

**AGENDA**  
**Borrego Water District Board of Directors**  
**Special Meeting**  
**October 16, 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 of New Development fees (page 2-22)
- B. Discussion of future climate change and Conservation workshops
- C. Discussion of potential agenda items for October 24<sup>th</sup> board meeting

**III. CLOSED SESSION**

- A. CONFERENCE WITH REAL PROPERTY NEGOTIATOR - Reference Government Code Section 54956.8:
  - Property: Rams Hill
  - District Negotiator: Negotiating Committee
  - Negotiating Parties: Bill Berkley
  - Under Negotiation: Price and terms of payment

**IV. CLOSING PROCEDURE, Adjournment**

The next Regular Meeting of the Board of Directors is scheduled for October 24, 2012 at the Borrego Water District.



# **BORREGO WATER DISTRICT**

**DATE: October 16, 2012**

**TO: Board of Directors**

**FROM: Jerry Rolwing**

**RE: Changing Fees for New Development**

The fees charged for new development and new meter installation fees have not changed in the past ten years. The rising costs of materials, services and labor have not been updated. As we move forward, these charges should be reviewed annually to keep up with inflation and the rising costs associated with the actual costs of installation.

Presently, new development is charged a "capacity fee" of \$1,500/EDU (equivalent dwelling unit) plus the developer must pay all costs pertaining to the actual installation of new infrastructure required for the particular project. Capacity fees are dedicated to increasing the existing "common" infrastructure facilities to accommodate the new water use. It is unknown how this present number was formulated by the previous District Engineers. It is the intent of this proposed policy change to validate how these fees are calculated and also to propose an annual review of the policy to ensure the fees keep up with the rising costs associated with new installations. It is also important to note that "new development" must "pay its own way" and not be subsidized by existing ratepayers.

For these reasons, the ad hoc Development Committee of the Board of Directors has directed staff to update and revised the existing policy for New Development. These revisions include justification and explanations of how the fees have been calculated and utilize today's material and labor costs to perform new installations.

Please review these changes that the staff is proposing. We believe they changes adequately address the inequities of the existing policy and recommend the Board adoption.

**Policy: Who pays for growth?**

Background: There are always discussions about responsibility for costs when a developer seeks to add an area of water and sewer service to a new development. As a general rule, the Borrego Water District (BWD) requires the development to pay its own way, desiring not to subsidize growth. This is only fair to existing customers. Sometimes, however, BWD desires to extend a water or sewer line at its own cost whenever the result will be an improvement to the system. Because these are differing directions, the differences can sometimes become blurred. BWD has attempted to resolve the issues with its developer policy. This policy will need to be reviewed from time to time to determine its applicability. What is needed for effective strategic planning is a statement of policy on the subject affirming the general direction.

Policy: It is the policy of the Borrego Water District (BWD) to encourage responsible growth by requiring new developers to install water and sewer connector lines at the developer's expense, in addition to the assessment of developer charges for each new connection to pay for any improvements required to the existing BWD system and the use of existing system capacity. Participation in costs by BWD will occur only when BWD is convinced such connector lines will add further benefit to the District.

## POLICY FOR WATER AND SEWER SERVICE TO DEVELOPMENTS

This Policy outlines the procedures and obligations for developers, contractors, and owners (hereinafter “developers”) to obtain water and sewer service from the Borrego Water District (hereinafter “District”) to serve a development and establish the fees, exactions, and charges for the development. The term "development" is defined as any residential or commercial development that increases the demand on the District's water supply and/or distribution system and/or its sewer collection and treatment system whether by increasing the intensity of use or by altering the use of land.

### 1. Application of Policy

This Policy governs the procedures for the District to handle requests for a commitment for water and sewer service for new developments and sets forth the obligations of the developer to obtain a commitment for water and sewer service. When a developer requests a commitment for water and sewer service for a large development, herein defined as any development when built-out that will comprise more than twenty-five (25) Equivalent Dwelling Units (EDUs), that will substantially impact the District’s existing water supply capacity and/or sewer treatment capacity or which will require major improvements to the District’s water distribution system and/or to the District’s sewer treatment plant or collection system, such requests will be considered on a case-by-case basis. This Policy shall serve as a guideline for the consideration of the request for water and sewer service for a large development, but the District may modify or add to the provisions of this Policy in making its commitment for water and sewer service for a large development.

### 2. Application for Water and Sewer Service

(a) The developer must obtain an Application for Water and Sewer Service from the District. With the Application the developer shall submit a preliminary plat of the development which shall include the number of lots to be served, the type of units to be built within the development, the size of the lots in the development, the estimated build-out of the development and any other information which will assist the District in determining the water and sewer needs of the development. In the event the development includes a fire protection system, the Developer shall submit total fire protection plans for the development.

(b) The developer must return the completed Application to the District with the information requested in subsection (a). The developer shall provide any other information requested by the District that the District deems necessary to determine the availability of water and sewer service for the development.

