

AGENDA
Borrego Water District Board of Directors
Special Meeting
April 16, 2013 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. Presentation regarding adjudication by Ray Shindler
- B. Discussion of proposed budget for FY 2014
- C. Discussion of potential agenda items for April 24th board meeting

III. CLOSING PROCEDURE, Adjournment

The next Regular Meeting of the Board of Directors is scheduled for April 24, 2013 at the Borrego Water District.

BORREGO WATER DISTRICT

FISCAL YEAR 2013-2014

PROPOSED

ANNUAL BUDGET

APRIL 16, 2013

SUBMITTED BY:

**JERRY ROLWING
GENERAL MANAGER**

TO:

BOARD OF DIRECTORS

**BETH HART
PRESIDENT**

**LYLE BRECHT
VICE-PRESIDENT**

**MARSHAL BRECHT
SECRETARY/TREASURER**

**LEE ESTEP
DIRECTOR**

**RAYMOND DELAHAY
DIRECTOR**

FISCAL YEAR 2013-2014
PROPOSED
ANNUAL BUDGET
APRIL 16, 2013

TABLE OF CONTENTS

COVER PAGE.....1

TABLE OF CONTENTS.....2

SUBMITTAL LETTER.....3

BUDGET RESOLUTION4

BUDGET CASH FLOW FY 20136

CONDENSED BUDGET FY 20139

CAPITAL IMPROVEMENTS PLAN.....10

CASH RESERVES POLICY16

FIVE YEAR NET INCOME AND WORKING CAPITAL PROJECTION18

PROPOSED RATES SCHEDULE.....25

April 16, 2013

Board of Directors:

This Fiscal Year 2013-2014 **proposed** budget was prepared in compliance with the laws of the State of California and reflects the Board of Directors' (Board) priorities and the District's strategic plans by which to achieve these priorities.

The **proposed** budget represents a "bare-bones" budget to accomplish the District's mission and goals during these tough economic times. The Board's goals and priorities are fully reflected in this budget and it will be used as policy guidelines to address the dynamics of the District's water supply from the severely overdrafted groundwater basin and the economic challenges of the District's present finances.

The **proposed** budget shows water and sewer revenues estimated to be \$2,816,590. A **proposed** rate increase of 10%/20% will potentially bring this total up, accordingly, to \$3,074,235/\$3,331,879. A rate increase is needed to replenish the District reserve fund in order to adequately address any future repairs and restore the District's credit worthiness.

Included in this budget package are the proposed Board Resolution to adopt and approve the budget, the detailed revenue, expense and capital improvements budget with associated justification from the District's consulting engineer, a brief outline of the proposed groundwater management program, the cash reserve policy and the detailed charts of the proposed rate increase.

Thank you for your consideration.

Sincerely,

Jerry Rolwing
General Manager

RESOLUTION NO. 2013-05-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT APPROVING THE OPERATIONS, MAINTENANCE, CAPITAL IMPROVEMENTS AND GROUNDWATER MANAGEMENT BUDGETS AND BOARD DESIGNATED RESERVES FUND POLICY FOR FISCAL YEAR 2013-2014

WHEREAS, the Board of Directors has reviewed and considered the Budget as presented for Fiscal Year 2013-2014 hereinafter referred to as the "Budget" which is attached hereto as Exhibit A and incorporated by reference, and

WHEREAS, the Budget provides a comprehensive plan of financial operations for the District including an estimate of revenues and the anticipated requirements for expenditures, appropriations, and reserves for the forthcoming fiscal year, and

WHEREAS, the Budget establishes the basis for incurring liability and making expenditures on behalf of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Borrego Water District, that the Budget and each and every part thereof, is hereby approved and adopted for the Fiscal Year 2013-2014.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Borrego Water District held on May 22, 2013.

Beth A. Hart
President of the Board of Directors
Of Borrego Water District

ATTEST:

Marshal J. Brecht
Secretary/Treasurer of the Board of Directors
Of Borrego Water District

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

2ND DRAFT
APRIL 16, 2013

	C	E	AB	AF	AK	AL	AM
4	BWD BUDGET CASH FLOW						
5	2013-2014	ADOPTED	ADOPTED	YTD + PROJ MONTHS>>	PROPOSED		
6		BUDGET	BUDGET	PROJECTED	BUDGET	10%	20%
7		2011-2012	2012-2013	2012-2013	2013-2014	Increase	Increase
8	REVENUE						
9	WATER REVENUE						
10	Residential Water Sales (Assume no water use on Montesorro GC)	424,312	797,310	721,789	721,798	72,180	144,360
11	Commercial Water Sales	98,000	112,548	101,615	100,354	10,035	20,071
12	Irrigation Water Sales	99,000	134,297	128,653	127,750	12,775	25,550
13	GWM Surcharge	94,000	103,204	91,043	90,096	9,010	18,019
14	Water Sales Power Portion	277,000	331,621	299,635	295,533	29,553	59,107
15	Readiness Water Charge	635,000	986,046	947,777	941,263	94,126	188,253
16	Readiness Water Charge - Liened properties		0	32,211	35,652	3,565	7,130
17	Meter Installation	40,000	0	-	0	0	0
18	Water hook-up charge	0	0	-	0	0	0
19	Reconnect Fees	6,500	11,000	9,860	6,800	0	0
20	Backflow Testing/installation	3,300	5,000	4,550	4,575	0	0
21	Bulk Water Sales	1,200	3,570	7,017	6,235	0	0
22	Penalty & Interest Water Collection	24,000	32,252	13,223	12,197	0	0
23	TOTAL WATER REVENUE:	1,702,312	2,516,848	2,357,373	2,342,254	231,245	462,489
24				2,357,373			
25	PROPERTY ASSESSMENTS/AVAILABILITY CHARGES						
26	641500 1% Property Assessments	69,080	68,174	63,179	63,179		
27	641502 Property Assess wtr/swr/flid (679 parcels \$66 ea(44,814))	45,000	24,985	26,248	26,821		
28	641502/641503 Prop Assess.(Allowance for bad debt (\$458,909))	0	0	-	0		
29	641501 Water avail Standby	82,673	78,918	89,628	89,641		
30	641504 ID 3 Water Standby (361 parcels \$37.70 parcel (13,609.7))	13,609	13,609	-	0		
31	641504 ID 3 Water Standby-(La Casa-2 parcels= \$20,150)	20,150	19,495	45,711	45,821		
32	641503 Pest standby	17,953	14,183	16,994	17,025		
33	TOTAL PROPERTY ASSES/AVAIL CHARGES:	248,465	219,364	241,760	242,487		
34				241,760			
35	SEWER SERVICE CHARGES						
36	Town Center Sewer Holder's Fees	180,140	180,144	173,277	168,000		
37	Town Center Sewer User Fees			15,800	37,920		
38	Sewer user Fees	221,400	309,790	277,612	264,000	26,400	52,800
39	Sewer-liened		0	1,072	3,216		
40	Penalty Interest-Sewer	1,800	1,200	1,190	1,200		
41	Sewer Capacity Fees	12,138	0	-	0		
42	TOTAL SEWER SERVICE CHARGES:	415,478	491,134	468,951	474,336	26,400	52,800
43				468,951			
44	OTHER INCOME						
45	Rent Income-Antilles wireless	7,715	7,715	8,022	4,800		
46	Annexation Fees	0	0	-	0		
47	Fire Hydrant Installation	5,000	0	-	0		
48	Miscellaneous Income (net csd fee/JPIA rebate)	5,000	13,000	8,218	10,320		
49	Administrative Fee-Water Credits	5,000	1,000	-	0		
50	Gain on asset sold -Sale of Package Plant	1,500	0	36,000	0		
51	Sale of Clark Dry Lake Property/Communication tower			217,335	0		
52	Stag Grant	125,000	0	-	0		
53	Interest Income	1,550	200	153	187		
54	TOTAL OTHER INCOME:	150,765	21,915	269,729	15,307		
55				269,729			
56	TOTAL INCOME:	2,517,020	3,249,262	3,337,812	3,074,384	3,332,029	3,589,674
57				3,337,812			
58	CASH BASIS ADJUSTMENTS						
59	Decrease (Increase) in Accounts Receivable		0	6,759			
60	CC Golf Equipment receivable		2,268	2,269	2,270		
61	Other Cash Basis Adjustments-Coljen LMTD deposit			28,475	0		
62	TOTAL CASH BASIS ADJUSTMENTS:	0	2,268	37,503	2,270		
63							
64	TOTAL INCOME RECEIVED:	2,517,020	3,251,530	3,375,315	3,076,654	3,332,029	3,589,674

