
<b>Total Estimated Meetings / Hours Tasks 1-6</b>	<b>5</b>	<b>1</b>	<b>21</b>	<b>80</b>	<b>153</b>	<b>254</b>	
<b>Hourly Billing Rate</b>			<b>\$295</b>	<b>\$210</b>	<b>\$185</b>		
<b>Total Professional Fees</b>			<b>\$6,195</b>	<b>\$16,800</b>	<b>\$28,305</b>	<b>\$51,300</b>	

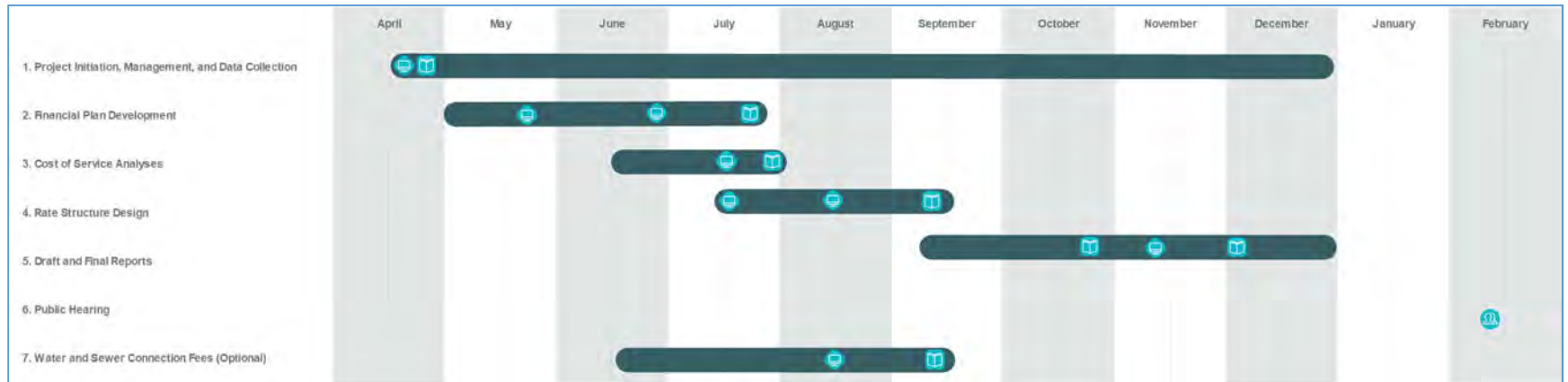
PD - Project Director, Sanjay Gaur  
PM - Project Manager, Kevin Kostiuk  
SC - Staff Consultants

Task Fees (1-6)	\$51,300
Total Expenses (1-6)	\$595
<b>Total Fees &amp; Expenses (1-6)</b>	<b>\$51,895</b>

**BORREGO WATER DISTRICT  
2019 WATER AND WASTEWATER COST OF SERVICE STUDIES**

*Project Schedule*

Raftelis proposes to complete the Study in time to hold a Public Hearing in February 2020 with new rates and charges effective July 1, 2020.



If you agree with the proposed fees and expenses documented in this letter, please sign in the space below and return one copy for our files.

We accept the terms of this engagement letter:

_____	_____
Signature	Name of authorized agent
_____	_____
Date	Title

BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
February 26, 2019  
Item II.A.4

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: 2019 Town Hall Slides – All

RECOMMENDED ACTION

Review Town Hall slides

ITEM EXPLANATION

In preparation for the Town Hall on February 28<sup>th</sup>, As reported at the February 12th Board Meeting, Directors Brecht, Ehrlich and staff have been working with Raftelis representatives on a Proposal to create a Cost of Service study. The Proposal is attached for Board review.

FISCAL IMPACT

N/A

ATTACHMENT

1. Town Hall Slide Text

## DIRECTOR BRECHT FY 2019 TOWN HALL NARRATIVE

### Slide 1

Water rates are what they are to provide potable water to your homes & businesses. Under State law, the District is required to charge rates that produce revenues to cover its costs. So, the deeper issue is not rates, but *costs* to provide potable water. Rates are the result of the District's costs.

- ❖ assuming the District is already being well-managed:
  - ❖ from a *public health* perspective, most of the district's costs are non-discretionary. Costs are primarily driven by safe drinking water regulations and *potable* water supply economics
  - ❖ from an *economic development* perspective, most of the district's costs are non-discretionary. Water quality and supply uncertainty constrains economic development

Thus today, District *cost* issues beg two questions:

- 1) what one should be asking is if the District is charging enough to assure potable water is delivered 24X7 in its maintenance and repair of the District's \$62.5M in replacement cost water, wastewater, and sewer infrastructure? That is, do the rates produce sufficient revenue for the District to provide potable and reliable service for its customers? Communities where municipal water purveyors cannot afford to provide potable water to their customers get into severe economic distress and sometimes experience horrendous public health outcomes.
- 2) w/re to SGMA, one should ask if SGMA-related costs are being allocated across all pumpers in the basin fairly, so the costs of SGMA are not being disproportionately placed on the backs of ratepayers.

### Slide 2 - SGMA description

- 3) The Sustainable Groundwater Management Act (SGMA) is a massive unfunded mandate to bring pumping from the basin into balance w/ natural recharge. Overdraft of a groundwater basin is extremely expensive. Many of these costs attributed to the overdraft have never been accounted for in this basin. But, they do not go away with age; they only grow larger, as they accumulate over time. One of the results from SGMA is that groundwater is no longer free for everyone. Now, every pumper of the basin must pay something for the water they pump rather than nothing. Bottom line is that water rates for municipal customers will increase in the future. Precisely how much is pure speculation at this juncture. But they will increase.

### What is best for ratepayers?

## DIRECTOR BRECHT FY 2019 TOWN HALL NARRATIVE

1. District Fundraising efforts for buying the farmers out could be the quickest way to address the *critical* overdraft?

- It turns out that fundraising is a community affair, not something the District can take the lead in in many cases. In some cases it would merely act as an implementation vehicle to manage the purchase of farmland and be accountable for the use of these funds;
- For example, once the 2018 public initiative bond that had a \$35M allocation for Borrego in it, was written, the District and its employees were prohibited from expending any public funds or having any involvement to pass the bond. I remained working with the bond committee, but as a public citizen, not as a board member. In the bond's formation stages, it took about half a dozen community members representing various civic organizations to get Borrego in the bond. This is something the District could not do on its own. This bond initiative lost by a few percentage points;
- If we are talking about State grants, they are so competitive that they often require the District to partner w/ civic organizations in the application to be competitive;
- Foundations have been willing to talk with civic organizations directly, not the District, and to date have wanted to see a plan in place before they would be willing to provide any funding (thus, the importance of the GSP);
- The District's allies in the community are also pursuing private and other governmental sources of money. These and other conversations are highly sensitive, confidential, and outside the District's control;
- However, one should note that some of these governmental, foundation, and private source fundraising efforts would cease should litigation be pursued.

2. Can or should the District claim 1,700 AF or 2,400 AF pumping allocations with no reductions?

- Unfortunately, the simple answer is no. The District has been looking at this option since about 2013, and has reviewed changes in the law every year since then. Under SGMA, the Groundwater Sustainability Agency (GSA) may not alter water rights. A GSA can propose pumping allocations, as long as those pumping allocations do not impinge on someone's water rights.



## DIRECTOR BRECHT FY 2019 TOWN HALL NARRATIVE

- The only way to establish water rights in an overdrafted basin is through the courts. If the pumpers do not all agree to the proposed allocation of water rights in a court stipulation, the only option is an adversarial adjudication.
- Pursuing an adversarial adjudication at this time in the hopes of the courts awarding 1,700 or 2,400 AFY in water rights to the District would only add economic risk to ratepayers from SGMA, not lessen it, as some ratepayers claim.
- Despite what some ratepayers assert, there is no legal precedent; no established legal principle that indicates municipal purveyors will be awarded 100% or more of current use as a prescriptive right if one goes to court over this issue.
- Some ratepayers claim that State grants will pay for an adversarial adjudication. We know of no situation where State grants were used to pay attorney fees in an adversarial adjudication. The cost for an adversarial adjudication would likely need to be paid from rates.
- Some ratepayers claim that the District Board is remiss, that it is not looking out for ratepayers' best interests by not initiating an adversarial adjudication; that it is giving in to fear of litigation. Litigation is expensive. It takes time. It is not fun. And, it is not necessarily the best means to arrive at a satisfactory outcome.
- For those ratepayers who are itching for a fight, any filed adjudication is likely to be “comprehensive” in order to be able to adjudicate all water rights and to satisfy the recent changes to the Code of Civil Procedure governing adjudications. This means that all landowners in the Subbasin will be named in the lawsuit, not just those who pump. So, if you are a ratepayer in favor of adjudication, be careful what you wish for. You are likely to get sued if you own property.
- In addition, the “cram down” procedures in the Water Code allow any group of more than 50% of pumpers pumping more than 75% of all water to potentially “cram down” a settlement against the hold outs (like the District, which pumps only about 10% of all water produced). Again, be careful what you wish for.
- In summary, the District Board is making an *economic* decision to not pursue zero reductions from current municipal use for no compensation to other water rights holders at this time. This

## DIRECTOR BRECHT FY 2019 TOWN HALL NARRATIVE

present decision is based on sound legal and economic analysis based on information available at this time. This does not mean the District is cowed from disputing any attempt to disadvantage the District or its ratepayers unfairly.

- I've given you the economic and legal arguments. This is substantively different than what is a fair or moral argument. In my opinion, both SGMA and CA water law leave much off the table related to equity, fairness, and environmental justice.

3. does WQ deteriorate as water levels decline? The simple answer is “yes (irrespective of what some may otherwise claim), but it depends.”

- In the Southern Management Area (SMA) of the Subbasin, the water quality is poor, independent of depth.
- In the Northern Management Area (NMA) of the Subbasin, the shallowest part of the upper aquifer is more likely to be polluted w/ nitrates, but as one pumps from deeper levels in the upper aquifer or middle aquifer, the WQ improves markedly.
- In the Central Management Area (CMA) of the Subbasin, it depends where one is pumping, and how deep one is pumping, from which aquifer.
- In other words, based on present knowledge, there is currently no generalized statement that one can make about WQ and depth that applies uniformly to everywhere in the basin;
- What we do know is that the upper aquifer of the basin, where the highest water quality is found has largely been dewatered in the Central Management Area due to the overdraft. Thus, the majority of municipal pumping is now from municipal wells screened in the middle and lower aquifers. What we also know is that the water that is presently being pumped from these municipal wells is presently good, well within State Minimum Contaminants Levels (MCLs). We also know there are no detected trends in WQ from these wells in the CMA that lead us to worry about future WQ changes today;
- That said, the potential degradation of WQ due to the critical overdraft of the basin is the #1 risk factor for the District and its ratepayers. The degradation of WQ in the basin is a low probability high consequence concern. For that reason, the District has switched from a 1x/3year WQ testing schedule mandated by the State to a 2x/1year WQ testing, expanded its

## DIRECTOR BRECHT FY 2019 TOWN HALL NARRATIVE

WQ monitoring network, and is considering the recommendations from one of its consultants to do monthly water chemistry testing to provide additional data for GSP required adaptive management of the basin related to WQ. The comprehensive water quality monitoring and testing program anticipated by the GSP should begin immediately and not wait to begin until some future convenient date;

- historically, the most expensive WQ problem for municipal water supplies has been degraded WQ from septic tank effluent. As many as 4 municipal wells have either been abandoned or had to be re-drilled or replaced due to nitrate contamination from septic tanks (ID4-1, ID4-4 (deepened), WC #1, Roadrunner). These days, a new municipal well is a \$1.5 million cost;
- historically, 2 municipal wells (ID-1 & ID1-2) have been abandoned due to naturally occurring contaminants, and presently the District has one well (ID1-8) that is scheduled for replacement for municipal purposes due to rising levels of naturally occurring contaminants.
- historically, we presently know of no municipal wells that have been adversely affected by pollution from return flows from agricultural pumping.

4. do return flows from irrigation matter for WQ? The answer is “Yes.”

- Return flows are highly polluted with salts and chemicals. Return flow water is non-potable. This water would need to be treated before it was suitable for human consumption;
- does that mean that we need to be concerned today about return flows. The simple answer is yes & no;
- the more return flows, the more pollution of that portion of the aquifer near the well that is drawing water from where return flows emanate;
- however, at least in a foreseeable future, it is unlikely that any concentrated salts and chemicals from return flows would enter into potable water sources;
- so what happens 30-40-years from now? By then the salt concentrations may have dissipated and be much less of a concern, and some of the toxic chemicals may have degraded to non-toxic forms.

## DIRECTOR BRECHT FY 2019 TOWN HALL NARRATIVE

- This is NOT to allay concerns, but to suggest that we just don't know at this juncture how big a problem will historical return flows from agricultural irrigation be down the road in the future for this basin;
- However, the precautionary principle suggests that we must today plan for an uncertain future and make allowances for the potential treatment of return flows from agricultural irrigation.
- One of the things that CEQA will likely assess is the potential pollution from agricultural return flows and the potential costs associated with these return flows.

### 5. Should the District lobby for shorter reductions rather than 20-years?

- The magnitude of overdraft and additional long-term groundwater level decline in the Subbasin will vary depending on the reduction rate schedule. A reduction rate schedule that minimizes overdraft will also minimize groundwater level decline and the potential that undesirable results will occur as defined under SGMA and further explained in the GSP.
- The choice of rate schedule can accelerate or delay the effect of decreased pumping. Having significant reductions earlier in the compliance period results in a more meaningful aquifer system response necessary to support timely adaptive management. The longer the reductions are delayed the higher the risk that adaptive management will not be effective.
- Year-to-year pumping rate reductions are directly determined by the reduction rate schedule. Ideally the year-to-year changes are made gradually to allow the community to adapt to less water use. The percentage change from year to year can rapidly increase and be much greater than 10% reductions per year when reductions are deferred toward the end the compliance period.
- Thus, a shorter reduction period, all things being equal is less risky for the District. That was especially true 35 years ago when the first USGS study was completed for this basin. But, 35-years have gone by with no reduction of the overdraft. Between 1982 and 2010, the overdraft actually more than doubled.

## DIRECTOR BRECHT FY 2019 TOWN HALL NARRATIVE

- Today, we have a critical overdraft. Per SGMA “A basin is subject to critical overdraft when continuation of present water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts.”
- For those in the audience interested in the math, the target pumping rate of 5,700 AFY is an *average* over 66-years of estimated total recharge from ~1,482 AFY to ~23,877 AFY. Being an average, the recharge rate will be lower than average 50% of the time. Failure of the reduction rate schedule to accommodate below average recharge rates by January 2040, the end of the SGMA compliance period could trigger State intervention should the GSP fail to attain a sustainable groundwater condition.
- When the results of all of the possible 20-year model periods are compiled the summary statistics show that the lowest 20<sup>th</sup> percentile of recharge is 4,151 AFY. This means that a recharge rate of at least 4,151 AFY occurred 80% of the time.
- For risk reduction purposes, the issue is when and how reductions are taken (fixed amount or fixed percentage) and the target pumping rate, not necessarily just how long the reduction period lasts.
- For example, a 15-year constant reduction volume starting at years 2022-23 with a target pumping rate of 5,700 AFY is about equal to or somewhat less attractive to the District than a 20-year, constant percentage reduction starting at year 2020, if the target pumping is 5,700 AFY.

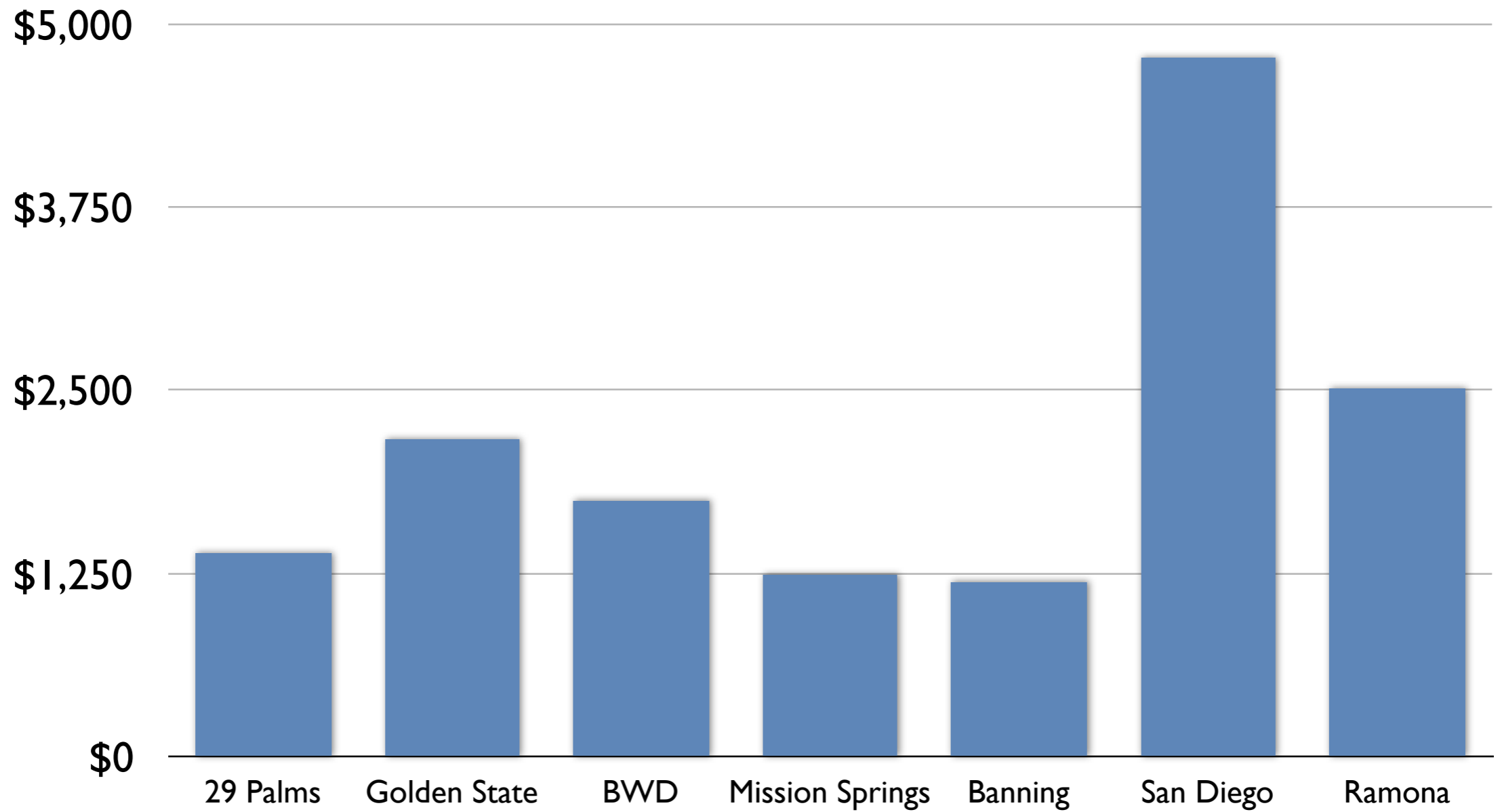
### 6. Are GDEs considered and addressed in the draft GSP?

- GDE’s are considered in the draft GSP. The question for the community is whether they are adequately and appropriately addressed in the Plan;
- Under SGMA, GDEs must be considered, but they are not required to be addressed in any particular way;
- how they are addressed is a policy issue for the local GSA;
- what DWR requires is that any policy be supported by analysis, rather be arbitrary or capricious;

## DIRECTOR BRECHT FY 2019 TOWN HALL NARRATIVE

- one way to address GDEs is by treating them as a pumper of GW that may not be reduced. Another way is to include them in adaptive management criteria that would alter reductions, if certain GDE thresholds are breached;
- until the public has access to the draft GSP to review during the public review period, the public will have the opportunity to determine whether GDEs are being treated appropriately.

■ 2019 Cost for 1 AF of water purchased (3/4" meter)



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# SGMA ECONOMICS

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- SGMA is a massive unfunded State mandate
- managing the GW basins in CA is necessary to support continued growth of the State's economy
- bringing the critically overdrafted Borrego Springs Subbasin into sustainable use in a timely fashion is necessary to preserve the future economy of Borrego
- SGMA changes the economics of GW use; for the first time GW itself will have a cost. Today, this is not the case

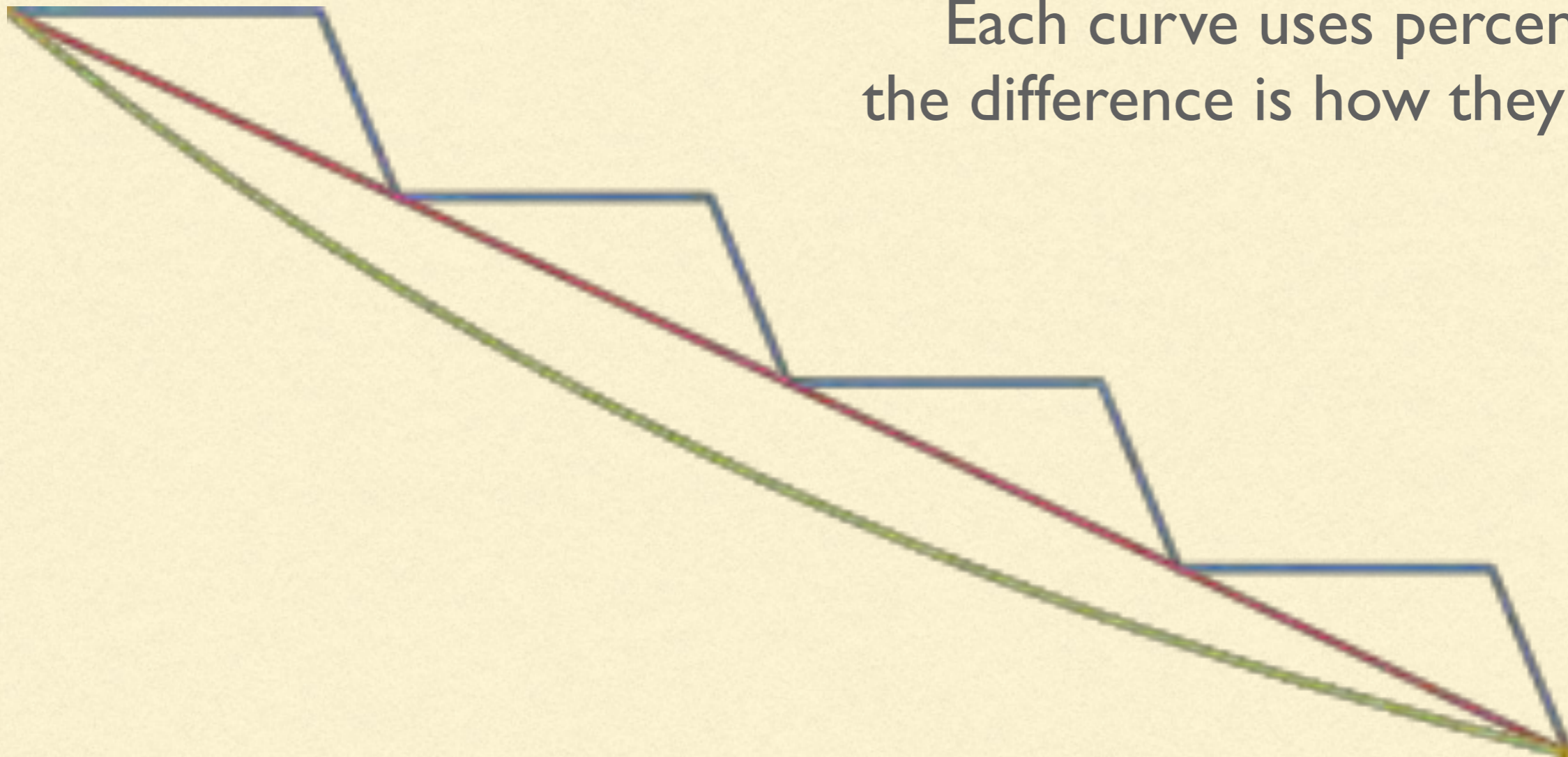


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# REDUCTION CURVE OPTIONS

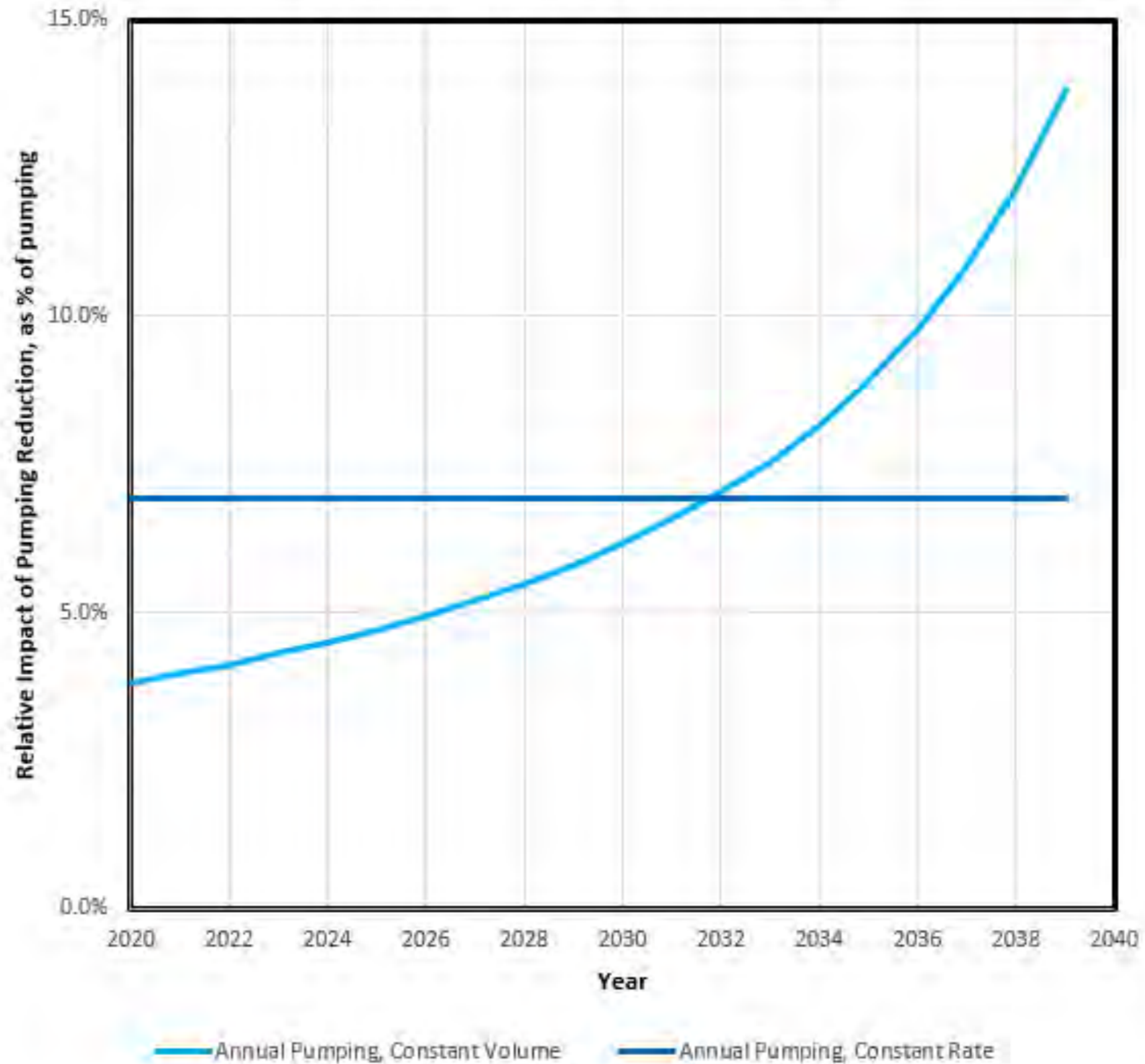
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Each curve uses percentages;  
the difference is how they are used