(c) When the Application requests water and sewer service for more than 25 EDUs, the developer shall pay an application fee as set by the District’s Manager at the time the Application is submitted. For the purposes of this Policy, a Water EDU is equivalent to one single family residence water use.<sup>1</sup> A Sewer EDU is based on 250 gallons per day for

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<sup>1</sup>This factor is based on an assumed average water consumption of 95 gallons per day, per person, 2.11

effluentThe application fee shall cover the anticipated cost to the District of reviewing the project, obtaining any engineering report on the feasibility of the water and sewer service requested for the project and making a preliminary determination of the on-site and off-site system improvements necessary to provide the water and sewer service requested. The application fee is non-refundable 45 days after the submission of the Application. The application fee shall be credited against the administrative fee set forth in Section 6(a) of this Policy.

(d) The developer must timely notify the District of any changes in the information submitted with the Application.

(e) When the Application is complete and the application fee, if applicable, is paid, the District will determine, with the assistance of the District's engineer if necessary, whether the water and sewer service requested is available and whether any off-site water and sewer system improvements must be made to the District's water and sewer system to properly serve the development and maintain the current level of water and sewer service to the District's existing customers.

(f) When the District has completed its review, the developer will be notified of the preliminary conclusions of the District as to the feasibility of the water and sewer service requested. The District may then issue a "water and sewer availability letter" to the developer. The "water and sewer availability letter" may be revoked unless the developer enters into a contract with the District and pays all fees assessed within one hundred twenty (120) days of the date of the "water and sewer availability letter."

### 3. Conditions on Availability of Water and Sewer Service

(a) In determining whether water and sewer service is available, the District may require that the developer provide an accurate projection of the water demand and sewer treatment needs, by a registered engineer, for the entire development upon the application for the first section or phase of the development.

(b) The District may issue its water and sewer availability letter with limitations on the maximum amount of water that can be provided to the development and the maximum amount of wastewater that can be collected and treated for the development. Any maximum limits on water and sewer service for the development shall be included in the water service contract with the developer under Section 4.

### 4. Water and Sewer Service Contract

(a) Before water and sewer system improvements are installed for the development, the District, with the assistance of the District's attorney if necessary, will then prepare a contract under which water and sewer service will be provided to the development.

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persons per household, a peaking factor of 1.5, and 11.5% adjustment for water loss.

(b) The District may incorporate in the water and sewer service contract the maximum amount of water that can be furnished and the maximum amount of wastewater that can be collected and treated by the District. In the event the developer's demand for water and sewer service exceeds the developer's projection of demand during the build out of the development, the District shall have no obligation to furnish water or provide wastewater collection and treatment in excess of the amounts set forth in the water and sewer service contract. Any request for water and sewer service in excess of the amounts projected by the developer and included in the Water and Sewer Service Contract shall be treated as a new request for water and sewer service under this Policy.

(c) A Water and Sewer Service Contract cannot be assigned to any successor in interest of the developer without the express written consent of the District.

#### 5. Installation of Improvements

(a) **Cost of Installation.** At its own expense and at no cost and expense to the District, the Developer shall furnish, install, lay and construct all on-site and off-site water and sewer system improvements, including all labor and material, as required by the District to be installed to serve the development, to maintain the current level of water and sewer service to existing customers and to meet the District's plan for the level of service to be made available in the general area of the development. The construction and installation of the water and sewer system improvements shall be in strict accordance with the plans, specifications and requirements approved by the District, its engineer, and the State of California. In addition, the developer shall indemnify the District from any loss or damage that may directly or indirectly result from the installation of water and sewer system improvements by the developer.

(b) **Notification of Construction.** The District shall be notified at least forty-eight (48) hours before construction is to begin. Thereafter, the developer shall notify the District of every day during which construction will be in progress in order for the District's inspector to be on the job site during construction.

(c) **Inspections.** All water and sewer system improvement projects shall be subject to inspection during construction and upon completion of the construction by an authorized representative of the District. Inspection may consist of full-time resident inspection or part-time inspection at the sole discretion of the District. The presence or absence of an inspector during construction does not relieve the developer from adherence to approved plans and specifications. Materials and workmanship found not meeting the requirements of approved plans and specifications shall be immediately brought into conformity with said plans and specifications at the developer's expense.

(d) **Final Inspection.** An authorized representative of the District shall make a final inspection of the water and sewer system improvements for the development after completion to determine acceptability of the work. Before this final inspection can be made, the owner,

developer or engineer responsible for the project shall notify the District's Manager in writing that the work has been completed in accordance with approved plans and specifications.

(e) Final Acceptance. When the water and sewer system improvements pass the District's final inspection, the District will accept ownership of the completed improvements. The developer shall be responsible for seeing that the person paying the cost of constructing such improvements shall furnish "as-built" drawings to the District at the end of each phase of water and sewer system construction and prior to final acceptance of water and sewer system improvements by the District. The date of final acceptance shall be that date on which the developer has fulfilled all conditions necessary for final acceptance, including passing a final inspection, submitting "as-built" drawings, payment of all fees due, and the placing of all water and sewer system improvements into service by the District. The District will notify the developer in writing of the date of its acceptance of the completed facilities.