2ND DRAFT
APRIL 16, 2013

	C	E	AB	AF	AK	AL	AM
4	BWD BUDGET CASH FLOW						
5	2013-2014	ADOPTED	ADOPTED	YTD + PROJ MONTHS>>	PROPOSED		
6		BUDGET	BUDGET	PROJECTED	BUDGET	10%	20%
7		2011-2012	2012-2013	2012-2013	2013-2014	Increase	Increase
65	EXPENSES						
66							
67	MAINTENANCE EXPENSE						
68	R & M Buildings & Equipment	110,000	130,000	113,645	130,000		
69	R & M - WWTP	35,000	60,000	38,414	40,000		
70	Telemetry	20,000	15,000	8,975	10,000		
71	Trash Removal	7,500	3,600	3,725	3,655		
72	Vehicle Expense	17,000	12,000	20,947	18,000		
73	Fuel & Oil	38,000	35,000	32,882	33,000		
74	TOTAL MAINTENANCE EXPENSE:	227,500	255,600	218,588	234,655		
75				218,588			
76	PROFESSIONAL SERVICES EXPENSE						
77	Accounting (Tausig)	8,000	4,000	1,916	1,500		
78	Administrative Services (ADP/Bank Fees)	4,000	5,000	5,461	6,000		
79	Audit Fees	26,000	26,000	25,963	14,439		
80	Computer billing	12,000	9,000	9,973	9,000		
81	Consulting/Technical	25,000	1,500	166	200		
82	Engineering	25,000	10,000	5,433	25,200		
83	Legal Services	60,000	10,000	16,465	15,000		
84	Testing/lab work	25,000	28,000	21,446	18,000		
85	Regulatory Permit Fees	45,000	45,000	39,834	42,000		
86	TOTAL PROFESSIONAL SERVICES EXPENSE:	230,000	138,500	126,657	131,339		
87				126,657			
88	INSURANCE/INTEREST EXPENSE						
89	ACWA Insurance	102,774	72,000	71,198	73,650		
90	Workers Comp	20,000	19,200	19,005	18,800		
91	Interest-COP 2008/Well 12 Purchase Agreement	194,875	225,072	225,071	219,313		
92	TOTAL INSURANCE/INTEREST EXPENSE:	317,649	316,272	315,274	311,763		
93				315,274			
94	PERSONNEL EXPENSE						
95	Board Meeting Expense (board stipend/board secretary)	22,000	9,130	9,570	12,870		
96	Salaries & Wages (gross)	826,918	825,000	841,060	831,000		
97	Taxes on Payroll	32,930	19,251	19,960	19,645		
98	Medical Insurance Benefits	232,733	223,000	219,092	232,839		
99	Calpers Retirement Benefits	178,000	177,240	174,773	193,500		
100	Salaries & Wages contra account	(18,000)	(24,000)	(11,320)	(12,870)		
101	Conference/Conventions/Training/Seminars	10,500	7,500	9,275	7,500		
102	TOTAL PERSONNEL EXPENSE:	1,285,081	1,237,121	1,262,410	1,284,484		
103				1,262,410			
104	OFFICE EXPENSE						
105	Office Supplies	20,000	18,000	20,195	18,000		
106	Office Equipment/ Rental/Maintenance Agreements	32,500	26,000	28,959	25,400		
107	Postage & Freight	11,000	11,000	12,166	13,000		
108	Taxes on Property	2,291	2,300	2,150	2,150		
109	Telephone/Answering Service	10,700	8,500	8,004	8,400		
110	Bad Debt Collection	4,000	1,000	7,591	720		
111	Dues & Subscriptions	8,000	5,000	4,785	4,400		
112	Printing, Publications & Notices	5,000	1,500	2,440	747		
113	Uniforms	7,000	6,500	6,314	7,177		
114	Osha Requirements/Emergency preparedness	7,500	5,000	1,695	4,842		
115	TOTAL OFFICE EXPENSE:	107,991	84,800	94,299	84,838		
116				94,299			
117	UTILITIES EXPENSE						
118	Pumping-Electricity	320,000	330,000	317,518	310,393		
119	Office/Shop Utilities	15,000	16,000	16,638	16,875		
120	Cellular Phone	10,000	9,000	9,208	8,777		
121	TOTAL UTILITIES EXPENSE:	345,000	355,000	343,363	336,045		
122				343,363			
123	TOTAL EXPENSES:	2,513,221	2,387,292	2,360,590	2,383,123	2,383,123	2,383,123
124				2,360,590			
125	CASH BASIS ADJUSTMENTS						
126	Decrease (Increase) in Accounts Payable		0	(4,525)			
127	Increase (Decrease) in Inventory		0	21,432			
128	Other Cash Basis Adjustments-Mesquite trails deposit expense			543			
129	TOTAL CASH BASIS ADJUSTMENTS:		0	17,450			
130							
131	TOTAL EXPENSES PAID:	2,513,221	2,387,292	2,378,039	2,383,123	2,383,123	2,383,123

2ND DRAFT
APRIL 16, 2013

	C	E	AB	AF	AK	AL	AM
4	BWD BUDGET CASH FLOW						
5	2013-2014	ADOPTED	ADOPTED	YTD + PROJ MONTHS>>	PROPOSED		
6		BUDGET	BUDGET	PROJECTED	BUDGET	10%	20%
7		2011-2012	2012-2013	2012-2013	2013-2014	Increase	Increase
132							
133	NET CASH FLOW (O&M)	3,799	864,237	997,275	693,531	948,906	1,206,551
134	NON O & M EXPENSES						
135	USGS Basin study (\$98,055 balance)	131,500	131,035	121,169	7,700		
136	GWM Planning Costs - legal	14,000	25,000	14,682	30,000		
137	Integrated Regional Water Management Plan/Staff time	53,000	0	2,695	0		
138	STAG/LGA Grant/Staff time	40,000	0	923	0		
139	Viking Ranch Purchase	69,000	0	69,000	0		
140	Viking Ranch Purchase RESERVE		100,000	-	100,008		
141	GWM/ABD-IRWM Legal Expenses	10,000	0	2,287	0		
142	Contingency for possible well pump/motor failure	60,000	62,000	195,040	0		
143	Rams Hill #1 1980 steel needs inside coating, 1.25mg	150,000	200,000	104,590	0		
144	Twin Tanks, 1970's-inside coating (rescheduled into 2013-2014)	40,000	0	-	40,000		
145	Pickup	0	15,000	15,500	0		
146	ID4, Reducing Station design and installation	0	25,000	-	20,000		
147	Fairway Lane pipeline (excludes BWD labor)	0	60,000	60,000	0		
150	Concrete replacement-WWTP		10,000	10,000	10,000		
151	Rework drying bed material-WWTP		43,000	43,830	0		
152	Roof replacement for Lugo building/repairs		10,000	10,000	5,000		
153	Pipeline-Country Club Road Booster Sta #3 south to Slash M			-	154,000		
154	Fire Hydrant Replacements			-	12,000		
155	Rewind motors-ID 4-11/ID4-18/ID1-10			-	35,000		
156	ID 1-16 pump and casing cleaning			-	60,000		
157	WWTP-Shredder Cutters/Motor & Gear reducers/return pump			-	28,000		
158	WWTP-Video Collection Lines			-	10,000		
159	WWTP-Sewer Vacuum Trailer			-	25,000		
160	TOTAL NON O&M EXPENSES	596,581	681,035	649,715	536,708	536,708	536,708
161				649,715			
162	CASH RECAP						
163	Cash beginning of period	779,356	899,435	899,435	1,246,995	1,243,766	1,243,766
164	Net Cash Flow (O&M)	3,799	864,237	997,275	693,531	948,906	1,206,551
165	Total Non O&M Expenses	(596,581)	(681,035)	(649,715)	(536,708)	(536,708)	(536,708)
166	Transfer To/From Reserves	0		0			
167	CASH AT END OF PERIOD	186,574	1,082,637	1,246,995	1,403,818	1,655,964	1,913,609
168	CASH ALLOCATED FOR VIKING RANCH RESERVES				(204,000)	(204,000)	(204,000)
169	CASH AFTER ALLOCATION FOR RESERVES				1,199,818	1,451,964	1,709,609
170							
171							
172	RESERVES	TARGET	TARGET		TARGET		
173	Working Capital (3 months)	629,555	600,000		600,000		
174	Contingency (3%)	75,546	72,000		72,000		
175	Asset replacement	114,791	115,000		115,000		
176	Emergency	2,500,000	2,500,000		2,500,000		
177			100,000				
178	TOTAL RESERVES	3,319,892	3,387,000		3,287,000		

