

**AGENDA**  
**Borrego Water District Board of Directors**  
**Special Meeting**  
**April 17, 2012 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. Comments from Directors and Requests for Future Agenda Items
- F. Comments from the Public and Requests for Future Agenda Items (comments will be limited to 3 minutes)

**II. CURRENT BUSINESS MATTERS**

- A. Discussion and possible approval of Resolution no. 2012-04-01 *Resolution consenting to join the health benefits program of the ACWA joint powers insurance authority, ratifying the action of the ACWA health benefits authority Board of Directors to terminate the health benefits authority joint powers agreement, and authorizing and directing the Borrego Water District (BWD) to execute all necessary documents* (page 2-5)
- B. Discussion of FY 2013 budget package development process, financial objectives and rates (page 6-11)
- C. Discussion of addendum to RMC agreement for planning services should the IRWM planning grant request be awarded by DWR (page 12-14)
- D. Debrief concerning March Town Hall: what worked; what we should consider for next Town Hall in November
- E. Discussion of assigning planning for the November Town Hall to the Strategic Planning Committee
- F. Discussion of managed basin strategy (page 15-16)
- G. Discussion of potential agenda items for April 25<sup>th</sup> board meeting.

**III. CLOSING PROCEDURE, Adjournment**

The next Regular Meeting of the Board of Directors is scheduled for April 25, 2012 at the Borrego Water District.



# **BORREGO WATER DISTRICT**

April 17, 2012

To: Board of Directors

From: Kim Pitman

Subject: **RESOLUTION 2012-4-1  
RESOLUTION CONSENTING TO JOIN THE HEALTH BENEFITS PROGRAM  
OF THE ACWA JOINT POWERS INSURANCE AUTHORITY, RATIFYING  
THE ACTION OF THE ACWA HEALTH BENEFITS AUTHORITY BOARD OF  
DIRECTORS TO TERMINATE THE HEALTH BENEFITS AUTHORITY JOINT  
POWERS AGREEMENT, AND AUTHORIZING AND DIRECTING THE  
BORREGO WATER DISTRICT TO EXECUTE ALL NECESSARY  
DOCUMENTS**

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On March 28, 2012, the Board of the ACWA Health Benefits Authority (HBS) voted to dissolve the HBA and transfer the health benefits program to ACWA/JPIA. This allows the two organizations to combine resources, reduce overall costs and improve operations. Potential costs savings would be passed on to ACWA member agencies.

In order to complete their merger, this resolution needs to be approved by 75% of the HBA Member agencies within 90 days of April 1, 2012.

Thank you for your consideration.

**RESOLUTION NO. 2012-04-01**

**RESOLUTION CONSENTING TO JOIN THE HEALTH BENEFITS PROGRAM OF THE ACWA JOINT POWERS INSURANCE AUTHORITY, RATIFYING THE ACTION OF THE ACWA HEALTH BENEFITS AUTHORITY BOARD OF DIRECTORS TO TERMINATE THE HEALTH BENEFITS AUTHORITY JOINT POWERS AGREEMENT, AND AUTHORIZING AND DIRECTING THE BORREGO WATER DISTRICT (BWD) TO EXECUTE ALL NECESSARY DOCUMENTS**

**WHEREAS**, BWD entered into a joint exercise of powers agreement (“HBA Agreement”) with the Association of California Water Agencies Health Benefits Authority (“HBA”) in order to pool its purchasing needs with other public agencies desiring to provide their employees with comprehensive and economical health and welfare benefits; and

**WHEREAS**, BWD entered into a Health Benefits Memorandum of Understanding (“MOU”) to enroll in specific health programs and ancillary programs (“Existing Employee Benefits Coverage”) offered by HBA and agreed to abide by: (1) the HBA Agreement; (2) all rules and procedures established by HBA in the administration of BWD’s Existing Employee Benefits Coverage; and (3) all underwriting, eligibility, and contribution requirements in appendix A to the MOU; and

**WHEREAS**, BWD entered into a joint exercise of powers agreement (“JPIA Agreement”) with the Association of California Water Agencies Joint Powers Insurance Authority (“JPIA”) in order to pool its purchasing needs with other public agencies desiring to obtain comprehensive and economical public liability, workers’ compensation, unemployment, health, accident and/or dental, or property coverage; and

**WHEREAS**, JPIA is both qualified and authorized by the laws of the State of California to administer the Existing Employee Benefits Coverage to BWD through JPIA’s Employee Benefits Program; and

**WHEREAS**, during a noticed special meeting held on February 6, 2012, the HBA Board of Directors unanimously voted to transfer all HBA operations and administrative functions to JPIA on or about July 1, 2012, and to pursue a merger of the two public agencies after which the HBA Agreement would be terminated; and

**WHEREAS**, pursuant to Article 22 of the HBA Agreement, the HBA Agreement may be terminated by the HBA Board of Directors subject to ratification by the written consent of three-fourths of the HBA Member agencies within 90 days of the HBA Board’s action, provided, however, that HBA and the HBA Agreement shall continue to exist for the purpose of concluding all functions necessary to wind up HBA’s affairs; and

**WHEREAS**, during a noticed regular meeting held on March 28, 2012, the HBA Board of Directors approved HBA Resolution 12-03-02: (1) electing to terminate the HBA Agreement pursuant to Article 22 of the HBA Agreement and, except as provided in clause 2 below, said termination shall become effective upon ratification by the written consent of three-fourths of the HBA member districts and agencies; (2) recognizing that pursuant to Article 22 of the HBA Agreement, HBA and the HBA Agreement shall continue to exist for the purpose of winding up and dissolving the business affairs of HBA, and acknowledge that the HBA Board of Directors is vested with all powers of HBA for doing the same; and (3) declaring that Resolution 12-03-02 shall take effect on April 1, 2012, thereby beginning the 90-day ratification period.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of Borrego Water District hereby:

1. Agree that the HBA Memorandum of Understanding referred to in the recitals above is incorporated in this resolution by reference.
2. Consent to join JPIA's Employee Benefits Program and acknowledge, represent, and agree that all terms and conditions of the HBA Memorandum of Understanding apply to the provision of BWD's Existing Employee Benefits Coverage through JPIA.
3. Authorize and direct BWD's General Manager to cooperate fully with HBA and JPIA in the execution of any other documents and in the completion of any additional actions that may be necessary or appropriate for the purpose of ensuring that BWD's Existing Employee Benefits Coverage continues without lapse through JPIA.
4. Ratify the action of the HBA Board of Directors to terminate the HBA Agreement, to be effective as provided in Article 22 of the HBA Agreement.
5. Direct the Secretary of BWD to immediately send a certified copy of this resolution to: Association of California Water Agencies Health Benefits Authority, 4600 Northgate Blvd, Suite 100, Sacramento, California, 95834.

**ADOPTED, SIGNED AND APPROVED** this 17th day of April, 2012.

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Beth Hart, President of the Board of Directors  
of Borrego Water District

ATTEST:

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Marshal Brecht, Secretary of the Board of Directors  
of Borrego Water District

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

I, Marshal Brecht, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing Resolution No. 2012-04-01 was duly adopted by the Board of Directors of said District at a regular meeting held on the 17th day of April, and that it was so adopted by the following vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

ABSTAIN: DIRECTORS:

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Secretary of the Board of Directors  
of Borrego Water District

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

I, Marshal Brecht, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 2012-04-01, of said Board, and that the same has not been amended or repealed.

Dated: \_\_\_\_\_

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Secretary of the Board of Directors  
of Borrego Water District

Borrego Water District  
October 2011  
Financial Decisions to Increase Cash Flow

The items listed below highlight the most significant decisions to increase short term cash flow and approximate the annual savings.

Dec 2010: – \$62,000 – Eliminated health care for Board members.  
\$261,000 – Did not replace salary and benefit package for GM,

Jan 2011 - \$15,000. Attorney no longer attending Board meetings.  
Cost average \$2500 per meeting, 2 meetings per month.

Jan – Mar. \$30,000 Est. Negotiated settlement to pending law suit  
saving liability insurance increase. Litigation costs not included.  
\$75,000 – renegotiated contract term pushing cash outlays to 2012.  
\$450,000 - Avoided cash expenses associated with the Bureau of Reclamation  
importation study by securing approval to accept in kind expenses.  
\$18,000 Est. - Minimized consulting and legal expenses by utilizing  
the skills of staff and Board members.  
Completed the necessary steps to collect federal grant money. (STAG Importation  
Study Grant)

April: \$84,000 Est. - Hired new District General Counsel. No charge for travel. Cost average  
per meeting \$650 instead of \$2500. Average monthly bill \$4000 versus \$11,400.  
(2010 average for previous District Counsel)

May: \$450,000 - Reduced 2011 O&M budget to bare minimum, eliminated all unnecessary  
expenditures, reduced publications, travel, .memberships, inventory. No raises or  
colas for employees. (\$700,000 total - when old GM salary added)  
\$300,000+ - Reduced annual capital expenditures for 5 years by delaying nearly  
\$600,000 in necessary infrastructure repairs and replacements to FY 2016-17.  
\$12,000 Est. - Eliminated employees' use of vehicles except when on call.  
Amount saved in maintenance costs and wear and tear not included.  
\$1,500,000 – Elected not to exercise option to purchase Cocopah Nursery land.

June: \$71,000 - Did not replace a field employee who resigned.

July: Collected \$195,590 in Federal Grant monies (STAG Importation Study).  
\$68,000 remaining to be reimbursed to District.

Sept: -\$17,800 - Reorganized field staff duties.

Oct: \$50,000+ - Renegotiated Club Circle lease eliminating annual loss.  
\$21,500 - Reduced office staff hours.  
Closed Office from 4 to 3. Additional savings not calculated.  
Filled Operations Manager position at no additional compensation costs.

Currently: Working to secure a \$500,000+ IRWM grant and a multi million dollar  
implementation grant from the State of CA to relieve the rate payers of the cost of addressing  
flood, water and environmental issues in the Basin.

As a result of the action of the staff and Board, a complete exhaustion of cash forecast by  
District Financial advisers to occur in early Fall 2011 has been avoided. However, the  
financial model developed for the District found we could not save enough money to restore  
the District to financial health and creditworthiness, but would require a significant increase in  
revenues to return to financial stability. The loss of revenues from Montesorio coupled with a  
delay in payment for delinquent property taxes has put additional pressure on the District's  
ability to increase cash flow. The Board of Directors is continuing to explore all possible  
savings that do not jeopardize its obligation or ability to provide safe and secure water and  
sewer services to its customers, both now and in the future.