(f) "As-Built" Plans. The developer shall provide the District "as-built" plans, by a registered engineer,<sup>5</sup> which shall be drawn at a scale of one inch equals 50 feet and which shall indicate the location and size of all water and sewer system improvements installed for the development. The location of all water and sewer system improvements must be referenced off of two (2) permanent points such as power poles, right-of-way markers, concrete monuments, iron pins at property corners, drainage culverts, and building corners. The water and sewer system improvements shall also be shown in relationship to the edge of all paved surfaces and all other utilities located with 15 feet of either side of the improvements. All utility easements shall be shown in relationship to the improvements. In the event the actual construction differs from the recorded plat of the development, the developer will prepare and record in the Register's Office of San Diego County a revised plat showing the actual construction with the design features stated above clearly shown. The District may delay water and sewer service until this requirement has been met.

(g) Warranty. The developer shall guarantee all work on the water and sewer system improvements it installs for a period of one (1) year from the date of final acceptance and shall immediately correct any deficiencies in the work due to material or workmanship that occurs during the one-year period. The warranty shall be insured by a maintenance bond in the amount specified by the District secured by an irrevocable bank letter of credit or such similar collateral as is approved by the District. When a defect is discovered in any water or sewer system improvement under warranty by the developer, the cost of repairing the defect when performed by the District and the damages caused by the defect will be billed to the developer.

(h) Conveyance of Water and Sewer System Improvements. Upon completion of the construction of the water and sewer improvements, upon final approval by the District, and upon the water and sewer system improvements being placed into service, the water and sewer system improvements shall immediately become the property of the District regardless of whether or not a formal written conveyance has been made. The developer and any other persons paying the cost of constructing such improvements shall execute all written instruments requested by the District necessary to provide evidence of the District's title to such improvements, including obtaining any lien releases from the material suppliers and subcontractors of the developer

and/or its contractor. The water and sewer system improvements shall become the property of the District free and clear of the claims of any persons, firms, or corporations

6. Assessments and Collection of Fees and Charges:

(a) Administrative Fee. The developer shall pay the District an administrative fee to cover the administrative, inspection, engineering, legal and other expenses incurred by the District related to making water and sewer service available to the development. The administrative fee shall be paid on or before the execution of the Water Service Agreement and Sewer Service Agreement. For developments which request water and sewer service for more than 25 EDUs, the application fee paid under Section 2(c) shall be credited against the administrative fee.

(b) Water Capacity Fee (Developer Impact Fees for Water Infrastructure). System Development Charges for Water Infrastructure shall be paid for every new connection to the District's water system and also by customers who change their meter size to a larger meter, which shall be considered a new connection. System development charges are one-time charges assessed for new water customers to recover a proportional share of the capital costs already incurred to provide service capacity to the new utility customers. These charges shall be imposed to fund water system improvement costs reasonably related to new development. The system development charges shall be paid on or before the execution of the Water Service Agreement.

(c) Water Credit Requirement(Developer Impacts Fees for Water Supply). Because all water supply available for development is finite, the Source Water Charge effectively transfers one water credit of existing water use in exchange for the proposed new water use.

(d) County-Approved Groundwater Mitigation Water Credit. For any newly subdivided land, the developer must provide evidence that they have obtained credit for groundwater mitigation approved by San Diego County for the number of EDUs requesting connections to the District's water system.

(e) Sewer Capacity Fee (Developer Impact Fees for Sewer and Wastewater Treatment Infrastructure). A System Development Charge for Sewer Connections shall be paid on all new connections to the District's sewer system. System development charges are one-time charges assessed for new sewer customers to recover a proportional share of the capital costs incurred to provide service capacity to the new utility customers. These charges shall be imposed to fund sewer system improvement costs reasonably related to new development. The system development charges shall be paid on or before the execution of the Sewer Service Agreement.

(f) Connection Fees. A connection fee is based on the "actual cost" of the materials required for a new meter service. The connection fee shall be paid prior to the time actual water and sewer service is established to each new connection. Residential connections using 3/4" or 1" meters shall pay a standard fee that includes allocated, per connection, direct labor costs,

materials, supplies, and equipment expenses and an allowance for indirect costs. All other connections using larger size meters will pay a custom connection fee based on the direct and indirect costs and expenses particular to that connection.

(g) No refunds. The developer shall have no right to recover any fees or charges paid to the District or any right to recover any part of the costs and expenses incurred in installing water system improvements or sewer system improvements for the development.

(h) Schedule of Fees and Charges. A current published schedule of fees and charges, as amended from time-to-time by the District, shall be used to determine the fee amounts assessed for each development.

#### 7. Approval of Final Plat

The District will not sign a "Final Plat" of the development for submission to the appropriate Planning Commission until the water and sewer system improvements for the development have been constructed, inspected and accepted for use by the District or until a performance bond secured by an irrevocable bank letter of credit issued by a bank with offices in San Diego County, California, or secured by other security specifically approved by the Board of Directors has been posted equal to the estimated cost of all necessary improvements and in favor of the District, the Water and Sewer Service Contract has been fully executed, and all applicable fees have been paid. If the development is not a subdivision, the applicable fees must be paid at the time the contract for water and sewer service is signed.

#### 8. Easements

(a) A minimum exclusive easement twenty (20) feet in width must be conveyed to the District for water and sewer main construction and exclusive easements for other water and sewer system improvements must be conveyed to the District as required by the District. All water and sewer lines that are to become the property of the District are to be located off the public right-of-way and within these exclusive easements on private property. All exceptions are to be specifically approved by the Board of Directors or its delegatee. In all such cases where the Board of Directors or its delegatee approves water or sewer line construction within public rights-of-way, the developer shall obtain consent from the political entity having authority over such rights-of-way for such construction.