	B	C	D	E	F
4		BWD			
5		INCOME/EXPENSE			
6		PROPOSED BUDGET			
7		CONDENSED			
8		2013-2014			
9					
10					
11					
12					
13		TOTAL			
14		BUDGET	WATER	ID4-WATER	SEWER
15	REVENUE				
16					
17	Water Sales	2,252,157	900,863	1,351,294	
18	GWM Surcharge	90,097	36,039	54,058	
20	1% Property Assessments/641500	63,179	25,272	37,907	
21	Water Availability Standby-Admin-6415-01	179,308	71,723	89,654	17,931
22	Sewer Revenue	474,336			474,336
25	Interest Income	188	64	94	30
30	Other Income	17,389	5,912	8,695	2,782
31	TOTAL PROPOSED INCOME FY 2014:	3,076,654	1,039,874	1,541,702	495,079
33					
34					
35	EXPENSE				
36					
37	Repairs & Maintenance	234,655	79,311	117,585	37,759
38	Professional Services	131,339	44,391	65,814	21,134
39	Insurance	92,450	31,247	46,326	14,877
40	Personnel Expense	850,645	287,508	426,255	136,881
41	Employee Benefits	433,840	146,633	217,396	69,811
42	Office expense	84,838	28,674	42,512	13,652
43	Utilities	336,045	113,579	168,391	54,075
44	Debt expense-COP/Well 12/Viking	219,312	70,000	149,312	-
45	TOTAL PROPOSED EXPENSE FY 2014:	2,383,123	801,343	1,233,591	348,189
46					
47	NET INCOME (EXPENSE):	693,531	238,531	308,111	146,890
48					
49	TOTAL NON O & M EXPENSE:	536,708	\$ 181,401	\$ 268,943	\$ 86,364
50					
51	TOTAL NET CASH FLOW FY 2014:	156,823	57,129	39,168	60,526

M E M O R A N D U M

DATE: April 12, 2013
TO: Borrego Water District Board of Directors
FROM: Jerry Rolwing, General Manager and David Dale, Dynamic Consulting Engineers, Inc.
Re: Borrego Water District, 5-10 Year Capital Improvement Program (CIP) Justification

This memorandum is to provide detailed information and justification for the proposed CIP for the next ten years. Through a regular maintenance schedule, the infrastructure of the Borrego Water District is in overall good condition. The District is proactive in planning for replacement of known short lived assets and necessary capital improvement projects to increase the useful life and reliability of the system, and reduce the District's risk and overall maintenance costs. This is done through the dedication and experience of the system operators and staff. The District's consulting engineer participated in the preparation of this CIP and Short Lived Assets replacement program.

A CIP will provide many benefits to the District. The CIP will:

- Allow for a systematic evaluation of all potential projects at the same time.
- Provide the ability to stabilize debt and consolidate projects to reduce borrowing costs.
- Serve as a public relations and economic development tool.
- Preserve the District's infrastructure while ensuring the efficient use of public funds.
- Be a tool used for applications for Federal and State grant and loan programs.

Projects included in the CIP were prioritized based on many years of experience and firsthand knowledge of the system and its deficiencies. The anticipated costs for each project were developed based on trends in the market and historical costs to the District. Normal operating expenses (such as office equipment and minor repairs) are not included in the short lived assets program. The CIP includes projects with a value of \$1,000.00 or more.

Justification for the expected expenses in the CIP and Short Lived Assets are as follows:

Short Lived Assets

Wells

This data was compiled from historical repairs to the pumps over a 10 year period. The trends for repairs and replacements of motors and well casing have also been reviewed over the period. The wells are the essential component of the water production operation. When a well fails, the entire distribution system is disrupted. The goal is to properly maintain the equipment on a proactive basis and work for timely, cost effective repairs before failure. Based on historical trends, the numbers provided in the Short Lived Assets are realistic. Staff strives to keep the equipment adequately maintained; however some unexpected failures will undoubtedly arise.

Tanks

The California Department of Health Services requires the District to physically inspect the inside of the domestic water reservoirs every three years. This service is performed by a consultant that utilizes divers and provides a written report as well as a video. There is one steel reservoir that is equipped with cathodic protection that presently needs resurfacing. One of our five bolted steel (galvanized) tanks will need inside coating in this year. As internal inspections warrant, tanks will be coated in future years. We have two (one domestic and one irrigation) reservoirs that are fitted with a hyperlon bladder. These bladders need periodic replacements and the costs are based on previous installations. The remaining six reservoirs were constructed with galvanized metal which historically has proven to be compatible with the constituents in our local groundwater.

Booster Stations

This data was compiled from historical repairs and anticipated replacement costs.

Wastewater Plant

The costs associated with the wastewater operations are based on historical records and anticipated repairs by the wastewater treatment plant operator who has been with the District for 25 years. In order to maintain infrastructure integrity, a ten year program is included to re-build the concrete facilities that are showing sign of deterioration from the harsh desert climate over the past 25 years. We have also included a project to video the sewer collection mains in years three and five. There are no provisions for reclaiming water (tertiary treatment) in this plan since that is based solely on population expansion to justify the change in operation.

Equipment

These costs are based on normal wear and tear on District vehicles and equipment.

Capital Improvement Program (CIP)

Capital Improvement Projects include Wells, Booster Stations, Reservoirs and Associated Transmission Mains

These are expected major capital improvement items that are anticipated to be required in the next ten year period. These costs do not account for unanticipated population growth or decline.

Wastewater Plant

These costs are associated with the upgrading of existing infrastructure while following the provisions of the Regional Water Quality Control Board Order.

Pressure Reducing Stations

These are estimated expenditures based on past and future studies regarding the distribution system.

Pipelines

The distribution system requires continual upgrades to avoid pipeline breaks and associated damages from negligence. The list of future projects was compiled with staff and engineering assistance and represents the anticipated pipeline improvements to alleviate any future problems with high pressures currently experienced within the distribution system.

Other Infrastructure

Over time, fire hydrants fail and require replacement. Some of the older hydrants in the system are constructed with inferior material as compared to today's standards and a regular replacement program is needed.

Groundwater Management

Included in the budget are scheduled payments for the Viking Ranch fallowing project. The payment plan calls for a one-time \$150,000 payment in year four, followed by quarterly payments of \$20,228.82 over the following 25 years.



CIVIL ENGINEERING - LAND SURVEYING - CONSTRUCTION MANAGEMENT

4/9/13

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

Mr. Rolwing:

I have reviewed the proposed Capital Improvement Program for the next ten years and concur that the projects identified in the schedule are the most pressing physical infrastructure needs of the District at this time. The estimated costs (in 2013 dollars) of these improvements are reasonable for planning purposes.

If you have any questions please contact me.

Regards,

A handwritten signature in cursive script that reads "David Dale".