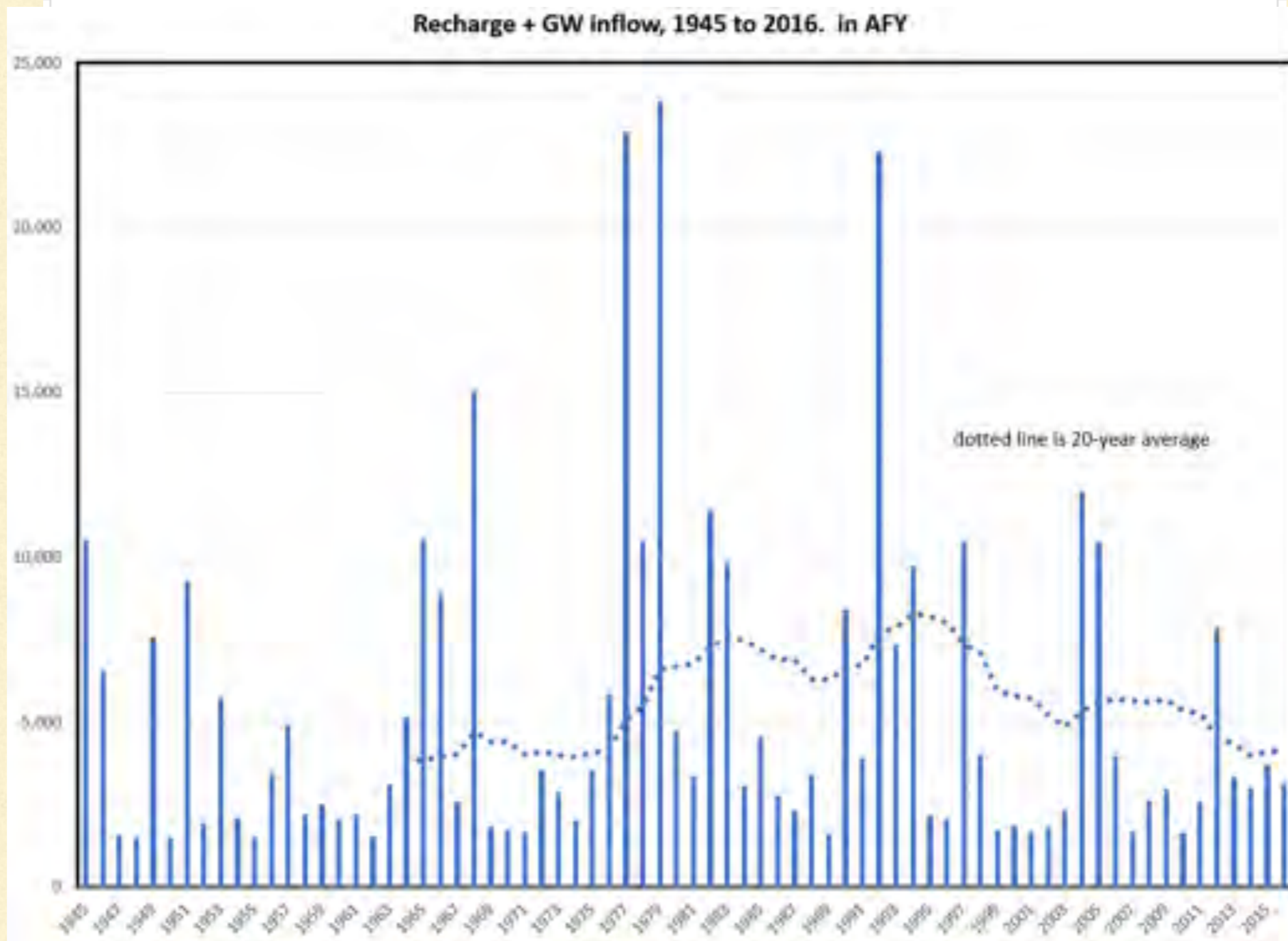


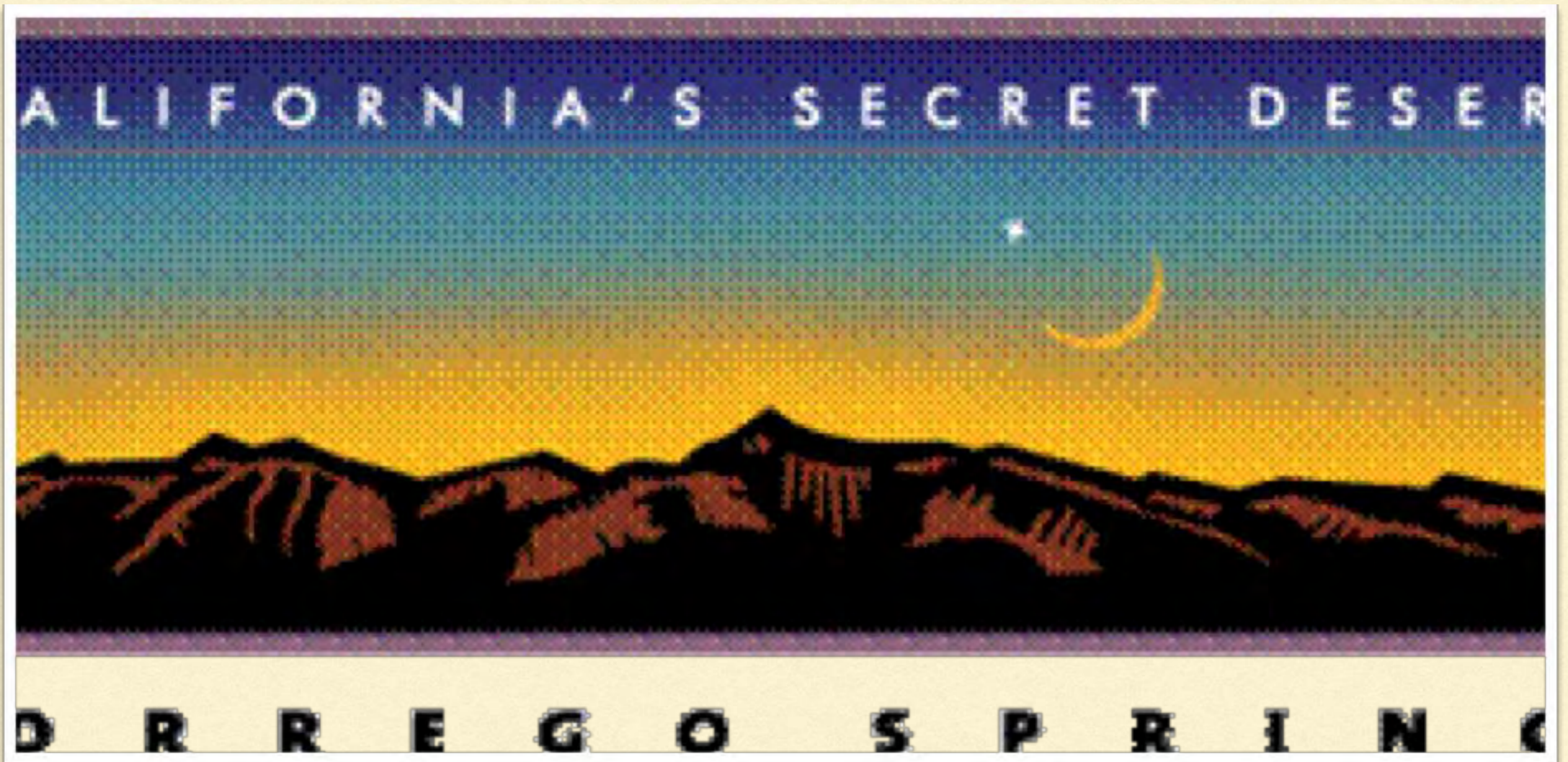
Blue = stepwise; Red = constant amount;  
Green = constant rate

## Contrasting Rate Schedules: Constant Volume vs Constant Rate



# VARIABILITY OF RECHARGE





# BORREGO WD - FINANCE

Town Hall 2019 – Harry Ehrlich, Board of Directors

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# SOME HISTORY - IN FY 2011

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- \$200,000 of ~\$6.2 million in reserves left; remainder allocated
- ~\$1.2 million annual operating deficit
- ~\$7.0 million in potential new debt from pre-2011 business deals with no means to pay P&I
- 6 disputes and threats of litigation (est. cost >\$1 million)
- No ability to borrow, even short-term (lost all creditworthiness)
- No longer-term CIP plan; no cash flow management reporting

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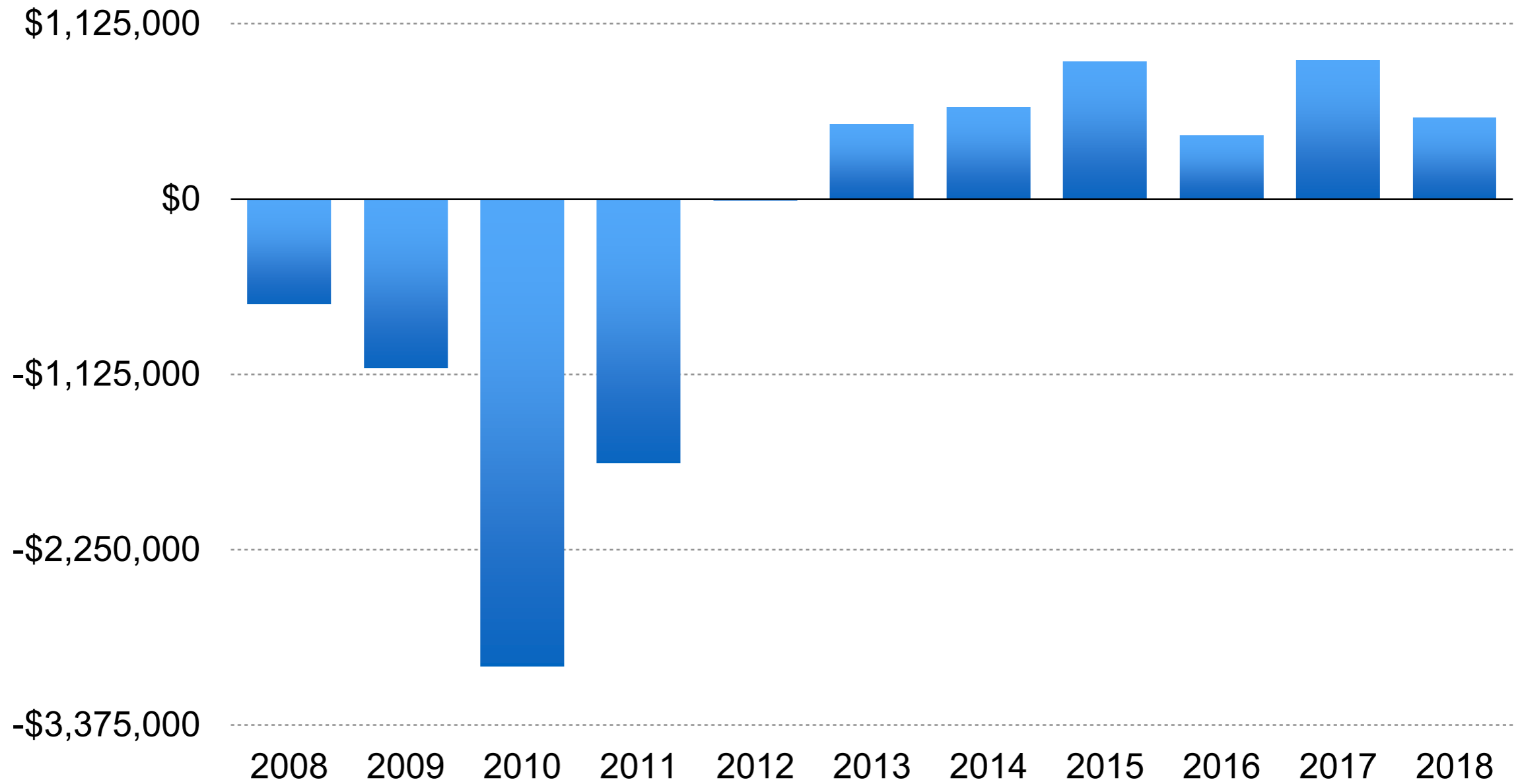
# BOARD STRATEGIC FOCUS OVER 8-YEARS: TO REGAIN CREDIT CAPACITY/STABILITY

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- Eliminated \$5.5 million of \$7.0 million in future debt payment obligations
- Refinanced \$1.5 million Viking loan saving \$1 million in financing costs
- Cut \$1.2 million in annual operating expenses for several years
- Negotiated resolutions with all disputants saving ~\$900,000
- Conducted 2 Proposition 218s that raised residential commodity rates for needed funds
- Wrote off ~\$1.4 million in previously capitalized expenses to clean up Balance Sheet
- Developed rolling 10-year CIP; monthly detailed cash flow report; consolidated FY budget
- Deferred ~\$11.0 million in identified CIP needs until credit was restored

# Financial Health of the District

■ Net Increase (Decrease) In Cash & Cash Equivalents



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# PRESENT FINANCIAL STATUS

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	2018 \$	2017 \$
□		
□ Net Position Investment in Capital Assets:	14,816,900	14,128,331
□ Unrestricted Fund Balance	4,245,573	3,982,417
□ Total Revenues	4,310,327	4,015,715
□ Total Expenses	(3,509,671)	(2,990,741)
□ Income	<u>820,656</u>	<u>1,024,974</u>
□ Total Cash Reserves (6/30/2018)	4,570,637	
□ Reserve Policy Goal	5,380,000	
□ Unfunded Reserve Goal (Future Years)	(809,363)	



**BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
February 26, 2019  
Item II.B.1**

**TO:** Board of Directors

**FROM:** Geoff Poole, General Manager

**SUBJECT:** Reimbursement Agreement with County of San Diego for SDAC Prop One Grant Proceeds

**RECOMMENDED ACTION**

Approve Agreement

**ITEM EXPLANATION**

In late 2018, BWD and the County of SD submitted a grant application to the State that included \$500,000 for BWD. The specific projects to be funded include public outreach with Le Sar Consultants, modeling of BWD wells and socio-economic impacts from Dr Jones, new meter Installation, and siting and drilling of replacement well #2. The County is the lead agency on the Grant and the attached Agreement allows for the transfer of funds from the County of San Diego to BWD for the \$500,000 Prop One SDAC Grant.

**FISCAL IMPACT**  
\$500,000

**ATTACHMENT**  
1. Proposed Agreement

COST REIMBURSEMENT AGREEMENT BETWEEN THE COUNTY OF SAN DIEGO  
AND BORREGO WATER DISTRICT FOR THE BORREGO VALLEY SEVERELY  
DISADVANTAGED COMMUNITIES (SDAC) IMPACT ASSESSMENT FOR THE  
SUSTAINABLE GROUNDWATER PLANNING (SGWP) GRANT PROGRAM  
(COST AGREEMENT)

This Cost Agreement between the County of San Diego (County), the Grantee, and the Borrego Water District (District), the Local Project Proponent (LPP), sets forth the understanding of the County and District (collectively Parties) for distribution of a grant award from the California Department of Water Resources (DWR) (2017 Proposition 1 SGWP Grant Agreement No. 4600012839) for specific tasks (District Tasks) associated with the San Diego County Groundwater Sustainability Plan (GSP) Development (Project). The Effective Date of this Cost Agreement is the date signed by all Parties.

**RECITALS:**

1. WHEREAS, Proposition 1, approved by the voters on November 4, 2014, authorized the legislature to appropriate funds to the Department of Water Resources (DWR) to establish the Sustainable Groundwater Planning (SGWP) Grant Program.
2. WHEREAS, the SGWP Grant Program provides funds for projects that develop and implement sustainable groundwater planning and projects consistent with groundwater planning requirements outlined in Division 6 of the California Water Code, commencing at §10000.
3. WHEREAS, the Project was submitted to DWR in November 2017 in response to the Groundwater Sustainability Plans and Projects Proposal Solicitation Package.
4. WHEREAS, the Project will serve an SDAC and support groundwater sustainability planning and management in the Borrego Springs Subbasin (Subbasin), identified as Basin Number 7-024.01, a Bulletin 118 designated (high-priority) basin, as required by the SGWP Grant Program for Category 1 – SDAC Projects.
5. WHEREAS, the County entered into an agreement (2017 Proposition 1 SGWP Grant Agreement No. 4600012839) with DWR on February 1, 2019 for the Project.
6. WHEREAS, the County, as the Grantee for the Project, will be responsible for distribution of funds to the District from DWR for District Tasks and ensuring compliance with terms of the Grant Agreement (No. 4600012839).
7. WHEREAS, the District's role is to serve as the Local Project Proponent (LPP) for portions of the Project, as defined.
8. WHEREAS, the County and District are part of a State of California sanctioned multi-agency Groundwater Sustainability Agency (GSA), and have entered into a

Memorandum of Understanding specifying the terms and conditions for GSP development and implementation.

9. WHEREAS, the County and the District, as a multi-agency GSA, intend to prepare a Groundwater Sustainability Plan (GSP or Plan) and sustainably manage the Subbasin in accordance with the Sustainable Groundwater Management Act (SGMA).
10. WHEREAS, the Project is intended to support the implementation of SGMA on the Subbasin.
11. WHEREAS, the County and the District, as a single, multi-agency GSA, share a common interest arrangement throughout SGMA implementation and that information shared between the Parties and their respective legal counsels is privileged and designed to further the shared interests of the Parties.

The Recitals are incorporated herein, and the Parties do agree as follows:

1. **DEFINITIONS:** The following words and terms, unless otherwise defined, shall mean:
  - a) Cost Reimbursement Agreement (Cost Agreement) means this agreement between the County and the Local Project Proponent (District) for the performance of District Tasks and receipt of the grant funds allocated for those tasks.
  - b) District Tasks refer to Component 2: Borrego Valley SDAC Impact Assessment/Environmental Planning; Category (a): Planning/Environmental Documentation; Tasks numbered 1 through 5 of the Project on attached Budget (Exhibit B of Attachment 1).
  - c) Grant Agreement means the 2017 Proposition 1 SGWP Grant Agreement No. 4600012839 between the California Department of Water Resources and the County of San Diego, dated February 1, 2019, for the disbursement of \$2,500,000 in grant funds for San Diego County GSP Development, which includes (Component 1) Grant Administration; (Component 2) Borrego Valley SDAC Impact Assessment/Environmental Planning; and (Component 3) Borrego Valley Groundwater Sustainability Plan Development.
  - d) Grantee for this Project refers to the County of San Diego.
  - e) LPP means Local Project Proponent. An LPP is a proponent of specific Project tasks. The LPP for this Cost Agreement is the District. The LPP shall be responsible for tasks associated with (1) SDAC Engagement; (2) SDAC Impact/Vulnerability Analysis; (3) Decision Management Analysis; (4) Well Metering; and (5) Water Vulnerability/New Well Site Feasibility Study, as detailed in the Grant Agreement.

- f) Project means the San Diego County GSP Development project, as detailed in Exhibit A through C of Attachment 1.
2. **TERM OF AGREEMENT:** The term of this Cost Agreement begins on the Effective date and terminates on June 30, 2020 or when all Parties' obligations under this Cost Agreement have been fully satisfied, whichever occurs earlier.
3. **TOTAL PROJECT COSTS:** The reasonable total cost of the District Tasks is estimated to be \$500,000. These costs are summarized in Exhibit B, Budget, of Attachment 1.
4. **GRANT AMOUNT:** The maximum amount payable by the County under this Cost Agreement for the District Tasks shall not exceed \$500,000. Any costs necessary to complete District Tasks that are incurred by the District in excess of the allotted \$500,000 shall be the responsibility of the District.
5. **LPP COST SHARE:** There is no funding match associated with the District Tasks since a Severely Disadvantaged Community project waiver has been granted by DWR.
6. **LPP RESPONSIBILITIES:**
- a) Faithfully and expeditiously perform or cause to be performed all District Tasks project work (Component 2, Category (a) tasks numbered 1-5) as described in Attachment 1 – Exhibit A (Workplan) and in accordance with Exhibit B (Budget) and Exhibit C (Schedule).
  - b) Accept and agree to comply with all terms, provisions, conditions, and written commitments of this Cost Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by LPP in the grant application, documents, amendments, and communications filed in support of its request for SGWP grant program funding.
  - c) Comply with all applicable California laws and regulations.
  - d) Implement the District Tasks in accordance with applicable provisions of the law.
  - e) Fulfill its obligations under the Cost and Grant Agreements, and be responsible for the performance of the District Tasks to completion.
  - f) Obtain any and all permits, licenses, and approvals required for performing any work under this Cost Agreement, including those necessary to perform design, construction, or operation and maintenance of the Project. LPP shall provide copies of permits and approvals to State upon request.
  - g) Perform the Workplan for the District Tasks including project management, oversight, and compliance associated with the tasks. LPP shall also be solely responsible for work and for persons or entities engaged in work, including, but not

limited to, subcontractors, suppliers, and all providers of services under this Cost Agreement. LPP shall fulfill its obligations in a manner that is consistent with this Cost Agreement, the Grant Agreement (4600012839) and the SGWP Program.

- h) Be responsible for all disputes arising out of its contracts for work including, but not limited to, bid disputes and payment disputes with its contractors and consultants or other entities. DWR, or County will not mediate disputes between the LPP and any other entity regarding performance of work.
  - i) Promptly perform, or cause to be performed, work as described in the Workplan for the District Tasks identified in Exhibit A, Workplan, of Attachment 1. LPP shall be responsible for oversight and compliance of District Tasks identified in the Grant Agreement.
  - j) LPP is solely responsible for the District Tasks identified in Exhibit A of Attachment 1. Review or approval of plans, specifications, bid documents, or other construction documents by DWR or the County is solely for the purpose of proper administration of grant funds and shall not relieve or limit responsibilities of LPP with regard to its contractual obligations.
  - k) For District tasks which have deliverables that are part of GSP development, the Core Team shall be involved in reviewing work product for District tasks in accordance with current Core Team procedures.
7. **GENERAL CONDITIONS:** County is not obligated to provide any funds other than those received pursuant to the Grant Agreement, and in the event DWR does not provide the full funds described in this Cost Agreement, then the County is under no obligation to fulfill distribution of funds. The County shall have no obligation to disburse money for a project under this Cost Agreement until LPP has satisfied the following conditions:
- a) For the term of this Cost Agreement, LPP must provide timely input to the County Grant Manager to ensure timely submission of Quarterly Progress Reports as required by DWR.
  - b) LPP shall submit all deliverables and fulfill reporting requirements associated with the District Tasks as specified in Attachment 1 – Exhibit A (Workplan) and Exhibit C (Schedule) in accordance with DWR requirements detailed in the Grant Agreement.
  - c) Prior to the commencement of construction or implementation activities, if applicable, LDD shall submit the following to the County for submission to DWR:
    - 1. Work that is subject to the California Environmental Quality Act (CEQA) and or environmental permitting shall not proceed under the Grant Agreement until the following actions are performed:
      - (i) Grantee submits to DWR all applicable environmental permits as indicated on the Environmental Information Form to DWR,

- (ii) Documents that satisfy the CEQA process are received by DWR,
- (iii) DWR has completed its CEQA compliance review as a Responsible Agency, and
- (iv) Grantee receives written concurrence from DWR of Lead Agency's CEQA document(s) and DWR notice of verification of environmental permit submittal.

8. **DISBURSEMENT BY DWR AND PAYMENT BY THE COUNTY:** Following the review of each invoice, the County will approve the invoice and disburse payment subject to the availability of funds through normal DWR, and County processes. Funds will be disbursed by the County to District in response to each approved invoice within forty-five (45) days of receipt of funds from DWR. No disbursement shall be required at any time in any manner which is in violation of, or in conflict with federal or state laws, or regulations or which may require any rebates to the federal government or any loss of tax-free status on state bonds, pursuant to any federal statute or regulation. Any and all money disbursed by the County under this Cost Agreement and all interest earned by LPP shall be used solely to pay eligible costs.

9. **ELIGIBLE PROJECT COSTS:** Costs as described in Attachment 1 – Exhibit A, Workplan and in accordance with Exhibit B, Budget and Exhibit C, Schedule of Attachment 1, Grant Agreement.

Advanced funds will not be provided. LPP shall apply DWR funds received only to Eligible Project Costs in accordance with applicable provisions of the law and the Grant Agreement. Work performed on the projects after July 1, 2017 shall be eligible for reimbursement with DWR grant funds.

Costs that are not eligible for reimbursement include those specified in the Grant Agreement (Attachment 1 – Section 7).

10. **METHOD OF PAYMENT:** Submit a copy of invoice for costs incurred and supporting documentation to the County via email as directed by the County's Grant Administrator. Invoices submitted shall include the information required in the Grant Agreement (Attachment 1 – Section 8).

a) Reimbursement

1. Costs incurred for work performed in implementing the projects during the period identified in the particular invoice.
2. Invoices shall meet the following format requirements:
  - (i) Invoices must contain the date of the invoice, the time period covered by the invoice, and the total amount due.
  - (ii) Invoices must be itemized based on the categories (i.e., tasks) specified in Exhibit B of Attachment 1. The amount claimed for salaries/wages/consultant fees must list the classification or title of each staff/consultant claiming labor costs and include a calculation formula

(i.e., hours or days worked times the hourly or daily rate = the total amount claimed).

- (iii) Sufficient evidence (i.e., receipts, copies of checks or other proof of payment, time sheets) as determined by DWR must be provided for all costs included in the invoice.
- (iv) The County will notify the LPP, in a timely manner, when, upon review of an invoice, if DWR determines that any portion or portions of the costs claimed are not eligible costs or are not supported by documentation or receipts acceptable to DWR. LPP may, within seven (7) calendar days of the date of receipt of such notice, submit additional documentation to the County to cure such deficiency(ies). If LPP fails to submit adequate documentation curing the deficiency(ies), the County will adjust the pending invoice by the amount of ineligible, unsupported or unapproved costs. Invoices shall be submitted no more frequently than quarterly. All invoices must be certified to be true and accurate and submitted by an official representative of the project.

Submit invoice to:

[PDS.COR@sdcounty.ca.gov](mailto:PDS.COR@sdcounty.ca.gov)

**11. WITHHOLDING OF GRANT REIMBURSEMENT BY THE COUNTY:** If the County or DWR determines that the Project is not being implemented in accordance with the provisions of this Cost Agreement, or that LPP has failed in any other respect to comply with the provisions of this Cost Agreement, and if LPP does not remedy any such failure to DWR's satisfaction, the County may withhold from LPP all or any portion of DWR funding and take any other action that it deems necessary to protect its interests. Where a portion of DWR funding has been disbursed to the LPP and DWR notifies the Grantee of its decision not to release funds that have been withheld pursuant to Paragraph 12, Default Provisions, the portion that has been disbursed shall thereafter be repaid immediately with interest at the California general obligation bond interest rate at the time the County notifies the LPP, as directed by DWR. The County may consider the LPP's refusal to repay the requested disbursed amount a contract breach subject to the default provisions in Paragraph 12, Default Provisions." If the County notifies the LPP of its decision to withhold the entire funding amount from LPP pursuant to this paragraph, this Cost Agreement shall terminate upon receipt of such notice by LPP and the County shall no longer be required to provide funds under this Cost Agreement and the Cost Agreement shall no longer be binding on either party.

**12. DEFAULT PROVISIONS:** LPP will be in default under this Cost Agreement if any of the following occur:

- a) Substantial breaches of this Cost Agreement, or any supplement or amendment to it, or any other agreement between LPP and the County evidencing or securing LPP's obligations.
- b) Making any false warranty, representation, or statement with respect to this Cost Agreement or the application filed to secure this Cost Agreement.

- c) Failure to operate the Project in accordance with this Cost Agreement.
- d) Failure to make any remittance required by this Cost Agreement.
- e) Failure to submit timely progress reports.
- f) Failure to routinely invoice the County.

If an event of default occurs, the County shall provide a notice of default to the LPP and shall give LPP at least five (5) calendar days to cure the default from the date the notice is sent via first-class mail to the LPP. If the LPP fails to cure the default within the time prescribed by the County, the County may do any of the following:

- a) Declare the funding be immediately repaid with interest, which shall be equal to State of California general obligation bond interest rate in effect at the time of the default.
- b) Terminate any obligation to make future payments to LPP.
- c) Terminate the Cost Agreement.
- d) Take any other action that it deems necessary to protect its interests.

**13. PERMITS, LICENSES, APPROVALS, AND LEGAL OBLIGATIONS:** LPP shall be responsible for obtaining any and all permits, licenses, and approvals required for performing any work under this Cost Agreement, as applicable. LPP shall be responsible for observing and complying with any applicable federal, state, and local laws, rules or regulations affecting any such work, specifically those including, but not limited to, environmental, procurement, and safety laws, rules, regulations, and ordinances. LPP shall provide copies of permits and approvals to the County, if requested.

**14. SUBMISSION OF REPORTS:** LPP shall provide input to Grantee for inclusion in the progress reports on a quarterly basis to meet DWR's requirement for disbursement of funds. Input shall include a brief description of the work performed during the reporting period including: LPP's activities, milestones achieved, any accomplishments, deliverables submitted, costs incurred during the period and to date, upcoming work and any problems encountered in the performance of the work under this Cost Agreement. Once input from LPP is received, Grantee will prepare a progress report for submission to DWR. All reports shall be submitted to the County's Grants Administrator via email or as directed by the County's Grants Administrator for submission to DWR.

**15. INDEMNIFICATION:** To the fullest extent permitted by law, the LPP shall indemnify and hold and save the County, DWR, its officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages (including inverse condemnation) that may arise out of the Projects and this Cost Agreement, including, but not limited to any claims or damages arising from planning, design, construction, maintenance and/or operation of this Project and any breach of this Cost Agreement. LPP shall require its contractors or subcontractors to name the County, DWR, its officers, agents and employees as additional insured on their liability insurance for activities undertaken pursuant to this Cost Agreement.