(b) The expenses of obtaining, preparing and recording easements needed for water and sewer system improvements for the development will be paid by the developer, including, but without limitation, the consideration paid to the landowner. In the event the District must exercise its power of eminent domain to acquire any such easement, the developer will pay all costs, expenses, appraisal fees, expert fees and damage awards for which the District becomes liable, on demand, including its attorney's fees.

(c) The easement grant must be on such terms and in such form and content as approved by the District.

(d) The developer is responsible for acquiring all such easements for both on-site and off-site water and sewer system improvement construction prior to the commencement of water and sewer system improvement construction.

9. Real Property Acquisition

In the event real property must be acquired for the installation of a water storage tank, a sewer treatment system, a pumping station or other water or sewer system improvement for the development, the expenses of obtaining, preparing and recording the real property will be paid by the developer, including, but without limitation, the consideration paid to the land owner. In the event the District must exercise its power of eminent domain to acquire any such real property, the developer will pay all costs, expenses, appraisal fees, expert fees and damage awards for which the District becomes liable, on demand, including its attorney's fees.

10. Meters

(a) The developer shall pay for all water meters in the development, and the District shall install all residential water meters. The developer or lot owner at their expense shall install commercial water meters, defined herein as any meter greater than  $\frac{3}{4}$  inches.

(b) Each family residence or each duplex or other property shall be served with a separate water meter not smaller than  $\frac{3}{4}$  inch in size, except where prior arrangements have been made with the District for apartment complexes, other types of multi-family dwellings, or businesses. In the event an existing water meter serves an apartment complex and/or other business property with units owned and/or occupied by more than one individual, firm, or corporation, the same shall be separated so as to have a meter for each ownership or occupant.

11. Permits

Before beginning construction, the developer or its contractor shall obtain all necessary permits as required by law. Such permits include, but are not limited to, those from State of California and county highway departments and any city in which the development is located.

12. Monthly Charges where Taps have been Installed

(a) After the date of the acceptance of the water and sewer system improvements for a development or for a phase or section of a development, the developer will immediately begin paying the District's monthly dry tap charge for water and/or sewer service or the District's monthly minimum bill for water and/or sewer service set forth in the District's Schedule for Rates and Charges for each EDU for all lots in the development or phase or section of the development until the lot has been sold and the new lot owner begins purchasing water and/or sewer service from the District or begins paying a monthly minimum bill for water and/or sewer service. This monthly dry tap charge or minimum bill shall be paid until more than 50% of the

EDUs in the development or phase or section of the development begin purchasing water and/or sewer service from the District or begin paying a monthly minimum bill for water and/or sewer service.

(b) The developer shall include in the restrictive covenants adopted for the development the obligation to pay the District's monthly dry tap charge or minimum bill for water and/or sewer service as set forth in this section and to create a lien in favor of the District against any individual lot or lots for default in the payment of such charges. The developer agrees to include in the restrictive covenants of the development a provision that allows the District to enforce the lien created by the nonpayment of the dry tap charges or minimum bills. The District shall have the opportunity to review the restrictive covenants and approve the language used in the restrictive covenants for the development before they are submitted to the appropriate Planning Commission, if applicable, for approval and before they are filed with the Franklin or Marion County Register of Deeds.

13. Resolution of Disputes

Any controversy or claim arising out of or relating to this Policy or the Water And Sewer Service Contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. All water and sewer service contracts shall contain an arbitration clause which requires that any controversy or claim arising out of or relating to the Water And Sewer Service Contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules.

# PROPOSED CHANGES TO THE "NEW DEVELOPMENT" POLICY

*October 18, 2012*

## Existing "New Water and Sewer Charges" in BWD Service Areas

Presently there are approximately 2,100 undeveloped lots that could be served with water service from existing infrastructure. Presently, certain areas of the District have been charged different amounts due to historical agreements as follows:

ID-1 (Rams Hill): The capacity fee has been paid and service laterals installed for new meters on the existing lots. Currently we charge \$640 for a 3/4" and \$735 for a 1" meter service. This covers a \$340 "turn-on" fee, the meter, meter box, customer shut off valve and the labor to install the new meter. One customer was granted a 2" residential meter by the Board in 1999 all other residential meters are either 3/4" or 1". New sewer connections are charged \$200 plus a \$50/EDU inspection fee. Monthly sewer fees are \$26.75.

ID-2: The Town Center Sewer serves the downtown area along Palm Canyon Drive from Palm Canyon Resort to the Elementary School. Also included is the La Casa del Zorro (aka Borrego Ranch) Resort. There are 1000 EDU's assigned to this system of which 316 are being used (user) and 773 are being held for future use (holder). The District has 226 EDU's available for sale at a price set by the Board of \$3,040. Holders may sell their EDU's at negotiated prices with willing buyers. The District occasionally surveys the holders to see if EDU's are available for private sales. "Holder" monthly fees \$19.42 and once they become also a "user", the fee increases by \$10. New connections are charged a \$712.80/EDU capacity fee and a \$50/EDU inspection fee. All sewer connections are performed at customer's expense by a District approved contractor. These fees are set by contract but can be adjusted to operating costs by a vote by all holders of EDU's.