David Dale, PE, PLS
Contract Engineer

	A	B	C	D	E	F	G	H	I	J
		1 yr	2 yr	3 yr	4 yr	5 yr	6 yr	7 yr	8 yr	9 yr
1	Wells									
2	ID1-1, replace 40 Hp submersible pump, clean casing									
3	ID1-2, replace 40 Hp submersible pump									
4	ID1-8, 125 Hp, rewind motor in yr 2,8 pump and casing cleaning in yr 6			\$ 10,000			\$ 40,000			\$ 50,000
5	ID1-10, 150 Hp, rewind motor in yr 1,7 pump and casing cleaning in yr 3,9	\$ 10,000		\$ 50,000				\$ 10,000		
6	ID1-12, 200 Hp, rewind motor in yr 2,8 pump and casing cleaning in yr 4,10		\$ 15,000		\$ 60,000				\$ 15,000	
7	ID1-16, 300 Hp, pump and casing cleaning in yr 1,8 rewind motor in yr 5,10	\$ 60,000				\$ 20,000			\$ 60,000	
8	Wilcox, Diesel drive								\$ 20,000	
9	ID4-4, 150 Hp, rewind motor in yr 2,7 pump and casing cleaning in yr 6,9		\$ 10,000		\$ 50,000			\$ 10,000		\$ 50,000
10	ID4-10, replace 30 Hp submersible yr 3 and yr 8			\$ 10,000						
11	ID4-11, 200 Hp, rewind motor	\$ 15,000					\$ 15,000	\$ 60,000		
12	ID4-18, 100 Hp, rewind motor in yr 1,6 pump and casing cleaning in yr 2,7	\$ 10,000	\$ 40,000				\$ 10,000	\$ 40,000		
13	ID5-5, 200 Hp, rewind motor in yr 2,7 pump and casing cleaning in yr 5,10		\$ 15,000			\$ 60,000		\$ 15,000		
14	Tanks									
15	Tanks	1 yr	2 yr	3 yr	4 yr	5 yr	6 yr	7 yr	8 yr	9 yr
16	Rams Hill #1, 1980 steel, needs inside coating, 1.25 MG*									
17	Rams Hill #2, 1980 galv. 0.44 MG, repairs					\$ 40,000				
18	800 Tank, Hyperlon .75 MG									
19	Reclaim #1, 1985, galv repaired 2010 0.4 MG									
20	Reclaim #2, Hyperlon 2007, 1 MG, reconfigure plumbing									
21	Indianhead, 1970's 1- 0.22MG, inside coating			\$ 40,000						\$ 100,000
22	Twin Tanks, 1970's 2- 0.22 MG, inside coating #1 in yr 1, #2 in yr 4	\$ 40,000								
23	Country Club, 1999 1.0 MG									
24	Booster/Pressure Reducing Sta.									
25	ID1, Booster Sta. 1, #1, 30 Hp, motor yr 2, pump yr 6	1 yr	2 yr	3 yr	4 yr	5 yr	6 yr	7 yr	8 yr	9 yr
26	ID1, Booster Sta. 1, #2, 30 Hp, motor yr 3, pump yr 7	\$ 4,000					\$ 6,000			
27	ID1, Booster Sta. 1, #3, 50 Hp, motor yr 4 pump yr 8		\$ 4,000		\$ 15,000			\$ 6,000	\$ 15,000	
28	ID1, Booster Sta. 2, #4, 30 Hp, motor yr 2, pump yr 5									
29	ID1, Booster Sta. 2, #5, 30 Hp, pump yr 3, motor yr 4									
30	ID1, Booster Sta. 2, #6, 50 Hp, motor yr 2, pump yr 8									
31	ID4, Booster Sta. 3, #7, 25 Hp, motor yr 2, 8 pump yr 6,10		\$ 4,000				\$ 9,000		\$ 4,000	
32	Wastewater Plant									
33	Shredder Cutters	1 yr	2 yr	3 yr	4 yr	5 yr	6 yr	7 yr	8 yr	9 yr
34	Motor and Gear Reducers for Brushes	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
35	Wastewater Return Pump	\$ 16,000				\$ 16,000				\$ 16,000
36	Surface Aerator Motor	\$ 6,000				\$ 6,000				\$ 6,000
37	Video Collection Lines			\$ 4,500				\$ 4,500		
38	Equipment	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
39	Equipment									
40	Equipment	1 yr	2 yr	3 yr	4 yr	5 yr	6 yr	7 yr	8 yr	9 yr
41	Sewer Vacuum Trailer	25,000								
42	Tractor repair/roadwork blade									
43	Backhoe			\$ 80,000					\$ 80,000	
44	Pickups			\$ 20,000						
45	Big Truck					\$ 25,000		\$ 25,000		
46	Misc. Equipment	\$ 10,000	\$ 50,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 5,000	\$ 10,000	\$ 10,000
47	Computers/Office Equipment	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
48	Computers/Office Equipment		\$ 10,000		\$ 10,000		\$ 10,000		\$ 10,000	
49										
50	SHORT LIVED ASSETS REPLACEMENT PROGRAM	\$ 208,000	\$ 164,000	\$ 244,500	\$ 191,000	\$ 193,000	\$ 156,000	\$ 187,000	\$ 234,500	\$ 273,000

Wells, Booster Stations, Reservoirs and Associated Transmission Mains	Priority	Reason	1 yr	2 yr	3 yr	4 yr	5 yr	6 yr	7 yr	8 yr	9 yr
Wilcox Reservoir, 2.0 MG	1a	District-wide Storage					\$ 1,300,000				
Wilcox Related Transmission Mains	1b	District-wide Storage					\$ 2,000,000				
Wilcox Booster Station/Forebay	1c	District-wide Storage					\$ 400,000				
New well north end of Valley	2a	Additional Water Supply							\$ 400,000		
Transmission mains for new well	2b	Additional Water Supply							\$ 100,000		
Indianhead Reservoir, 0.5 MG	3a	Additional Water Storage								\$ 375,000	
Indianhead Transmission Mains	3b	Additional Water Storage								\$ 800,000	
Water Treatment Facility (phase 1)		District-wide Water Treatment									\$ 500,000
Water Treatment Facility (phase 2)		District-wide Water Treatment									
Wastewater Plant											
Re-build concrete structures	1	Infrastructure Replacement	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Dispose of Sludge Stockpile	1	Permit Requirement				\$ 10,000					\$ 10,000
Pressure Reducing Stations											
ID4, Reducing Sta. design and installation	1	Study and resolve pressure issues	\$ 20,000								\$ 25,000
ID4, Reducing Sta. design and installation	2	Study and resolve pressure issues				\$ 25,000					
ID5, Reducing Sta. design and installation, Borrego Valley Rd.	3	Connection to ID-1 system					\$ 25,000				
Pipelines											
Borrego Springs Rd, Weatheravne Dr. to Barrel Dr.	1a	10"		\$ 112,500							
Borrego Springs Rd, Walking H Dr. to Tilting T Dr.	1b	10"			\$ 162,750						
Borrego Springs Rd, Tilting T Dr. to Country Club Rd. First half	1c	10"			\$ 142,500						
Borrego Springs Rd, Tilting T Dr. to Country Club Rd. Second half	1d	10"				\$ 135,000					
Borrego Springs Rd, Christmas Circle to Diamond Bar Dr.	1e	10"					\$ 78,000				
Borrego Springs Rd, Diamond Bar Dr. to T Anchor Dr.	1f	10"						\$ 118,500			
Borrego Springs Rd, Christmas Circle loop	1g	10"								\$ 61,650	\$ 165,000
Borrego Springs Rd, Upgrade 6" to 10" Country Club Rd. to San Pablo Rd.	1h	10"									
Borrego Springs Rd, Upgrade 8" to 10" north of Weatheravne Dr.	1i	10"									
Country Club Road from Booster Sta #3 south to Slash M Rd.	2	6"x2	\$ 154,000								
Borrego Valley Rd. South of Tilting T - Hold for engineering study	3	12"									
Circle J Dr.	4	6"		\$ 108,000							
Bending Elbow Rd. Second half	5	6"			\$ 102,000						
Double O	6	6"				\$ 180,000					
Club Circle East	7	8"					\$ 105,000				
Club Circle West	8	8"						\$ 105,000			
De Anza Dr. 1600 block	9	8"							\$ 75,000		
Pointing Rock Dr/Montezuma Rd Loop First half	10	8"								\$ 93,780	
Pointing Rock Dr/Montezuma Rd Loop Second half	11	8"									\$ 93,840
Country Club Road from Tilting T Dr. south to Booster Sta #3	12	6"									
Other Infrastructure											
Fire Hydrant Replacements (three hydrants per year)			\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Repairs to Stirrup Road commercial property			\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000					
Spandwater Management											
Spring Ranch Following											
TOTAL - CAPITAL IMPROVEMENTS PROGRAM			\$ 201,000	\$ 247,500	\$ 436,750	\$ 465,415	\$ 4,042,915	\$ 310,915	\$ 796,415	\$ 1,433,345	\$ 896,755
TOTAL - SHORT LIVED ASSETS (FROM SHEET 2)			\$ 208,000	\$ 164,000	\$ 244,500	\$ 191,000	\$ 193,000	\$ 156,000	\$ 187,000	\$ 234,500	\$ 273,000
Total CIP and Short Lived Assets			\$ 409,000	\$ 411,500	\$ 681,250	\$ 656,415	\$ 4,235,915	\$ 466,915	\$ 983,415	\$ 1,667,845	\$ 1,169,755