|  | Estimated<br>FY 2012 | Projected<br>FY 2013 | Projected<br>FY 2014 | Projected<br>FY 2015 | Projected<br>FY 2016 | Projected<br>FY 2017 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1 Existing Rate Revenue                | \$ 2,117,990         | \$ 2,117,990         | \$ 2,117,990         | \$ 2,117,990         | \$ 2,137,508         | \$ 2,157,220         |
| 3 Additional Revenue                   | \$ 585,500           | \$ 1,346,800         | \$ 1,655,600         | \$ 1,994,200         | \$ 2,213,400         | \$ 2,446,600         |
| 5 <b>Total Revenue (/w Other Rev.)</b> | <b>\$ 3,110,380</b>  | <b>\$ 3,756,195</b>  | <b>\$ 4,094,379</b>  | <b>\$ 4,459,261</b>  | <b>\$ 4,725,515</b>  | <b>\$ 5,011,246</b>  |
| 6 <b>O&amp;M Expenses</b>              | <b>\$ 2,432,321</b>  | <b>\$ 2,503,191</b>  | <b>\$ 2,624,850</b>  | <b>\$ 2,752,593</b>  | <b>\$ 2,886,722</b>  | <b>\$ 3,027,558</b>  |
| 7 <b>Net Revenue</b>                   | <b>\$ 678,059</b>    | <b>\$ 1,253,004</b>  | <b>\$ 1,469,529</b>  | <b>\$ 1,706,668</b>  | <b>\$ 1,838,793</b>  | <b>\$ 1,983,688</b>  |
| 8 Total Bond Issued                    | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| 9 Issuance Expense & Reserve           | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| 10 Amount available for CIP            | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| 11 <b>CIP Financing</b>                |                      |                      |                      |                      |                      |                      |
| 12 Cash CIP                            | \$ 432,000           | \$ 519,750           | \$ 508,804           | \$ 510,223           | \$ 689,192           | \$ 437,765           |
| 13 Debt CIP                            | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| 14 Existing Debt Service               | \$ 124,875           | \$ 124,875           | \$ 149,313           | \$ 255,713           | \$ 254,525           | \$ 253,113           |
| 15 New Debt Service                    | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| 16 <b>Total Debt Service</b>           | <b>\$ 124,875</b>    | <b>\$ 124,875</b>    | <b>\$ 149,313</b>    | <b>\$ 255,713</b>    | <b>\$ 254,525</b>    | <b>\$ 253,113</b>    |
| 17 <b>Net Annual Cash Balance</b>      | <b>\$ 121,184</b>    | <b>\$ 608,379</b>    | <b>\$ 811,412</b>    | <b>\$ 940,733</b>    | <b>\$ 895,076</b>    | <b>\$ 1,292,811</b>  |
| 18 Beginning Reserves Level            | \$ 383,337           | \$ 504,520           | \$ 1,112,900         | \$ 1,924,312         | \$ 2,865,045         | \$ 3,760,121         |
| 19 <b>Ending Reserves Level</b>        | <b>\$ 504,520</b>    | <b>\$ 1,112,900</b>  | <b>\$ 1,924,312</b>  | <b>\$ 2,865,045</b>  | <b>\$ 3,760,121</b>  | <b>\$ 5,052,931</b>  |
| 20 Upper Target Reserve Level          | \$ 4,029,327         | \$ 4,084,422         | \$ 4,165,487         | \$ 4,234,258         | \$ 4,723,011         | \$ 4,848,148         |
| 21 Lower Target Reserve Level          | \$ 3,202,338         | \$ 3,233,337         | \$ 3,273,038         | \$ 3,298,376         | \$ 3,741,525         | \$ 3,818,778         |
| 22 Coverage Ratio                      | 543%                 | 1003%                | 984%                 | 667%                 | 722%                 | 784%                 |

| Borrego Water District<br>Inflated CIP & Short Lived Assets | Water & Sewer Rate Model |                |                |                |                |                |                  |                  |                  |                  |          |
|---|--------------------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|----------|
|   | FY 2012                  | FY 2013        | FY 2014        | FY 2015        | FY 2016        | FY 2017        | FY 2018          | FY 2019          | FY 2020          | FY 2021          | FY 2022  |
| Total - Capital Improvements Program - Water                | \$ 162,000               | \$ 309,750     | \$ 359,966     | \$ 320,373     | \$ 406,587     | \$ 265,467     | 5,219,673        | 894,212          | 921,415          | 2,329,319        | -        |
| Total - Capital Improvements Program - Wastewater           | \$ 5,000                 | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | -                | -                | -                | -                | -        |
| Short Lived Assets Replacement Program - Water              | 259,000                  | 203,700        | 106,943        | 182,905        | 269,842        | 164,640        | 174,212          | 219,508          | 317,653          | 252,866          | -        |
| Short Lived Assets Replacement Program - Wastewater         | 6,000                    | 6,300          | 41,895         | 6,946          | 12,763         | 7,658          | 37,523           | 22,514           | 8,865            | 16,289           | -        |
| Total CIP and Short Lived Assets - Water                    | 421,000                  | 513,450        | 466,909        | 503,277        | 676,429        | 430,107        | 5,393,885        | 1,113,720        | 1,239,068        | 2,582,186        | -        |
| Total CIP and Short Lived Assets - Wastewater               | 11,000                   | 6,300          | 41,895         | 6,946          | 12,763         | 7,658          | 37,523           | 22,514           | 8,865            | 16,289           | -        |
| <b>Total CIP and Short Lived Assets</b>                     | <b>432,000</b>           | <b>519,750</b> | <b>508,804</b> | <b>510,223</b> | <b>689,192</b> | <b>437,765</b> | <b>5,431,408</b> | <b>1,136,234</b> | <b>1,247,933</b> | <b>2,598,475</b> | <b>-</b> |