ID-3 and 4 (Deep Well Trail and old Borrego Springs Water Company service area): Water mains in these areas are normally located in the shoulder of the road, in the right-of-way, yet off of the pavement. The new meter charge in these areas depends on the location of the new service to the existing water main. New meters located on the same side of the street as the water main require a "short lateral" and those across the street a "long lateral". Certain areas of the District where the water main is located in the paved street classify as a "long lateral". The maintenance crew utilizes a boring device called a "Grundomat" to feed the new service lateral under the pavement on long laterals which is more labor intensive but does not require re-paving after an installation. The current fees are \$4,040 for a 3/4" short lateral, \$4,165 for a 1" short lateral, \$5,440 for a 3/4" long lateral and \$5,565 for a 1" long lateral. The breakdown of these fees are \$2,530 connection fee, \$340 turn-on fee, either \$500 for short lateral or \$1,900 for a long lateral and either \$70 for a 3/4" customer shut-off valve or \$95 for a 1" customer shut-off valve. Customer shut-off valves are an important feature and we also provide them to existing customers for the cost of the part, no labor charge. The customer shut-off saves us money, and possibly the customer, in the long run. When not installed, the customer is tempted to turn-off the District angle

meter stop (forbidden by the administration code) or contact the "duty operator" to turn off and turn back on after plumbing/irrigation repairs are complete. If the angle meter stop is compromised, the water main has to be excavated and the customer can be charged for the repairs. After hours duty operator "call outs" are costly to the District in overtime expense. Many water Districts found cost savings by installing the customer shut-off valve free of charge but we found it more prudent to only charge for the part and install the valve free of charge.

ID-5: This area is the old Borrego Springs Park Community Services District area of Club Circle and the Borrego Springs Resort. As part of the consolidation agreement, we are required to charge \$3,500 each, for new service (water and sewer combined). One half of this money is returned to the developer, Cameron Brothers Construction Co. as per the agreement. The service laterals on Foresome Drive were installed with poly vinyl pipe which have proven to be substandard in our desert conditions. New service requires the removal of this pipe and replaced with copper service laterals which are charged on a "time and material" basis. All sewer connections are performed at customer's expense by a District approved contractor. Only one connection has been made since the consolidation of the two districts.

The monthly rates are listed as follows:

ID-1; \$26.75/mo. plus portion of \$66/parcel availability fee collected through the annual property taxes  
Connection fee of \$200 plus \$50/EDU inspection fee

ID-2; \$19.42 (holder) plus \$10 (user) totaling \$29.42/mo.  
Connection fee is \$712.80 per EDU plus \$50/EDU inspection fee

ID-5; \$49.92/mo.  
Connection/capacity fee collected is \$3500, 1/2 is directed to the developer, Cameron Bros. Construction Co. and 1/2 to BWD per EDU. Meter installation is charged on "time and materials" only.

Both ID-2 and ID-5 require lifting the effluent from the newly built Lift Station (capital improvement of \$680K in 2011) on Borrego Valley Rd to the RMWWTP.

All of these sewer charges were developed based on developer "buy-in" or other such arrangement. For this reason, existing platted lots will continue with the above fee structure. The total number of existing platted lots involved should not require any further improvements to the existing infrastructure; however, this can be reviewed in subsequent years if needed. Any new development will be required to pay the new calculated sewer capacity fee of \$8,000 per EDU plus any additional new infrastructure required specifically for the new development which will be determined by the District Engineer.

A study is also eventually needed to evaluate at what point the RHHWTP can generate reclaimed water supply and where the reclaimed water could be utilized if the Rams Hill Golf course is not in operation.

Historically, we have utilized the following calculations for EDU breakdowns.

Single Family Residence (SFR) =	1.0 EDU
Guest House with SFR=	0.5 EDU
Mobile Home (in a park) =	0.5 EDU
Recreational Vehicle (in a park) =	0.25 EDU

These ratios were based on overall housing footprint (property size, human capacity, etc). A mobile (manufactured or modular) installed on a lot designed for a single family residence is considered a single family residence due to the lot size and potential of developing extensive landscaping. Units installed in a designated mobile home park are situated on small lots where the landscaping potential is significantly less.

New commercial projects will need to be reviewed in a case-by-case basis. There are too many factors to apply a general fee schedule to these types of installation. Historically, an engineering deposit is required to recoup District funds expended. The amount of deposit will vary depending on the scope of the project but a minimum fee of \$2,500 would be appropriate.

**Water Credit Policy**

The Water Credit Policy was first established as a 3:1 groundwater mitigation in 2005. In 2007 the 3:1 was reduced to a 2:1 with the premise that one would satisfy the County of San Diego requirements and one for the Borrego Water District. As we move closer to combining the two programs (County and District) the concept of reducing the program once again to a 1:1 would simplify the confusion between the programs. Recent Board presentations reveal customer concerns for the 2:1 water credit ratio. The County of San Diego has assured the District that the proposed amendment to the County Groundwater Ordinance and associated MOU (memorandum of understanding) will be returned to the District shortly.