**BORREGO WATER DISTRICT
POLICY STATEMENT**

SUBJECT: CASH RESERVES POLICY

NO: 2011-05-01

ADOPTED: 2011-05-25

AMENDED:

I. BACKGROUND AND INTRODUCTION

Reserves are needed because of risk. Water and sewer operations are inherently risky, given the potential liability associated with repairing and replacing infrastructure necessary for maintaining 24x7 operations for supplying water and sewer services to the homes and businesses of Borrego. In addition, water operations have risk associated with the volatility of revenue due to weather conditions. Reserves also assist in reducing rate shocks. Without them a water utility is exposed to rate instability. Rate instability increases the cost of borrowing. Reserves allow the District to smooth out rate increases. In addition, reserves help the District improve its credit rating, which translates into lower interest rates on debt and thus lower rates for the District's customers. Sometimes bond covenants require a rate stabilization reserve.

Many utilities operate in a state of revenue deficiency, which means they either rely on existing reserves, skimp on funding reserves, or defer economically prudent repair and replacement of infrastructure to the distant future where much higher costs will be borne by ratepayers to repair or replace infrastructure that has failed catastrophically. Becoming revenue sufficient means that a utility can count on receiving adequate revenues to fully fund utility operations, including debt service obligations, some portion of capital improvements from rate revenues, and reserves. Reserve accounts are a vital part of every water system's financial health.

This Board believes that operating with a revenue sufficiency is required, not only to remain creditworthy for future capital borrowing, but to replace depleted reserves necessary to operate most economically. For these reasons, the District will maintain reserve funds so as to provide working capital for operations; funds required by law, ordinance and bond covenant; and necessary cash for the scheduled and unscheduled repair and replacement of capital infrastructure; as well as funds set aside for groundwater management purposes.

Reserves are also necessary for the District to stabilize rates due to normal revenue and cost uncertainties, and to provide a prudent amount of insurance against economic downturns and emergencies. The efficient and discrete management of these cash reserves, when combined with their appropriate replacement as they are drawn down from time-to-time add additional assurance that the current levels of service reliability and quality that the District's ratepayers have grown to expect will continue into the future.

This reserve policy is based upon prudent financial management practices and those amounts required by legal, legislative and contractual obligations that are critical to the financial health of the District. This policy defines required fund types for segregation purposes and their funding levels that is based upon this District's unique operating, capital investment and financial plans.

II. LEGALLY RESTRICTED RESERVES. Legally Restricted Reserves are established and utilized for narrowly defined purposes and are protected by law or covenant. The District's Legally Restricted Reserves are the following, although none of these reserves are expected to be funded for FY 2012:

Debt Reserves. Reserves shall be formally transferred and restricted in accordance with all legal requirements.

System Growth Reserves. These reserves are used to offset capital projects or debt service related to new development in the District so that development pays for itself.

Rate Stabilization Reserves. These reserves are used to stabilize rates to the extent possible. This reserve, when fully funded, shall be maintained at level of thirty (30%) percent of the revenue generated from the commodity rate for water services and thirty (30%) percent of the total revenues from sewer services. This reserve is to defray any temporary unforeseen and extraordinary increases in the operating costs of the District.

III. BOARD RESTRICTED RESERVES

Operating or Working Capital Reserves. The purpose of this reserve is to cover temporary cash flow deficiencies caused by timing differences between revenues and expenditures. O&M reserves shall be targeted at an amount equal to three (3) months of the District's budgeted annual operating expenses beginning in FY 2012.

Contingency Reserves. The purpose of this reserve is to accommodate unexpected operational changes, legislative impacts or other economic events that may affect the District's operations which could not have been reasonably anticipated at the time the budget was prepared. For FY 2012 and beyond, the target level for this reserve is a minimum of one percent (1%) and a maximum of ten percent (10%) of the District's total operating expenses. Generally, the level will be increased as the level of economic uncertainty increases.

Capital Reserves

Asset Replacement. The purpose of the asset replacement reserve is to provide a cushion for unscheduled and scheduled repair and replacement of existing infrastructure. The target value of this reserve is twenty-five percent (25%) percent of the three (3) year average of the capital improvement program (CIP) beginning in FY 2012.

Emergency Reserve. The purpose of the emergency reserve is to protect the District and its customers against the impacts from unanticipated emergencies. It provides funding for emergency repairs or failure of essential equipment that must be immediately replaced. The emergency reserve target established for FY 2012 is \$2,500,000 which should be sufficient to finance the required cash flow until such time that adequate emergency financing can be secured from conventional outside resources.

IV. OTHER RESERVE FUNDS. The District's Board may establish other cash reserve funds for specific needs that are over and above the reserves noted above as may be necessary from time to time.

	A	B	C	D	E	F	G
1	BORREGO WATER DISTRICT	Original	3/13/2013				
2	FOUR YEAR NET INCOME/ WORKING CAPITAL PROJECTION	Projection	Projected	Projected	Projected	Projected	Projected
3		FY 2012-13	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
4	Prop 218 Approved Revenue Increases	30%	30%	10%	10%	5%	0%
5	Projected Revenue Increases	20%	20%	5%	5%	5%	0%
6	Existing Rate Revenue	\$ 2,103,978	\$ 2,103,978	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670
7	Additional Revenue	\$ 458,346	\$ 255,392	\$ 116,734	\$ 239,304	\$ 368,002	\$ 368,002
8	Other Income	\$ 686,639	\$ 975,880	\$ 706,519	\$ 706,519	\$ 706,519	\$ 706,519
9	Total Revenue (/w Other Rev.)	\$ 3,248,963	\$ 3,335,250	\$ 3,157,923	\$ 3,280,493	\$ 3,409,191	\$ 3,409,191
10							
11	O&M Expenses	\$ 2,162,221	\$ 2,147,677	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810
12							
13	Net Revenue	\$ 1,086,742	\$ 1,187,573	\$ 992,113	\$ 1,114,683	\$ 1,243,381	\$ 1,243,381
14							
15	Total Bond Issued	\$ -		\$ -	\$ -	\$ -	\$ -
16	Issuance Expense & Reserve	\$ -		\$ -	\$ -	\$ -	\$ -
17	Amount available for CIP	\$ -		\$ -	\$ -	\$ -	\$ -
18							
19	CIP Financing						
20	Cash CIP (without Viking reserve)	\$ 581,035	\$ 811,174	\$ 399,000	\$ 411,500	\$ 681,250	\$ 656,415
21	Debt CIP	\$ -		\$ -	\$ -	\$ -	\$ -
22	**Existing Debt Service						
23	ID 4 Bonds	\$ 124,875	\$ 124,875	\$ 149,313	\$ 255,713	\$ 254,525	\$ 253,113
24	Well 12	\$ 100,196	\$ 100,196	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
25	Viking Ranch	\$ -		\$ -		\$ 270,750	\$ 224,936
26							
27	Total Debt Service	\$ 225,071	\$ 225,071	\$ 219,313	\$ 325,713	\$ 595,275	\$ 548,049
28							
29	Net Annual Cash Flow	\$ 280,636	\$ 151,328	\$ 373,800	\$ 377,470	\$ (33,144)	\$ 38,917
30							
31	Beginning Reserves Level	\$ 807,717	\$ 899,435	\$ 1,050,763	\$ 1,424,563	\$ 1,802,032	\$ 1,768,889
32	Ending Reserves Level	\$ 1,088,353	\$ 1,050,763	\$ 1,424,563	\$ 1,802,032	\$ 1,768,889	\$ 1,807,806
33							
34							
35							
36	**Existing Debt Service	PRINCIPLE	INTEREST	TERM	PRE-PAYMENT	ANNUAL	PRE-PAYMENT
37					PENALTY	PAYMENT	DISCOUNT
38	ID 4 COP BONDS	\$ 2,775,000	6%	2028	2% to 4/1/2018	AVG \$260,000	
39					1% to 4/1/2019		
40	WELL 12 NOTE	\$ 700,000	5%	2020	NONE	\$ 70,000	
41	VIKING RANCH	\$ 1,275,000	4%	2016-2041	NONE	\$ 80,915.28	\$ 300,000
42							pay off before