| GENERAL LEDGER<br>ACCOUNT DESCRIPTIONS  | Ending Balance<br>FYE 2011 | Current<br>Budget<br>FY 2012 | Actual<br>as of<br>03/31/12 | Actual vs<br>Budget<br>FYE 2012 | Projection<br>April - June<br>FY 2012 | PROJECTED<br>INCOME<br>FY 2012 | PROJECTED<br>INCOME<br>FY 2013 | COMMENTS |
|---|----------------------------|------------------------------|-----------------------------|---------------------------------|---------------------------------------|--------------------------------|--------------------------------|----------|
| <b>WATER REVENUE</b>                    |                            |                              |                             |                                 |                                       |                                |                                |          |
| Residential Water Sales                 | 724,337                    | 424,312                      | 475,645                     | 112.10%                         | 198,694                               | 674,339                        | 674,340                        |          |
| Commercial Water Sales                  | 99,033                     | 99,000                       | 68,563                      | 69.96%                          | 30,781                                | 99,344                         | 99,345                         |          |
| Irrigation Water Sales                  | 89,825                     | 99,000                       | 83,316                      | 84.16%                          | 38,996                                | 122,312                        | 122,312                        |          |
| GWM Surcharge                           | 93,058                     | 94,000                       | 63,620                      | 67.68%                          | 25,391                                | 89,011                         | 89,012                         |          |
| Water Sales Power Portion               | 277,085                    | 277,000                      | 206,702                     | 74.62%                          | 74,226                                | 280,928                        | 280,928                        |          |
| Readiness Charges Water                 | 640,558                    | 635,000                      | 613,114                     | 96.55%                          | 206,285                               | 819,399                        | 819,399                        |          |
| Meter Installation                      | 48,872                     | 40,000                       | 2,020                       | 5.05%                           | -                                     | 2,020                          | -                              |          |
| Water Hook-up                           | -                          | -                            | 19,875                      | -                               | -                                     | 19,875                         | -                              |          |
| Reconnect Fees                          | 13,797                     | 6,500                        | 12,154                      | 186.98%                         | 2,040                                 | 14,194                         | 11,160                         |          |
| Backflow Testing /Repairs/Installation  | 3,397                      | 3,300                        | 7,108                       | 215.40%                         | -                                     | 7,108                          | 5,875                          |          |
| Water Bulk/p/imp                        | 1,536                      | 1,200                        | 1,928                       | 160.68%                         | 300                                   | 2,228                          | 1,872                          |          |
| Penalty&Interest Water Collection       | 25,651                     | 24,000                       | 27,414                      | 114.23%                         | 6,000                                 | 33,414                         | 31,232                         |          |
| <b>Total Water Revenue:</b>             | <b>2,017,148</b>           | <b>1,702,312</b>             | <b>1,581,458</b>            | <b>92.90%</b>                   | <b>582,713</b>                        | <b>2,164,171</b>               | <b>2,135,475</b>               |          |
| <b>AVAILABILITY CHARGES</b>             |                            |                              |                             |                                 |                                       |                                |                                |          |
| 641500 1% Property Assessments          | 67,861                     | 70,080                       | 42,375                      | 60.47%                          | 31,865                                | 74,239.92                      | 60,964                         |          |
| Water Availability Standby-Admin 641501 | 79,574                     | 82,673                       | 60,403                      | 73.06%                          | 44,630                                | 105,032.85                     | 63,138                         |          |
| SA 1 Water/Sewer/Flood control 641502   | 27,425                     | 45,000                       | 17,236                      | 38.30%                          | 27,578                                | 44,814.04                      | 17,966                         |          |
| Pest Control Standby fees 641503        | 15,325                     | 17,953                       | 9,567                       | 53.29%                          | 17,901                                | 27,467.75                      | 9,924                          |          |
| SA 3 Water Standby Fee 641504           | 34,360                     | 33,760                       | 19,610                      | 58.09%                          | 16,850                                | 36,459.87                      | 20,024                         |          |
| <b>Total Availability Charges:</b>      | <b>224,545</b>             | <b>249,466</b>               | <b>149,190</b>              | <b>59.80%</b>                   | <b>138,824</b>                        | <b>288,014</b>                 | <b>172,016</b>                 |          |
| <b>SEWER SERVICE CHARGES</b>            |                            |                              |                             |                                 |                                       |                                |                                |          |
| TCS Holders Fees                        | 180,198                    | 180,140                      | 135,105                     | 75.00%                          | 45,036                                | 180,140.94                     | 180,144                        |          |
| Sewer User Fees                         | 224,764                    | 221,400                      | 194,048                     | 87.65%                          | 63,000                                | 257,048.13                     | 261,188                        |          |
| Sewer Penalty & Interest Charges        | 1,789                      | 1,800                        | -                           | 0.00%                           | -                                     | -                              | -                              |          |
| Inspection fees                         | -                          | 200                          | 763                         | 381.25%                         | -                                     | 762.50                         | -                              |          |
| Capacity Fees                           | 2,138                      | 12,138                       | 10,157                      | 83.68%                          | -                                     | 10,157.40                      | -                              |          |
| <b>Total Sewer Service Charges:</b>     | <b>408,889</b>             | <b>415,678</b>               | <b>340,073</b>              | <b>81.81%</b>                   | <b>108,036</b>                        | <b>448,109</b>                 | <b>441,332</b>                 |          |
| <b>OTHER INCOME</b>                     |                            |                              |                             |                                 |                                       |                                |                                |          |
| Rent Income San Diego County            | 7,682                      | 7,715                        | 5,786                       | 75.00%                          | 1,929                                 | 7,715                          | 7,715                          |          |
| Fire Hydrant Installation               | -                          | 5,000                        | -                           | 0.00%                           | -                                     | -                              | -                              |          |
| Miscellaneous Income                    | 8,203                      | 5,000                        | 12,843                      | 256.86%                         | 1,247                                 | 14,090                         | 3,408                          |          |
| Water Credits Administration Fee        | 4,000                      | 5,000                        | 1,000                       | 20.00%                          | -                                     | 1,000                          | -                              |          |
| Gain on Asset Sold                      | -                          | 1,500                        | -                           | 0.00%                           | -                                     | -                              | 1,000                          |          |
| Slag Grant                              | -                          | 125,000                      | 131,750                     | 105.40%                         | -                                     | 131,750                        | 208                            |          |
| Interest Income                         | 2,452                      | 1,550                        | 184                         | 11.87%                          | 52                                    | 236                            | 208                            |          |
| <b>Total Other Income:</b>              | <b>22,337</b>              | <b>150,765</b>               | <b>151,564</b>              | <b>100.53%</b>                  | <b>3,228</b>                          | <b>154,792</b>                 | <b>12,331</b>                  |          |
| <b>TOTAL REVENUE</b>                    | <b>2,672,919</b>           | <b>2,518,221</b>             | <b>2,222,285</b>            | <b>88.25%</b>                   | <b>832,801</b>                        | <b>3,055,086</b>               | <b>2,761,154</b>               |          |