16. **CONFIDENTIALITY:** The County and the District, as a single, multi-agency GSA, share a common interest arrangement and acknowledge that information shared between the Parties and their respective legal counsels is privileged and designed to further the shared interests of the Parties. The Parties and their Counsels believe that it is in their mutual best interest to coordinate their efforts and share certain privileged and confidential information, without risk of waiving or diminishing any protection against discovery, disclosure, or misuse of common interest information under any applicable privileges or protections. The Parties and their Counsels agree that such exchange of legal advice and information among themselves will advance the Parties' common interests to develop and implement a GSP for the Subbasin in accordance with the requirements of SGMA. As such, the Parties agree to keep information confidential to the maximum extent allowed by law throughout SGMA implementation, in accordance with the Common Interest Doctrine.
17. **TERMINATION, IMMEDIATE REPAYMENT, INTEREST:** The Cost Agreement may be terminated by written notice at any time before completion of the District Tasks at the option of the County or DWR if LPP breaches the Cost Agreement and has been asked to cure the breach within a reasonable time and fails to do so. If the Cost Agreement is terminated, LPP shall, upon demand, immediately repay to DWR an amount equal to the amount of grant funds disbursed to LPP. Interest shall accrue on all amounts due at the legal rate of interest allowed by law from the date that notice of termination is mailed to LPP to the date of full repayment.
18. **ACKNOWLEDGEMENT OF CREDIT AND SIGNAGE:** LPP shall include appropriate acknowledgement of credit to the State for its support when promoting the Project or using any data and/or information developed under this Cost Agreement. Signage shall be posted in a prominent location at Project site(s) (if applicable) or at the LPP's headquarters and shall include the Department of Water Resources color logo and the following disclosure statement: "Funding for this project has been provided in full or in part from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and through an agreement with the State Department of Water Resources."
19. **DELIVERY OF INFORMATION, REPORTS, AND DATA:** LPP agrees to expeditiously provide throughout the term of this Cost Agreement, such reports, data information, and certifications as may be reasonably required by State.
20. **DISPOSITION OF EQUIPMENT:** LPP shall provide to the Grantee, not less than 45 calendar days prior to submission of final invoice to DWR, an itemized inventory of equipment purchased with funds provided by State. The inventory shall include all items with a current estimated fair market value of more than \$5,000.00 per item. Within 60 calendar days of receipt of such inventory State shall provide Grantee with a list of the items on the inventory that State will take title to. All other items shall become the property of LPP. The Grantee shall arrange for delivery from LPP of items that the State takes title to. Cost of transportation, if any, shall be borne by State.

**21. FINAL INSPECTIONS AND CERTIFICATION OF REGISTERED**

**PROFESSIONAL:** Upon completion of the Project, LPP shall provide for a final inspection and certification by a California Registered Professional (i.e., Professional Civil Engineer, Engineering Geologist) that the Project has been completed in accordance with submitted final plans and specifications and any modifications thereto and in accordance with this Cost Agreement and Grant Agreement.

**22. LABOR CODE COMPLIANCE:**

The LPP agrees to be bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from this Cost Agreement to assure that the prevailing wage provisions of the Labor Code are being met. The LPP certifies that it has a Labor Compliance Program (LCP) in place or has contracted with a third party that has been approved by the Director of the Department of Industrial Relations (DIR) to operate an LCP. Current DIR requirements may be found at <http://www.dir.ca.gov/lcp.asp>. For more information, please refer to DIR's Public Works Manual at: <http://www.dir.ca.gov/dlse/PWManualCombined.pdf>. The LPP affirms that it is aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance, and the LPP affirms that it will comply with such provisions before commencing the performance of the work under this Cost Agreement and will make its contractors and subcontractors aware of this provision.

**23. RIGHTS IN DATA:**

LPP agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes and other written or graphic work produced in the performance of the Cost Agreement shall be made available to the State and shall be in the public domain to the extent to which release of such materials is required under the California Public Records Act. (Gov. Code, § 6250 et seq.) LPP may disclose, disseminate and use in whole or in part, any final form data and information received, collected and developed under the Cost Agreement, subject to appropriate acknowledgement of credit to State for financial support. LPP shall not utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so. The State shall have the right to use any data described in this paragraph for any public purpose.

**24. PROJECT REPRESENTATIVES:** The Project Representatives during the term of this Cost Agreement are as follows:

LPP  
Borrego Water District  
Geoff Poole  
General Manager  
806 Palm Canyon Drive  
Borrego Springs, CA 92004  
Phone: (760) 767-5806  
e-mail: [geoff@borregowd.org](mailto:geoff@borregowd.org)

Grantee  
County of San Diego  
Leanne Crow  
Grant Administrator  
5510 Overland Avenue, Suite 310  
San Diego CA 92123  
Phone: (858) 495-5514  
e-mail: [Leanne.crow@sdcounty.ca.gov](mailto:Leanne.crow@sdcounty.ca.gov)

Either party may change its Project Representative upon written notice to the other party.

25. **STANDARD PROVISIONS.** The following Attachment (including exhibits) is included and made a part of this Cost Agreement by this reference:

Attachment 1 – Grant Agreement

26. **SIGNATURES:** The individuals executing this Cost Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

IN WITNESS WHEREOF, the parties have executed this Cost Agreement as of the last date below:

COUNTY OF SAN DIEGO (GRANTEE)

Approved as to form and legality:

By: \_\_\_\_\_  
Mark Wardlaw  
Director, Planning & Development Services

By: \_\_\_\_\_  
Justin Crumley  
Senior Deputy, County Counsel

Date: \_\_\_\_\_

Date: \_\_\_\_\_

BORREGO WATER DISTRICT (LOCAL PROJECT PROPONENT [LPP])

By: \_\_\_\_\_  
Kathy Dice  
President, Board of Directors

Date: \_\_\_\_\_

## **Attachment 1 (Grant Agreement)**

**DEPARTMENT OF WATER RESOURCES**

1416 NINTH STREET, P.O. BOX 942836  
SACRAMENTO, CA 94236-0001  
(916) 653-5791



February 4, 2019

Mr. Mark Wardlaw  
Director of Planning and  
Development Service  
County of San Diego  
5510 Overland Avenue, Suite 310  
San Diego, California 92123

**2017 Proposition 1 Sustainable Groundwater Planning (SGWP) Grant; Agreement #4600012839**

Dear Mr. Wardlaw:

Enclosed is an original executed copy of Agreement #4600012839.

If you have any questions, please contact Anita Regmi, Project Manager at (818)549-2340 or via email at [Anita.Regmi@water.ca.gov](mailto:Anita.Regmi@water.ca.gov).

Sincerely,

Lana Quidgeon Graber  
Associate Government Program Analyst  
Financial Assistance Branch  
Division of Integrated Regional Water Management

Enclosures

cc: Anita Regmi, Project Manager

RECEIVED  
FEB 11 2019

PDS-DIRECTORS OFFICE

**GRANT AGREEMENT BETWEEN THE STATE OF CALIFORNIA  
(DEPARTMENT OF WATER RESOURCES) AND  
COUNTY OF SAN DIEGO  
AGREEMENT NUMBER 4600012839  
2017 PROPOSITION 1 SUSTAINABLE GROUNDWATER PLANNING (SGWP) GRANT**

THIS GRANT AGREEMENT is entered into by and between the Department of Water Resources of the State of California, herein referred to as the "State" or "DWR" and the County of San Diego, a public agency, in the State of California, duly organized, existing, and acting pursuant to the laws thereof, herein referred to as the "Grantee," which parties do hereby agree as follows:

- 1) **PURPOSE.** The State shall provide funding from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) to assist the Grantee in financing the planning and/or selected project activities (Project) that will improve sustainable groundwater management, pursuant to Water Code Section 79700 et seq. The provision of State funds pursuant to this Agreement shall not be construed or interpreted to mean that the Groundwater Sustainability Plan (GSP), or any components of the GSP, implemented in accordance with the Work Plan as set forth in Exhibit A, will be: adopted by the applicable Groundwater Sustainability Agency (GSA); obtain the necessary desirable results of Sustainable Management Criteria; or, meet all of the evaluation and assessment criteria when submitted to the Department of Water Resources as required by the Sustainable Groundwater Management Act and implementing regulations.
- 2) **TERM OF GRANT AGREEMENT.** The term of this Grant Agreement begins on the date this Grant Agreement is executed by the State, through final payment plus three (3) years unless otherwise terminated or amended as provided in this Grant Agreement. However, all work shall be completed in accordance with the Schedule as set forth in Exhibit C.
- 3) **GRANT AMOUNT.** The maximum amount payable by the State under this Grant Agreement shall not exceed \$2,500,000.
- 4) **GRANTEE COST SHARE.** The Grantee is required to provide a Local Cost Share (non-State funds) of not less than 50 percent of the Total Project Cost. The cost share requirement for projects benefiting a Severely Disadvantaged Community (SDAC), Disadvantaged Community (DAC), or an Economically Distressed Areas (EDA) may be waived or reduced. The Grantee agrees to provide a Local Cost Share (non-State funds) for the amount as documented in Exhibit B (Budget). Local Cost Share may include Eligible Project Costs directly related to Exhibit A incurred after January 1, 2015.
- 5) **BASIC CONDITIONS.** The State shall have no obligation to disburse money for a project under this Grant Agreement until the Grantee has satisfied the following conditions (if applicable):
  1. Prior to execution of this Grant Agreement, selected applicants (Groundwater Sustainability Agency) for GSP Development projects must submit evidence of a notification to the public and DWR prior to initiating development of a GSP in compliance with California Code of Regulations, title 23, Section 350 et seq. (GSP Regulations) and Water Code Section 10727.8.
  2. The Grantee must demonstrate compliance with all relevant eligibility criteria as set forth on pages 7 and 8 of the 2015 Grant Program Guidelines for the SGWP Grant Program.
  3. For the term of this Grant Agreement, the Grantee submits timely reports and all other deliverables as required by Paragraph 16, "Submission of Reports" and Exhibit A.
  4. Prior to the commencement of construction or implementation activities, if applicable, Grantee shall submit the following to the State:
    - a. Final plans and specifications certified, signed, and stamped by a California Registered Civil Engineer as to compliance for each approved project as listed in Exhibit A of this Grant Agreement.

b. Work that is subject to the California Environmental Quality Act (CEQA) and or environmental permitting shall not proceed under this Grant Agreement until the following actions are performed:

- (1) The Grantee submits to the State all applicable environmental permits as indicated on the Environmental Information Form to the State,
- (2) Documents that satisfy the CEQA process are received by the State,
- (3) The State has completed its CEQA compliance review as a Responsible Agency, and
- (4) The Grantee receives written concurrence from the State of Lead Agency's CEQA document(s) and State notice of verification of environmental permit submittal.

The State's concurrence of Lead Agency's CEQA documents is fully discretionary and shall constitute a condition precedent to any work (i.e., construction or implementation activities) for which it is required. Once CEQA documentation has been completed, the State will consider the environmental documents and decide whether to continue to fund the project or to require changes, alterations or other mitigation. The Grantee must also demonstrate that it has complied with all applicable requirements of the National Environmental Policy Act by submitting copies of any environmental documents, including environmental impact statements, Finding of No Significant Impact, mitigation monitoring programs, and environmental permits as may be required prior to beginning construction/implementation.

c. A monitoring plan as required by Paragraph 18, "Monitoring Plan Requirements", if applicable for Implementation Components/Project(s).

6) **DISBURSEMENT OF FUNDS.** The State will disburse to the Grantee the amount approved, subject to the availability of funds through normal State processes. Notwithstanding any other provision of this Grant Agreement, no disbursement shall be required at any time or in any manner which is in violation of, or in conflict with, federal or state laws, rules, or regulations, or which may require any rebates to the federal government, or any loss of tax-free status on state bonds, pursuant to any federal statute or regulation. Any and all money disbursed to the Grantee under this Grant Agreement shall be deposited in a non-interest bearing account and shall be used solely to pay Eligible Project Costs.

7) **ELIGIBLE PROJECT COST.** The Grantee shall apply State funds received only to eligible Project Costs in accordance with applicable provisions of the law and Exhibit B. Eligible Project Costs include the reasonable costs of studies, engineering, design, land and easement acquisition, legal fees, preparation of environmental documentation, environmental mitigations, monitoring, project construction, and/or any other scope of work efforts as described in Exhibit A. Reimbursable administrative expenses are the necessary costs incidental but directly related to the Project included in this Agreement. Work performed on the Project after July 1, 2017, but before March 31, 2022, shall be eligible for reimbursement.

Costs that are not eligible for reimbursement with State funds cannot be counted as Cost Share. Costs that are not eligible for reimbursement include, but are not limited to, the following items:

1. Costs, other than those noted above, incurred prior to the award date of this Grant.
2. Costs for preparing and filing a grant application belonging to another solicitation.
3. Operation and maintenance costs, including post construction performance and monitoring costs.
4. Purchase of equipment that is not an integral part of a project.
5. Establishing a reserve fund.
6. Purchase of water supply.
7. Monitoring and assessment costs for efforts required after project construction is complete.
8. Replacement of existing funding sources for ongoing programs.
9. Support of existing agency requirements and mandates (e.g., punitive regulatory agency requirement).



10. Purchase of land in excess of the minimum required acreage necessary to operate as an integral part of a project, as set forth and detailed by engineering and feasibility studies, or land purchased prior to the execution date of this Grant Agreement.
  11. Overhead and indirect costs: "Indirect Costs" means those costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the funded project (i.e., costs that are not directly related to the funded project). Examples of Indirect Costs include, but are not limited to: central service costs; general administration of the Grantee; non-project-specific accounting and personnel services performed within the Grantee's organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-project-specific facilities; tuition and conference fees; and, generic overhead or markup. This prohibition applies to the Grantee and any subcontract or sub-agreement for work on the Project that will be reimbursed pursuant to this Agreement.
- 8) **METHOD OF PAYMENT FOR REIMBURSEMENT.** After the disbursement requirements in Paragraph 5 "Basic Conditions" are met, the State will disburse the whole or portions of State funding to the Grantee, following receipt from the Grantee via U.S. mail or Express mail delivery of a "wet signature" invoice for costs incurred, including Cost Share, and timely Progress Reports as required by Paragraph 16, "Submission of Reports." Payment will be made no more frequently than monthly, in arrears, upon receipt of an invoice bearing the Grant Agreement number. The State will notify the Grantee, in a timely manner, whenever, upon review of an Invoice, the State determines that any portion or portions of the costs claimed are not eligible costs or is not supported by documentation or receipts acceptable to the State. The Grantee may, within thirty (30) calendar days of the date of receipt of such notice, submit additional documentation to the State to cure such deficiency(ies). If the Grantee fails to submit adequate documentation curing the deficiency(ies), the State will adjust the pending invoice by the amount of ineligible or unapproved costs.

Invoices submitted by the Grantee shall include the following information:

1. Costs incurred for work performed in implementing the project during the period identified in the particular invoice.
2. Costs incurred for any interests in real property (land or easements) that have been necessarily acquired for a project during the period identified in the particular invoice for the implementation of a project.
3. Invoices shall be submitted on forms provided by the State and shall meet the following format requirements:
  - a. Invoices must contain the date of the invoice, the time period covered by the invoice, and the total amount due.
  - b. Invoices must be itemized based on the categories (i.e., tasks) specified in the Exhibit B. The amount claimed for salaries/wages/consultant fees must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = the total amount claimed).
  - c. One set of sufficient evidence (i.e., receipts, copies of checks, time sheets) must be provided for all costs included in the invoice.
  - d. Each invoice shall clearly delineate those costs claimed for reimbursement from the State's funding amount, as depicted in Paragraph 3, "Grant Amount" and those costs that represent the Grantee's costs, as applicable, in Paragraph 4, "Grantee Cost Share."
  - e. Original signature and date (in ink) of the Grantee's Project Representative. Submit the original "wet signature" copy of the invoice form to the address listed in Paragraph 23, "Project Representative."

All invoices submitted shall be accurate and signed under penalty of perjury. Any and all costs submitted pursuant to this Agreement shall only be for the tasks set forth herein. The Grantee shall not submit any invoice containing costs that are ineligible or have been reimbursed from other funding sources unless required and specifically noted as such (i.e., match costs). Any eligible costs for which the Grantee is seeking reimbursement shall not be reimbursed from any other source. Double or multiple billing for time,

services, or any other eligible cost is illegal and constitutes fraud. Any suspected occurrences of fraud, forgery, embezzlement, theft, or any other misuse of public funds may result in suspension of disbursements of grant funds and/or termination of this Agreement requiring the repayment of all funds disbursed hereunder plus interest. Additionally, the State may request an audit pursuant to Exhibit D and refer the matter to the Attorney General's Office or the appropriate district attorney's office for criminal prosecution or the imposition of civil liability. (Civ. Code, §§ 1572-1573; Pen. Code, §§ 470, 489-490.)

- 9) **ADVANCED PAYMENT.** Water Code Section 10551 authorizes advance payment by the State for projects included and implemented in an applicable integrated regional water management plan, and when the project proponent is a nonprofit organization; a DAC; or the project benefits a DAC. If the project is awarded less than \$1,000,000 in grant funds, the project proponent may receive an advanced payment of up to 50% of the grant award; the remaining 50% of the grant award will be reimbursed in arrears. Within ninety (90) calendar days of execution of the Grant Agreement, the Grantee may provide the State an Advanced Payment Request. Advanced Payment Requests received ninety-one (91) calendar days after execution of this Agreement, or later, will not be eligible to receive advance payment. The Advanced Payment Request must contain the following:
1. Documentation demonstrating that each Local Project Sponsor (if different from the Grantee, as listed in Exhibit I) was notified about their eligibility to receive an advanced payment and a response from the Local Project Sponsor stating whether it wishes to receive the advanced payment or not.
  2. If the Local Project Sponsor is requesting the advanced payment, the request must include:
    - a. A funding plan which shows how the advanced funds will be expended within 18 months of this Grant Agreement's execution (i.e., for what, how much, and when).
    - b. A discussion of the Local Project Sponsor's financial capacity to complete the project once the advance funds have been expended, and include an "Audited Financial Statement Summary Form" specific to the DAC.
  3. If a Local Project Sponsor is requesting advanced payment, the Grantee shall also submit a single Advance Payment Form Invoice, containing the request for each qualified project, to the State Project Manager with "wet signature" and date of the Grantee's Project Representative, as indicated in Paragraph 23, "Project Representative." The Grantee shall be responsible for the timely distribution of the advanced funds to the respective Local Project Sponsor(s). Within sixty (60) calendar days of receiving the Advanced Payment Form Invoice and subject to the availability of funds, the State will authorize payment of the advanced funds sought of up to 50% of the grant award for the qualified project(s). The Advanced Payment Form Invoice shall be submitted on forms provided by the State and shall meet the following format requirements:
    - a. Invoice must contain the date of the invoice, the time period covered by the invoice, and the total amount due.
    - b. Invoice must be itemized based on the categories (i.e., tasks) specified in Exhibit B.
    - c. The State Project Manager will notify the Grantee, in a timely manner, when, upon review of an Advance Payment Form Invoice, the State determines that any portion or portions of the costs claimed are not eligible costs. The Grantee may, within thirty (30) calendar days of the date of receipt of such notice, submit additional documentation to cure such deficiency(ies). After the distribution requirements in Paragraph 5, "Basic Conditions" are met, the State will disburse the whole or portions of State funding to the Grantee, following receipt from the Grantee via US mail or Express mail delivery of a "wet signature" invoice for costs incurred, including Cost Share, and timely Progress Reports as required by Paragraph 16, "Submission of Reports."
  4. On a quarterly basis, the Grantee will submit an Accountability Report to the State that demonstrates how actual expenditures compare with the scheduled budget. The Accountability Report shall include the following information:

- a. An itemization of how advanced funds have been expended to-date (Expenditure Summary), including documentation that supports the expenditures (e.g., contractor invoices, receipts, personnel hours, etc.). Invoices must be itemized based on the budget categories (i.e., tasks) specified in Exhibit B.
  - b. A funding plan which shows how the remaining advanced funds will be expended.
  - c. Documentation that the funds were placed in a non-interest bearing account, including the dates of deposits and withdrawals from that account.
  - d. The State Project Manager will notify the Grantee, in a timely manner, when, upon review of the Expenditure Summary, the State determines that any portion of the expenditures claimed are not eligible costs. The Grantee may, within thirty (30) calendar days of the date of receipt of such notice, submit additional documentation to cure such deficiency(ies). If costs are not consistent with the tasks in Exhibit B, the State will reject the claim and remove them from the Expenditure Summary.
5. Once the Grantee has expended all advanced funds, then the method of payment will revert to the reimbursement process specified in Paragraph 8, "Method of Payment for Reimbursement.", and any remaining requirements of Paragraph 5, "Basic Conditions."
- 10) **REPAYMENT OF ADVANCES.** The State may demand repayment from the Grantee of all or any portion of the advanced State funding along with interest at the California general obligation bond interest rate at the time the State notifies the Grantee, as directed by the State, and take any other action that it deems necessary to protect its interests for the following conditions:
1. A project is not being implemented in accordance with the provisions of the Grant Agreement.
  2. The Grantee has failed in any other respect to comply with the provisions of this Grant Agreement, and if the Grantee does not remedy any such failure to the State's satisfaction.
  3. Repayment amounts may also include:
    - a. Advance funds which have not been expended within 18 months of the Grant Agreement's execution.
    - b. Actual costs incurred are not consistent with the activities presented in Exhibit A, not supported, or are ineligible.
    - c. At the completion of the project, the funds have not been expended.

For conditions 10) 3.a. and 10) 3.b., repayment may consist of deducting the amount from future reimbursement invoices. The State may consider the Grantee's refusal to repay the requested advanced amount a substantial breach of this Grant Agreement subject to the default provisions in Paragraph 12, "Default Provisions." If the State notifies the Grantee of its decision to demand repayment or withhold the entire funding amount from the Grantee pursuant to this paragraph, this Grant Agreement shall terminate upon receipt of such notice by the Grantee and the State shall no longer be required to provide funds under this Grant Agreement and the Grant Agreement shall no longer be binding on either party.

- 11) **WITHHOLDING OF DISBURSEMENTS BY THE STATE.** If the State determines that a project is not being implemented in accordance with the provisions of this Grant Agreement, or that the Grantee has failed in any other respect to comply with the provisions of this Grant Agreement, and if the Grantee does not remedy any such failure to the State's satisfaction, the State may withhold from the Grantee all or any portion of the State funding and take any other action that it deems necessary to protect its interests. Where a portion of the State funding has been disbursed to the Grantee and the State notifies the Grantee of its decision not to release funds that have been withheld pursuant to Paragraph 13, "Continuing Eligibility," the portion that has been disbursed shall thereafter be repaid immediately with interest at the California general obligation bond interest rate at the time the State notifies the Grantee, as directed by the State. The State may consider the Grantee's refusal to repay the requested disbursed amount a contract breach subject to the default provisions in Paragraph 12, "Default Provisions." If the State notifies the Grantee of its decision to withhold the entire funding amount from the Grantee pursuant to this paragraph,

this Grant Agreement shall terminate upon receipt of such notice by the Grantee and the State shall no longer be required to provide funds under this Grant Agreement and the Grant Agreement shall no longer be binding on either party.

12) **DEFAULT PROVISIONS.** The Grantee will be in default under this Grant Agreement if any of the following occur:

1. Substantial breaches of this Grant Agreement, or any supplement or amendment to it, or any other agreement between the Grantee and the State evidencing or securing the Grantee's obligations;
2. Making any false warranty, representation, or statement with respect to this Grant Agreement or the application filed to obtain this Grant Agreement;
3. Failure to operate or maintain project in accordance with this Grant Agreement.
4. Failure to make any remittance required by this Grant Agreement.
5. Failure to comply with Labor Compliance Plan requirements.
6. Failure to submit timely progress reports.
7. Failure to routinely invoice the State.
8. Failure to meet any of the requirements set forth in Paragraph 13, "Continuing Eligibility."

Should an event of default occur, the State shall provide a notice of default to the Grantee and shall give the Grantee at least ten (10) calendar days to cure the default from the date the notice is sent via first-class mail to the Grantee. If the Grantee fails to cure the default within the time prescribed by the State, the State may do any of the following:

9. Declare the funding be immediately repaid, with interest, which shall be equal to the State of California general obligation bond interest rate in effect at the time of the default.
10. Terminate any obligation to make future payments to the Grantee.
11. Terminate the Grant Agreement.
12. Take any other action that it deems necessary to protect its interests.

In the event the State finds it necessary to enforce this provision of this Grant Agreement in the manner provided by law, the Grantee agrees to pay all costs incurred by the State including, but not limited to, reasonable attorneys' fees, legal expenses, and costs.

13) **CONTINUING ELIGIBILITY.** The Grantee must meet the following ongoing requirement(s) to remain eligible to receive State funds:

1. An urban water supplier that receives grant funds pursuant to this Grant Agreement must maintain compliance with the Urban Water Management Planning Act (UWMP; Wat. Code, § 10610 et seq.) and Sustainable Water Use and Demand Reduction (Wat. Code, § 10608 et seq.) by doing the following:
  - a. Have submitted their 2015 UWMP and had it deemed consistent by DWR. If the 2015 UWMP has not been submitted to DWR funding disbursements to the urban water supplier will cease until the 2015 UWMP is submitted. If the 2015 UWMP is deemed inconsistent by DWR, the urban water supplier will be ineligible to receive funding disbursements until the inconsistencies are addressed and DWR deems the UWMP consistent. For more information, visit the following website: <https://www.water.ca.gov/Programs/Water-Use-And-Efficiency/Urban-Water-Use-Efficiency/Urban-Water-Management-Plans>.
  - b. All urban water suppliers must submit documentation that demonstrates they are meeting the 2015 interim gallons per capita per day (GPCD) target. If not meeting the interim target, the Grantee must submit a schedule, financing plan, and budget for achieving the GPCD target, as required pursuant to Water Code Section 10608.24. Urban water suppliers that did not meet their 2015 interim GPCD target must also submit annual reports that include a schedule, financing plan, and budget for achieving the GPCD target by June 30 of each year.

2. An agricultural water supplier receiving grant funding must:
    - a. Comply with Sustainable Water Use and Demand Reduction requirements outlined in Water Code Section 10608, et seq. Submit to the State a schedule, financing plan, and budget for implementation of the efficient water management practices, required pursuant to Water Code Section 10608.48.
    - b. Have their Agricultural Water Management Plan (AWMP) deemed consistent by DWR. To maintain eligibility and continue funding disbursements, an agricultural water supply must have their 2015 AWMP identified on the State's website. For more information, visit the following website:  
<https://www.water.ca.gov/Work-With-Us/Grants-And-Loans/Agriculture-Water-Use-Efficiency>.
  3. The Grantee diverting surface water must maintain compliance with diversion reporting requirements as outlined in Part 5.1 of Division 2 of the Water Code.
  4. If applicable, the Grantee must demonstrate compliance with the Groundwater Management Act set forth on pages 7 and 8 of the 2015 SGWP Grant Program Guidelines, dated October 2015.
  5. Grantees that have been designated as monitoring entities under the California Statewide Groundwater Elevation Monitoring (CASGEM) Program must maintain reporting compliance, as required by Water Code Section 10932 and the CASGEM Program.
- 14) **PERMITS, LICENSES, APPROVALS, AND LEGAL OBLIGATIONS.** The Grantee shall be responsible for obtaining any and all permits, licenses, and approvals required for performing any work under this Grant Agreement, including those necessary to perform design, construction, or operation and maintenance of the Project(s). The Grantee shall be responsible for observing and complying with any applicable federal, state, and local laws, rules or regulations affecting any such work, specifically those including, but not limited to, environmental, procurement, and safety laws, rules, regulations, and ordinances. The Grantee shall provide copies of permits and approvals to the State.
- 15) **RELATIONSHIP OF PARTIES.** If applicable, the Grantee is solely responsible for design, construction, and operation and maintenance of projects within the work plan. Review or approval of plans, specifications, bid documents, or other construction documents by the State is solely for the purpose of proper administration of funds by the State and shall not be deemed to relieve or restrict responsibilities of the Grantee under this Grant Agreement.
- 16) **SUBMISSION OF REPORTS.** The submittal and approval of all reports is a requirement for the successful completion of this Grant Agreement. Reports shall meet generally accepted professional standards for technical reporting and shall be proofread for content, numerical accuracy, spelling, and grammar prior to submittal to the State. All reports shall be submitted to the State's Project Manager, and shall be submitted via Department of Water Resources (DWR) "Grant Review and Tracking System" (GRanTS). If requested, the Grantee shall promptly provide any additional information deemed necessary by the State for the approval of reports. Reports shall be presented in the formats described in the applicable portion of Exhibit F. The timely submittal of reports is a requirement for initial and continued disbursement of State funds. Submittal and subsequent approval by the State of a Project Completion Report is a requirement for the release of any funds retained for such project.
1. **Progress Reports:** The Grantee shall submit Progress Reports to meet the State's requirement for disbursement of funds. Progress Reports shall be uploaded via GRanTS, and the State's Project Manager notified of upload. Progress Reports shall, in part, provide a brief description of the work performed, Grantees activities, milestones achieved, any accomplishments and any problems encountered in the performance of the work under this Grant Agreement during the reporting period. The first Progress Report should be submitted to the State no later than four (4) months after the execution of the agreement, with future reports then due on successive three-month increments based on the invoicing schedule and this date.
  2. **Groundwater Sustainability Plan:** The Grantee shall submit a Final Groundwater Sustainability Plan (GSP) to DWR by the date as specified per the Sustainable Groundwater Management Act (SGMA).