	A	B	C	D	E	F	G
1	BORREGO WATER DISTRICT	Original	3/13/2013				
2	FOUR YEAR NET INCOME/	Projection	Projected	Projected	Projected	Projected	Projected
3	WORKING CAPITAL PROJECTION	FY 2012-13	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
4	Prop 218 Approved Revenue Increases	30%	30%	10%	10%	5%	0%
5	Projected Revenue Increases	20%	20%	10%	5%	5%	0%
6	Existing Rate Revenue	\$ 2,103,978	\$ 2,103,978	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670
7	Additional Revenue	\$ 458,346	\$ 255,392	\$ 233,467	\$ 361,874	\$ 496,701	\$ 496,701
8	Other Income	\$ 686,639	\$ 975,880	\$ 706,519	\$ 706,519	\$ 706,519	\$ 706,519
9	Total Revenue (/w Other Rev.)	\$ 3,248,963	\$ 3,335,250	\$ 3,274,656	\$ 3,403,063	\$ 3,537,890	\$ 3,537,890
10							
11	O&M Expenses	\$ 2,162,221	\$ 2,147,677	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810
12							
13	Net Revenue	\$ 1,086,742	\$ 1,187,573	\$ 1,108,846	\$ 1,237,253	\$ 1,372,080	\$ 1,372,080
14							
15	Total Bond Issued	\$ -		\$ -	\$ -	\$ -	\$ -
16	Issuance Expense & Reserve	\$ -		\$ -	\$ -	\$ -	\$ -
17	Amount available for CIP	\$ -		\$ -	\$ -	\$ -	\$ -
18							
19	CIP Financing						
20	Cash CIP (without Viking reserve)	\$ 581,035	\$ 811,174	\$ 399,000	\$ 411,500	\$ 681,250	\$ 656,415
21	Debt CIP	\$ -		\$ -	\$ -	\$ -	\$ -
22	**Existing Debt Service						
23	ID 4 Bonds	\$ 124,875	\$ 124,875	\$ 149,313	\$ 255,713	\$ 254,525	\$ 253,113
24	Well 12	\$ 100,196	\$ 100,196	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
25	Viking Ranch	\$ -		\$ -		\$ 270,750	\$ 224,936
26							
27	Total Debt Service	\$ 225,071	\$ 225,071	\$ 219,313	\$ 325,713	\$ 595,275	\$ 548,049
28							
29	Net Annual Cash Flow	\$ 280,636	\$ 151,328	\$ 490,533	\$ 500,040	\$ 95,555	\$ 167,616
30							
31	Beginning Reserves Level	\$ 807,717	\$ 899,435	\$ 1,050,763	\$ 1,541,296	\$ 2,041,336	\$ 2,136,891
32	Ending Reserves Level	\$ 1,088,353	\$ 1,050,763	\$ 1,541,296	\$ 2,041,336	\$ 2,136,891	\$ 2,304,507
33							
34							
35							
36	**Existing Debt Service	PRINCIPLE	INTEREST	TERM	PRE-PAYMENT	ANNUAL	PRE-PAYMENT
37					PENALTY	PAYMENT	DISCOUNT
38	ID 4 COP BONDS	\$ 2,775,000	6%	2028	2% to 4/1/2018	AVG \$260,000	
39					1% to 4/1/2019		
40	WELL 12 NOTE	\$ 700,000	5%	2020	NONE	\$ 70,000	
41	VIKING RANCH	\$ 1,275,000	4%	2016-2041	NONE	\$ 80,915.28	\$ 300,000
42							pay off before

	A	B	C	D	E	F	G
1	BORREGO WATER DISTRICT	Original	3/13/2013				
2	FOUR YEAR NET INCOME/	Projection	Projected	Projected	Projected	Projected	Projected
3	WORKING CAPITAL PROJECTION	FY 2012-13	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
4	Prop 218 Approved Revenue Increases	30%	30%	10%	10%	5%	0%
5	Projected Revenue Increases	20%	20%	10%	10%	0%	0%
6	Existing Rate Revenue	\$ 2,103,978	\$ 2,103,978	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670
7	Additional Revenue	\$ 458,346	\$ 255,392	\$ 233,467	\$ 490,281	\$ 490,281	\$ 490,281
8	Other Income	\$ 686,639	\$ 975,880	\$ 706,519	\$ 706,519	\$ 706,519	\$ 706,519
9	Total Revenue (/w Other Rev.)	\$ 3,248,963	\$ 3,335,250	\$ 3,274,656	\$ 3,531,470	\$ 3,531,470	\$ 3,531,470
10							
11	O&M Expenses	\$ 2,162,221	\$ 2,147,677	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810
12							
13	Net Revenue	\$ 1,086,742	\$ 1,187,573	\$ 1,108,846	\$ 1,365,660	\$ 1,365,660	\$ 1,365,660
14							
15	Total Bond Issued	\$ -		\$ -	\$ -	\$ -	\$ -
16	Issuance Expense & Reserve	\$ -		\$ -	\$ -	\$ -	\$ -
17	Amount available for CIP	\$ -		\$ -	\$ -	\$ -	\$ -
18							
19	CIP Financing						
20	Cash CIP (without Viking reserve)	\$ 581,035	\$ 811,174	\$ 399,000	\$ 411,500	\$ 681,250	\$ 656,415
21	Debt CIP	\$ -		\$ -	\$ -	\$ -	\$ -
22	**Existing Debt Service						
23	ID 4 Bonds	\$ 124,875	\$ 124,875	\$ 149,313	\$ 255,713	\$ 254,525	\$ 253,113
24	Well 12	\$ 100,196	\$ 100,196	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
25	Viking Ranch	\$ -		\$ -		\$ 270,750	\$ 224,936
26							
27	Total Debt Service	\$ 225,071	\$ 225,071	\$ 219,313	\$ 325,713	\$ 595,275	\$ 548,049
28							
29	Net Annual Cash Flow	\$ 280,636	\$ 151,328	\$ 490,533	\$ 628,447	\$ 89,135	\$ 161,196
30							
31	Beginning Reserves Level	\$ 807,717	\$ 899,435	\$ 1,050,763	\$ 1,541,296	\$ 2,169,743	\$ 2,258,877
32	Ending Reserves Level	\$ 1,088,353	\$ 1,050,763	\$ 1,541,296	\$ 2,169,743	\$ 2,258,877	\$ 2,420,073
33							
34							
35							
36	**Existing Debt Service	PRINCIPLE	INTEREST	TERM	PRE-PAYMENT	ANNUAL	PRE-PAYMENT
37					PENALTY	PAYMENT	DISCOUNT
38	ID 4 COP BONDS	\$ 2,775,000	6%	2028	2% to 4/1/2018	AVG \$260,000	
39					1% to 4/1/2019		
40	WELL 12 NOTE	\$ 700,000	5%	2020	NONE	\$ 70,000	
41	VIKING RANCH	\$ 1,275,000	4%	2016-2041	NONE	\$ 80,915.28	\$ 300,000
42							pay off before