EXPENSE BUDGET WORKSEET-FYE 2013  
DRAFT-04/17/12

| GENERAL LEDGER ACCOUNT DESCRIPTIONS              | Balance<br>FYE 2011 | Current<br>Budget<br>FYE 2012 | Actual<br>as of<br>03/31/12 | Actual vs<br>Budget<br>FYE 2012 | Projection<br>April/June<br>FY 2012 | Projected<br>Expense<br>FY 2012 | Projected<br>Expense<br>FY 2013 | COMMENTS |
|--|---------------------|-------------------------------|-----------------------------|---------------------------------|-------------------------------------|---------------------------------|---------------------------------|----------|
| <b><u>MAINTENANCE EXPENSE</u></b>                |                     |                               |                             |                                 |                                     |                                 |                                 |          |
| Maintenance & Repairs Buildings & Equipment      | 160,393             | 110,000                       | 81,715                      | 74.29%                          | 28,666                              | 110,381                         | 114,631                         |          |
| Maintenance & Repairs/Wells,Pipelines,Pumps/WWTP | 34,281              | 35,000                        | 28,958                      | 82.74%                          | 15,830                              | 44,788                          | 39,564                          |          |
| Telemetry Services                               | 28,107              | 20,000                        | 8,056                       | 40.28%                          | 7,000                               | 15,056                          | 14,300                          |          |
| Trash Removal                                    | 36,798              | 7,500                         | 3,282                       | 43.76%                          | 1,500                               | 4,782                           | 3,600                           |          |
| Vehicle Expense                                  | 20,298              | 17,000                        | 7,517                       | 44.22%                          | 4,248                               | 11,765                          | 13,114                          |          |
| Fuel & Oil                                       | 47,169              | 38,000                        | 26,605                      | 70.01%                          | 7,500                               | 34,105                          | 37,581                          |          |
| Loss on Asset Sold                               | -                   | -                             | -                           | 0.00%                           | -                                   | -                               | -                               |          |
| <b>TOTAL MAINTENANCE EXPENSE:</b>                | <b>327,046</b>      | <b>227,500</b>                | <b>156,133</b>              | <b>68.63%</b>                   | <b>64,744</b>                       | <b>220,877</b>                  | <b>222,790</b>                  |          |
| <b><u>PROFESSIONAL SERVICES EXPENSE</u></b>      |                     |                               |                             |                                 |                                     |                                 |                                 |          |
| Accounting (Rafelis/Taussig)                     | 46,652              | 8,000                         | 3,521                       | 44.02%                          | 2,240                               | 5,761                           | 3,500                           |          |
| Administrative Services                          | 6,834               | 4,000                         | 2,867                       | 71.68%                          | 1,002                               | 3,869                           | 5,150                           |          |
| Audit Fees                                       | 26,900              | 26,000                        | 20,369                      | 78.34%                          | 8,400                               | 28,769                          | 27,600                          |          |
| Computer Billing                                 | 20,675              | 12,000                        | 14,341                      | 119.50%                         | 3,000                               | 17,341                          | 6,850                           |          |
| Consulting/Technical                             | 8,759               | 25,000                        | -                           | 0.00%                           | 6,253                               | 6,253                           | 3,000                           |          |
| Regulatory Permit Fees                           | 47,187              | 45,000                        | 38,457                      | 85.46%                          | 5,600                               | 44,057                          | 40,941                          |          |
| Engineering                                      | 1,755               | 25,000                        | 1,405                       | 5.62%                           | 6,253                               | 7,658                           | 7,400                           |          |
| GWM study/Conservation (from non O & M)          | 433,443             | 5,000                         | 422,486                     | 8449.72%                        | 3,000                               | 425,486                         | 60,000                          |          |
| Legal Services                                   | 44,679              | 60,000                        | 12,742                      | 21.24%                          | 7,500                               | 20,242                          | 18,100                          |          |
| Testing/Labwork                                  | 21,647              | 25,000                        | 17,343                      | 69.37%                          | 6,253                               | 23,596                          | 24,346                          |          |
| <b>TOTAL PROFESSIONAL SERVICES EXPENSE:</b>      | <b>658,531</b>      | <b>235,000</b>                | <b>533,531</b>              | <b>227.03%</b>                  | <b>49,501</b>                       | <b>583,032</b>                  | <b>196,887</b>                  |          |
| <b><u>INSURANCE EXPENSE</u></b>                  |                     |                               |                             |                                 |                                     |                                 |                                 |          |
| JPA Insurance                                    | 94,402              | 102,774                       | 41,978                      | 40.84%                          | 29,053                              | 71,031                          | 70,521                          |          |
| Workmens Comp                                    | 20,711              | 20,000                        | 9,821                       | 49.11%                          | 9,604                               | 19,425                          | 19,600                          |          |
| COB 2008 payment/Well 12 Purchase Agreement      | 160,203             | 194,875                       | 194,875                     | 100.00%                         | -                                   | 194,875                         | 225,072                         |          |
| <b>TOTAL INSURANCE EXPENSE:</b>                  | <b>275,316</b>      | <b>317,649</b>                | <b>246,674</b>              | <b>77.66%</b>                   | <b>38,657</b>                       | <b>285,331</b>                  | <b>315,193</b>                  |          |