The GSP shall be formatted, drafted, prepared, and completed as required by the GSP Regulations, and in accordance with any other regulations or requirements that are stipulated through SGMA.

3. Coordination Agreement: The Grantee shall provide the State a copy of the executed Coordination Agreement, and all supporting documentation. This condition is only required in basins where GSAs develop multiple GSPs pursuant to Water Code Section 10727(b)(3). Refer to the GSP Regulations for necessary details and requirements to prepare and submit a Coordination Agreement.
  4. Accountability Report: The Grantee shall prepare and submit to the State an Accountability Report on a quarterly basis if the Grantee received an Advanced Payment, consistent with the provisions in Paragraph 9, "Advanced Payment."
  5. Completion Report: The Grantee shall prepare and submit to the State a separate Completion Report for each project or component included in Exhibit A. The Grantee shall submit a Completion Report within ninety (90) calendar days of project/component completion. Each Completion Report shall include, in part, a description of actual work done, any changes or amendments to each project, and a final schedule showing actual progress versus planned progress, copies of any final documents or reports generated or utilized during a project. The Completion Report shall also include, if applicable for Implementation Project(s), certification of final project by a registered civil engineer, consistent with Exhibit D. A "Certification of Project Completion" form will be provided by the State.
  6. Grant Completion Report: Upon completion of the Project included in Exhibit A, the Grantee shall submit to the State a Grant Completion Report. The Grant Completion Report shall be submitted within ninety (90) calendar days of submitting the Completion Report for the final component or project to be completed under this Grant Agreement. The Grant Completion Report shall include reimbursement status, a brief description of each component completed, and how those components will further the goals of the GSP and sustainable groundwater. Retention for the last component, or project, to be completed as part of this Grant Agreement will not be disbursed until the Grant Completion Report is submitted to be approved by the State.
  7. Post-Performance Reports: The Grantee shall prepare and submit to the State Post-Performance Reports on each applicable implementation type Project(s). Post-Performance Reports shall be submitted to the State within ninety (90) calendar days after the first operational year of a project has elapsed. This record keeping and reporting process shall be repeated annually for a total of three (3) years after the project begins operation.
- 17) OPERATION AND MAINTENANCE OF PROJECT. For the useful life of construction and implementation projects (pertinent to Implementation Projects) and in consideration of the funding made by the State, the Grantee agrees to ensure or cause to be performed the commencement and continued operation of the project, and shall ensure or cause the project to be operated in an efficient and economical manner; shall ensure all repairs, renewals, and replacements necessary to the efficient operation of the same are provided; and shall ensure or cause the same to be maintained in as good and efficient condition as upon its construction, ordinary and reasonable wear and depreciation excepted. The State shall not be liable for any cost of such maintenance, management, or operation. The Grantee or their successors may, with the written approval of the State, transfer this responsibility to use, manage, and maintain the property. For purposes of this Grant Agreement, "useful life" means period during which an asset, property, or activity is expected to be usable for the purpose it was acquired or implemented; "operation costs" include direct costs incurred for material and labor needed for operations, utilities, insurance, and similar expenses, and "maintenance costs" include ordinary repairs and replacements of a recurring nature necessary for capital assets and basic structures and the expenditure of funds necessary to replace or reconstruct capital assets or basic structures. Refusal by the Grantee to ensure operation and maintenance of the projects in accordance with this provision may, at the option of the State, be considered a breach of this Grant Agreement and may be treated as default under Paragraph 12, "Default Provisions."
- 18) MONITORING PLAN REQUIREMENTS. Pertinent to Implementation Projects or Components, a Monitoring Plan shall be submitted to the State prior to disbursement of State funds for construction or monitoring activities. The Monitoring Plan should incorporate items defined and listed in Exhibit K.

- 19) **STATEWIDE MONITORING REQUIREMENTS.** The Grantee shall ensure that all groundwater projects and projects that include groundwater monitoring requirements are consistent with the Groundwater Quality Monitoring Act of 2001 (Wat. Code, § 10780 et seq.) and, where applicable, projects that affect water quality shall include a monitoring component that allows the integration of data into statewide monitoring efforts, including where applicable, the Surface Water Ambient Monitoring Program carried out by the State Water Resources Control Board. See Exhibit G for web links and information regarding other State monitoring and data reporting requirements.
- 20) **NOTIFICATION OF STATE.** The Grantee shall promptly notify the State, in writing, of the following items:
1. Events or proposed changes that could affect the scope, budget, or work performed under this Grant Agreement. The Grantee agrees that no substantial change in the scope of a project will be undertaken until written notice of the proposed change has been provided to the State and the State has given written approval for such change. Substantial changes generally include changes to the scope of work, schedule or term, and budget.
  2. Any public or media event publicizing the accomplishments and/or results of this Grant Agreement and provide the opportunity for attendance and participation by the State's representatives. The Grantee shall make such notification at least fourteen (14) calendar days prior to the event.
  3. Applicable to Implementation Projects only, Final inspection of the completed work on a project by a Registered Professional (Civil Engineer, Engineering Geologist, or other State approved certified/license Professional), in accordance with Exhibit D. The Grantee shall notify the State's Project Manager of the inspection date at least 14 calendar days prior to the inspection in order to provide the State the opportunity to participate in the inspection.
- 21) **NOTICES.** Any notice, demand, request, consent, or approval that either party desires or is required to give to the other party under this Grant Agreement shall be in writing. Notices may be transmitted by any of the following means:
1. By delivery in person.
  2. By certified U.S. mail, return receipt requested, postage prepaid.
  3. By "overnight" delivery service; provided that next-business-day delivery is requested by the sender.
  4. By electronic means.
  5. Notices delivered in person will be deemed effective immediately on receipt (or refusal of delivery or receipt). Notices sent by certified mail will be deemed effective given ten (10) calendar days after the date deposited with the U.S. Postal Service. Notices sent by overnight delivery service will be deemed effective one business day after the date deposited with the delivery service. Notices sent electronically will be effective on the date of transmission, which is documented in writing. Notices shall be sent to the addresses listed below. Either party may, by written notice to the other, designate a different address that shall be substituted for the one below.
- 22) **PERFORMANCE EVALUATION.** Upon completion of this Grant Agreement, the Grantee's performance will be evaluated by the State and a copy of the evaluation will be placed in the State file and a copy sent to the Grantee.
- 23) **PROJECT REPRESENTATIVES.** The Project Representatives during the term of this Grant Agreement are as follows:

Department of Water Resources  
Arthur Hinojosa  
Chief, Division of Integrated Regional Water  
Management  
P.O. Box 942836  
Sacramento, CA 94236-0001  
Phone: (916) 653-4736  
Email: [Arthur.Hinojosa@water.ca.gov](mailto:Arthur.Hinojosa@water.ca.gov)

County of San Diego  
Mark Wardlaw  
Director of Planning and Development Service  
5510 Overland Avenue, Ste. 310  
San Diego, CA 92123  
Phone: (858) 694-2962  
Email: [Mark.Wardlaw@sdcounty.ca.gov](mailto:Mark.Wardlaw@sdcounty.ca.gov)

Direct all inquiries to the Project Manager:

Department of Water Resources  
Anita Regmi  
Division of IRWM  
770 Fairmont Av, Suite 102  
Glendale, CA 91203-1035  
Phone: (818) 549-2340  
Email: [Anita.Regmi@water.ca.gov](mailto:Anita.Regmi@water.ca.gov)

County of San Diego  
Leanne Crow  
Hydrogeologist  
5510 Overland Avenue, Ste. 310  
San Diego, CA 92123  
Phone: (858) 495-5514  
Email: [Leanne.Crow@sdcounty.ca.gov](mailto:Leanne.Crow@sdcounty.ca.gov)

Either party may change its Project Representative or Project Manager upon written notice to the other party.

24) **STANDARD PROVISIONS.** The following Exhibits are attached and made a part of this Grant Agreement by this reference:

Exhibit A – Work Plan

Exhibit B – Budget

Exhibit C – Schedule

Exhibit D – Standard Conditions

Exhibit E – Authorizing Resolution Accepting Funds

Exhibit F – Report Formats and Requirements

Exhibit G – Requirements for Data Submittal

Exhibit H – State Audit Document Requirements and Cost Share Guidelines for Grantees

Exhibit I – Local Project Sponsors

Exhibit J – Project Location


Exhibit K – Monitoring Plan




IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement.

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

County of San Diego


  
\_\_\_\_\_  
Arthur Hinojosa  
Chief, Division of Integrated Regional Water  
Management

  
\_\_\_\_\_  
Mark Wardlaw  
Director of Planning and Development Service

Date 2/1/19

Date 1.15.19

Approved as to Legal Form and Sufficiency

  
\_\_\_\_\_  
Robin Brewer, Assistant Chief Counsel  
Office of Chief Counsel

Date 1-28-19



## EXHIBIT A WORK PLAN

**Project Title:** San Diego County GSP Development (Project)

**Project Description:** The Grantee's Project shall: 1) identify vulnerabilities and potential impacts from the GSP process on the SDAC in Borrego Valley; 2) assess programmatic level environmental impacts from implementation actions identified in the GSP; and 3) prepare a GSP. Although, the Project will cover the entire Borrego Valley Groundwater Basin (BVGB), the focus will be the Borrego Springs Subbasin (Subbasin) rather than the Ocotillo Wells Subbasin since the latter is not overdrafted and minimally developed.

### **Component 1: Grant Administration**

#### **Category (a): Grant Management, Invoicing, and Reporting**

Manage and administer the Project. Prepare and submit invoices to DWR, track progress and schedule, and manage contracts and budgets associated with the Grant Agreement. Administer and track contracts with consultants or other agencies that are necessary to complete tasks in the Work Plan and compile the required invoice back-up information. Conduct administrative responsibilities associated with the Project such as coordinating with partnering agencies and managing consultants/contractors including coordination of conference calls/meetings as needed.

Compile quarterly Progress Reports and invoices for submittal to DWR. Progress Reports will be prepared in accordance with Exhibit F. Invoices will include backup documentation. For each component, backup documentation will be collected and organized by category, along with an Excel compatible summary document detailing the contents of the backup documentation.

Prepare draft Component Completion Reports for Components 2 and 3 and submit to DWR for the Project Manager's comment and review no later than 90 days after work completion. Prepare a draft Grant Completion Report and submit to DWR for the Project Manager's comment and review no later than 90 days after work completion. Prepare the final Component Completion Reports and Grant Completion Report addressing the Project Manager's comments and submit to DWR in accordance with the provisions of Exhibit F.

#### **Deliverables:**

- Environmental Information Form (EIF)
- Progress Reports
- Invoices and associated backup documentation
- Final Component 2 and 3 Grant Completion Reports
- Final Grant Completion Report

### **Component 2: Borrego Valley SDAC Impact Assessment/Environmental Planning**

Provide support for the GSP and projects in the Subbasin by identifying vulnerabilities and potential impacts from the GSP process on water supply, accessibility, and usage, as well as assessing environmental, economic, cost, governance, and infrastructure concerns. The deliverables produced support the GSA's work by providing reference materials that will aid GSP planning and implementation outreach and decision-making efforts.

#### **Category (a): Planning/Environmental Documentation**

##### **Task 1: SDAC Engagement**

Establish community characteristics baseline data on SDAC rate payers and the economic structure of Borrego Valley and provide an overview of GSP planning activities to date and an update on engagement efforts.

Deliverables:

- Summary Report: Community Characteristics
- Summary Report: SDAC Engagement
- Summary of activities included in Progress Report(s)

**Task 2: SDAC Impact/Vulnerability Analysis**

Understand implications that the implementation of SGMA will have on the SDAC including impacts based on potential water reduction scenarios by analyzing baseline data and identifying the primary vulnerabilities of the SDACs within each subarea.

Deliverables:

- Summary Report: Baseline Water Use
- Summary Report: Water Supply Impact/SDAC Vulnerability/SGMA Impacts Analysis

**Task 3: Decision Management Analysis**

Develop tools to allow the Borrego Water District (BWD) to look at potential water supply situations that may directly impact groundwater users in Borrego Springs, assess the probability of the water supply situations occurring, and make decisions accordingly. Assess the potential range of outcomes of the groundwater extraction restrictions that will allow the BWD to look at water supply situations, such as the potential need for water treatment, or loss of individual supply wells due to ongoing groundwater overdraft and be able to assess its probability of occurring. Assessment of the potential range of outcomes of the groundwater extraction restrictions using Monte Carlo simulation methods and alike. Analyses will be performed of the potential impacts of various water reduction scenarios on the SDAC, rate payers, and BWD infrastructure. A larger scale impact assessment (SGMA/Environmental/Societal/Government Impacts) will be developed that examines community-wide socioeconomic impacts and changes that will result from the GSP.

Deliverables:

- Summary Report: Water Supply Uncertainties
- Summary Report: Monte Carlo simulation model
- Summary Report: Cost and Rate Structure Uncertainty and Impact Analysis
- Summary Report: SGMA/Environmental/Societal/Government Impacts

**Task 4: Well Metering**

Refine groundwater extraction data, particularly for agricultural use, that is being pumped within the Subbasin. Well meters will be installed on non-de minimis production wells within the Subbasin of the BVGB.

Deliverables:

- Meter Installation and Calibration Report

**Task 5: Water Vulnerability/New Well Site Feasibility Study**

Assess water supply vulnerability and determine a new well site to provide potable water to the SDAC in Borrego Springs via the BWD. Once alternative well locations are identified and prioritized, a test well will be drilled to identify geologic and hydrogeologic conditions of the selected location including lithology and borehole geophysics. The test well will be drilled to the depth of optimal supply quantity expected (possibly up to 1,000 feet) and evaluated for production capacity, aquifer properties, and water quality parameters. Upon completion of the evaluation, the test well may be utilized as a production well for BWD, if appropriate. Complete environmental review pursuant to CEQA and procure necessary permits as set forth in Paragraphs 14 and D.7 of this Agreement.

Deliverables:

- Summary Report: Well Ranking System
- Summary Report: Updates on WaterCAD hydraulic modeling files
- Well Installation Report

- Monitoring Plan for the newly installed well
- EIF, all necessary California Environmental Quality Act (CEQA) documents, permits, and access agreements to construct test well as applicable

### **Category (b): Environmental Planning**

Prepare the appropriate CEQA analysis and programmatic documentation, anticipated to be an EIR, for the tasks identified in the GSP that will aid GSP planning. No costs to be reimbursed with grant funds for Component 2, Category (b) may be incurred prior to the adoption of the GSP by the GSA.

### **Task 6. Project Description, Initial Study, Notice of Preparation, and Scoping**

Prepare a project description, which forms the basis of analysis of potential impacts in the EIR. The Notice of Preparation (NOP) will be prepared consistent with CEQA Guidelines and include a completed Initial Study checklist attached to the NOP.

#### Deliverables:

- Project Description
- Initial Study and NOP

### **Task 7. Draft EIR, Notice of Availability, and Notice of Completion**

Prepare a Draft EIR, Notice of Availability, and Notice of Completion. The EIR will focus on the issues that are identified to have potentially significant impacts in the Initial Study. The EIR will include all contents required by County requirements, the CEQA statute, and State CEQA Guidelines.

#### Deliverables:

- Draft EIR
- Notice of Availability
- Notice of Completion

### **Task 8. Final EIR**

Review and respond to comments received on the Draft EIR. This task will also include preparation of CEQA Findings of Fact (Finding), Mitigation Monitoring and Reporting Program (MMRP), Notice of Determination (NOD) and, if necessary, a Statement of Overriding Considerations (SOC).

#### Deliverables:

- Final EIR
- CEQA Findings
- Mitigation Monitoring and Reporting Program
- Notice of Determination
- Statement of Overriding Considerations (if necessary)
- Environmental Information Form for subsequent implementation actions identified in an adopted GSP

## **Component 3: Borrego Valley GSP Development**

### **Category (a): Planning Activities**

#### **Task 1: Advisory Committee Meetings and Public Hearings**

Participate in advisory committee meetings throughout GSP development and attend public hearings at key milestones in the process.

#### Deliverables:

- Summary of activities and meetings included in Progress Report(s)

## **Task 2: GSA Coordination Meetings**

Coordinate GSA activities with consultants and partner agencies to develop GSP components and collaborate on appropriate projects and management actions to achieve sustainability within the Subbasin.

### Deliverables:

- Summary of activities and meetings included in Progress Report(s)

## **Category (b): GSP Development**

### **Task 3: Data Management System, Data Collection and Analysis**

Develop a data management system (DMS) that can store information to support development and implementation of the GSP, as well as continued monitoring of the Subbasin and sustainability tracking. Conduct semi-annual water level monitoring and groundwater quality sampling of wells located in areas where pumping and water-level decline are greatest.

### Deliverables:

- Summary of the DMS

## **Task 4: GSP Development**

Prepare a GSP for the BVGB that meets SGMA regulations and DWR requirements. Provide summaries of GSP development activities within the Progress Reports. The GSP will include, at a minimum, the sections outlined below:

1. Administrative Information  
Prepare the Introduction section of the GSP. Components of this task includes defining the Purpose of GSP, establishing Sustainability Goal, providing Agency Information, and discussing GSP Organization.
2. Plan Area and Basin Setting  
Identify the geographic area covered by GSP and develop a description of the area. Evaluate the existing monitoring network and providing recommendations on expanding the network and developing an ongoing monitoring program to include water level monitoring and water quality sampling throughout the GSP implementation phase.
3. Water Budget and Hydrogeologic Model  
Develop a water budget and create a hydrogeologic conceptual model to be included in the GSP. Update the United States Geological Survey Numerical Model for the basin.
4. Sustainable Management Criteria  
Prepare the Sustainable Management Criteria section of the GSP. Components of this task include establishing a Sustainability Goal, defining Undesirable Results, determining Minimum Thresholds, establishing Measurable Objectives, and preparing a section on Monitoring Network.
5. Project and Management Actions to Achieve Sustainability Goal  
Prepare the Projects and Management Actions to achieve the identified Sustainability Goal and interim goals. Projects and management actions will be identified and Project Descriptions will be provided.
6. Plan Implementation  
Prepare the Plan Implementation section of the GSP. Components of this task include the Estimate of GSP Implementation Costs, Schedule for Implementation, Annual Reporting, and Periodic Evaluations.
7. Final GSP  
Review public comments, drafting responses to public comments, and finalizing the GSP.

**Deliverables:**

- Summaries of activities included as attachments in the Progress Reports
- Final GSP
- Proof of final GSP submittal to DWR

**Task 5: Well Permitting**

Perform adequate revisions to the County's well permitting process for Borrego Valley.

**Deliverables:**

- Revised Well Permitting Requirements

**EXHIBIT B  
BUDGET**

<b>Agreement Total Project Budget Summary</b>						
<b>Project Title: San Diego County GSP Development</b>						
<b>COMPONENTS</b>		<b>Grant Amount</b>	<b>Required Cost Share (non-state source)*</b>	<b>Other Cost Share**</b>	<b>Total Cost</b>	<b>Percent Cost Share</b>
1	Component 1: Grant Administration	\$25,000	\$0	\$0	\$25,000	0%
2	Component 2: Borrego Valley SDAC Impact Assessment/ Environmental Planning	\$1,000,000	\$0	\$228,068	\$1,228,068	23%
3	Component 3: Borrego Valley GSP Development	\$1,475,000	\$0	\$0	\$1,475,000	0%
<b>TOTAL Project</b>		<b>\$2,500,000</b>	<b>\$0</b>	<b>\$228,068</b>	<b>\$2,500,000</b>	<b>9%</b>

**NOTES:**

- \* Grantee received a 100% DAC and SDAC cost share waiver.
- \*\* Includes estimated local cost share from County and/or BWD.

<b>Component 1 – Budget</b>					
<b>Component 1: Grant Administration</b>					
<b>Budget Category</b>		<b>Grant Amount</b>	<b>Required Cost Share (non-state source)*</b>	<b>Other Cost Share**</b>	<b>Total Cost</b>
(a)	Grant Management, Invoicing, and Reporting	\$25,000	\$0	\$0	\$25,000
<b>TOTAL COSTS</b>		<b>\$25,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>

**NOTES:**

- \* Grantee received a 100% DAC and SDAC cost share waiver.



<b>Component 2 – Budget</b>					
<b>Component 2: Borrego Valley SDAC Impact Assessment/Environmental Planning</b>					
<b>Budget Category</b>		<b>Grant Amount</b>	<b>Required Cost Share (non-state source)*</b>	<b>Other Cost Share**</b>	<b>Total Cost</b>
(a)	Planning/Environmental Documentation	\$500,000	\$0	\$68,800	<b>\$568,800</b>
(b)	Environmental Planning	\$500,000	\$0	\$159,268	<b>\$659,268</b>
<b>TOTAL COSTS</b>		<b>\$1,000,000</b>	<b>\$0</b>	<b>\$228,068</b>	<b>1,228,068</b>

**NOTES:**

\*Grantee received a 100% DAC and SDAC cost share waiver.

\*\* Includes estimated local cost share from County and/or BWD.

<b>Component 3 – Budget</b>					
<b>Component 3: Borrego Valley GSP Development</b>					
<b>Budget Category</b>		<b>Grant Amount</b>	<b>Required Cost Share (non-state source)*</b>	<b>Other Cost Share**</b>	<b>Total Cost</b>
(a)	Planning Activities	\$300,000	\$0	\$0	<b>\$300,000</b>
(b)	GSP Development	\$1,175,000	\$0	\$0	<b>\$1,175,000</b>
<b>TOTAL COSTS</b>		<b>\$1,475,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,475,000</b>

**NOTES:**

\*Grantee received a 100% DAC and SDAC cost share waiver.

**EXHIBIT C  
SCHEDULE**

<b>Project Schedule</b>			
<b>Project Title: San Diego County GSP Development</b>			
<b>Categories</b>		<b>Start Date</b>	<b>End Date</b>
<b>Component 1: Grant Administration</b>		<b>7/1/2018</b>	<b>3/31/2022</b>
(a)	Grant Management, Invoicing, and Reporting	7/1/2018	3/31/2022
<b>Component 2: Borrego Valley SDAC Impact Assessment/Environmental Planning</b>		<b>7/1/2018</b>	<b>1/31/2022</b>
(a)	Planning/Environmental Documentation	7/1/2018	6/30/2020
(b)	Environmental Planning	7/1/2018	1/31/2022
<b>Component 3: Borrego Valley GSP Development</b>		<b>7/1/2018</b>	<b>3/31/2020</b>
(a)	Planning Activities	7/1/2018	1/31/2020
(b)	GSP Development	7/1/2018	1/31/2020

**EXHIBIT D**  
**STANDARD CONDITIONS**

- D.1) ACCOUNTING AND DEPOSIT OF FUNDING DISBURSEMENT:**
- a) **Separate Accounting of Funding Disbursements:** The Grantee shall account for the money disbursed pursuant to this Grant Agreement separately from all other Grantee funds. The Grantee shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices, consistently applied. The Grantee shall keep complete and accurate records of all receipts and disbursements on expenditures of such funds. The Grantee shall require its contractors or subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. Records are subject to inspection by the State at any and all reasonable times.
  - b) **Disposition of Money Disbursed:** All money disbursed pursuant to this Grant Agreement shall be deposited in a non-interest bearing account, administered, and accounted for pursuant to the provisions of applicable law.
  - c) **Remittance of Unexpended Funds:** The Grantee shall remit to the State any unexpended funds that were disbursed to the Grantee under this Grant Agreement and were not used to pay Eligible Project Costs within a period of sixty (60) calendar days from the final disbursement from the State to the Grantee of funds or, within thirty (30) calendar days of the expiration of the Grant Agreement, whichever comes first.
- D.2) ACKNOWLEDGEMENT OF CREDIT AND SIGNAGE:** The Grantee shall include appropriate acknowledgement of credit to the State for its support when promoting the Project or using any data and/or information developed under this Grant Agreement. Signage shall be posted in a prominent location at Project site(s) (if applicable) or at the Grantee's headquarters and shall include the Department of Water Resources color logo and the following disclosure statement: "Funding for this project has been provided in full or in part from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and through an agreement with the State Department of Water Resources." The Grantee shall also include in each of its contracts for work under this Agreement a provision that incorporates the requirements stated within this paragraph.
- D.3) AMENDMENT:** This Grant Agreement may be amended at any time by mutual agreement of the Parties, except insofar as any proposed amendments are in any way contrary to applicable law. Requests by the Grantee for amendments must be in writing stating the amendment request and the reason for the request. The State shall have no obligation to agree to an amendment.
- D.4) AMERICANS WITH DISABILITIES ACT:** By signing this Grant Agreement, the Grantee assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C. § 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.
- D.5) AUDITS:** The State reserves the right to conduct an audit at any time between the execution of this Grant Agreement and the completion of the Project, with the costs of such audit borne by the State. After completion of the Project, the State may require the Grantee to conduct a final audit to the State's specifications, at the Grantee's expense, such audit to be conducted by and a report prepared by an independent Certified Public Accountant. Failure or refusal by the Grantee to comply with this provision shall be considered a breach of this Grant Agreement, and the State may elect to pursue any remedies provided in Paragraph 12 or take any other action it deems necessary to protect its interests.
- Pursuant to Government Code Section 8546.7, the Grantee shall be subject to the examination and audit by the State for a period of three (3) years after final payment under this Grant Agreement with respect of all matters connected with this Grant Agreement, including but not limited to, the cost of administering this Grant Agreement. All records of the Grantee or its contractor or subcontractors shall be preserved for this purpose for at least three (3) years after receipt of the final disbursement under

this Agreement. If an audit reveals any impropriety, the Bureau of State Audits or the State Controller's Office may conduct a full audit of any or all of the Funding Recipient's activities. (Wat. Code, § 79708, subd. (b).)

- D.6) **BUDGET CONTINGENCY:** If the Budget Act of the current year covered under this Grant Agreement does not appropriate sufficient funds for this program, this Grant Agreement shall be of no force and effect. This provision shall be construed as a condition precedent to the obligation of the State to make any payments under this Grant Agreement. In this event, the State shall have no liability to pay any funds whatsoever to the Grantee or to furnish any other considerations under this Grant Agreement and the Grantee shall not be obligated to perform any provisions of this Grant Agreement. Nothing in this Grant Agreement shall be construed to provide the Grantee with a right of priority for payment over any other Grantee. If funding for any fiscal year after the current year covered by this Grant Agreement is reduced or deleted by the Budget Act, by Executive Order, or by order of the Department of Finance, the State shall have the option to either cancel this Grant Agreement with no liability occurring to the State, or offer a Grant Agreement amendment to the Grantee to reflect the reduced amount.
- D.7) **CEQA:** Activities funded under this Grant Agreement, regardless of funding source, must be in compliance with the California Environmental Quality Act (CEQA). (Pub. Resources Code, § 21000 et seq.) Any work that is subject to CEQA and funded under this Grant Agreement shall not proceed until documents that satisfy the CEQA process are received by the State's Project Manager and the State has completed its CEQA compliance. Work funded under the Grant Agreement subject to a CEQA document shall not proceed until and unless approved by the State Project Manager. Such approval is fully discretionary and shall constitute a condition precedent to any work for which it is required. If CEQA compliance by the Grantee is not complete at the time the State signs this Agreement, once the State has considered the environmental documents, it may decide to require changes, alterations, or other mitigation to the Project; or to not fund the Project. Should the State decide to not fund the Project, this Agreement shall be terminated in accordance with Paragraph 12.
- D.8) **CHILD SUPPORT COMPLIANCE ACT:** The Grantee acknowledges in accordance with Public Contract Code Section 7110, that:
- a) The Grantee recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Family Code Section 5200 et seq.; and
  - b) The Grantee, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.
- D.9) **CLAIMS DISPUTE:** Any claim that the Grantee may have regarding performance of this Agreement including, but not limited to, claims for additional compensation or extension of time, shall be submitted to the DWR Project Representative, within thirty (30) days of the Grantee's knowledge of the claim. The State and the Grantee shall then attempt to negotiate a resolution of such claim and process an amendment to this Agreement to implement the terms of any such resolution.
- D.10) **COMPETITIVE BIDDING AND PROCUREMENTS:** The Grantee shall comply with all applicable laws and regulations regarding securing competitive bids and undertaking competitive negotiations in the Grantee's contracts with other entities for acquisition of goods and services and construction of public works with funds provided by the State under this Grant Agreement.
- D.11) **COMPUTER SOFTWARE:** The Grantee certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Grant Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
- D.12) **CONFLICT OF INTEREST:** All participants are subject to state and federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent contract being declared void. Other legal action may

also be taken. Applicable statutes include, but are not limited to, Government Code Section 1090 and Public Contract Code Sections 10410 and 10411, for State conflict of interest requirements.