	A	B	C	D	E	F	G
1	BORREGO WATER DISTRICT	Original	3/13/2013				
2	FOUR YEAR NET INCOME/ WORKING CAPITAL PROJECTION	Projection	Projected	Projected	Projected	Projected	Projected
3		FY 2012-13	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
4	Prop 218 Approved Revenue Increases	30%	30%	10%	10%	5%	0%
5	Projected Revenue Increases	20%	20%	10%	10%	5%	0%
6	Existing Rate Revenue	\$ 2,103,978	\$ 2,103,978	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670
7	Additional Revenue	\$ 458,346	\$ 255,392	\$ 233,467	\$ 490,281	\$ 631,528	\$ 631,528
8	Other Income	\$ 686,639	\$ 975,880	\$ 706,519	\$ 706,519	\$ 706,519	\$ 706,519
9	Total Revenue (/w Other Rev.)	\$ 3,248,963	\$ 3,335,250	\$ 3,274,656	\$ 3,531,470	\$ 3,672,717	\$ 3,672,717
10							
11	O&M Expenses	\$ 2,162,221	\$ 2,147,677	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810
12							
13	Net Revenue	\$ 1,086,742	\$ 1,187,573	\$ 1,108,846	\$ 1,365,660	\$ 1,506,907	\$ 1,506,907
14							
15	Total Bond Issued	\$ -		\$ -	\$ -	\$ -	\$ -
16	Issuance Expense & Reserve	\$ -		\$ -	\$ -	\$ -	\$ -
17	Amount available for CIP	\$ -		\$ -	\$ -	\$ -	\$ -
18							
19	CIP Financing						
20	Cash CIP (without Viking reserve)	\$ 581,035	\$ 811,174	\$ 399,000	\$ 411,500	\$ 681,250	\$ 656,415
21	Debt CIP	\$ -		\$ -	\$ -	\$ -	\$ -
22	**Existing Debt Service						
23	ID 4 Bonds	\$ 124,875	\$ 124,875	\$ 149,313	\$ 255,713	\$ 254,525	\$ 253,113
24	Well 12	\$ 100,196	\$ 100,196	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
25	Viking Ranch	\$ -		\$ -		\$ 270,750	\$ 224,936
26							
27	Total Debt Service	\$ 225,071	\$ 225,071	\$ 219,313	\$ 325,713	\$ 595,275	\$ 548,049
28							
29	Net Annual Cash Flow	\$ 280,636	\$ 151,328	\$ 490,533	\$ 628,447	\$ 230,382	\$ 302,443
30							
31	Beginning Reserves Level	\$ 807,717	\$ 899,435	\$ 1,050,763	\$ 1,541,296	\$ 2,169,743	\$ 2,400,125
32	Ending Reserves Level	\$ 1,088,353	\$ 1,050,763	\$ 1,541,296	\$ 2,169,743	\$ 2,400,125	\$ 2,702,568
33							
34							
35							
36	**Existing Debt Service	PRINCIPLE	INTEREST	TERM	PRE-PAYMENT	ANNUAL	PRE-PAYMENT
37					PENALTY	PAYMENT	DISCOUNT
38	ID 4 COP BONDS	\$ 2,775,000	6%	2028	2% to 4/1/2018	AVG \$260,000	
39					1% to 4/1/2019		
40	WELL 12 NOTE	\$ 700,000	5%	2020	NONE	\$ 70,000	
41	VIKING RANCH	\$ 1,275,000	4%	2016-2041	NONE	\$ 80,915.28	\$ 300,000
42							pay off before

	A	B	C	D	E	F	G
1	BORREGO WATER DISTRICT	Original	3/13/2013				
2	FOUR YEAR NET INCOME/	Projection	Projected	Projected	Projected	Projected	Projected
3	WORKING CAPITAL PROJECTION	FY 2012-13	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
4	Prop 218 Approved Revenue Increases	30%	30%	10%	10%	5%	0%
5	Projected Revenue Increases	20%	20%	20%	10%	0%	0%
6	Existing Rate Revenue	\$ 2,103,978	\$ 2,103,978	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670
7	Additional Revenue	\$ 458,346	\$ 255,392	\$ 466,934	\$ 747,094	\$ 747,094	\$ 747,094
8	Other Income	\$ 686,639	\$ 975,880	\$ 706,519	\$ 706,519	\$ 706,519	\$ 706,519
9	Total Revenue (/w Other Rev.)	\$ 3,248,963	\$ 3,335,250	\$ 3,508,123	\$ 3,788,283	\$ 3,788,283	\$ 3,788,283
10							
11	O&M Expenses	\$ 2,162,221	\$ 2,147,677	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810
12							
13	Net Revenue	\$ 1,086,742	\$ 1,187,573	\$ 1,342,313	\$ 1,622,473	\$ 1,622,473	\$ 1,622,473
14							
15	Total Bond Issued	\$ -		\$ -	\$ -	\$ -	\$ -
16	Issuance Expense & Reserve	\$ -		\$ -	\$ -	\$ -	\$ -
17	Amount available for CIP	\$ -		\$ -	\$ -	\$ -	\$ -
18							
19	CIP Financing						
20	Cash CIP (without Viking reserve)	\$ 581,035	\$ 811,174	\$ 399,000	\$ 411,500	\$ 681,250	\$ 656,415
21	Debt CIP	\$ -		\$ -	\$ -	\$ -	\$ -
22	**Existing Debt Service						
23	ID 4 Bonds	\$ 124,875	\$ 124,875	\$ 149,313	\$ 255,713	\$ 254,525	\$ 253,113
24	Well 12	\$ 100,196	\$ 100,196	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
25	Viking Ranch	\$ -		\$ -		\$ 270,750	\$ 224,936
26							
27	Total Debt Service	\$ 225,071	\$ 225,071	\$ 219,313	\$ 325,713	\$ 595,275	\$ 548,049
28							
29	Net Annual Cash Flow	\$ 280,636	\$ 151,328	\$ 724,000	\$ 885,260	\$ 345,948	\$ 418,010
30							
31	Beginning Reserves Level	\$ 807,717	\$ 899,435	\$ 1,050,763	\$ 1,774,763	\$ 2,660,023	\$ 3,005,972
32	Ending Reserves Level	\$ 1,088,353	\$ 1,050,763	\$ 1,774,763	\$ 2,660,023	\$ 3,005,972	\$ 3,423,981
33							
34							
35							
36	**Existing Debt Service	PRINCIPLE	INTEREST	TERM	PRE-PAYMENT	ANNUAL	PRE-PAYMENT
37					PENALTY	PAYMENT	DISCOUNT
38	ID 4 COP BONDS	\$ 2,775,000	6%	2028	2% to 4/1/2018	AVG \$260,000	
39					1% to 4/1/2019		
40	WELL 12 NOTE	\$ 700,000	5%	2020	NONE	\$ 70,000	
41	VIKING RANCH	\$ 1,275,000	4%	2016-2041	NONE	\$ 80,915.28	\$ 300,000
42							pay off before

	A	B	C	D	E	F	G
1	BORREGO WATER DISTRICT	Original	3/13/2013				
2	FOUR YEAR NET INCOME/	Projection	Projected	Projected	Projected	Projected	Projected
3	WORKING CAPITAL PROJECTION	FY 2012-13	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
4	Prop 218 Approved Revenue Increases	30%	30%	10%	10%	5%	0%
5	Projected Revenue Increases	20%	20%	20%	5%	5%	0%
6	Existing Rate Revenue	\$ 2,103,978	\$ 2,103,978	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670
7	Additional Revenue	\$ 458,346	\$ 255,392	\$ 466,934	\$ 607,014	\$ 754,098	\$ 754,098
8	Other Income	\$ 686,639	\$ 975,880	\$ 706,519	\$ 706,519	\$ 706,519	\$ 706,519
9	Total Revenue (/w Other Rev.)	\$ 3,248,963	\$ 3,335,250	\$ 3,508,123	\$ 3,648,203	\$ 3,795,287	\$ 3,795,287
10							
11	O&M Expenses	\$ 2,162,221	\$ 2,147,677	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810
12							
13	Net Revenue	\$ 1,086,742	\$ 1,187,573	\$ 1,342,313	\$ 1,482,393	\$ 1,629,477	\$ 1,629,477
14							
15	Total Bond Issued	\$ -		\$ -	\$ -	\$ -	\$ -
16	Issuance Expense & Reserve	\$ -		\$ -	\$ -	\$ -	\$ -
17	Amount available for CIP	\$ -		\$ -	\$ -	\$ -	\$ -
18							
19	CIP Financing						
20	Cash CIP (without Viking reserve)	\$ 581,035	\$ 811,174	\$ 399,000	\$ 411,500	\$ 681,250	\$ 656,415
21	Debt CIP	\$ -		\$ -	\$ -	\$ -	\$ -
22	**Existing Debt Service						
23	ID 4 Bonds	\$ 124,875	\$ 124,875	\$ 149,313	\$ 255,713	\$ 254,525	\$ 253,113
24	Well 12	\$ 100,196	\$ 100,196	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
25	Viking Ranch	\$ -		\$ -		\$ 270,750	\$ 224,936
26							
27	Total Debt Service	\$ 225,071	\$ 225,071	\$ 219,313	\$ 325,713	\$ 595,275	\$ 548,049
28							
29	Net Annual Cash Flow	\$ 280,636	\$ 151,328	\$ 724,000	\$ 745,180	\$ 352,952	\$ 425,014
30							
31	Beginning Reserves Level	\$ 807,717	\$ 899,435	\$ 1,050,763	\$ 1,774,763	\$ 2,519,943	\$ 2,872,896
32	Ending Reserves Level	\$ 1,088,353	\$ 1,050,763	\$ 1,774,763	\$ 2,519,943	\$ 2,872,896	\$ 3,297,909
33							
34							
35							
36	**Existing Debt Service	PRINCIPLE	INTEREST	TERM	PRE-PAYMENT	ANNUAL	PRE-PAYMENT
37					PENALTY	PAYMENT	DISCOUNT
38	ID 4 COP BONDS	\$ 2,775,000	6%	2028	2% to 4/1/2018	AVG \$260,000	
39					1% to 4/1/2019		
40	WELL 12 NOTE	\$ 700,000	5%	2020	NONE	\$ 70,000	
41	VIKING RANCH	\$ 1,275,000	4%	2016-2041	NONE	\$ 80,915.28	\$ 300,000
42							pay off before