EXPENSE BUDGET WORKSEET-FYE 2013  
DRAFT-04/17/12

| GENERAL LEDGER ACCOUNT DESCRIPTIONS                           | Balance<br>FYE 2011 | Current<br>Budget<br>FYE 2012 | Actual<br>as of<br>03/31/12 | Actual vs<br>Budget<br>FYE 2012 | Projection<br>April/June<br>FY 2012 | Projected<br>Expense<br>FY 2012 | Projected<br>Expense<br>FY 2013 | COMMENTS |
|---|---------------------|-------------------------------|-----------------------------|---------------------------------|-------------------------------------|---------------------------------|---------------------------------|----------|
| <b><u>PERSONNEL EXPENSE</u></b>                               |                     |                               |                             |                                 |                                     |                                 |                                 |          |
| Board Meeting Expense   | 55,282              | 22,000                        | 6,435                       | 29.25%                          | 3,600                               | 10,035                          | 7,260                           |          |
| Conference/Conventions/Training/Seminars                      | 25,140              | 10,500                        | 6,059                       | 57.70%                          | 2,625                               | 8,684                           | 7,808                           |          |
| Medical Insurance Benefits                                    | 217,095             | 232,733                       | 155,945                     | 67.01%                          | 53,214                              | 209,159                         | 218,405                         |          |
| Calpers Retirement Benefits                                   | 194,005             | 178,000                       | 129,867                     | 72.96%                          | 43,518                              | 173,385                         | 177,240                         |          |
| Salaries & Wages  | 1,078,232           | 826,918                       | 645,087                     | 78.01%                          | 207,153                             | 852,240                         | 815,856                         |          |
| Salaries & Wages off set account                              | (73,162)            | (18,000)                      | (24,017)                    | 133.43%                         | (6,000)                             | (30,017)                        | (24,000)                        |          |
| Taxes on Payroll  | 24,840              | 32,930                        | 16,857                      | 51.19%                          | 3,337                               | 20,194                          | 19,250                          |          |
| <b>TOTAL PERSONNEL EXPENSE:</b>                               | <b>1,521,432</b>    | <b>1,285,081</b>              | <b>936,233</b>              | <b>72.85%</b>                   | <b>307,447</b>                      | <b>1,243,680</b>                | <b>1,221,819</b>                |          |
| <b><u>OFFICE EXPENSE</u></b>                                  |                     |                               |                             |                                 |                                     |                                 |                                 |          |
| Bad Debt/Write-off/Returned item fee (property tax write off) | 280,622             | 4,000                         | 278                         | 6.95%                           | 1,002                               | 1,280                           | 1,951                           |          |
| Dues & Subscriptions  | 7,399               | 8,000                         | 1,882                       | 23.53%                          | 1,997                               | 3,879                           | 4,071                           |          |
| Office Supplies   | 18,821              | 20,000                        | 13,144                      | 65.72%                          | 4,500                               | 17,644                          | 12,450                          |          |
| Office Equipment/Rental/Maintenance Agreements                | 27,590              | 32,500                        | 17,645                      | 54.29%                          | 8,124                               | 25,769                          | 15,870                          |          |
| Safety Requirements   | 4,729               | 7,500                         | 3,456                       | 46.08%                          | 1,875                               | 5,331                           | 4,040                           |          |
| Postage & Freight   | 12,846              | 11,000                        | 8,396                       | 76.33%                          | 2,650                               | 11,046                          | 10,236                          |          |
| Printing, Publications & Notices                              | 1,883               | 5,000                         | 237                         | 4.74%                           | 1,251                               | 1,488                           | 1,923                           |          |
| Taxes on Property   | 2,290               | 2,291                         | 2,288                       | 99.87%                          | -                                   | 2,288                           | 2,288                           |          |
| Telephone/Answering Service                                   | 9,276               | 10,700                        | 5,863                       | 54.79%                          | 2,672                               | 8,535                           | 10,490                          |          |
| Uniforms  | 5,853               | 7,000                         | 4,575                       | 65.36%                          | 1,753                               | 6,328                           | 5,954                           |          |
| <b>TOTAL OFFICE EXPENSE:</b>                                  | <b>371,309</b>      | <b>107,991</b>                | <b>57,764</b>               | <b>53.49%</b>                   | <b>25,824</b>                       | <b>83,588</b>                   | <b>69,273</b>                   |          |
| <b><u>UTILITIES EXPENSE</u></b>                               |                     |                               |                             |                                 |                                     |                                 |                                 |          |
| Office/Shop Utilities   | 14,156              | 15,000                        | 12,277                      | 81.85%                          | 3,750                               | 16,027                          | 16,404                          |          |
| Pumping-Electricity   | 406,248             | 320,000                       | 235,876                     | 73.71%                          | 95,883                              | 331,759                         | 320,870                         |          |
| Cellular Phone  | 10,680              | 10,000                        | 6,533                       | 65.33%                          | 2,503                               | 9,036                           | 8,700                           |          |
| <b>TOTAL UTILITIES EXPENSE:</b>                               | <b>431,085</b>      | <b>345,000</b>                | <b>254,686</b>              | <b>73.82%</b>                   | <b>102,136</b>                      | <b>356,822</b>                  | <b>345,974</b>                  |          |
| <b>TOTAL EXPENSES:</b>  | <b>3,584,719</b>    | <b>2,518,221</b>              | <b>2,185,021</b>            | <b>86.77%</b>                   | <b>588,309</b>                      | <b>2,773,330</b>                | <b>2,371,936</b>                |          |