- a) **Current State Employees:** No State officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency, unless the employment, activity, or enterprise is required as a condition of regular State employment. No State officer or employee shall contract on his or her own behalf as an independent contractor with any State agency to provide goods or services.
  - b) **Former State Employees:** For the two-year period from the date he or she left State employment, no former State officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any State agency. For the twelve-month period from the date he or she left State employment, no former State officer or employee may enter into a contract with any State agency if he or she was employed by that State agency in a policy-making position in the same general subject area as the proposed contract within the twelve-month period prior to his or her leaving State service.
  - c) **Employees of the Grantee:** Employees of the Grantee shall comply with all applicable provisions of law pertaining to conflicts of interest, including but not limited to any applicable conflict of interest provisions of the California Political Reform Act. (Gov. Code, § 87100 et seq.)
  - d) **Employees and Consultants to the Grantee:** Individuals working on behalf of the Grantee may be required by DWR to file a Statement of Economic Interests (Fair Political Practices Commission Form 700) if it is determined that an individual is a consultant for Political Reform Act purposes.
- D.13) **DELIVERY OF INFORMATION, REPORTS, AND DATA:** The Grantee agrees to expeditiously provide throughout the term of this Grant Agreement, such reports, data, information, and certifications as may be reasonably required by the State.
- D.14) **DISPOSITION OF EQUIPMENT:** The Grantee shall provide to the State, not less than 30 calendar days prior to submission of the final invoice, an itemized inventory of equipment purchased with funds provided by the State. The inventory shall include all items with a current estimated fair market value of more than \$5,000.00 per item. Within 60 calendar days of receipt of such inventory the State shall provide the Grantee with a list of the items on the inventory that the State will take title to. All other items shall become the property of the Grantee. The State shall arrange for delivery from the Grantee of items that it takes title to. Cost of transportation, if any, shall be borne by the State.
- D.15) **DRUG-FREE WORKPLACE CERTIFICATION:** Certification of Compliance: By signing this Grant Agreement, the Grantee, its contractors or subcontractors hereby certify, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Gov. Code § 8350 et seq.) and have or will provide a drug-free workplace by taking the following actions:
- a) Publish a statement notifying employees, contractors, and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by Government Code Section 8355.
  - b) Establish a Drug-Free Awareness Program, as required by Government Code Section 8355 to inform employees, contractors, or subcontractors about all of the following:
    - i) The dangers of drug abuse in the workplace,
    - ii) The Grantee's policy of maintaining a drug-free workplace,
    - iii) Any available counseling, rehabilitation, and employee assistance programs, and

- iv) Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.
- c) Provide, as required by Government Code Section 8355, that every employee, contractor, and/or subcontractor who works under this Grant Agreement:
  - i) Will receive a copy of the Grantee's drug-free policy statement, and
  - ii) Will agree to abide by terms of the Grantee's condition of employment, contract or subcontract.

D.16) **EASEMENTS:** Where the Grantee acquires property in fee title or funds improvements to real property already owned in fee by the Grantee using State funds provided through this Grant Agreement, an appropriate easement or other title restriction providing for floodplain preservation and agricultural and/or wildlife habitat conservation for the subject property in perpetuity, approved by the State, shall be conveyed to a regulatory or trustee agency or conservation group acceptable to the State. The easement or other title restriction must be in first position ahead of any recorded mortgage or lien on the property unless this requirement is waived by the State.

Where the Grantee acquires an easement under this Agreement, the Grantee agrees to monitor and enforce the terms of the easement, unless the easement is subsequently transferred to another land management or conservation organization or entity with State permission, at which time monitoring and enforcement responsibilities will transfer to the new easement owner.

Failure to provide an easement acceptable to the State can result in termination of this Agreement.

D.17) **FINAL INSPECTIONS AND CERTIFICATION OF REGISTERED PROFESSIONAL:** Upon completion of the Project, the Grantee shall provide for a final inspection and certification by a California Registered Professional (i.e., Professional Civil Engineer, Engineering Geologist, that the Project has been completed in accordance with submitted final plans and specifications and any modifications thereto and in accordance with this Grant Agreement.

D.18) **GRANTEE'S RESPONSIBILITY.** The Grantee and its representatives shall:

- a) Faithfully and expeditiously perform or cause to be performed all project work as described in Exhibit A and in accordance with Project Exhibit B and Exhibit C.
- b) Accept and agree to comply with all terms, provisions, conditions, and written commitments of this Grant Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by the Grantee in the application, documents, amendments, and communications filed in support of its request for funding.
- c) Comply with all applicable California, federal, and local laws and regulations.
- d) Implement the Project in accordance with applicable provisions of the law.
- e) Fulfill its obligations under the Grant Agreement and be responsible for the performance of the Project.
- f) Obtain any and all permits, licenses, and approvals required for performing any work under this Grant Agreement, including those necessary to perform design, construction, or operation and maintenance of the Project. The Grantee shall provide copies of permits and approvals to the State.
- g) Be solely responsible for design, construction, and operation and maintenance of projects within the work plan. Review or approval of plans, specifications, bid documents, or other construction documents by the State is solely for the purpose of proper administration of funds by the State and shall not be deemed to relieve or restrict responsibilities of the Grantee under this Agreement.
- h) Be solely responsible for all work and for persons or entities engaged in work performed pursuant to this Grant Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Grantee shall be responsible for any and all disputes arising out of its contracts for work on the Project, including but not limited to payment disputes with contractors and

subcontractors. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work.

- D.19) **GOVERNING LAW:** This Grant Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.
- D.20) **INCOME RESTRICTIONS:** The Grantee agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Grantee under this Agreement shall be paid by the Grantee to the State, to the extent that they are properly allocable to costs for which the Grantee has been reimbursed by the State under this Agreement.
- D.21) **INDEMNIFICATION:** The Grantee shall indemnify and hold and save the State, its officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages (including inverse condemnation) that may arise out of the Project and this Agreement, including, but not limited to any claims or damages arising from planning, design, construction, maintenance and/or operation of this Project and any breach of this Agreement. The Grantee shall require its contractors or subcontractors to name the State, its officers, agents and employees as additional insureds on their liability insurance for activities undertaken pursuant to this Agreement.
- D.22) **INDEPENDENT CAPACITY:** The Grantee, and the agents and employees of the Grantees, in the performance of the Grant Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State.
- D.23) **INSPECTION OF BOOKS, RECORDS, AND REPORTS:** During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to this Grant Agreement or matters related hereto. Each of the parties hereto shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Grant Agreement. Failure or refusal by the Grantee to comply with this provision shall be considered a breach of this Grant Agreement, and the State may withhold disbursements to the Grantee or take any other action it deems necessary to protect its interests.
- D.24) **INSPECTIONS OF PROJECT BY STATE:** The State shall have the right to inspect the work being performed at any and all reasonable times during the term of the Grant Agreement. This right shall extend to any subcontracts, and the Grantee shall include provisions ensuring such access in all its contracts or subcontracts entered into pursuant to its Grant Agreement with the State.
- D.25) **LABOR CODE COMPLIANCE:** The Grantee agrees to be bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from this Agreement to assure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at <http://www.dir.ca.gov/lcp.asp>. For more information, please refer to DIR's *Public Works Manual* at: <http://www.dir.ca.gov/dlse/PWManualCombined.pdf>. The Grantee affirms that it is aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance, and the Grantee affirms that it will comply with such provisions before commencing the performance of the work under this Agreement and will make its contractors and subcontractors aware of this provision.
- D.26) **MODIFICATION OF OVERALL WORK PLAN:** At the request of the Grantee, the State may at its sole discretion approve non-material changes to the portions of Exhibit A which concern the budget and schedule without formally amending this Grant Agreement. Non-material changes with respect to the budget are changes that only result in reallocation of the budget and will not result in an increase in the amount of the State Grant Agreement. Non-material changes with respect to the Project schedule are changes that will not extend the term of this Grant Agreement. Requests for non-material changes to the budget and schedule must be submitted by the Grantee to the State in writing and are not effective unless and until specifically approved by the State's Program Manager in writing.

D.27) **NONDISCRIMINATION:** During the performance of this Grant Agreement, the Grantee and its contractors or subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), marital status, and denial of medial and family care leave or pregnancy disability leave. The Grantee and its contractors or subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Grantee and its contractors or subcontractors shall comply with the provisions of the California Fair Employment and Housing Act (Gov. Code, § 12990.) and the applicable regulations promulgated there under (Cal. Code Regs., tit. 2, § 11000 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing the California Fair Employment and Housing Act are incorporated into this Agreement by reference. The Grantee and its contractors or subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

The Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Grant Agreement.

D.28) **OPINIONS AND DETERMINATIONS:** Where the terms of this Grant Agreement provide for action to be based upon, judgment, approval, review, or determination of either party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.

D.29) **PRIORITY HIRING CONSIDERATIONS:** If this Grant Agreement includes services in excess of \$200,000, the Grantee shall give priority consideration in filling vacancies in positions funded by the Grant Agreement to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Public Contract Code Section 10353.

D.30) **PROHIBITION AGAINST DISPOSAL OF PROJECT WITHOUT STATE PERMISSION:** The Grantee shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Project, or with the Grantee's service of water, without prior permission of the State. The Grantee shall not take any action, including but not limited to actions relating to user fees, charges, and assessments that could adversely affect the ability of the Grantee to meet its obligations under this Grant Agreement, without prior written permission of the State. The State may require that the proceeds from the disposition of any real or personal property be remitted to the State.

D.31) **REMEDIES NOT EXCLUSIVE:** The use by either party of any remedy specified herein for the enforcement of this Grant Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

D.32) **RETENTION:** The State shall withhold ten percent (10%) of the funds requested by the Grantee for reimbursement of Eligible Project Costs until the Project is completed and Final Project Completion Report is approved. Any retained amounts due to the Grantee will be promptly disbursed to the Grantee, without interest, upon completion of the Project.

D.33) **RIGHTS IN DATA:** The Grantee agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes and other written or graphic work produced in the performance of this Grant Agreement shall be made available to the State and shall be in the public domain to the extent to which release of such materials is required under the California Public Records Act. (Gov. Code, § 6250 et seq.) The Grantee may disclose, disseminate and use in whole or in part, any final form data and information received, collected and developed under this Grant Agreement, subject to appropriate acknowledgement of credit to the State for financial support. The Grantee shall not utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so. The State shall have the right to use any data described in this paragraph for any public purpose.



- D.34) **SEVERABILITY**: Should any portion of this Grant Agreement be determined to be void or unenforceable, such shall be severed from the whole and the Grant Agreement shall continue as modified.
- D.35) **SUSPENSION OF PAYMENTS**: This Grant Agreement may be subject to suspension of payments or termination, or both if the State determines that:
- a) The Grantee, its contractors, or subcontractors have made a false certification, or
  - b) The Grantee, its contractors, or subcontractors violates the certification by failing to carry out the requirements noted in this Grant Agreement.
- D.36) **SUCCESSORS AND ASSIGNS**: This Grant Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties. No assignment or transfer of this Grant Agreement or any part thereof, rights hereunder, or interest herein by the Grantee shall be valid unless and until it is approved by State and made subject to such reasonable terms and conditions as the State may impose.
- D.37) **TERMINATION BY GRANTEE**: Subject to State approval which may be reasonably withheld, the Grantee may terminate this Agreement and be relieved of contractual obligations. In doing so, the Grantee must provide a reason(s) for termination. The Grantee must submit all progress reports summarizing accomplishments up until termination date.
- D.38) **TERMINATION FOR CAUSE**: Subject to the right to cure under Paragraph 12, the State may terminate this Grant Agreement and be relieved of any payments should the Grantee fail to perform the requirements of this Grant Agreement at the time and in the manner herein, provided including but not limited to reasons of default under Paragraph 12.
- D.39) **TERMINATION WITHOUT CAUSE**: The State may terminate this Agreement without cause on 30 days advance written notice. The Grantee shall be reimbursed for all reasonable expenses incurred up to the date of termination.
- D.40) **THIRD PARTY BENEFICIARIES**: The parties to this Agreement do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or any duty, covenant, obligation or understanding established herein.
- D.41) **TIMELINESS**: Time is of the essence in this Grant Agreement.
- D.42) **TRAVEL – DAC, EDA, or SDAC PROJECT/COMPONENT**: If a Project/Component obtains a DAC, EDA, or SDAC Cost Share Waiver, the Grantee may submit travel and per diem costs for eligible reimbursement with State funds. Travel includes the reasonable and necessary costs of transportation, subsistence, and other associated costs incurred by personnel during the term of this Grant Agreement. Any reimbursement for necessary travel and per diem shall be at rates not to exceed those set by the California Department of Human Resources. These rates may be found at: <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>. Reimbursement will be at the State travel and per diem amounts that are current as of the date costs are incurred. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from the State. All travel approved expenses will be reimbursed at the percentage rate of the DAC, EDA, or SDAC Cost Share Waiver. For example, if the Grantee obtains a 100% Waiver, 100% of all approved travel expenses can be invoiced for reimbursement. If the Grantee obtains a 50% Waiver, only 50% of eligible travel expenses will be reimbursed by these grant funds.
- D.43) **TRAVEL – NON-DAC, EDA, or SDAC PROJECT/COMPONENT**: The Grantee agrees that travel and per diem costs shall NOT be eligible for reimbursement with State funds, unless the Grantee's service area is considered a DAC, EDA, or SDAC. The Grantee also agrees that travel and per diem costs shall NOT be eligible for computing Grantee Local Cost Share. Travel includes the costs of transportation, subsistence, and other associated costs incurred by personnel during the term of this Grant Agreement.

- D.44) **UNION ORGANIZING:** The Grantee, by signing this Grant Agreement, hereby acknowledges the applicability of Government Code Sections 16645 through 16649 to this Grant Agreement. Furthermore, the Grantee, by signing this Grant Agreement, hereby certifies that:
- a) No State funds disbursed by this Grant Agreement will be used to assist, promote, or deter union organizing.
  - b) The Grantee shall account for State funds disbursed for a specific expenditure by this Grant Agreement to show those funds were allocated to that expenditure.
  - c) The Grantee shall, where State funds are not designated as described in (b) above, allocate, on a pro rata basis, all disbursements that support the program.
  - d) If the Grantee makes expenditures to assist, promote, or deter union organizing, the Grantee will maintain records sufficient to show that no State funds were used for those expenditures and that the Grantee shall provide those records to the Attorney General upon request.
- D.45) **VENUE:** The State and the Grantee hereby agree that any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this Agreement.
- D.46) **WAIVER OF RIGHTS:** None of the provisions of this Grant Agreement shall be deemed waived unless expressly waived in writing. It is the intention of the parties here to that from time to time either party may waive any of its rights under this Grant Agreement unless contrary to law. Any waiver by either party of rights arising in connection with the Grant Agreement shall not be deemed to be a waiver with respect to any other rights or matters, and such provisions shall continue in full force and effect.

**EXHIBIT E**  
**AUTHORIZING RESOLUTION ACCEPTING FUNDS**

Resolution No.: 16-002  
Meeting Date: 1/6/16 (1)

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO TO  
APPLY FOR AND ACCEPT GRANT FUNDING TO SUPPORT SUSTAINABLE  
GROUNDWATER MANAGEMENT**

**WHEREAS**, the California Department of Water Resources (DWR) has implemented the Sustainable Groundwater Planning (SGWP) Grant Program to provide funds for projects that develop and implement sustainable groundwater planning and projects consistent with groundwater planning requirements outlined in Division 6 of the California Water Code, commencing at §10000.

**WHEREAS**, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) (Water Code Section 79700 et seq.), which was approved on November 4, 2014, authorized the California State Legislature to appropriate funds to the DWR to establish the SGWP Grant Program.

**WHEREAS**, The County of San Diego, as a public agency, is eligible to apply for Proposition 1 grant funding ((Water Code §97917.(a-b)).

**WHEREAS**, the County of San Diego intends to comply with the Sustainable Groundwater Management Act (SGMA) that was adopted into the California Water Code, commencing with Section 10720, and requires that groundwater basins and sub-basins defined by the DWR be sustainably managed.

**WHEREAS**, the County of San Diego recognizes the importance of sustainable groundwater management in order to protect groundwater resources and achieve long-term groundwater sustainability; and

**WHEREAS**, the SGWP Grant Program funding is essential if the County is to comply with the SGMA; then therefore

**NOW, BE IT RESOLVED** by the Board of Supervisors of the County of San Diego that the Director, Department of Planning and Development Services, is hereby authorized for and on behalf of the County of San Diego, a public entity established under the laws of the State of California, to prepare the necessary data, conduct investigations, file a grant application, and execute a grant agreement with the California Department of Water Resources.

Approved as to form and legality  
County Counsel  
By: Justin Crumley

ON MOTION of Supervisor D. Roberts, seconded by Supervisor Jacob, the above Resolution was passed and adopted by the Board of Supervisors, County of San Diego, State of California, on this 6<sup>th</sup> day of January, 2016, by the following vote:

AYES: Cox, Jacob, D. Roberts, R. Roberts, Horn

- - -

STATE OF CALIFORNIA)  
County of San Diego)<sup>SS</sup>

I hereby certify that the foregoing is a full, true and correct copy of the Original Resolution entered in the Minutes of the Board of Supervisors.

DAVID HALL  
Clerk of the Board of Supervisors

By:   
Elizabeth Miller, Deputy



Resolution No. 16-002  
Meeting Date: 01/06/16 (1)

## **EXHIBIT F**

### **REPORT FORMATS AND REQUIREMENTS**

The following reporting formats should be utilized. Please obtain State approval prior to submitting a report in an alternative format.

#### **PROGRESS REPORTS**

Progress reports shall generally use the following format. This format may be modified as necessary to effectively communicate information. For the Project, or each component, discuss the following at the task level, as organized in Exhibit A:

- Percent complete estimate.
- Discussion of work accomplished during the reporting period.
- Milestones or deliverables completed/submitted during the reporting period.
- Meetings held or attended.
- Scheduling concerns and issues encountered that may delay completion of the task.

For each project, discuss the following at the project level, as organized in Exhibit A:

- Work anticipated for the next reporting period.
- Photo documentation, as appropriate.
- Any schedule or budget modifications approved by DWR during the reporting period.

#### **COMPLETION REPORT**

The Completion Report shall generally use the following format provided below for each Component or Project after completion.

##### **Executive Summary**

The Executive Summary should include a brief summary of project information and include the following items:

- Brief description of work proposed to be done in the original Grant application.
- Description of actual work completed and any deviations from Exhibit A. List any official amendments to this Grant Agreement, with a short description of the amendment.

##### **Reports and/or Products**

The following items should be provided, unless already submitted as a deliverable:

- A copy of the Groundwater Sustainability Plan (GSP) that meets all the requirements of the GSP Regulations (for GSP Development Projects), or verification (e.g., acceptance email, or other approved documentation from SGMA), that the GSP was submitted to DWR as required.
- A copy of any final technical report or study, produced for or utilized in this Project as described in the Work Plan
- Electronic copies of any data collected, not previously submitted
- Discussion of problems that occurred during the work and how those problems were resolved
- Final Component schedule showing actual progress versus planned progress

Additional information that may be applicable for Implementation Projects and/or Components includes the following:

- As-built drawings
- Final geodetic survey information
- Project or Component photos

## **Cost & Disposition of Funds**

A list showing:

- Summary of Project costs including the following items:
  - Accounting of the cost of project expenditure
  - Include all internal and external costs not previously disclosed (i.e., additional cost share); and
  - A discussion of factors that positively or negatively affected the project cost and any deviation from the original Project cost estimate.

## **Additional Information**

- Benefits derived from the Component, with quantification of such benefits provided, applicable for Implementation Components.
- A final project schedule showing actual progress versus planned progress as shown in Exhibit C.
- Certification from a California Registered Professional (Civil Engineer or Geologist, as appropriate) that the project was conducted in accordance with the approved work plan and any approved modifications thereto.
- Submittal schedule for the Post Performance Report.

## **GRANT COMPLETION REPORT**

The Grant Completion Report shall generally use the following format. This format may be modified as necessary to effectively communicate information on the various projects in the SGWP Grant Program funded by this Grant Agreement, and includes the following:

### **Executive Summary**

The Executive Summary consists of a maximum of ten (10) pages summarizing information for the grant as well as the individual components.

### **Reports and/or products**

- Brief comparison of work proposed in the original 2017 SGWP Grant application and actual work done.
- Brief description of the Project or components completed and how they achieve either or both of the following:
  - Serve SDAC(s) and support groundwater sustainability planning and management in the basin (Implementation Projects); and/or
  - Support planning, development, and/or preparation of GSP(s) that will comply with and meet the requirements of the GSP Regulations (GSP Development Projects).
- Identify remaining work and mechanism for their implementation (Implementation Projects).
- If applicable (e.g., if a DAC, EDA, or SDAC Cost Share Waiver was approved), a discussion of the benefits to DAC, EDA, and/or SDAC as part of this Grant Agreement.

### **Cost & Disposition of Funds Information**

- A summary of final funds disbursement for the Project, or each component.

### **Additional Information**

- Summary of the submittal schedule for the Post Performance Reports applicable for the Project, or each of the components in this Grant Agreement.

## **POST-PERFORMANCE REPORT**

The Post-Performance Report should be concise, and focus on how (each/the) project or component is actually performing compared to its expected performance; whether the project or component is being operated and maintained, and providing intended benefits as proposed (for Implementation Project or components). The Post-Performance Report should follow the same general format and provide requested information as required to be included in the Project Monitoring Plan (Exhibit K). As applicable, the following information, at a minimum, shall be provided:

### **Reports and/or products**

- Time period of the annual report (e.g., January 2018 through December 2018)
- Short project description
- Discussion of the project benefits
- An assessment of any explanations for any differences between the expected versus actual project benefits as stated in the original 2017 SGWP Grant application. Where applicable, the reporting should include quantitative metrics (i.e., new acre-feet of water produced that year, etc.).
- Summary of any additional costs and/or benefits deriving from the project since its completion, if applicable.
- Continued reporting on meeting the Output Indicators and Targets discussed in the Project and/or Component Monitoring Plan discussed in Paragraph 18 of this Grant Agreement.
- Any additional information relevant to or generated by the continued operation of the project.

## EXHIBIT G

### REQUIREMENTS FOR DATA SUBMITTAL

#### **Surface and Groundwater Quality Data:**

Groundwater quality and ambient surface water quality monitoring data that include chemical, physical, or biological data shall be submitted to the State as described below, with a narrative description of data submittal activities included in project reports, as described in Exhibit F.

Surface water quality monitoring data shall be prepared for submission to the California Environmental Data Exchange Network (CEDEN). The CEDEN data templates are available on the CEDEN website. Inclusion of additional data elements described on the data templates is desirable. Data ready for submission should be uploaded to your CEDEN Regional Data Center via the CEDEN website. (CEDEN website: <http://www.ceden.org>).

If a project's Work Plan contains a groundwater ambient monitoring element, groundwater quality monitoring data shall be submitted to the State for inclusion in the State Water Resources Control Board's Groundwater Ambient Monitoring and Assessment (GAMA) Program Information on the GAMA Program can be obtained at: [http://www.waterboards.ca.gov/water\\_issues/programs/gama/](http://www.waterboards.ca.gov/water_issues/programs/gama/). If further information is required, the Grantee can contact the State Water Resources Control Board (SWRCB) GAMA Program. A listing of SWRCB staff involved in the GAMA program can be found at: [http://www.swrcb.ca.gov/water\\_issues/programs/gama/contact.shtml](http://www.swrcb.ca.gov/water_issues/programs/gama/contact.shtml)

#### **Groundwater Level Data**

The Grantee shall submit to DWR groundwater level data collected as part of this grant. Water level data must be submitted using the California Statewide Groundwater Elevation Monitoring (CASGEM) online data submission system. The Grantee should use their official CASGEM Monitoring Entity or Cooperating Agency status to gain access to the online submittal tool and submit data. If the data is from wells that are not part of the monitoring network, the water level measurements should be classified as voluntary measurements in the CASGEM system. If the Grantee is not a Monitoring Entity or Cooperating Agency, please contact your DWR grant project manager for further assistance with data submittal. The activity of data submittal should be documented in appropriate progress or final project reports, as described in Exhibit F. Information regarding the CASGEM program can be found at: <http://www.water.ca.gov/Programs/Groundwater-Management/Groundwater-Elevation-Monitoring--CASGEM>



## EXHIBIT H

### STATE AUDIT DOCUMENT REQUIREMENTS AND COST SHARE GUIDELINES FOR GRANTEES

The following provides a list of documents typically required by State Auditors and general guidelines for Grantees. List of documents pertains to both State funding and the Grantee's Cost Share and details the documents/records that State Auditors would need to review in the event of this Grant Agreement is audited. Grantees should ensure that such records are maintained for each funded project.

#### **State Audit Document Requirements**

##### Internal Controls

1. Organization chart (e.g., Agency's overall organization chart and organization chart for the State funded Program/Project).
2. Written internal procedures and flowcharts for the following:
  - a) Receipts and deposits
  - b) Disbursements
  - c) State reimbursement requests
  - d) Expenditure tracking of State funds
  - e) Guidelines, policy, and procedures on State funded Program/Project
3. Audit reports of the Agency internal control structure and/or financial statements within the last two years.
4. Prior audit reports on the State funded Program/Project.

##### State Funding:

1. Original Grant Agreement, any amendment(s) and budget modification documents.
2. A listing of all bond-funded grants, loans, or subventions received from the State.
3. A listing of all other funding sources for each Program/Project.

##### Contracts:

1. All subcontractor and consultant contracts and related or partners documents, if applicable.
2. Contracts between the Agency and member agencies as related to the State funded Program/Project.

##### Invoices:

1. Invoices from vendors and subcontractors for expenditures submitted to the State for payments under the Grant Agreement.
2. Documentation linking subcontractor invoices to State reimbursement, requests and related Grant Agreement budget line items.
3. Reimbursement requests submitted to the State for the Grant Agreement.

##### Cash Documents:

1. Receipts (copies of warrants) showing payments received from the State.
2. Deposit slips (or bank statements) showing deposit of the payments received from the State.
3. Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the grants or loans.
4. Bank statements showing the deposit of the receipts.

Accounting Records:

1. Ledgers showing entries for the Grantee's receipts and cash disbursements.
2. Ledgers showing receipts and cash disbursement entries of other funding sources.
3. Bridging documents that tie the general ledger to requests for Grant Agreement reimbursement.

Administration Costs:

1. Supporting documents showing the calculation of administration costs.

Personnel:

1. List of all contractors and Agency staff that worked on the State funded Program/Project.
2. Payroll records including timesheets for contractor staff and the Agency personnel who provided services charged to the program

Project Files:

1. All supporting documentation maintained in the project files.
2. All Grant Agreement related correspondence.

**Cost Share Guidelines**

Cost Share consists of non-State funds, including in-kind services. In-kind services are defined as work performed (i.e., dollar value of non-cash contributions) by the Grantee (and potentially other parties) directly related to the execution of the funded project. Examples include volunteer services, equipment use, and use of facilities. The cost of in-kind service can be counted as cost share in-lieu of actual funds (or revenue) provided by the Grantee. Other cost share and in-kind service eligibility conditions may apply. Provided below is guidance for documenting cost share with and without in-kind services.

1. Although tracked separately, in-kind services shall be documented and, to the extent feasible, supported by the same methods used by the Grantee for its own employees. Such documentation should include the following:
  - a. Detailed description of the contributed item(s) or service(s)
  - b. Purpose for which the contribution was made (tied to project work plan)
  - c. Name of contributing organization and date of contribution
  - d. Real or approximate value of contribution. Who valued the contribution and how was the value determined? (e.g., actual, appraisal, fair market value, etc.). Justification of rate. (See item #2, below)
  - e. Person's name and the function of the contributing person
  - f. Number of hours contributed
  - g. If multiple sources exist, these should be summarized on a table with summed charges
  - h. Source of contribution if it was provided by, obtained with, or supported by government funds
2. Rates for volunteer or in-kind services shall be consistent with those paid for similar work in the Grantee's organization. For example, volunteer service of clearing vegetation performed by an attorney shall be valued at a fair market value for this service, not the rate for professional legal services. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market. Paid fringe benefits that are reasonable, allowable and allocable may be included in the valuation.
3. Cost Share contribution (including in kind services) shall be for costs and services directly attributed to activities included in the Grant Agreement. These services, furnished by professional and technical

personnel, consultants, and other skilled and unskilled labor may be counted as in-kind if the activities are an integral and necessary part of the project funded by the Grant Agreement.

- 4. Cash contributions made to a project shall be documented as revenue and in-kind services as expenditure. These costs should be tracked separately in the Grantee's accounting system.