**The Proposed Structure for New Development**

**Proposed New Water and Sewer Connection Fees for New Subdivisions:**

The proposed "capacity fee" has been calculated by dividing the total water system asset \$11,041,479.26 (as of June 30, 2012), minus \$2,775,000 (existing infrastructure debt from the ID4 2008 Certificates of Participation) by the total existing water meters utilizing the American Water Works Association (AWWA) meter sizing factors (see Attachment A). This equates to \$1,841.17 but for simplicity, it would be appropriate to round that number to \$1,850/EDU.

Applying the same metering factor to new installations would result as follows:

3/4" meter	x 1.5 meter factor	= \$2,775
1" meter	x 2.5 meter factor	= \$4,625
1-1/2" meter	x 3.3 meter factor	= \$6,105
2" meter	x 5 meter factor	= \$9,250
3" meter	x 15 meter factor	= \$27,750
4" meter	x 32 meter factor	= \$59,200
6" meter	x 85 meter factor	= \$157,250

Using the same formula as water, dividing sewer assets (\$5,505,105.59) by existing EDU's (689) equates to \$7,989.99 or for our purposes, \$8,000/EDU. Any proposed development will have to complete an analysis of increased flow to the Ram Hill Wastewater Treatment Plant (RHHWTP) except the remaining undeveloped lots in the Rams Hill community who built the facility. Town Center Sewer EDU "holders" have also been worked into the RHHWTP expansion calculations through the costs outlined in the Town Center Sewer Agreement. Sewer customers in ID-5 are required to pay \$3,500 (combined water and

sewer) 1/2 of this amount is for reimbursement to the Cameron Bros. Construction Co. per prior agreement. Unplatted lots (not a County approved buildable lot) in ID-5 will have to go through the permit process and associated engineering study for RMWWTP capacity issues.

Due to the number of historical agreements in the various service areas, it is proposed that new connections for existing platted lots in ID-1 be exempted from the new capacity fee. Existing lots in ID-1 have already been assessed capacity fees and the infrastructure for the new meter installations are in place. Existing lots in ID-5 will be required to pay the historical capacity fee of \$3,500(water and sewer combined) of which 1/2 will be paid to the Cameron Bros. as per the consolidation agreement. The existing infrastructure for the new meter installations that was installed by the developer does not meet the requirements of the District and therefore the will be charged the "actual installment costs" and in ID-3 and ID-4.

**Subdivisions:**

"Will Serve" Letter - first step in County permitting process	\$50/Letter
"Will Serve" Conditions Letter - outlining system requirements	\$2,500 engineering deposit
Engineering Plan Review	\$5,000 engineering deposit
Final Map:	Water Credit & Capacity Fees
One water credit per EDU	
Capacity fee of \$1,850/EDU plus metering factor	

**Commercial:**

Case-by-case basis on fixture unit count and approved landscaping plan

**Water Credits:**

The reduction from a 2:1 to a 1:1 will be more palatable for encouraging new development for the community. The 1:1 groundwater mitigation will achieve the County's goal of "no net gain" on the overdraft. This new ratio is being proposed in order to redirect funds presently spent for new development on a second water credit to an increase of the capacity fee. This increase will enable the District to address the more immediate infrastructure and water quality costs associated with the continued decline of the aquifer without requiring that existing ratepayers subsidize new development in the Valley. The Committee will further propose that the Board consider that existing water credit holders be given the option to either utilize their second water credit to satisfy the capacity fee increase or to pay the new capacity fee and 1 water credit for new connections to the District's infrastructure.

## Proposed New Water and Sewer Installation Charges

### New Water and Sewer Service on Existing Platted Lot in ID-1:

(Note: Sewer Fees not applicable to lots in the "Estates" Community where lots are on septic systems)

- One Water Credit
- Capacity fee and lateral installation paid by developer
- Sewer Connection Fee \$200
- Sewer Inspection Fee \$50
- All sewer connections are performed at customer's expense by District approved contractor
- Connection Fee (actual installation costs from Attachment B)
  - 3/4" meter = \$205
  - 1" meter = \$340
- \$340 Administrative Fee

**Total 3/4" Charge = \$765.00**

**Total 1" Charge= \$930.00**

*Larger meters will be reviewed on a case-by-case basis*

### New Sewer Service for "holders" of Town Center Sewer EDU's in ID-2:

- New service must be holder in good standing of ID-2 EDU's (contact District office for Town Center Sewer EDU information)
- Capacity Fee of \$712.80 per EDU
- Inspection Fee of \$50/EDU
- All sewer connections are performed at customer's expense by District approved contractor

**Total Fees due District \$762.80/EDU**

### New Water Service on Existing Platted Lot in ID 3 or ID-4:

- One Water Credit
- Capacity fee (\$1,850) with metering factor:
  - 3/4" meter x 1.5 meter factor = \$2,775
  - 1" meter x 2.5 meter factor = \$4,625
- Connection Fee (actual installation costs from Attachment B)
  - Short lateral charge (parcel located on same side of street as the water main)
    - 3/4" meter service = \$2,401.05 or 1" meter service = \$2,495.10
  - Long lateral charge (parcel located on opposite side of street from water main)
    - 3/4" meter service = \$3,760.82 or 1" meter service = \$3,854.87
- Administrative Fee of \$340