**REQUEST FOR QUOTATION (RFQ) FOR ASSISTANCE IN DEVELOPING A  
PLANNING GRANTS APPLICATION PROPOSAL TO DWR-IRWM  
FOR THE BORREGO WATER DISTRICT (BWD)**

region is at [http://www.cvrwmg.org/docs/2011\\_01\\_07\\_CVRWVG-ImplementationGrantProposal\\_170137.pdf](http://www.cvrwmg.org/docs/2011_01_07_CVRWVG-ImplementationGrantProposal_170137.pdf).

**RFQ Response:** Please respond with: a proposal for providing assistance in developing a successful DWR-IRWM planning grants proposal.

Your response to this RFQ, at a minimum, shall address:

- (a) a brief analysis of the planning assumptions for aligning the GMP, IWRMP and ABD-IRWM planning objectives;
- (b) the level and type of effort proposed to meet DWR-IRWM planning grant proposal requirements and attendant costs;
- (c) identification of your prior experience with DWR-IRWM types of grants as well as familiarity with current IRWMP requirements; and
- (d) your firm's willingness and capability to provide further technical assistance in developing the GMP and ABD-IRWMP, should the DWR planning grant be awarded.

**RFQ Due Date:** Your response is due by 2:00 PM Pacific Time, Monday, July 18, 2011 by email to [diana@borregowd.org](mailto:diana@borregowd.org).

**Selection Process:** The BWD's Strategic Planning Committee has been tasked with overseeing the identification and recommendation to the Board of a technical consultant. Any questions should be addressed to Director Lyle Brecht at 410.963.8680 (cell) or [LBrecht@gmail.com](mailto:LBrecht@gmail.com).



July 18, 2011

Director Lyle Brecht  
Borrego Water District  
806 Palm Canyon Drive  
Borrego Springs, CA 92004

**Subject: Proposal for Assistance in Developing a Planning Grant Application  
Proposal to DWR-IRWM for the Borrego Water District (BWD)**

Dear Director Brecht:

RMC Water and Environment (RMC) is pleased to provide our proposal to prepare a Proposition 84 IRWM Planning Grant Application for the Anza Borrego Desert (ABD) IRWM Region.

To be successful, your application will need to articulate the following:

1. A clear groundwater management approach
2. A transparent stakeholder engagement process
3. A detailed and cohesive grant application

RMC is a water resource planning leader in California and is also recognized as the most successful IRWM consultant in the State. As a consultant for many IRWM regions in Southern California, (San Diego, Coachella, Los Angeles, and others) we have local expertise available to serve BWD. We have first hand experience with navigating the issues that ABD needs to address (groundwater management, alternative supplies, stakeholder involvement, and funding). RMC has the proven experience necessary to help the ABD IRWM Region be successful in the Planning Grant Application - Round 2 grant cycle.

RMC also has the technical depth and resources to assist the ABD IRWM Region in:

- Completing an IRWM Plan
- Preparing an Implementation Grant application
- Performing groundwater management planning and modeling

Thank you for the opportunity to present our proposal. I am committed to serve as your main point of contact. Please call me at 858-875-7400 if you have any questions regarding our qualifications or approach.

Sincerely,

Tish Berge, P.E., MBA - Project Manager  
tberge@rmcwater.com

**Planning Grants**



**In 2011, RMC successfully secured funding for 100% of Planning Grant Applications we prepared for Proposition 84**

4225 Executive Square  
Suite 750  
San Diego, CA 92037  
ph: 858.875.7400  
fax: 858.875.7401  
www.rmcwater.com

**Innovative Solutions for  
Water and the Environment**



July 14, 2011

Geotechnical  
Environmental  
Water Resources  
Ecological

Mr. Lyle Brecht, Director  
Borrego Water District  
806 Palm Canyon Drive  
Borrego Springs, CA 92004-3101  
transmitted via e-mail: LBrecht@gmail.com

**Subject: GEI Qualifications and Level of Effort for Borrego Valley IRWM Plan Assistance**

Director Lyle Brecht:

GEI Consultants, Inc. is pleased to present its qualifications and level-of-effort estimate to assist the Anza-Borrego Desert Regional Water Management Group with planning and implementation of its Integrated Regional Water Management Plan (IRWMP). The initial work effort will focus on developing a Proposition 84 IRWM Planning Grant application to help fund subsequent planning and implementation phases. The next Department of Water Resource (DWR) solicitation for IRWM Planning Grant funding is expected in late Fall 2011.