**EXHIBIT I**

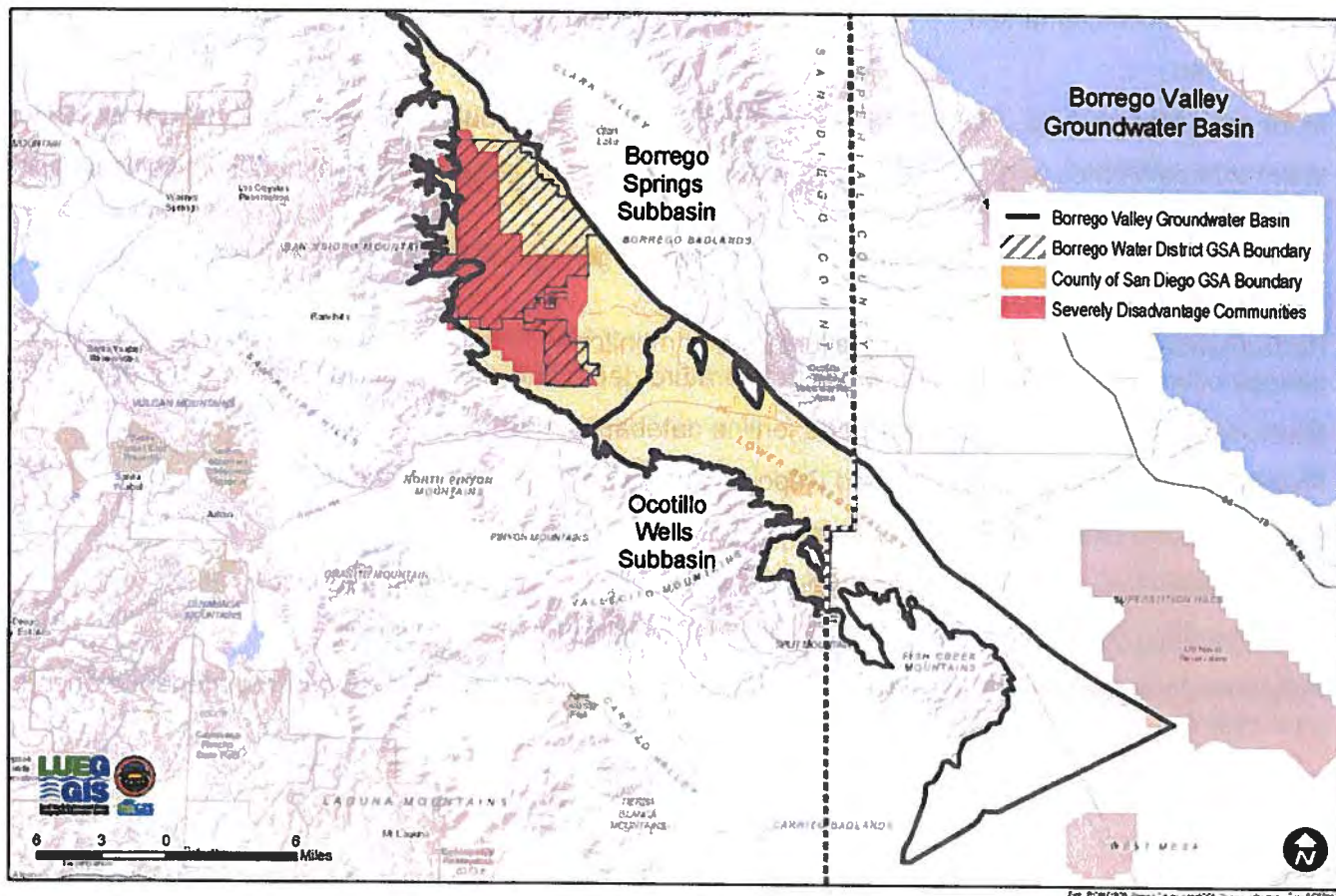
**LOCAL PROJECT SPONSORS**

The Grantee has assigned, for each Component, a Local Project Sponsor (LPS) according to the roles of the participating agencies identified in Exhibit A, Work Plan, if there are two or more Components of the Project. LPSs may act on behalf of the Grantee for the purposes of individual project management, oversight, compliance, and operations and maintenance. LPSs are identified for each sponsored component below:

<b>Local Project Sponsor Agency Designations</b>		
<b>Sponsored Component</b>	<b>Sponsor Agency</b>	<b>Agency Address</b>
Component 1: Borrego Valley SDAC Impact Assessment/ Engineering Planning	Borrego Water District and County of San Diego	806 Palm Canyon Drive, Borrego Springs, CA 92004
Component 2: Borrego Valley GSP Development	County of San Diego	5510 Overland Avenue, Ste. 310 San Diego, CA 92123

### EXHIBIT J PROJECT LOCATION

Project and/or Component Location/Site/Vicinity Map – The Component 1 of this project will cover the SDAC communities in Borrego Springs Subbasin. The Component 2 of this project will cover the entire Borrego Valley Groundwater Basin (per DWR Bulletin 118), shown below, with focus on Borrego Springs Subbasin rather than the Ocotillo Wells Subbasin.



## EXHIBIT K MONITORING PLAN

### Introduction

- Goals and objectives of project
- Site location and history
- Improvements implemented

### Monitoring Plan

- Monitoring Metrics (e.g., Plant establishment, bank erosion, hydraulic characteristics, habitat expansion)
- Maintenance Metrics (e.g., irrigation, pest management, weed abatement, continuous invasive species removal until natives established)
- Special Environmental Considerations (e.g., resource agency requirements, permit requirements, CEQA/NEPA mitigation measures)
- Performance Measures, or success/failure criteria monitoring results measured against (e.g., percent canopy cover after 1, 5, 10 years, water temperature decrease, site specific sediment scour or retention)
- Method of Reporting (e.g., paper reports, online databases, public meetings)
- Frequency of Duration Monitoring and Reporting (daily, weekly, monthly, yearly)
- Frequency and Duration of Maintenance Activities
- Responsible Party (i.e., who is who is responsible for monitoring and maintenance)
- Implementing responsibility (i.e., conducting monitoring and/or maintenance)
- Adaptive Management Strategies (i.e., what happens when routine monitoring or maintenance encounters a problem)

BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
February 26, 2019  
Item II.B.2

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Information Only: ENSI, Comparison of Pumping Rate Reduction Schedules Under SGMA  
(February 11, 2019)

**RECOMMENDED ACTION**

Receive Report

**ITEM EXPLANATION**

Director Brecht requested this item be placed on the agenda.

FISCAL IMPACT  
TBD

ATTACHMENT  
1. ENSI Analysis

February 11, 2019

Mr. Geoff Poole  
General Manager, Borrego Water District  
806 Palm Canyon Drive,  
Borrego Springs, CA 92004

RE: Comparison of Pumping Rate Reduction Schedules Under SGMA

Dear Geoff,

The following draft Report was produced under our existing contract to provide technical support to BWD for the Borrego Valley Groundwater Basin Groundwater Sustainability Plan Proposition 1 Grant Project. This Report provides supporting analysis for Task 3 specific to the assessment of pumping rate reductions to be implemented as Project and Management Action #3 in the Groundwater Sustainability Plan.

Thank you for your time and attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay W. Jones", with a long horizontal flourish extending to the right.

Jay W. Jones  
CA PG#4106  
Environmental Navigation Services Inc.



The Borrego Springs Subbasin (Subbasin) of the Borrego Valley Groundwater Basin has been designated by the California Department of Water Resources (DWR) to be in a state of critical overdraft and is subject to the Sustainable Groundwater Management Act (SGMA). Pursuant to SGMA<sup>1</sup> a Groundwater Sustainability Plan (GSP) is currently under development for the Subbasin. Annual groundwater pumping will need to be reduced from a baseline pumping allocation (BPA) rate of approximately 24,000 AFY<sup>2</sup> to a target rate of 5,700 AFY during a 20-year SGMA compliance period that begins in 2020 – next year. A total reduction of approximately 76% is required.

The purpose of this Report is to examine pumping rate reduction schedules relative to that proposed in the Draft GSP. The choice of the reduction rate schedule necessary to achieve the target pumping rate can affect the following:

- The magnitude of overdraft and additional long-term groundwater level decline in the Subbasin will vary depending on the reduction rate schedule. A reduction rate schedule that minimizes overdraft will also minimize groundwater level decline and the potential that undesirable results will occur as defined under SGMA and further explained in the GSP.
- The choice of rate schedule can accelerate or delay the effects associated with decreased pumping. Making significant reductions earlier in the compliance period results in a more meaningful aquifer system response, which is necessary to support timely adaptive management. The longer the reductions are delayed the higher the risk that adaptive management will not be as effective, potentially require unanticipated additional pumping restrictions, or become more expensive to implement.
- Year-to-year pumping rate reductions are directly determined by the reduction rate schedule. Ideally the year-to-year changes are made gradually to allow the community to adapt to less water use. However, when reductions are deferred toward the end the compliance period the percentage change in pumping rate from year-to-year can rapidly increase and be much greater than 10%.
- A long-term average recharge rate determined by the USGS Groundwater Model<sup>3</sup> was used to develop the target pumping rate of 5,700 AFY. Being an average, the recharge rate will be lower than average 50% of the time. Failure of the reduction rate schedule to accommodate below average recharge rates by January 2040, the end of the SGMA compliance period could trigger State intervention should the GSP fail to attain a sustainable groundwater condition. The GSP describes an adaptive management strategy based on the observed aquifer response that will occur as pumping is reduced. A lower target pumping rate could also be used to increase the probability of compliance.

<sup>1</sup> SGMA is being managed by the State Department of Water Resources. For more information see: <https://water.ca.gov/Programs/Groundwater-Management/SGMA-Groundwater-Management>

<sup>2</sup> The BPA has not been established. A BPA of 22,044 AFY was used in a previous ENSI report dated 9/12/2018. A provisional value of 24,000 AFY is used for this Report based on a preliminary draft version of the GSP.

<sup>3</sup> [USGS Model Report, 2015] Faut, C.C., Stamos, C.L., Flint, L.E., Wright, M.T., Burgess, M.K., Sneed, Michelle, Brandt, Justin, Martin, Peter, and Coes, A.L., 2015, Hydrogeology, hydrologic effects of development, and simulation of groundwater flow in the Borrego Valley, San Diego County, California: U.S. Geological Survey Scientific Investigations Report 2015–5150, 135 p., <http://dx.doi.org/10.3133/sir20155150>

## COMPARISON OF PUMPING RATE REDUCTION SCHEDULES UNDER SGMA

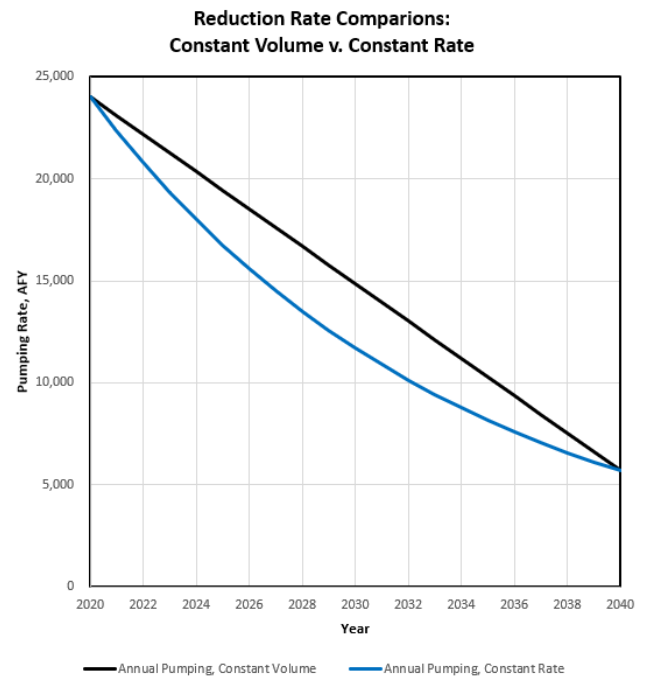
Currently the GSP<sup>4</sup> proposes to employ a pumping reduction rate schedule where groundwater pumping is reduced by a constant volume each year. In this case decreasing the BPA from 24,000 to 5,700 AFY requires a reduction of 18,300 AFY, or 915 AFY. This results in a linear trend as illustrated in **Figure 1**.

Alternatively, the BPA can be reduced as a constant percent of the previous year's pumping rate. **Table 1** shows the values used to develop **Figure 1**, which illustrates how the two approaches conceptually differ. Constant volume reductions result in substantially more overdraft (~179,000 versus ~132,000 AF over 20 years) and have much more impact relative to pumping rates toward the end of the compliance period. Groundwater level decline is directly proportional to overdraft and can lead to reductions in water well productivity and degraded water quality. Therefore, the greater the overdraft the higher the potential for water supply impacts to occur.

The relative impact on later years pumping is expressed as a percentage of the pumping rate at the time the reduction is made. The constant volume reduction begins as a 3.8% reduction of total pumping, doubles by year 15, and increases to 13.8% the end of the SGMA compliance period. This is compared to a constant rate reduction of 6.9% applied each year as depicted by **Figure 2**.

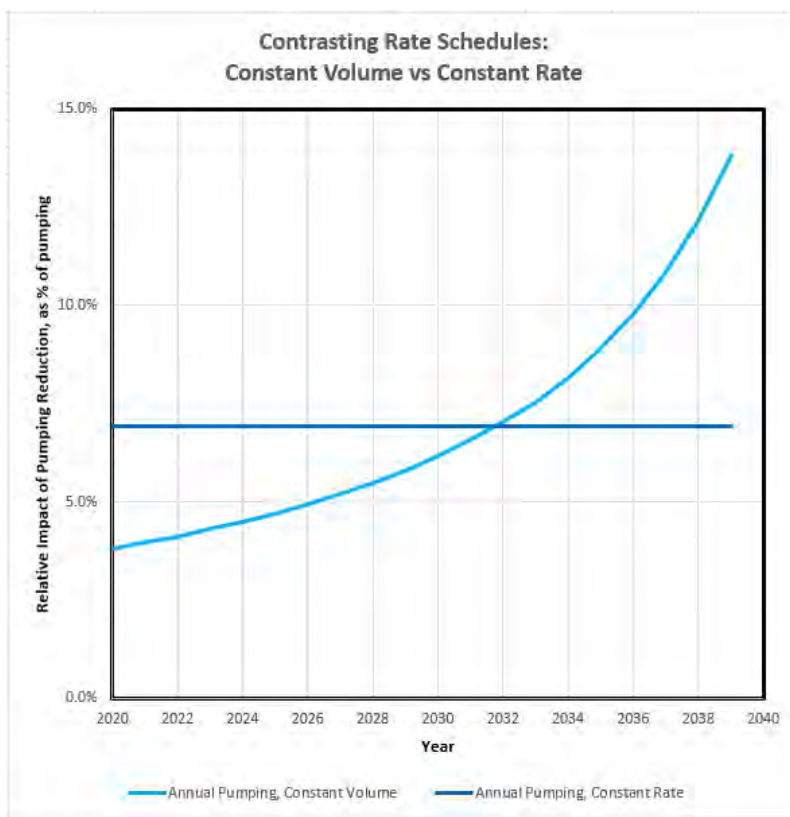
**TABLE 1 / FIGURE 1**

	YEAR	Annual Pumping, Constant Volume	Annual Pumping, Constant Rate	Constant Volume Annual Reduction, AFY	Constant Rate Annual Reduction, AFY	BPA Reduction as percent of pumping	Pumping Reduction as percent of pumping
	2020	24,000	24,000				
1	2021	23,085	22,335	915	1,665	3.8%	6.9%
2	2022	22,170	20,786	915	1,549	4.0%	6.9%
3	2023	21,255	19,345	915	1,442	4.1%	6.9%
4	2024	20,340	18,003	915	1,342	4.3%	6.9%
5	2025	19,425	16,755	915	1,249	4.5%	6.9%
6	2026	18,510	15,592	915	1,162	4.7%	6.9%
7	2027	17,595	14,511	915	1,081	4.9%	6.9%
8	2028	16,680	13,505	915	1,006	5.2%	6.9%
9	2029	15,765	12,568	915	937	5.5%	6.9%
10	2030	14,850	11,696	915	872	5.8%	6.9%
11	2031	13,935	10,885	915	811	6.2%	6.9%
12	2032	13,020	10,130	915	755	6.6%	6.9%
13	2033	12,105	9,428	915	703	7.0%	6.9%
14	2034	11,190	8,774	915	654	7.6%	6.9%
15	2035	10,275	8,165	915	609	8.2%	6.9%
16	2036	9,360	7,599	915	566	8.9%	6.9%
17	2037	8,445	7,072	915	527	9.8%	6.9%
18	2038	7,530	6,581	915	490	10.8%	6.9%
19	2039	6,615	6,125	915	456	12.2%	6.9%
20	2040	5,700	5,700	915	425	13.8%	6.9%
<b>TOTAL OVERDRAFT:</b>		<b>173,850</b>	<b>131,557</b>	<b>(Acre-feet)</b>			
<small>(defined as total pumping in excess of target rate)</small>							



<sup>4</sup> The GSP is being developed by the Groundwater Sustainability Agency (GSA) that consists of the County of San Diego and the Borrego Water District. See overview at: <https://www.sandiegocounty.gov/pds/SGMA.html>

FIGURE 2



The two reduction approaches can be generally described as ‘front-end’ and ‘back-end’ loaded in terms of relative impacts realized over time. There is a trade-off. On one hand the constant volume reductions do allow for an easier start and allow more pumping to occur over time provided undesirable results<sup>5</sup> are not realized. On the other hand, the use of a constant rate provides a faster aquifer response to support adaptive management, realizes much less overdraft (132,000 versus 174,000 AF over 20 years), and allows for less reductions at the end of the compliance period.

The relative acceleration between the two reduction approaches can be seen by comparing when total pumping is reduced 50%. The constant rate reduction schedule reaches the 50% point in 2030 versus 2033 for the constant volume method (see underlined values in **Table 1**). Having the pumping reductions occur 3 years earlier in the compliance period provides additional time for the aquifer response to be observed and allow adjustments to the target pumping rate to be made based on the adaptive management strategy outlined in the GSP. It also serves to reduce the amount of overdraft that will occur and lessen the risk that the GSP’s sustainable management criteria will trigger additional and potentially unexpected pumping rate reductions.

<sup>5</sup> As explained in the GSP there are six types of undesirable results that can occur due to overdraft. Of highest concern to most groundwater users are potential decreases in well production capacity due to decreases in aquifer permeability with depth, and diminished water quality due to increased TDS with depth and ongoing degradation associated with land uses (e.g. fertilizers, septic systems, and irrigation return flows).

Progress reports are required under SGMA to be submitted to the State Department of Water Resources at 5-year intervals. Deferral of pumping reductions to 2033, for example, has the potential to defer management decisions to the last 5 years of the 20-year compliance period that ends in 2040. Having a 10-year period to manage pumping reductions provides a longer time frame for effective groundwater management. Successful achievement of the SGMA-mandated goals is a significant challenge to the Borrego Springs community and early attainment of a goal such as a 50% reduction in pumping could also provide a psychological boost.

The comparison illustrates how constant rate reductions include a higher amount of pumping reductions early in the compliance period (i.e. front-end loading) versus constant volume reductions. This can also be achieved using a rate schedule with step-wise decreasing volumes that can be used to reduce relative impacts at the end of the compliance period.

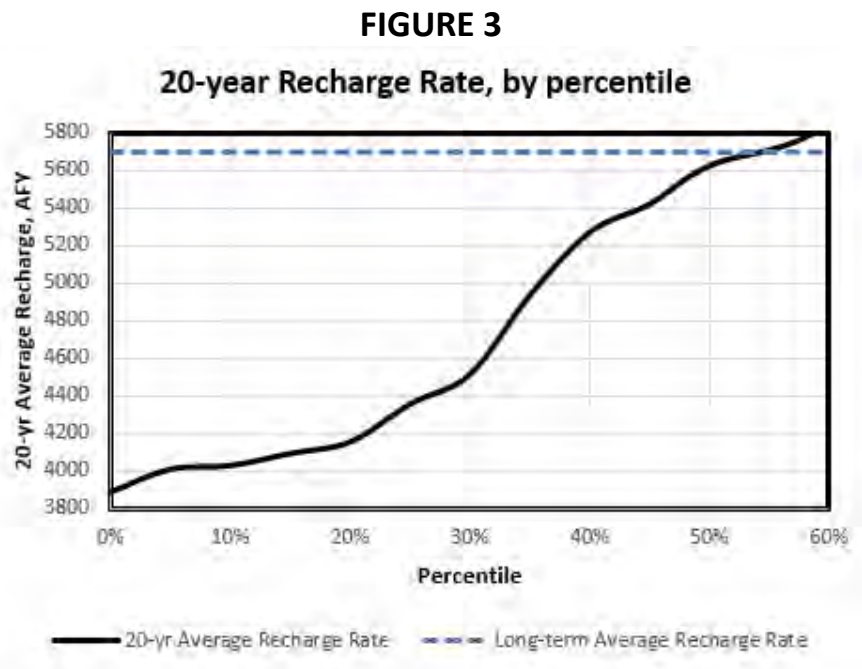
Please note that overdraft is defined here as the difference between the annual pumping rate and the target pumping rate. This is done for simplicity of comparison. The calculation of the net difference between pumping and recharge introduces uncertainty associated with the overall water balance. Among the complicating factors include the estimation of groundwater outflow and evapotranspiration losses, and the time delay and effective rate of irrigation return flows. Please refer to a more detailed discussion of net recharge and water balance uncertainty in the GSP and in an ENSI Draft Report dated 9/12/2018.

## Constant Volume Reduction Schedule with a Factor of Safety

The draft GSP is currently based on a rate reduction schedule where annual pumping is reduced by a constant volume of ~915 AFY. This base case is compared to a rate reduction schedule where a Factor of Safety (FS) is included that assumes that recharge will be lower than average over the 20-year compliance period. The use of a Factor of Safety will help offset the downside risk that significantly below-average recharge will be experienced during the 20-year period, that significant overdraft will continue beyond the compliance period, and that the groundwater basin will be out of SGMA compliance by the year 2040.

A maximum 20-year compliance period is described under SGMA irrespective of natural variability. Having a 'wet' 20-year period would likely support SGMA compliance. However, while the 'wet' period may influence the long-term statistics, the long-term average will remain as the compliance objective under SGMA. Significant (well above average) recharge events occur on a decadal basis. The 5,700 AFY average used as a pumping target is based on a 1945 to 2010 model period. The recharge rate that will occur during the 2020 to 2040 compliance period may or may not benefit from the infrequent storm events ('wet' periods in the model calibration period) that cause above-average recharge.

The target pumping rate is based on an average recharge rate determined using the results of the USGS groundwater model where the results of recharge estimates over the model period (1945 to 2016) are being used to represent the range of recharge that may occur over 20-year periods. A target pumping rate based on a long-term average of 5,700 AFY is used in the GSP. When the results of all of the possible 20-year model periods are compiled<sup>6</sup> the summary statistics show that the lowest 20<sup>th</sup> percentile of recharge is 4,151 AFY. This means that a recharge rate of at least 4,151 AFY occurred 80% of the time. A chart depicting the percentile values follows as **Figure 3**.



<sup>6</sup> ENSI 9/12/2018 report

COMPARISON OF PUMPING RATE REDUCTION SCHEDULES UNDER SGMA

The Factor of Safety described in this comparison corresponds to an increased pumping rate where the target pumping rate is assumed to be 4,151 AFY, corresponding to the 20<sup>th</sup> percentile recharge rate. This is not an overly conservative approach as historically the groundwater model supports that the recharge rate was less than 4,151 AFY 20% of the time. For reference, the minimum 20-year period average was 3,882 AFY.

A third case is considered here where recharge is lower than average by applying a Factor of Safety using a target pumping rate of 4,151 AFY. **Table 3** compares this case to the constant volume pumping rate reduction with a target pumping rate of 5,700 AFY. To do so the annual pumping rate is increased from 915 to 992 AFY (~8% increase in the annual reduction rate)

**TABLE 3**

	YEAR	Annual Pumping, 5700 AFY target	Annual Pumping, Begin with 4151 AFY Target	Constant Volume Annual Reduction, AFY	Constant Volume Annual Reduction, AFY	Reduction as percent of pumping, 5700 AFY Target	Reduction as percent of pumping, Begin with 4151 AFY Target
	2020	24,000	24,000				
1	2021	23,085	23,008	915	992	3.8%	3.8%
2	2022	22,170	22,015	915	992	4.0%	4.0%
3	2023	21,255	21,023	915	992	4.1%	4.2%
4	2024	20,340	20,030	915	992	4.3%	4.4%
5	2025	19,425	19,038	915	992	4.5%	4.6%
6	2026	18,510	18,045	915	992	4.7%	4.8%
7	2027	17,595	17,053	915	992	4.9%	5.1%
8	2028	16,680	16,060	915	992	5.2%	5.4%
9	2029	15,765	15,068	915	992	5.5%	5.7%
10	2030	14,850	14,076	915	992	5.8%	6.1%
11	2031	13,935	13,083	915	992	6.2%	6.5%
12	2032	13,020	12,091	915	992	6.6%	7.0%
13	2033	12,105	11,098	915	992	7.0%	7.6%
14	2034	11,190	10,106	915	992	7.6%	8.2%
15	2035	10,275	9,113	915	992	8.2%	9.1%
16	2036	9,360	8,121	915	992	8.9%	10.0%
17	2037	8,445	7,128	915	992	9.8%	11.3%
18	2038	7,530	6,136	915	992	10.8%	12.8%
19	2039	6,615	5,143	915	992	12.2%	14.9%
20	2040	5,700	4,151	915	992	13.8%	17.8%
TOTAL OVERDRAFT:		<b>173,850</b>	<b>157,586</b>	(Acre-feet)			
(defined as total pumping in excess of target rate)							

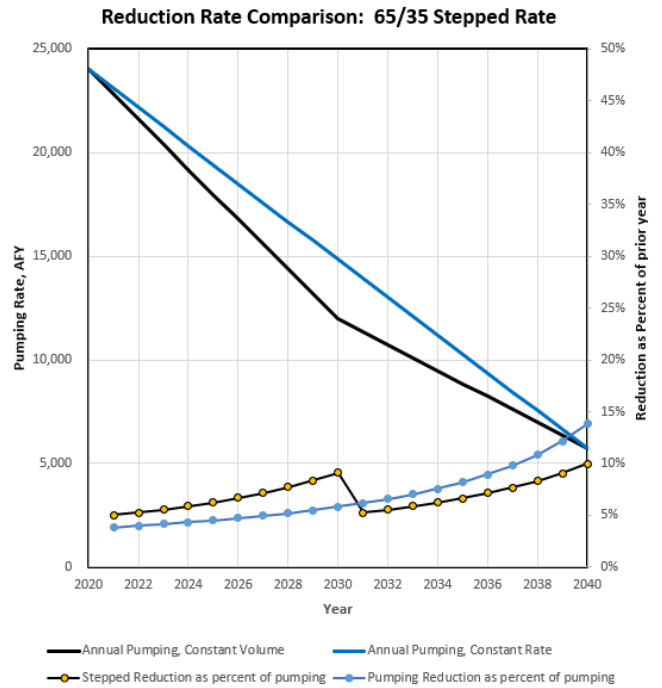
If below average recharge does not occur, this third reduction schedule that includes a Factor of Safety is effectively the same as reducing the compliance time to year 18. It has the benefit of reducing total overdraft by ~16,000 AF but causes the relative impact of pumping reductions to increase toward the end of the compliance period and further illustrates how the constant volume reductions are ‘back-end’ loaded.

### Stepped Reduction Alternative (65/35 Example)

A fourth case is presented where the reduction is ‘stepped’ by having a higher initial reduction rate over the first 10 years, then decreased for the last 10 years. By stepping the rate, the ‘back-end’ effects on year-to-year pumping can be reduced and, in this case, limited to a maximum of 10%. The higher initial pumping rate reduces overall pumping more rapidly and 50% of the BPA (12,000 AFY) is attained three years earlier (2030 versus 2033). Overdraft is also significantly reduced.