	A	B	C	D	E	F	G
1	BORREGO WATER DISTRICT	Original	3/13/2013				
2	FOUR YEAR NET INCOME/	Projection	Projected	Projected	Projected	Projected	Projected
3	WORKING CAPITAL PROJECTION	FY 2012-13	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
4	Prop 218 Approved Revenue Increases	30%	30%	10%	10%	5%	0%
5	Projected Revenue Increases	20%	20%	20%	10%	5%	0%
6	Existing Rate Revenue	\$ 2,103,978	\$ 2,103,978	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670	\$ 2,334,670
7	Additional Revenue	\$ 458,346	\$ 255,392	\$ 466,934	\$ 747,094	\$ 901,183	\$ 901,183
8	Other Income	\$ 686,639	\$ 975,880	\$ 706,519	\$ 706,519	\$ 706,519	\$ 706,519
9	Total Revenue (/w Other Rev.)	\$ 3,248,963	\$ 3,335,250	\$ 3,508,123	\$ 3,788,283	\$ 3,942,372	\$ 3,942,372
10							
11	O&M Expenses	\$ 2,162,221	\$ 2,147,677	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810	\$ 2,165,810
12							
13	Net Revenue	\$ 1,086,742	\$ 1,187,573	\$ 1,342,313	\$ 1,622,473	\$ 1,776,562	\$ 1,776,562
14							
15	Total Bond Issued	\$ -		\$ -	\$ -	\$ -	\$ -
16	Issuance Expense & Reserve	\$ -		\$ -	\$ -	\$ -	\$ -
17	Amount available for CIP	\$ -		\$ -	\$ -	\$ -	\$ -
18							
19	CIP Financing						
20	Cash CIP (without Viking reserve)	\$ 581,035	\$ 811,174	\$ 399,000	\$ 411,500	\$ 681,250	\$ 656,415
21	Debt CIP	\$ -		\$ -	\$ -	\$ -	\$ -
22	**Existing Debt Service						
23	ID 4 Bonds	\$ 124,875	\$ 124,875	\$ 149,313	\$ 255,713	\$ 254,525	\$ 253,113
24	Well 12	\$ 100,196	\$ 100,196	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
25	Viking Ranch	\$ -		\$ -		\$ 270,750	\$ 224,936
26							
27	Total Debt Service	\$ 225,071	\$ 225,071	\$ 219,313	\$ 325,713	\$ 595,275	\$ 548,049
28							
29	Net Annual Cash Flow	\$ 280,636	\$ 151,328	\$ 724,000	\$ 885,260	\$ 500,037	\$ 572,098
30							
31	Beginning Reserves Level	\$ 807,717	\$ 899,435	\$ 1,050,763	\$ 1,774,763	\$ 2,660,023	\$ 3,160,060
32	Ending Reserves Level	\$ 1,088,353	\$ 1,050,763	\$ 1,774,763	\$ 2,660,023	\$ 3,160,060	\$ 3,732,158
33							
34							
35							
36	**Existing Debt Service	PRINCIPLE	INTEREST	TERM	PRE-PAYMENT	ANNUAL	PRE-PAYMENT
37					PENALTY	PAYMENT	DISCOUNT
38	ID 4 COP BONDS	\$ 2,775,000	6%	2028	2% to 4/1/2018	AVG \$260,000	
39					1% to 4/1/2019		
40	WELL 12 NOTE	\$ 700,000	5%	2020	NONE	\$ 70,000	
41	VIKING RANCH	\$ 1,275,000	4%	2016-2041	NONE	\$ 80,915.28	\$ 300,000
42							pay off before

**BORREGO WATER DISTRICT
PROPOSED RATES FOR
FISCAL YEARS 2014-2016**

Sewer Rates

The District provides sewer service to areas 1, 2 and 5. Rate increases could possibly take place in areas 1 & 5 through FY 2016. The District's monthly sewer charges are based on one equivalent dwelling unit (EDU) usage of 250 gallons per day, for a typical single family residence. Commercial projected EDU requirements are determined on a case-by-case basis. Sewer customers are charged a fixed monthly holder fee and a monthly user fee based on number of EDU's. It is proposed that this current structure for sewer charges remain unchanged. The Board of Directors may consider changes to this basic rate structure at a later date.

Sewer service charges are proposed to change as shown in the following table:

	Current Rates FY 2013	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected
Sewer Area 1	\$ 26.75	\$ 30.43	\$ 31.96	\$ 33.56
Sewer Area 5	\$ 49.92	\$ 56.79	\$ 59.63	\$ 62.62

Water Rates

The District's water rates have two components: 1) a **Fixed Meter Charge** based on the customer's meter size, to recover a portion of the District's fixed costs of operating, maintaining and delivering water, and 2) a **Commodity Charge**, determined by the amount of water used. The current rate structure fixes the customer's commodity based on the area the customer is in, and for residential customers, whether the customer's water usage is from 0 to 45 units in winter or 0 to 55 units in summer (Tier 1); or over 45 units in winter or over 55 units in summer (Tier 2). It is proposed that this basic rate structure for water rates remain unchanged, however the Board of Directors may consider changes to the rate structure at a later date.

Fixed water meter charges are proposed to change as shown in the following table:

Meter size	Current Rates FY 2013	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected
¾ "	\$ 30.54	\$ 36.40	\$ 40.04	\$ 42.04
1"	\$ 44.66	\$ 53.20	\$ 58.53	\$ 61.45
1 ½"	\$ 75.29	\$ 89.72	\$ 98.69	\$103.62
2"	\$113.97	\$135.80	\$149.38	\$156.85
3"	\$206.97	\$246.63	\$271.30	\$284.86
4"	\$329.94	\$393.18	\$432.50	\$454.12
6"	\$658.32	\$784.50	\$862.95	\$906.10

Commodity Rates are proposed to change as shown in the following table:

Winter	Current Rates FY 2013	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected
Tier1 < 45	\$ 1.76	\$ 2.09	\$ 2.30	\$ 2.42
Tier 2 >45	\$ 2.63	\$ 3.14	\$ 3.46	\$ 3.64

Summer	Current Rates FY 2013	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected
Tier1 < 55	\$ 1.76	\$ 2.09	\$ 2.30	\$ 2.42
Tier 2 >55	\$ 2.63	\$ 3.14	\$ 3.46	\$ 3.64

Other Rates and Fees

Any rates or fees associated with water or sewer service that are not addressed in the notice shall remain in full force and effect as previously adopted by the Board of Directors.

Pass Through Costs

Pursuant to AB 3030, the District Board will also authorize the pass-through of future rate and charge increases by San Diego Gas & Electric for electricity rates associated with storing, treating, pumping, and delivering water. This authorization will be in effect for five years, until June 30, 2016. The Board will hold a public hearing to review the proposed increases prior to enacting any such changes.