The DWR IRWM program is a comprehensive water management framework that incentivizes good planning. The benefits of a successful IRWM process will continue well after the grant funds are exhausted.

**Qualifications**

GEI has developed nine adopted IRWM Plans, including the plan for Mojave Water Agency. GEI is currently developing the IRWM Plan for Imperial Irrigation District. GEI has worked closely with the Coachella Valley Water District, Imperial Irrigation District, and Metropolitan Water District in investigating water supplies and storage opportunities.

Our full-service water resources practice helps our clients plan and design programs and projects to a level of detail that allows thoughtful comparison and successful pursuit of competitive grant funding opportunities. We have helped our clients acquire more than \$168 million in grant funding, including \$33 million in Proposition 50 and Proposition 84 IRWM funding for Mojave Water Agency.

Detailed project descriptions and resumes demonstrating our qualifications are included in this submittal.

[www.geiconsultants.com](http://www.geiconsultants.com)

GEI Consultants, Inc  
10860 Gold Center Drive, Suite 350, Rancho Cordova, CA 95670  
916 631 4500 fax 916 634 4501

1) Establish a managed basin

- a) there is a plan to bring the basin into balance
- b) there is an authority established to enforce the plan beyond AB3030
- c) there is a funding mechanism to pay for implementing the plan

2) Alternative paths to establish a managed basin

a) maintain local control

- i) negotiated settlement among pumpers that is then either put into legislation or alternatively, is stipulated by the courts who approve and mandate the plan;
- ii) legislative initiative supported by local pumpers and basin stakeholders to make BWD local authority to manage groundwater. This is the optimal solution. It avoids many pitfalls of a court-mediated route. Legislation is also preferred as it opens up the possibility for Federal and State money to flow to assist with managed plan implementation;
- iii) friendly adjudication to establish water rights that can then be sold (this can be included in any negotiated settlement that is approved and mandated by the courts). Problem w/ negotiated settlement is that one pumper who does not agree, even if all other pumpers agree, can throw the whole plan into an unfriendly adjudication where local control over the basin is lost;

b) lose local control

- i) unfriendly adjudication - courts assign Watermaster to take control of the basin;
- ii) State takes control of basin.

3) Start talking to pumpers

- a) what are barriers to act? Identify the misperceptions, misunderstandings, and perspectives concerning the overdraft, the physical aspects of the basin, and how California water law works so as to have the best chance of developing a plan;
- b) what are the economic considerations that are required to develop a workable plan?
- c) Objective: broad-based support for plan to manage the basin.

A PRELIMINARY ASSESSMENT OF POTENTIAL FIRST-ORDER COSTS TO RATEPAYERS FROM THE OVERDRAFT - LONG RANGE PLANNING VS. A SIX-DAY TRAIN WRECK

- cost estimates are from the perspective of District ratepayers. That is, what potential costs may ratepayers see as a result of basin withdrawals based on present land use patterns in the Valley?
- estimates are based on hydrogeology of basin;
- it is assumed that under business as usual, total withdrawals will increase over time until the upper aquifer is dewatered due to the effects of soil salinization and climate change on soil temperatures, in spite of small amounts of acreage being taken out of service;
- these estimates require additional independent analysis. Additional economic analyses need also to determine if these costs can be avoided in their entirety, partially, or merely put off in time, given specific demand management and/or supply augmentation assumptions;
- all dollars in 2012 dollars (PV = Present Value)

**Potential Costs to Ratepayers of Business as Usual - Either “Do Nothing” or “Free Market” Approaches to Overdraft - Looking Ahead 30-Years<sup>1</sup> (dollars in millions)**

|             |  |
|-------------|--|
| \$2         | replace District’s southern pumps w/ northern basin pumps as aquifer levels drop <sup>2</sup>    |
| \$3         | add new northern basin pumps to District’s distribution system                                   |
| \$5         | add tertiary treatment infrastructure as water quality declines <sup>3</sup>                     |
| \$12        | PRA (probabilistic risk assessment) estimate of subsidence costs <sup>4</sup>                    |
| <u>\$50</u> | <u>PV of rate increases necessary to support business as usual scenario<sup>5</sup></u>          |
| \$72        | Today’s PV Estimate of Potential Costs to Ratepayers of Overdraft Business as Usual <sup>6</sup> |

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<sup>1</sup> Assumes no importation within 30-years from now. If importation was to occur, the estimate of PV costs to ratepayers is most likely to increase potential PV cost estimates above that assumes no importation.

<sup>2</sup> This relocation of District pumps to the north is likely due to the deeper upper aquifer in the northern portion of the basin.

<sup>3</sup> This cost estimate assumes that there is a ready means to dispose of the brine waste water produced by this level of treatment.

<sup>4</sup> Some subsidence almost always occurs with dewatered aquifers.

<sup>5</sup> Estimate of cumulative rate increases of \$3M/year above FY 2016 projected rates. PV based on 6% discount rate.

<sup>6</sup> Once an alternative, less expensive scenario is developed, the annual economic cost of delay, or not acting, to put in place a long range plan can potentially be calculated.