**TABLE 4/ FIGURE 4**

	YEAR	Annual Pumping, Constant Volume	Annual Pumping, Constant Rate	Stepped Volume Annual Reduction, AFY	Constant Volume Annual Reduction, AFY	Stepped Reduction as percent of pumping	Pumping Reduction as percent of pumping
	2020	24,000	24,000				
1	2021	22,800	23,085	1,200	915	5.0%	3.8%
2	2022	21,600	22,170	1,200	915	5.3%	4.0%
3	2023	20,400	21,255	1,200	915	5.6%	4.1%
4	2024	19,200	20,340	1,200	915	5.9%	4.3%
5	2025	18,000	19,425	1,200	915	6.3%	4.5%
6	2026	16,800	18,510	1,200	915	6.7%	4.7%
7	2027	15,600	17,595	1,200	915	7.1%	4.9%
8	2028	14,400	16,680	1,200	915	7.7%	5.2%
9	2029	13,200	15,765	1,200	915	8.3%	5.5%
10	2030	12,000	14,850	1,200	915	9.1%	5.8%
11	2031	11,370	13,935	630	915	5.3%	6.2%
12	2032	10,740	13,020	630	915	5.5%	6.6%
13	2033	10,110	12,105	630	915	5.9%	7.0%
14	2034	9,480	11,190	630	915	6.2%	7.6%
15	2035	8,850	10,275	630	915	6.6%	8.2%
16	2036	8,220	9,360	630	915	7.1%	8.9%
17	2037	7,590	8,445	630	915	7.7%	9.8%
18	2038	6,960	7,530	630	915	8.3%	10.8%
19	2039	6,330	6,615	630	915	9.1%	12.2%
20	2040	5,700	5,700	630	915	10.0%	13.8%
<b>TOTAL OVERDRAFT:</b>		<b>145,350</b>	<b>173,850</b>	<b>(Acre-feet)</b>			
<small>(defined as total pumping in excess of target rate)</small>							



## Summary of Reduction Method Choice

Comparison of pumping rate reduction schedules shows that significant differences arise depending on how the reduction rates are selected. **Table 5** summarizes the different rate reduction schedules described in this report. The constant volume and constant rate examples used here represent either a front-end or back-end loaded rate schedule. An intermediate case was presented that uses a variably stepped rate where reductions begin at a higher rate and are then decreased after year 10.

### CONSTANT VOLUME

- Pumping rate reduction schedules that use a constant volume reduction per year allow for the greatest amount of pumping to occur during the compliance period.
- The highest rates of pumping lead to the highest amounts of overdraft and increased risk that undesirable results will occur under SGMA as outlined in the GSP.
- Year to year, the use of a constant volume per year means that the relative percentage of pumping reductions occur during the back end of the compliance period (back-end loaded). These rapid changes occur after much effort has been expended to reduce groundwater use.
- If the reduction period is decreased the impact of the reductions becomes greater as illustrated by the use of a lower pumping target rate based on the recharge statistics.

### CONSTANT RATE

- Pumping rate reduction schedules that use a constant percentage rate reduction per year allow for the greatest reduction of pumping to occur during the compliance period. Pumping reductions, by volume, are greatest in the early years (front-end loaded).
- Year-to-year pumping reductions remain constant when measured as a percentage. The impact of the reductions on allowable pumping rates near the end of the reduction period is lessened.

### CONSTANT VOLUME: 65/35 STEPPED EXAMPLE

- A range of pumping scenarios can be examined to determine their overall characteristics, costs, and benefits. The 2-step example was presented as an intermediate case between the front-end loaded constant rate reduction and the back-end loaded constant volume example.
- The stepped rate can help reduce late impacts while accelerating the initial pumping reductions to allow time for adaptive management to be effective.



**TABLE 5. COMPARISON OF PUMPING RATE REDUCTION SCHEDULES, RANKED BY OVERDRAFT IMPACT**

CASE	Annual Pumping Reduction, AFY	Overdraft, AF	Year When 50% of BPA Occurs	Year-to-year Reduction Rate, last 5 years
Constant Rate Reduction to 5,700 AFY	Starts at 2,016 AFY and reduces to 381 AFY at end	132,000	2030	6.9% (constant)
Stepped Rate, Constant Volume (65/35 Example)	Begins at 1,200 AFY, then Reduces to 630 AFY at year 11.	145,000	2030	7.1 to 10.0%
Factor of Safety: Constant Volume Reduction. Target Pumping Rate is 4,151 AFY.	992 AFY	158,000	2032	10.0 to 17.8%
Constant Volume Reduction to 5,700 AFY (Draft GSP Example)	915 AFY	174,000	2033	8.9 to 13.8%

Notes:

1. Overdraft values are rounded to the nearest 1,000. Units are Acre-feet (AF) and AF/Year (AFY).
2. For perspective, while the relative impacts to overdraft may not be considered not very significant relative to the magnitude of the overdraft, BWD’s current water production rate is approximately 1,500 AFY.
3. Overdraft is defined here as the difference between the annual pumping rate and the target pumping rate. This is done for simplicity of comparison because the calculation of the net difference between pumping and recharge introduces uncertainty associated with the overall water balance. (also see Page 4)

## Concluding Remarks

The Borrego Springs community is facing severe reductions in water use under SGMA. Choice of pumping reduction method is one of six inter-related projects and management actions proposed in the GSP. For example, the choice of pumping rate reduction schedule will either support or detract from the water trading program necessary for long-term changes in water use, depending on whether is judged to be effective and implementable<sup>7</sup>.

Actual pumping rates will physically differ from the rate reduction schedule that will be incorporated into the GSP. Current pumping rates are likely less than the BPA in some cases and it is possible that future pumping rates may decline faster than the GSP pumping rate reduction schedule should water trading, water conservation, and land fallowing be implemented earlier in the 20-year compliance period.

The primary purpose of presenting different pumping rate reduction schedules is to illustrate that there are multiple assessment criteria that can be applied and need to be considered as the GSP proceeds. An adaptive management strategy will be used to guide the implementation of the GSP in large part based on the observed aquifer response. Adjustments may need to be made to the target pumping rate and/or rate of reductions based on the sustainable management criteria where minimum thresholds and measurable objectives are met or need to be adjusted based on new information.

Four concepts are presented to further evaluate various pumping rate reduction schedules:

- Assess how much additional overdraft will occur and whether this additional overdraft is material to avoiding undesirable results.
- Determine whether the choice of pumping rate reductions accelerates or delays the bulk of the water use reductions and timing of the aquifer response necessary to support timely adaptive management.
- Examine how year-to-year changes in pumping occur depending on whether the reductions are 'front-end' or 'back-end' loaded.
- Consider using a Factor of Safety where the pumping target is reduced from the long-term average recharge rate (5700 AFY) to a lower target rate that allows for a lower than average recharge rate that may occur over the 20-year compliance period.

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<sup>7</sup> Successful implementation of the reduction schedule is essential to the water trading program because water shares will entitle a shareholder to extract a reduced volume of groundwater over time based on the pumping rate reduction schedule.

The choice of rate reduction schedule will involve trade-offs. Among these include:

- A fast start with more rapid reductions in pumping will lead to less overdraft and lowers the risk that undesirable results will occur and that sustainable management thresholds will be exceeded during the compliance period. Unexpected pumping rate reductions triggered by sustainability criteria may prove very difficult to manage.
- A slow start leads to less rapid reductions and allows for more water use during the first 10 years. However, deferring the pumping rate reductions leads to a 'hard landing' with large year-to-year pumping rate adjustments and greater risk of non-compliance as aquifer response will be deferred, thus compressing the time frame for adaptive management to be successful.
- Accelerated (front-end) reduction is illustrated by the constant rate reduction and the stepped volume rate reduction schedules. An accelerated schedule also leads to lower pumping rates during years 10 to 15 when the target pumping rate may need to be adjusted downward should below-average recharge be realized. These sorts of adjustments will be easier to make and have less relative impact at the end of the compliance period if a constant rate or stepped volume reduction schedule is in place.
- As noted in this Report, using a lower target pumping rate at the start of the GSP could be used to increase the probability of compliance. Simply reducing the target rate to allow for below average recharge is similar in effect to reducing the compliance period. However, this has a consequence where the relative impact on year-to-year changes is significant.

In closing, the choice of reduction rate schedule and associated impacts needs to be considered in the broader context of the GSP. Multiple water supply management options are available to the Borrego Water District and other stakeholders that can reduce reliance on pumping rate reductions to mitigate chronic overdraft and attain long-term sustainability under SGMA.

BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
February 26, 2019  
Item II.B.3

TO: Board of Directors

FROM: Geoff Poole, General Manager

SUBJECT: Information Only: Concept Proposal to Borrego Valley Endowment Fund for the Local Government Commission to Provide Proposal Development Support to the BWD for Integrated Community Planning to Complement the GSP and Provide Draft GSP Review Comments

RECOMMENDED ACTION

Receive Report

ITEM EXPLANATION

Director Brecht requested this item be placed on the agenda.

FISCAL IMPACT

TBD

ATTACHMENT

None

# IVA FINANACIALS REPORT



	C	AF	AG	AH	AJ	AJ
1	BWD	6/19/2018				
2	BUDGET CASH FLOW	ADOPTED	Actual	Projected		Actual
3	2018-2019	BUDGET	January	January	Difference	YTD
4		2018-2019	2019	2019	Explanations	2018-2019
5						
6	REVENUE					
7	WATER REVENUE					
8	Residential Water Sales	950,994	43,045	66,088	<8,000> units less	551,454
9	Commercial Water Sales	417,885	30,120	36,898	<1,044> units less	281,874
10	Irrigation Water Sales	237,061	8,202	19,746	<3,900> units less	135,236
11	GWM Surcharge	181,749	9,071	13,121	<11,900> units less	107,733
12	Water Sales Power Portion	514,706	24,832	36,220	<12,000> units less	282,379
13	<b>TOTAL WATER COMMODITY REVENUE:</b>	<b>2,302,395</b>	<b>115,270</b>	<b>172,073</b>		<b>1,368,677</b>
14						
15	Readiness Water Charge	1,154,976	96,195	96,248		673,402
18	Meter Install/Reconnect Fees	20,680	0			690
19	Backflow Testing/Installation	5,100	0			300
20	Bulk Water Sales	1,200	1,092	100		8,769
21	Penalty & Interest Water Collection	40,000	0	4,000	didn't access late fee:	16,544
22	<b>TOTAL WATER REVENUE:</b>	<b>3,524,351</b>	<b>212,557</b>	<b>272,421</b>		<b>2,059,100</b>
23						
24	PROPERTY ASSESSMENTS/AVAILABILITY CHARGES					
25	641500 1% Property Assessments	62,300	10,909	9,633		35,493
26	641502 Property Assess wtr/swr/fld	106,212	46,394	10,451		57,134
28	641501 Water avail Standby	82,376	21,298	29,301		57,520
30	641504 ID 3 Water Standby (La Casa)	33,647	13,035	14,101		18,918
31	641503 Pest standby	17,870	6,214	4,070		10,330
32	<b>TOTAL PROPERTY ASSES/AVAIL CHARGES:</b>	<b>302,404</b>	<b>97,849</b>	<b>67,556</b>		<b>179,396</b>
33						
34	SEWER SERVICE CHARGES					
35	Town Center Sewer Holder fees	234,593	19,335	19,549		135,202
36	Town Center Sewer User Fees	88,695	7,549	7,391		51,769
37	Sewer user Fees	278,304	23,129	23,192		163,311
39	Penalty Interest-Sewer	1,248	0	104		7,769
40	Sewer Capacity Fees	0	0			14,460
41	<b>TOTAL SEWER SERVICE CHARGES:</b>	<b>602,840</b>	<b>50,013</b>	<b>50,236</b>		<b>371,781</b>
42						
43	OTHER INCOME					
47	Water Credits income	22,000	0			
48	WTF Solar Rebate	50,000	0	23,238	Didn't receive	
49	R/H Surplus Water Revenue	200,000	0	200,000	Didn't receive	
50	Interest Income	8,000	10,010	6,500		41,636
51	<b>TOTAL OTHER INCOME:</b>	<b>278,000</b>	<b>10,010</b>	<b>229,738</b>		<b>41,636</b>
52						
53	<b>TOTAL INCOME:</b>	<b>4,707,595</b>	<b>370,428</b>	<b>619,951</b>		<b>2,651,913</b>
54						
55	CASH BASIS ADJUSTMENTS					
56	Decrease (Increase) in Accounts Receivable		16,643			26,999
57	Deposits-refund		4,770			(30)
58	Other Cash Basis Adjustments		0			35,441
59	<b>TOTAL CASH BASIS ADJUSTMENTS:</b>		<b>21,413</b>			<b>62,410</b>
60						
61	<b>TOTAL OPERATING INCOME RECEIVED:</b>	<b>4,707,595</b>	<b>391,841</b>	<b>619,951</b>		<b>2,728,332</b>
62						
63	GRANT & DEBT PROCEEDS					
64	Prop 1 GSP Grant	500,000	0			
65	Pacific Western Bank 2018 IPA	5,500,000				5,540,223
66	<b>TOTAL GRANT &amp; DEBT PROCEEDS:</b>	<b>6,000,000</b>	<b>0</b>	<b>-</b>		<b>5,540,223</b>
67						
68	<b>TOTAL INCOME, GRANT &amp; DEBT PROCEEDS:</b>	<b>10,707,595</b>	<b>391,841</b>	<b>619,951</b>		<b>8,383,590</b>

	C	AK	AL	AM	AN	AO	AP	AQ
1	<b>BWD</b>							
2	<b>BUDGET CASH FLOW</b>	<b>Actual YTD</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
3	<b>2018-2019</b>	<b>and Projected</b>		<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>
4		<b>2018-2019</b>	<b>2018-2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
5								
6	<b>REVENUE</b>							
7	<b>WATER REVENUE</b>							
8	Residential Water Sales	902,459	351,005	66,152	57,509	70,304	75,920	81,120
9	Commercial Water Sales	430,499	148,625	30,234	31,031	26,000	30,160	31,200
10	Irrigation Water Sales	213,122	77,886	15,000	12,460	13,520	16,640	20,276
11	GWM Surcharge	176,789	69,056	12,068	11,075	15,293	15,310	15,310
12	Water Sales Power Portion	484,684	202,304	33,310	30,560	47,230	44,632	46,572
13	<b>TOTAL WATER COMMODITY REVENUE:</b>	<b>2,207,552</b>	<b>848,875</b>	<b>156,763</b>	<b>142,625</b>	<b>172,347</b>	<b>182,662</b>	<b>194,477</b>
14								
15	Readiness Water Charge	1,154,642	481,240	96,248	96,248	96,248	96,248	96,248
18	Meter Install/Reconnect Fees	11,030	10,340	10,000		340		
19	Backflow Testing/Installation	5,400	5,100	0	0	0	0	5,100
20	Bulk Water Sales	9,269	600	100	100	100	100	100
21	Penalty & Interest Water Collection	36,544	20,000	4,000	4,000	4,000	4,000	4,000
22	<b>TOTAL WATER REVENUE:</b>	<b>3,426,156</b>	<b>1,366,055</b>	<b>267,111</b>	<b>242,973</b>	<b>273,036</b>	<b>283,010</b>	<b>299,926</b>
23								
24	<b>PROPERTY ASSESSMENTS/AVAILABILITY CHARGES</b>							
25	641500 1% Property Assessments	58,200	22,707	1,581	2,102	12,153	6,671	200
26	641502 Property Assess wtr/swr/ld	105,961	48,827	516	693	1,056	46,262	300
28	641501 Water avail Standby	82,498	24,978	2,487	3,015	3,732	13,745	2,000
30	641504 ID 3 Water Standby (La Casa)	34,160	15,242	939	889	396	12,627	490
31	641503 Pest standby	18,210	7,880	355	416	661	5,936	523
32	<b>TOTAL PROPERTY ASSES/AVAIL CHARGES:</b>	<b>299,028</b>	<b>119,633</b>	<b>5,879</b>	<b>7,114</b>	<b>17,987</b>	<b>85,140</b>	<b>3,513</b>
33								
34	<b>SEWER SERVICE CHARGES</b>							
35	Town Center Sewer Holder fees	232,951	97,749	19,549	19,549	19,549	19,549	19,553
36	Town Center Sewer User Fees	88,727	36,968	7,391	7,391	7,391	7,391	7,394
37	Sewer user Fees	279,271	116,960	23,192	23,192	23,192	23,192	23,192
39	Penalty Interest-Sewer	8,289	520	104	104	104	104	104
40	Sewer Capacity Fees	14,460	0	0	0	0	0	0
41	<b>TOTAL SEWER SERVICE CHARGES:</b>	<b>622,968</b>	<b>251,187</b>	<b>50,236</b>	<b>50,236</b>	<b>50,236</b>	<b>50,236</b>	<b>50,243</b>
42								
43	<b>OTHER INCOME</b>							
47	Water Credits income	11,000	11,000	11,000	0	0	0	0
48	WTF Solar Rebate	17,878	17,878	17,878				
49	R/H Surplus Water Revenue	200,000	200,000		200,000			
50	Interest Income	72,636	31,000	8,000	8,000	5,000	5,000	5,000
51	<b>TOTAL OTHER INCOME:</b>	<b>301,514</b>	<b>259,878</b>	<b>36,878</b>	<b>208,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
52								
53	<b>TOTAL INCOME:</b>	<b>4,648,665</b>	<b>1,996,753</b>	<b>360,104</b>	<b>508,324</b>	<b>346,258</b>	<b>423,386</b>	<b>358,681</b>
54								
55	<b>CASH BASIS ADJUSTMENTS</b>							
56	Decrease (increase) in Accounts Receivable	26,999						
57	Deposits-refund	(30)						
58	Other Cash Basis Adjustments	35,441						
59	<b>TOTAL CASH BASIS ADJUSTMENTS:</b>	<b>62,410</b>						
60								
61	<b>TOTAL OPERATING INCOME RECEIVED:</b>	<b>4,711,075</b>	<b>1,996,753</b>	<b>360,104</b>	<b>508,324</b>	<b>346,258</b>	<b>423,386</b>	<b>358,681</b>
62								
63	<b>GRANT &amp; DEBT PROCEEDS</b>							
64	Prop 1 GSP Grant	500,000	500,000					500,000
65	Pacific Western Bank 2018 IPA	5,540,223	0					
66	<b>TOTAL GRANT &amp; DEBT PROCEEDS:</b>	<b>6,040,223</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500,000</b>
67								
68	<b>TOTAL INCOME, GRANT &amp; DEBT PROCEEDS:</b>	<b>10,880,343</b>	<b>2,496,753</b>	<b>360,104</b>	<b>508,324</b>	<b>346,258</b>	<b>423,386</b>	<b>858,681</b>
69								

	C	AF	AG	AH	AI	AJ
1	<b>BWD</b>	6/19/2018				
2	<b>BUDGET CASH FLOW</b>	<b>ADOPTED</b>	<b>Actual</b>	<b>Projected</b>		<b>Actual</b>
3	<b>2018-2019</b>	<b>BUDGET</b>	<b>January</b>	<b>January</b>	<b>Difference</b>	<b>YTD</b>
4		<b>2018-2019</b>	<b>2019</b>	<b>2019</b>	<b>Explanations</b>	<b>2018-2019</b>
70	<b>EXPENSES</b>					
71						
72	<b>MAINTENANCE EXPENSE</b>					
73	R & M Buildings & Equipment	180,000	19,147	90,000	Capitalized well 12	117,895
74	R & M - WWTP	180,000	4,657	15,000		68,750
75	Telemetry	10,000	0	1,815		4,558
76	Trash Removal	4,200	418	420		3,363
77	Vehicle Expense	18,000	1,610	1,500		11,522
78	Fuel & Oil	30,000	2,430	2,500		13,484
79	<b>TOTAL MAINTENANCE EXPENSE:</b>	<b>422,200</b>	<b>28,263</b>	<b>111,235</b>		<b>219,571</b>
80						
81	<b>PROFESSIONAL SERVICES EXPENSE</b>					
82	Tax Accounting (Tausig)	3,000	0	-		2,251
83	Administrative Services (ADP)	3,000	395	330		1,713
84	Audit Fees (Squarmliner)	16,995	0	-		16,994
85	Computer billing (Accela/Parker)	25,000	1,356	2,000		8,580
86	Financial/Technical Consulting (Raftelis) (Fieldman) (Holt Group)	80,000	0	500		147,234
87	Engineering (Dynamic/Dudek)	60,000	0	6,000		1,484
88	District Legal Services (Downey Brand/BBK)	100,000	1,403	10,000		16,325
89	Testing/lab work (Babcock Lab)	12,000	60	800		7,843
90	Regulatory Permit Fees (SWRB/DEH/Dig alerts/APCD)	25,000	469	250		23,921
91	Management Consulting (CIP)	50,000	0	6,250		-
92	<b>TOTAL PROFESSIONAL SERVICES EXPENSE:</b>	<b>374,994</b>	<b>3,683</b>	<b>26,130</b>		<b>226,343</b>
93						
94	<b>INSURANCE EXPENSE</b>					
95	ACWA/JPIA Program Insurance	57,000	0	-		23,857
96	ACWA/JPIA Workers Comp	17,600	0	-		8,476
97	<b>TOTAL INSURANCE EXPENSE:</b>	<b>74,600</b>	<b>0</b>	<b>-</b>		<b>32,333</b>
98						
99	<b>DEBT EXPENSE</b>					
100	Compass Bank Note 2018A	254,500	0	-		215,291
101	Compass Bank Note 2018B	143,000	0	-		125,076
102	Pacific Western Bank 2018 IPA	500,000	0	-		400,268
103	<b>TOTAL DEBT EXPENSE:</b>	<b>897,500</b>	<b>0</b>	<b>-</b>		<b>740,635</b>
104						
105	<b>PERSONNEL EXPENSE</b>					
106	Board Meeting Expense (board stipend/board secretary)	25,000	1,955	1,970		7,907
107	Salaries & Wages (gross)	890,000	77,221	75,890		520,884
108	Salaries & Wages offset account (board stipends/staff project salaries)	-60,000	(8,988)	(10,000)		(35,513)
109	Consulting services/Contract Labor	16,000	1,563	1,250		4,255
110	Taxes on Payroll	22,300	6,065	5,352		13,253
111	Medical Insurance Benefits	229,000	18,220	19,500		142,858
112	Calpers Retirement Benefits	170,170	7,404	7,100		139,664
113	Conference/Conventions/Training/Seminars	17,000	1,705	1,783		5,834
114	<b>TOTAL PERSONNEL EXPENSE:</b>	<b>1,308,470</b>	<b>105,144</b>	<b>102,845</b>		<b>799,142</b>
115						
116	<b>OFFICE EXPENSE</b>					
117	Office Supplies	20,000	4,813	1,500		18,468
118	Office Equipment/ Rental/Maintenance Agreements	35,000	2,527	2,000		27,450
119	Postage & Freight	15,000	219	-		6,507
120	Taxes on Property	2,334	0	-		2,383
121	Telephone/Answering Service/Cell	24,000	1,552	1,800		10,950
122	Dues & Subscriptions (ACWA/CSDA)	21,000	11,631	350		29,165
123	Printing Publications & Notices	2,500	0	111		1,351
124	Uniforms	6,500	726	570		3,668
125	OSHA Requirements/Emergency preparedness	4,000	779	436		1,731
126	<b>TOTAL OFFICE EXPENSE:</b>	<b>130,334</b>	<b>22,248</b>	<b>6,767</b>		<b>101,663</b>
127						
128	<b>UTILITIES EXPENSE</b>					
129	Pumping-Electricity	308,000	22,174	22,243		193,106
130	Office/Shop Utilities	1,200	173	100		3,021
132	<b>TOTAL UTILITIES EXPENSE:</b>	<b>309,200</b>	<b>22,347</b>	<b>22,343</b>		<b>196,127</b>
133						
134	<b>GROUNDWATER MANAGEMENT EXPENSE</b>					
135	SGMA GSP Costs	308,000	23,656	25,500		167,078
136	Prop 1 Grant Expense/Prop 86	50,000	8,026	5,000		196,318
138	<b>TOTAL GWM EXPENSE:</b>	<b>358,000</b>	<b>31,682</b>	<b>30,500</b>		<b>363,397</b>
139						
140	<b>TOTAL EXPENSES:</b>	<b>3,885,297</b>	<b>213,367</b>	<b>299,820</b>		<b>2,679,211</b>
141	<b>CASH BASIS ADJUSTMENTS</b>					
142	Decrease (Increase) in Accounts Payable		(3,866)			149,523
143	Increase (Decrease) in Inventory		3,844			10,564
144	Other Cash Basis Adjustments-CSD refunds		4,770			78,490
145	<b>TOTAL CASH BASIS ADJUSTMENTS:</b>		<b>4,748</b>			<b>238,577</b>
146						
147	<b>TOTAL OPERATING EXPENSES PAID:</b>	<b>3,885,299</b>	<b>218,114</b>	<b>299,820</b>		<b>2,917,789</b>
148						
149	<b>NET OPERATING INCOME:</b>	<b>822,298</b>	<b>173,726</b>	<b>320,130</b>		<b>(189,456)</b>



	C	AK	AL	AM	AN	AO	AP	AQ
1	<b>BWD</b>							
2	<b>BUDGET CASH FLOW</b>	<b>Actual YTD</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
3	<b>2018-2019</b>	<b>and Projected</b>		<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>
4		<b>2018-2019</b>	<b>2018-2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
72	<b>MAINTENANCE EXPENSE</b>							
73	R & M Buildings & Equipment	180,000	62,105	12,421	12,421	12,421	12,421	12,421
74	R & M - WWTP	180,000	111,250	5,000	90,000	5,000	5,000	5,250
75	Telemetry	10,000	5,442	0	2,000	700	2,000	742
76	Trash Removal	5,463	2,100	420	420	420	420	420
77	Vehicle Expense	17,438	5,916	1,500	1,000	1,048	1,000	1,368
78	Fuel & Oil	27,129	13,645	3,000	2,500	2,645	2,500	3,000
79	<b>TOTAL MAINTENANCE EXPENSE:</b>	<b>420,029</b>	<b>200,458</b>	<b>23,341</b>	<b>108,341</b>	<b>22,234</b>	<b>23,341</b>	<b>23,201</b>
80								
81	<b>PROFESSIONAL SERVICES EXPENSE</b>							
82	Tax Accounting (Tausig)	3,000	749	662	0	0	0	87
83	Administrative Services (ADP)	2,913	1,200	240	240	240	240	240
84	Audit Fees (Squamliner)	16,994	0	0	0	0	0	0
85	Computer billing (Accela/Parker)	24,837	16,257	10,000	4,000	205	2,052	0
86	Financial/Technical Consulting (Raftelis) (Fieldman) (Holt Group)	149,734	2,500	500	500	500	500	500
87	Engineering (Dynamic/Dudek)	31,484	30,000	6,000	6,000	6,000	6,000	6,000
88	District Legal Services (Downey Brand/BBK)	66,325	50,000	10,000	10,000	10,000	10,000	10,000
89	Testing/lab work (Babcock Lab)	12,107	4,264	800	864	800	1,000	800
90	Regulatory Permit Fees (SWRB/DEH/Dig alerts/APCD)	27,734	3,813	233	2,380	500	200	500
91	Management Consulting (CIP)	31,250	31,250	6,250	6,250	6,250	6,250	6,250
92	<b>TOTAL PROFESSIONAL SERVICES EXPENSE:</b>	<b>366,376</b>	<b>140,033</b>	<b>34,685</b>	<b>30,234</b>	<b>24,495</b>	<b>26,242</b>	<b>24,377</b>
93								
94	<b>INSURANCE EXPENSE</b>							
95	ACWA/JPIA Program Insurance	56,857	33,000	0	33,000	0	0	0
96	ACWA/JPIA Workers Comp	17,276	8,800	0	4,400	0	0	4,400
97	<b>TOTAL INSURANCE EXPENSE:</b>	<b>74,133</b>	<b>41,800</b>	<b>-</b>	<b>37,400</b>	<b>-</b>	<b>-</b>	<b>4,400</b>
98								
99	<b>DEBT EXPENSE</b>							
100	Compass Bank Note 2018A	250,399	35,108	0	35,108	0	0	0
101	Compass Bank Note 2018B	140,755	15,679		15,679			
102	Pacific Western Bank 2018 IPA	500,387	100,119		100,119			
103	<b>TOTAL DEBT EXPENSE:</b>	<b>891,541</b>	<b>150,906</b>	<b>-</b>	<b>150,906</b>	<b>-</b>	<b>-</b>	<b>-</b>
104								
105	<b>PERSONNEL EXPENSE</b>							
106	Board Meeting Expense (board stipend/board secretary)	21,087	13,180	1,970	1,970	1,970	5,045	2,225
107	Salaries & Wages (gross)	887,285	366,401	70,297	75,890	74,026	75,890	70,297
108	Salaries & Wages offset account (board stipends/staff project salaries)	(85,513)	(50,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
109	Consulting services/Contract Labor	10,505	6,250	1,250	1,250	1,250	1,250	1,250
110	Taxes on Payroll	23,288	10,035	2,676	1,784	1,561	2,230	1,784
111	Medical Insurance Benefits	222,358	79,500	19,500	19,500	19,500	21,000	
112	Calpers Retirement Benefits	175,164	35,500	7,100	7,100	7,100	7,100	7,100
113	Conference/Conventions/Training/Seminars	8,172	2,338	34	400	1,278	500	126
114	<b>TOTAL PERSONNEL EXPENSE:</b>	<b>1,262,347</b>	<b>463,205</b>	<b>92,827</b>	<b>97,895</b>	<b>95,685</b>	<b>103,016</b>	<b>72,782</b>
115								
116	<b>OFFICE EXPENSE</b>							
117	Office Supplies	23,313	4,855	952	1,000	1,200	750	953
118	Office Equipment/ Rental/Maintenance Agreements	35,000	7,550	2,000	1,595	1,837	1,118	1,000
119	Postage & Freight	15,000	8,493	1,312	1,181	2,000	2,000	2,000
120	Taxes on Property	2,383	0	0	0	0	0	0
121	Telephone/Answering Service/Cell	19,950	9,000	1,800	1,800	1,800	1,800	1,800
122	Dues & Subscriptions (ACWA/CSDA)	31,469	2,304	124	239	1,449	347	145
123	Printing, Publications & Notices	2,389	1,038	400	138	200	100	200
124	Uniforms	6,533	2,865	570	570	570	570	585
125	OSHA Requirements/Emergency preparedness	3,911	2,180	436	436	436	436	436
126	<b>TOTAL OFFICE EXPENSE:</b>	<b>139,946</b>	<b>38,283</b>	<b>7,594</b>	<b>6,959</b>	<b>9,492</b>	<b>7,121</b>	<b>7,119</b>
127								
128	<b>UTILITIES EXPENSE</b>							
129	Pumping-Electricity	305,833	112,727	20,518	21,488	23,000	23,721	24,000
130	Office/Shop Utilities	3,521	500	100	100	100	100	100
132	<b>TOTAL UTILITIES EXPENSE:</b>	<b>311,546</b>	<b>115,419</b>	<b>20,618</b>	<b>23,780</b>	<b>23,100</b>	<b>23,821</b>	<b>24,100</b>
133								
134	<b>GROUNDWATER MANAGEMENT EXPENSE</b>							
135	SGMA GSP Costs	296,578	129,500	25,500	26,000	26,000	26,000	26,000
136	Prop 1 Grant Expense/Prop 86	221,318	25,000	5,000	5,000	5,000	5,000	5,000
138	<b>TOTAL GWM EXPENSE:</b>	<b>510,541</b>	<b>147,145</b>	<b>30,500</b>	<b>23,645</b>	<b>31,000</b>	<b>31,000</b>	<b>31,000</b>
139								
140	<b>TOTAL EXPENSES:</b>	<b>3,976,462</b>	<b>1,297,250</b>	<b>209,565</b>	<b>479,160</b>	<b>207,006</b>	<b>214,541</b>	<b>186,979</b>
141	<b>CASH BASIS ADJUSTMENTS</b>							
142	Decrease (Increase) in Accounts Payable	149,523						
143	Increase (Decrease) in Inventory	10,564						
144	Other Cash Basis Adjustments-CSD refunds	78,490						
145	<b>TOTAL CASH BASIS ADJUSTMENTS:</b>	<b>238,578</b>						
146								
147	<b>TOTAL OPERATING EXPENSES PAID:</b>	<b>4,215,039</b>	<b>1,297,250</b>	<b>209,565</b>	<b>479,160</b>	<b>207,006</b>	<b>214,541</b>	<b>186,979</b>
148								
149	<b>NET OPERATING INCOME:</b>	<b>496,036</b>	<b>699,502</b>	<b>150,539</b>	<b>29,164</b>	<b>139,252</b>	<b>208,845</b>	<b>171,702</b>