**Total 3/4" charge with short lateral: 2,775 + 2,401.05 + 340 = \$5,516.05**

**Total 3/4" charge with long lateral: 2,775 + 3,760.82 + 340 = \$6,875.82**

**Total 1" charge with short lateral: 4,625 + 2,495.10 + 340 = \$7,460.10**

**Total 1" charge with long lateral: 4,625 + 3,854.87 + 340 = \$8,819.87**

*Larger meters will be reviewed on a case-by-case basis*

<b>New Development Calculation Sheet</b>										
<b>Assets and Customer Totals ( as of June 2012)</b>										
			\$ 5,505,105.59	sewer assets						
			\$ 10,889,780.24	water assets						
			\$ 151,699.02	pipelines, wells and tanks						
			\$ 11,041,479.26	water total assets						
			\$ 2,775,000	ID-4 Certificate of Participation (debt)						
			2124	water meters			751	indirect*		
			689	sewer accounts						
			\$ 7,989.99	Sewer Asset \$/sewer accounts						
* Indirect includes residential meters in mobile home parks, apts, etc.										
<b>Water Asset \$/Meter Count</b>										
			\$ 3,891.94	By customer totals						
			\$ 2,875.30	By customer totals and indirect customers						
			\$ 1,841.17	<b>By EDU Count (AWWA meter factors)</b>						
<b>METER COUNT BY SIZE AND CUSTOMER CLASS</b>										
Meter Size	MU	PA	IR	CM	R	GC	Total	Mtr Factor	EDU's	
5/8				2	1		3	1	3	
3/4	4	10	3	63	1419		1499	1.5	2248.5	
1	2	12	12	29	444		499	2.5	1247.5	
1-1/2	16	5	36	9	10		76	3.3	250.8	
2	1	6	9	7	8		31	5	155	
3		1		2			3	15	45	
4	2	1		2	1		6	32	192	
6	3			3			6	58	348	
8										
10						1				
<b>Total</b>	<b>28</b>	<b>35</b>	<b>60</b>	<b>117</b>	<b>1883</b>	<b>1</b>	<b>2124</b>		<b>4489.8</b>	
<b>CUSTOMER CLASS CODES</b>										
	MU - Multiple units (apartment complex, duplex, mobile home park)									
	PA - Public Agency (government building, school, church, park)									
	IR - Irrigation (homeowners associations, common areas)									
	CM - Commercial (businesses, hotels, RV Parks)									
	R- Residential									
	GC- Golf Course									

NEW METER INSTALLATION SIZE AND COST SHEET 1 Revised 10/09/12							
<b>1.)SADDLE</b>				<b>2.)BALL CORP</b>			
PART #	SIZE	PRICE	DESCRIPTION	PART #	SIZE	PRICE	DESCRIPTION
1312	1"x4"	\$ 85.00	202b d/s saddle				
1315	1"x6"	\$ 102.00	101b s/s saddle	1435	1"	\$ 92.00	mip/mip corp stop
	1"x8"	\$ 126.00	202b d/s saddle				
1320	1"x10"	\$ 130.00	202b d/s saddle				
1323	1 1/2"x4"	\$ 100.00	202bd/s saddle	1405	1 1/2"	\$ 170.00	mip/cts/corp stop
1324	1 1/2"x6"	\$ 115.00	202b d/s saddle				
	1 1/2"x8"	\$ 132.00	202b d/s saddle				
	1 1/2"x10"	\$ 170.00	202b d/s saddle				
1311	2"x4"	\$ 109.00	202b d/s saddle	1412	2"	\$ 237.00	fip/fip ; pp#6101w-2
1313	2"x6"	\$ 127.00	202b d/s saddle	1406	2"	\$ 216.00	mip/mip comp
1314	2"x8"	\$ 143.00	202b d/s saddle				
1325	2"x10"	\$ 182.00	202b d/s saddle				
<b>3.)COPPER PIPE</b>				<b>4.)METER STOP</b>			
PART #	SIZE	PRICE	DESCRIPTION	PART #	SIZE	PRICE	DESCRIPTION
	3/4"	\$4.30 LF	hard (copper pipe)	1402	3/4"x1"	\$ 89.00	cts/comp/ams
	3/4"	\$4.91 LF	soft (copper pipe)	1434	3/4"x1"	\$ 81.00	pp#b13-342
				1418	3/4"	\$ 61.00	fip/fip/sms
	1"	\$6.35 LF	hard				
	1"	\$6.46 LF	soft	1401	1"	\$ 110.00	cts comp ams
				1419	1"	\$ 91.00	fip/fip/sms
	1.5'	\$10.07LF	hard				
	1.5"	\$10.77LF	soft				
				1420	1 1/2"	\$ 255.00	cts comp ams
	2"	\$15.62LF	hard		1 1/2"	\$ 255.00	fip/fip/sms
	2"	\$17.24LF	soft				
					2"	\$ 325.00	cts comp ams
					2"	\$ 261.00	fip/sms
<b>NEW METER INSTALLATION SIZE AND COST SHEET 2</b>							
<b>5.)METER</b>				<b>6.)CUST SHUT-OFF</b>			
PART #	SIZE	PRICE	DESCRIPTION	PART #	SIZE	PRICE	DESCRIPTION
1500	3/4"	\$ 101.00	water meter	1431	3/4"	\$ 65.00	fip/fip ball valve lockable handle
1501	1"	\$ 177.00	water meter	1432	1"	\$ 96.00	fip/mnut ball valve lockable handle
1502	1 1/2"	\$ 646.00	water meter	1433	1"	\$ 86.00	fip/fip ball valve lockable handle
1503	2"	\$ 1,063.00	water meter		1"	\$ 400.00	backflow/parts
					1"	\$ 250.00	backflow/labor
1414	1 1/2"	\$ 84.00	(2)mtr flange/\$42ea.				
1417	1 1/2"	\$ 8.00	(2) gasket\$4ea.		1 1/2"	\$ 682.00	backflow/parts
1415	2"	\$ 108.00	(2)mtr flange/\$54ea.		1 1/2"	\$ 250.00	backflow/labor
1421	2"	\$ 8.00	(2) gasket\$4ea.				
707	4"	\$ 5.40	4" bolt kit		2"	\$ 940.00	backflow/parts
1408	3/4"	\$ 14.00	meter tailpiece		2"	\$ 250.00	backflow/labor
1424	1"	\$ 18.00	meter tailpiece				
1508	large	\$ 32.00	meter box lid				
1507	large	\$ 69.00	meter box				
Labor = \$40.00 per hour							
<b>Typical Short Lateral (3/4"):</b>				<b>Typical Long Lateral (3/4"):</b>			
Parts:	\$ 736.20			Parts:	\$ 994.60		
Tax:	\$ 64.42			Tax:	\$ 87.03		
S&H:	\$ 110.43			S&H:	\$ 149.19		
Labor:	\$ 640.00	(16 Man/Hr@\$40.00hr)		Labor:	\$ 1,280.00	(32 Man/Hr@\$40.00hr)	
Equipment:	\$ 500.00			Equipment:	\$ 900.00		
County Permit:	\$350.00			County Permit:	\$350.00		
<b>Total:</b>	<b>\$ 2,401.05</b>			<b>Total:</b>	<b>\$ 3,760.82</b>		
<b>Typical Short Lateral (1"):</b>				<b>Typical Long Lateral (1"):</b>			
Parts:	\$ 812.20			Parts:	\$ 1,070.60		
Tax:	\$ 71.07			Tax:	\$ 93.68		
S&H:	\$ 121.83			S&H:	\$ 160.59		
Labor:	\$ 640.00	(16 Man/Hr@\$40.00hr)		Labor:	\$ 1,280.00	(32 Man/Hr@\$40.00hr)	
Equipment:	\$ 500.00			Equipment:	\$ 900.00		
County Permit:	\$350.00			County Permit:	\$350.00		
<b>Total:</b>	<b>\$ 2,495.10</b>			<b>Total:</b>	<b>\$ 3,854.87</b>		

10/12/12

Jerry Rolwing  
General Manager  
Borrego Water District  
806 Palm Canyon Drive  
Borrego Springs, CA 92004

Mr. Rolwing:

I have reviewed the proposed new development fees and concur that the fees and the method of calculations are within current standards per the most recent American Water Works Association (AWWA) manual entitled "Principals of Water Rates, Fees, and Charges" (M1).

If you have any questions please contact me.

Regards,



David Dale, PE, PLS  
Contract Engineer

## Comments on changes to New Development Policy.

Dear Beth, Lyle & Jerry:

I object in the strongest of terms to altering the Borrego water mitigation policy to 1:1.

Enlightened developers like Bill Berkley, Rudy Monica, Doug Harwood, Gary & Brent Dix, and Lance Lundberg know that long-term viability is essential to current revival of the real estate situation. It is short-term thinking and poor reasoning to return to 1:1. Borrego Springs needs a water mitigation ratio where new development improves the aquifer outlook not maintains the status quo.

Also, a decision to enact 1:1 places the district into severe legal jeopardy. Every holder of a water credit invested in following under the rationale that a home owner would need 2, not 1 water credit to offset their water use according to the 2:1 Borrego Mitigation Policy.

In short, if the BWD resets the mitigation policy to 1:1, it is catering to the worst kind of short-term thinking that leads to exacerbating and not relieving the overdraft. Further, it places the District into justifiable financial exposure to those parties owning credits now devalued by half.

Please be sure and read this email into the record. My schedule does not allow me to come to the Wednesday meeting.

Please confirm that you are in receipt of this email.

Thank you kindly.

--  
Kindest Regards,

Lane Sharman 858-755-2868  
Founder, Borrego Water Exchange

To the Board of Directors of the Borrego Water District and All:

With all due deference to the incredible and deeply appreciated efforts of this board to date to save the Borrego Water District and our precious aquifer, I would like to concur with Lane in opposition to reducing the district's water mitigation policy to 1:1.

I enthusiastically supported the policy when it was changed to 3:1. I was dismayed when the policy was changed to 2:1. From my perspective, further reduction in the policy ratio sends a negative message of commitment to reducing the overdraft. As a compromise, I suggest leaving the policy at 2:1. Wish I could be with you. I regret that I cannot attend our next meeting. I will be in El Cajon on jury duty.

Sincerely,

Dick Walker