	C	AF	AG	AH	AI	AJ
1	<b>BWD</b>	6/19/2018				
2	<b>BUDGET CASH FLOW</b>	ADOPTED	Actual	Projected		Actual
3	<b>2018-2019</b>	BUDGET	January	January	<b>Difference</b>	YTD
4		<b>2018-2019</b>	<b>2019</b>	<b>2019</b>	<b>Explanations</b>	<b>2018-2019</b>
150						
151						
152	<b>UNEXPENDED DEBT PROCEEDS:</b>	4,698,000	5,537,316	5,532,160		5,537,316
153						
154	<b>TOTAL EXPENSES AND UNEXPENDED DEBT PROCEEDS:</b>	8,583,297	5,755,431	5,831,980		8,455,105
155						
156						
157	<b>CIP PROJECTS</b>					
158	<b>Water</b>					
160	Operating Cash Funded	342,000	82,641	50,000	Well 12 repair	221,176
161	Debt Funded	602,000	38,959			38,959
162	Grant Funded	265,000	0			-
163	<b>TOTAL WATER CIP:</b>	1,209,000	121,600	50,000		260,135
164	<b>Sewer</b>					
165	Operating Cash Funded		0			-
166	Debt Funded	150,000	0			-
167	Grant Funded	0	0			-
168	<b>TOTAL SEWER CIP:</b>	150,000	0	-		-
169						
170	<b>TOTAL CIP EXPENSES:</b>	1,359,000	121,600	50,000		260,135
171						
172	<b>CASH RECAP</b>					
173	Cash beginning of period	4,570,637	4,288,065	4,288,065		4,789,783
174	Operating Income	822,296	173,726	320,130		(189,456)
175	Total Non O&M Cash Funded Expenses	-342,000	(82,641)	(50,000)		(221,176)
176	<b>CASH RESERVES AT END OF PERIOD</b>	5,050,933	4,379,151	4,558,195		4,379,151
177	<b>FY Reserves Target</b>	5,380,000	5,380,000	5,380,000		5,380,000
178	<b>Reserves Surplus/(Shortfall)</b>	-329,067	(1,000,850)	(821,805)		(1,000,850)
179						
180						
181						
182						
183						

	C	AK	AL	AM	AN	AO	AP	AQ
1	<b>BWD</b>							
2	<b>BUDGET CASH FLOW</b>							
3	<b>2018-2019</b>							
4		Actual YTD	Projected	Projected	Projected	Projected	Projected	Projected
150		and Projected		February	March	April	May	June
151		2018-2019	2018-2019	2019	2019	2019	2019	2019
152	<b>UNEXPENDED DEBT PROCEEDS:</b>	5,537,316	5,498,357	5,423,357	5,337,316	5,154,746	5,154,746	4,974,276
153								
154	<b>TOTAL EXPENSES AND UNEXPENDED DEBT PROCEEDS:</b>	9,752,355	6,795,608	5,632,922	5,816,476	5,361,752	5,369,286	5,161,255
155								
156								
157	<b>CIP PROJECTS</b>							
158	<b>Water</b>							
160	Operating Cash Funded	342,000	120,824		30,000	30,000	30,000	30,824
161	Debt Funded	602,000	563,041	75,000	86,041	182,571		180,470
162	Grant Funded	-	0					
163	<b>TOTAL WATER CIP:</b>	944,000	683,865	75,000	116,041	212,571	30,000	211,294
164	<b>Sewer</b>							
165	Operating Cash Funded		0					
166	Debt Funded	150,000	150,000	150,000				
167	Grant Funded	-	0					
168	<b>TOTAL SEWER CIP:</b>	150,000	150,000	150,000	-	-	-	-
169								
170	<b>TOTAL CIP EXPENSES:</b>	1,094,000	833,865	225,000	116,041	212,571	30,000	211,294
171								
172	<b>CASH RECAP</b>							
173	Cash beginning of period	4,379,151	4,379,151	4,379,151	4,529,689	4,528,853	4,638,105	4,816,951
174	Operating Income	496,036	699,502	150,539	29,164	139,252	208,846	171,702
175	Total Non O&M Cash Funded Expenses	(342,000)	(120,824)	0	(30,000)	(30,000)	(30,000)	(30,824)
176	<b>CASH RESERVES AT END OF PERIOD</b>	4,533,187	4,957,829	4,529,689	4,528,853	4,638,105	4,816,951	4,957,829
177	<b>FY Reserves Target</b>	5,380,000	5,380,000	5,380,000	5,380,000	5,380,000	5,380,000	5,380,000
178	<b>Reserves Surplus/(Shortfall)</b>	(846,813)	(422,171)	(850,311)	(851,147)	(741,895)	(563,049)	(422,171)
179								
180								
181								
182								
183								



**ASSETS**

	<b>BALANCE SHEET</b> <b>January 31, 2019</b> <b>(unaudited)</b>	<b>BALANCE SHEET</b> <b>December 31, 2018</b> <b>(unaudited)</b>	<b>MONTHLY</b> <b>CHANGE</b> <b>(unaudited)</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 4,329,316.97	\$ 4,279,717.76	\$ 49,599.21
Accounts receivable from water sales and sewer charges	\$ 436,216.78	\$ 452,859.51	\$ (16,642.73)
Inventory	\$ 125,247.58	\$ 121,404.02	\$ 3,843.56
Prepaid expenses	\$ 31,826.98	\$ 31,826.98	\$ -
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 4,922,608.31</b>	<b>\$ 4,885,808.27</b>	<b>\$ 36,800.04</b>
<b>RESTRICTED ASSETS</b>			
<b>Debt Service:</b>			
Deferred amount of COP Refunding	\$ 92,538.01	\$ 92,538.01	\$ -
Deferred Outflow of Resources-CalPERS	\$ 356,748.00	\$ 356,748.00	\$ -
<b>Total Debt service</b>	<b>\$ 449,286.01</b>	<b>\$ 449,286.01</b>	<b>\$ -</b>
<b>Trust/Bond funds</b>			
Investments with fiscal agent -CFD 2017-1	\$ 297,264.74	\$ 24,410.15	\$ 272,854.59
2018 Certificates of Participation to fund CIP Projects	\$ 5,537,105.83	\$ 5,540,222.88	\$ (3,117.05)
<b>Total Trust/Bond funds</b>	<b>\$ 5,834,370.57</b>	<b>\$ 5,564,633.03</b>	<b>\$ 269,737.54</b>
<b>TOTAL RESTRICTED ASSETS</b>	<b>\$ 6,283,656.58</b>	<b>\$ 6,013,919.04</b>	
<b>UTILITY PLANT IN SERVICE</b>			
Land	\$ 2,251,663.65	\$ 2,251,663.65	\$ -
Flood Control Facilities	\$ 4,287,340.00	\$ 4,287,340.00	\$ -
Capital Improvement Projects	\$ 399,833.31	\$ 309,166.50	\$ 90,666.81
Bond funded CIP Expenses	\$ 39,169.38	\$ -	\$ 39,169.38
Sewer Facilities	\$ 6,175,596.99	\$ 6,175,596.99	\$ -
Water facilities	\$ 11,621,513.88	\$ 11,621,513.88	\$ -
General facilities	\$ 974,152.43	\$ 974,152.43	\$ -
Equipment and furniture	\$ 585,522.57	\$ 585,522.57	\$ -
Vehicles	\$ 748,049.87	\$ 748,049.87	\$ -
Accumulated depreciation	\$ (13,250,787.98)	\$ (13,250,787.98)	\$ -
<b>NET UTILITY PLANT IN SERVICE</b>	<b>\$ 13,832,054.10</b>	<b>\$ 13,702,217.91</b>	<b>\$ 129,836.19</b>
<b>OTHER ASSETS</b>			
Water rights -ID4	\$ 185,000.00	\$ 185,000.00	\$ -
<b>TOTAL OTHER ASSETS</b>	<b>\$ 185,000.00</b>	<b>\$ 185,000.00</b>	
<b>TOTAL ASSETS</b>	<b>\$ 25,223,318.99</b>	<b>\$ 24,786,945.22</b>	<b>\$ 436,373.77</b>



Balance sheet continued

	<b>BALANCE SHEET</b> January 31, 2019 (unaudited)	<b>BALANCE SHEET</b> December 31, 2018 (unaudited)	<b>MONTHLY</b> <b>CHANGE</b> (unaudited)
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS</b>			
Accounts Payable	\$ 85,765.96	\$ 81,900.20	\$ 3,865.76
Accrued expenses	\$ 147,386.12	\$ 147,386.12	\$ -
CSD Refund Payable	\$ 36,969.19	\$ 41,739.19	\$ (4,770.00)
Deposits	\$ 17,225.00	\$ 17,225.00	\$ -
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS</b>	<b>\$ 287,346.27</b>	<b>\$ 288,250.51</b>	<b>\$ (904.24)</b>
<b>CURRENT LIABILITIES PAYABLE FOM RESTRICTED ASSETS</b>			
Debt Service:			
Accounts Payable to CFD 2017-1	\$ 297,264.74	\$ 24,410.15	\$ 272,854.59
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	<b>\$ 297,264.74</b>	<b>\$ 24,410.15</b>	<b>\$ 272,854.59</b>
<b>LONG TERM LIABILITIES</b>			
2008 Certificates of Participation-ID 4 infrastructure	\$ 1,982,000.00	\$ 1,982,000.00	\$ -
2018 Certificates of Participation to fund CIP Projects	\$ 5,235,000.00	\$ 5,235,000.00	\$ -
BBVA Compass Bank Loan	\$ 727,590.17	\$ 727,590.17	\$ -
Net Pension Liability-CalPERS	\$ 819,059.00	\$ 819,059.00	\$ -
Deferred Inflow of Resources-CalPERS	\$ 163,076.00	\$ 163,076.00	\$ -
<b>TOTAL LONG TERM LIABILITIES</b>	<b>\$ 8,926,725.17</b>	<b>\$ 8,926,725.17</b>	<b>\$ -</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 9,511,336.18</b>	<b>\$ 9,239,385.83</b>	<b>\$ 271,950.35</b>
<b>FUND EQUITY</b>			
Contributed equity	\$ 9,611,814.35	\$ 9,611,814.35	\$ -
Retained Earnings:			
Unrestricted Reserves/Retained Earnings	\$ 6,100,168.46	\$ 5,935,745.04	\$ 164,423.42
Total retained earnings	\$ 6,100,168.46	\$ 5,935,745.04	\$ 164,423.42
<b>TOTAL FUND EQUITY</b>	<b>\$ 15,711,982.81</b>	<b>\$ 15,547,559.39</b>	<b>\$ 164,423.42</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 25,223,318.99</b>	<b>\$ 24,786,945.22</b>	<b>\$ 436,373.77</b>



## TREASURER'S REPORT January, 2019

% of Portfolio

Bank Balance	Carrying Value	Fair Value	Current Actual	Rate of Interest	Maturity	Valuation Source
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### Cash and Cash Equivalents:

Demand Accounts at CVB/LAIF

General Account/Petty Cash	\$ 4,274,513	\$ 4,249,427	\$ 4,249,427	43.07%	0.00%	N/A	CVB
Payroll Account	\$ 58,111	\$ 58,111	\$ 58,111	0.59%	0.00%	N/A	CVB
MMA (Bond Funds)	\$ 5,050,102	\$ 5,050,102	\$ 5,050,102	51.18%	2.22%	N/A	CVB
CIP Bond Funds Checking	\$ 499,790	\$ 487,004	\$ 487,004	4.94%	0.00%	N/A	CVB
LAIF	\$ 21,779	\$ 21,779	\$ 21,779	0.22%	2.16%	N/A	LAIF

### Total Cash and Cash Equivalents

<b>\$ 9,904,295</b>	<b>\$ 9,866,423</b>	<b>\$ 9,866,423</b>	<b>100.00%</b>
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### Facilities District No. 2017-1A-B

Special Tax Bond- Rams Hill -US BANK

\$ 297,265	\$ 297,265	\$ 297,265
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### Total Cash, Cash Equivalents & Investments

<b>\$ 10,201,559</b>	<b>\$ 10,163,688</b>	<b>\$ 10,163,688</b>
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Cash and investments conform to the District's Investment Policy statement filed with the Board of Directors on July 19, 2018

Cash, investments and future cash flows are sufficient to meet the needs of the District for the next six months.

Sources of valuations are Umpqua Bank, LAIF and US Trust Bank.

Kim Pitman, Administration Manager



To: BWD Board of Directors  
 From: Kim Pitman  
 Subject: Consideration of the Disbursements and Claims Paid  
 Month Ending January, 2019

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**Vendor disbursements paid during this period:** **\$ 261,699.57**

Significant items:

San Diego Gas & Electric	\$	22,347.13
Medical Health Benefits	\$	19,213.61
CalPERS	\$	5,368.35
ACWA- Annual Membership	\$	11,550.00

**Capital Projects/Fixed Asset Outlays:**

Hidden Valley-Well 12 repairs (50%)	\$	82,640.56
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**Total Professional Services for this Period:**

Best Best & Krieger	Legal-general	\$	1,226.00
	GWM	\$	14,666.30
	Bond	\$	10,883.50
TRAC	Grant	\$	3,776.25
Brian Brady	GWM	\$	2,812.50
	General	\$	1,562.50
LeSar Development	Grant-SDAC	\$	4,250.00
Dudek	Bond	\$	28,252.50

**Payroll for this Period:**

Gross Payroll	\$	77,221.26
Employer Payroll Taxes and ADP Fee	\$	6,265.00
<b>Total</b>	<b>\$</b>	<b>83,486.26</b>

Board Report  
January 2019



Check No	Vendor No	Vendor Name	Check Date	Check
32964	1109	ABILITY ANSWERING/PAGING SER	01/16/2019	271.69
32980	1266	AFLAC	01/23/2019	1,768.90
33008	9338	AMERICAN BACKFLOW SPECIALTIES	02/12/2019	289.20
32992	1001	AMERICAN LINEN INC.	02/05/2019	726.42
32993	9222	ASBURY ENVIRONMENTAL SERVICES	02/05/2019	65.00
33009	9222	ASBURY ENVIRONMENTAL SERVICES	02/12/2019	85.00
32966	1092	ASSOC OF CALIFORNIA	01/16/2019	11,550.00
32994	61	AT&T MOBILITY	02/05/2019	724.10
32986	9529	AT&T-CALNET 3	01/29/2019	396.48
32981	83	AUTOMATED WATER TREATMENT	01/23/2019	10,828.91
32967	9450	AWWA CALIF-NEVADA SECTION	01/16/2019	80.00
32995	1481	BAY CITY EQUIPMENT INDUSTRIES, INC. BAY CITY ELECTRIC	02/05/2019	3,428.42
32965	9269	BENITO ARTEAGA	01/16/2019	106.66
1000	10884	BEST BEST & KRIEGER ATTORNEYS AT LAW	01/29/2019	4,490.50
1002	10884	BEST BEST & KRIEGER ATTORNEYS AT LAW	02/12/2019	306.00
1003	10884	BEST BEST & KRIEGER ATTORNEYS AT LAW	02/15/2019	6,087.00
33010	10884	BEST BEST & KRIEGER ATTORNEYS AT LAW	02/12/2019	15,892.30
32996	10900	BORREGO AUTO PARTS & SUPPLY CO	02/05/2019	10.86
32997	1003	BORREGO SPRINGS BOTTLED WATER	02/05/2019	105.68
33011	10903	BRIAN J. BRADY & ASSOCIATES	02/12/2019	4,375.00
32982	41	BUD PEREZ	01/23/2019	192.94
32976	1196	CASH	01/16/2019	1,480.00
32968	56	CMS BUSINESS FORMS, INC.	01/16/2019	451.55
32969	9054	COUNTY OF SAN DIEGO DEPT ENVIRONMENTAL HEALTH	01/16/2019	469.00
32972	1222	DEBBIE MORETTI	01/16/2019	122.00
33021	96	DISH	02/15/2019	80.73
1001	9640	DUDEK	01/29/2019	8,295.00
1004	9640	DUDEK	02/15/2019	19,957.50
32999	1094	EMPIRE SOUTHWEST	02/05/2019	1,414.03
33000	9579	GREEN DESERT LANDSCAPE	02/05/2019	4,770.00
32970	1012	HIDDEN VALLEY PUMP SYSTEMS INC	01/16/2019	82,640.56
33013	1136	HOME DEPOT CREDIT SERVICES	02/12/2019	925.71
32971	11021	J & T Tire and Auto	01/16/2019	1,168.16
32983	11021	J & T Tire and Auto	01/23/2019	431.01
32987	UB*00031	James Ederer III	01/29/2019	100.00
32998	1022	JAMES HORMUTH DE ANZA TRUE VALUE	02/05/2019	56.07
33022	65	JC LABS & MONITORING SERVICE	02/15/2019	1,500.00
33002	11041	JEFFREY M. SMITH	02/05/2019	400.00
32984	9385	JOHNSON CONTROLS SECURITY SOLUTIONS	01/23/2019	248.50
33014	10889	LESAR DEVELOPMENT CONSULTANTS	02/12/2019	4,250.00
33003	10899	LOUIS ALEXANDER THE RICK ALEXANDER COMPANY	02/05/2019	3,776.25
33012	1066	MANUEL RODRIGUEZ DE ANZA READY MI	02/12/2019	531.50
32963	1000	MEDICAL ACWA-JPIA	01/16/2019	19,213.61
33015	93	MRC SMART TECHNOLOGY SOLUTIONS	02/12/2019	1,000.65
32988	10891	NEOFUNDS	01/29/2019	219.31
33016	1489	NORTH COUNTY LAWNMOWER	02/12/2019	152.00
32974	1208	PACIFIC PIPELINE SUPPLY INC	01/16/2019	2,208.41
32989	1208	PACIFIC PIPELINE SUPPLY INC	01/29/2019	3,843.56
33001	9633	RAMONA DISPOSAL SERVICE	02/05/2019	3,604.51
32990	1065	SAN DIEGO GAS & ELECTRIC	01/29/2019	22,347.13
33017	1059	STAPLES CREDIT PLAN	02/12/2019	1,583.77
32973	9046	STATE WATER RESOURCE CONTROL BOARD OPERATOR CI	01/16/2019	45.00
32975	10885	THE SOCO GROUP, INC.	01/16/2019	649.31
32985	10885	THE SOCO GROUP, INC.	01/23/2019	959.22
33004	10885	THE SOCO GROUP, INC.	02/05/2019	801.59
32991	9581	TRAVIS PARKER	01/29/2019	1,356.20
33005	3000	U.S.BANK CORPORATE PAYMENT SYS	02/05/2019	7,577.67
33006	1023	UNDERGROUND SERVICE ALERT	02/05/2019	16.60
33007	10847	USA COMMUNICATIONS	02/05/2019	240.94
33018	9439	USABLUEBOOK	02/12/2019	479.54
33019	1100	VERIZON WIRELESS	02/12/2019	174.92
33020	92	XEROX FINANCIAL SERVICES	02/12/2019	377.00
Report Total (62 checks):				261,699.57




	A	B	C	D	E	F	G	H	I
1									
2		BOND CIP FUNDS							
3		RECONCILIATION-FY 2019				Prod Well	Pipeline Project	Prod Well	
4						#1	Phase 1	#2	
5			Bond Proceeds	Interest paid	Cost of Issuance	10117110	10117120	10117130	
6									Totals
7									
8	07/10/18	Pacific Western Bank-Loan Proceeds	\$ 5,586,000.00						\$ 5,586,000.00
9	07/10/18	Cost of Issuance	\$ 68,707.13						\$ 68,707.13
10	07/17/18	US Bank Interest Fee			\$ 1,700.00				\$ (1,700.00)
11	07/17/18	Nixon Peabody-Cost of issuance			\$ 10,000.00				\$ (10,000.00)
12	07/17/18	Kutok Rock-Cost of Issuance			\$ 10,000.00				\$ (10,000.00)
13	07/20/18	MMA Interest paid		\$ 2,282.99					\$ 2,282.99
14	07/31/18	MMA Interest paid		\$ 693.25					\$ 693.25
15	08/01/18	Grant Thornton-Cost of Issuance			\$ 1,500.00				\$ (1,500.00)
16	08/01/18	Brandis Tallman-Cost of Issuance			\$ 17,500.00				\$ (17,500.00)
17	08/01/18	Fieldman, Rolapp & Assoc.-Cost of Issuance			\$ 50,231.67				\$ (50,231.67)
18	08/01/18	Best Best & Krieger-Cost of Issuance			\$ 55,000.00				\$ (55,000.00)
19	08/31/18	MMA Interest paid		\$ 4,683.02					\$ 4,683.02
20	09/31/18	MMA Interest paid		\$ 4,535.86					\$ 4,535.86
21	10/31/18	MMA Interest paid		\$ 4,690.98					\$ 4,690.98
22	11/30/18	MMA Interest paid		\$ 6,498.24					\$ 6,498.24
23	12/31/18	MMA Interest paid		\$ 8,125.10					\$ 8,125.10
24	12/31/18	Fed-x Bond issuance costs			\$ 62.02				\$ (62.02)
25	01/31/19	Dudek-Construction Mgmnt Prod well #2						\$ 8,295.00	\$ (8,295.00)
26	01/31/19	BBK-Review Bid documents				\$ 855.50	\$ 3,635.00		\$ (4,490.50)
27	01/31/19	Harland Check order-partial charge				\$ 70.12	\$ 70.13	\$ 70.13	\$ (210.38)
28	01/31/16	MMA Interest paid		\$ 9,878.83					\$ 9,878.83
29	01/31/16	BBK-Review final specs Pipeline #1					\$ 306.00		\$ (306.00)
30	01/31/16	BBK-Review final specs Pipeline #1					\$ 1,799.50		\$ (1,799.50)
31	01/31/16	BBK-Finalize Bid documents				\$ 2,657.00		\$ 1,453.50	\$ (4,110.50)
32	01/31/16	Dudek-Construction Mgmnt Prod well #1				\$ 11,535.00			\$ (11,535.00)
33									
34									
35		BOND FUND BALANCE							\$ 5,519,354.83




**GROUNDWATER MANAGEMENT  
ACCOUNTING  
FY 2019  
Acct #10154800**

	A	C	D	E	F	G	I	J	L	M	N	O	P
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15				Wendy Quinn	Town Hall/	One Eleven		Conf/Classes	Water Advisory	Brian Brady		Monthly	FYE 2019
16	Month	BBK	DUDEK	Minutes	Advertising/Postage	Water Services	Staff Allocation	Misc.	Committee-Lunches		Babcock	Total	Total
17													
18	Jul-18			250.00			5,000.00		798.36			6,048.36	6,048.36
19	Aug-18	8,862.29	15,079.83	112.50			7,417.44	632.49	175.00		720.00	32,999.55	39,047.91
20	Sep-18	19,643.70		112.50	1,741.35		7,343.32		385.57			29,226.44	68,274.35
21	Oct-18	8,088.20		200.00	140.00	462.00	7,876.27		352.23	5,187.50		22,306.20	90,580.55
22	Nov-18		8,622.78		210.00		7,613.04		339.31			16,785.13	107,365.68
23	Dec-18	23,690.43		425.00	140.00	2,995.00	6,562.80		720.61		1,523.00	36,056.84	143,422.52
30	Jan-19	14,666.30			15.50		6,103.32		58.13	2,812.50		23,655.75	167,078.27
31	<b>Total</b>	<b>60,284.62</b>	<b>23,702.61</b>	<b>1,100.00</b>	<b>2,231.35</b>	<b>3,457.00</b>	<b>47,916.19</b>	<b>632.49</b>	<b>2,829.21</b>	<b>8,000.00</b>	<b>2,243.00</b>	<b>167,078.27</b>	

The logo of the Waterbury Water District is a circular seal. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The background of the seal includes a landscape with mountains and a river. The text "WATERBURY WATER DISTRICT" is written around the perimeter of the seal, and "EST. 1962" is at the bottom.

**IVB**  
**WATER & WASTE**  
**WATER**  
**OPERATIONS**  
**REPORT**

The logo for the Oregon Water Resources Institute is a circular seal. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The text "OREGON WATER RESOURCES INSTITUTE" is written around the perimeter of the seal, and "EST. 1962" is at the bottom. The seal is light blue and yellow.

**IVC  
WATER  
PRODUCTION/  
USE RECORDS**

The logo of the Borrego Water District is a circular emblem. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The background of the emblem shows a landscape with mountains and a river. The text "BORREGO WATER DISTRICT" is written around the perimeter of the circle, and "EST. 1962" is at the bottom. The logo is rendered in a light, semi-transparent blue and tan color.

# **IVD GENERAL MANAGER REPORT**

BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
February 26, 2019  
Item IV.D

TO: Board of Directors  
FROM: Geoff Poole, General Manager  
SUBJECT: GM Report

New Private Well Drilling Response: Staff and Legal Counsel are looking into the facts surrounding a new private well that is now being drilled at Tilting T and Di Giorgio and will report to the Board at the meeting.

ATT Cell Tower near Rams Hill: ATT, Rams Hill and have identified a new site for a cell tower and all parties are in agreement so far. Now that the parties are all in agreement, Staff and Legal Counsel have re started discussions on the specific Lease Agreement language with ATT reps. This item is likely to appear for Board consideration in March.

Wastewater and Water Projects Grant Application: Rick Alexander and staff have continued to respond to technical questions as well as complete the Environmental reviews for Biological and Archeological.

Prop 68 Grant Application: Staff, Diane Johnson and Rick Alexander submitted a proposal for removal of a flow restricting berm in Coyote Creek and study/experiment with various following alternatives. The State will be reviewing all applications and notify BWD if the project is being recommended for continuation in the Grant process or not.

Well #2 Location: Staff and Dudek are evaluating the impact of the new private well drilling on Replacement Well #2 site. An updated

BS High School Well: Staff and Legal Counsel and BS High Staff are continuing its discussions regarding the proposed well at the high school and possible language for an Agreement. Staff and the O and I Committee plan to return with a recommendation at the March 12 meeting.

GSP Update and Meeting Schedule: The Groundwater Sustainability Plan is scheduled for public release on March 15<sup>th</sup> for a 60-day public review process. During the process BWD and the Sponsor Group will be holding a series of events and recommendations will be presented at the 2-26 Board Meeting.



