

**AGENDA**  
**Borrego Water District Board of Directors**  
**Special Meeting**  
**April 22, 2014, 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. Update on 2014 Community Groundwater Management Plan (GWMP) progress
- B. Discussion of DRAFT proposed budget for FY 2015
- C. Discussion of potential agenda items for May 20<sup>th</sup> special board meeting

**III. CLOSED SESSION**

- A. Public Employee Appointment  
Government Code section 54957  
Title: General Counsel
- B. Conference with Legal Counsel – Anticipated Litigation  
Consideration of possible initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code section 54956.9. One case.

**IV. CLOSING PROCEDURE**

The next Regular Meeting of the Board of Directors is scheduled for April 23, 2014, 9:00 AM at the Borrego Water District.

# Borrego Water Coalition

## Memorandum of Understanding

March 29, 2013 (Revised December 5, 2013)

### 3. PREAMBLE, VISION, & MISSION

*Preamble:* The consequential risks of dewatering the basin may include: deleterious impacts to the Park, loss of economic growth opportunities; reduction of recreational alternatives; collapse of real estate values; and loss of agricultural productivity in the Valley; with the ultimate loss of our vibrant community.

*Vision:* Water for the future!

*Mission:* To develop recommendations for establishing a plan for managing the BVGB.

#### What comprises a "Managed Basin Plan"?

- 1) A negotiated, agreed-upon *plan* to address the overdraft that is feasible, quantifiable, and measurable, that describes in writing what, by when, for how much, who is accountable, what metrics will be used to measure success, and includes the process to make mid-course corrections from the initial plan;
- 2) A deliberative body with the *authority* to enforce the negotiated plan: this enforcement authority is typically established either with legislation or through the courts;
- 3) A *mechanism* to pay for implementing the plan. The *plan* must have adequate funding to produce desired, agreed-upon results.

### 4. GOALS & OBJECTIVES

*Goal 1:* To develop recommendations for managing the Borrego Valley Groundwater Basin including: what needs to be done, when, by whom, at what cost and benefits, under what authority, how will results be measured and assessed.

*Goal 2:* To make certain the analytical basis for choosing basin management strategies to achieve basin management objectives meets the reasonable economic feasibility test. (That is, do we understand in sufficient detail the economic costs and benefits of a particular strategy and are these strategies prioritized as to expected costs and benefits?)

*Goal 3:* To recommend a means for financing the implementation of the managed basin plan.

*Goal 4:* To recommend an appropriate authority to enforce the basin management plan.

### 10-Year GWMP Admin Costs

Task	Owner	W1 Apr 24	W2 Jun 5	W3 Jul 17	W4 Aug 28	W5 Oct 9	W6 Nov 20	W7 Jan 1	W8 Feb 12	W9 Mar 26	W10 May 7	W11 Jun 18	W12 Jul 30	Cost
1	GWMP policies to District - DWR-funded	Coalition												Planned \$130,000.00 Variance \$0.00
2	Engineering takes GWMP to DWR spec ABD-IRWM format	Engineering												Planned \$0.00 Variance \$40,000.00
3	Legal adds GWMP authorities for DWR/RWQCB acceptance	Legal												Planned \$0.00 Variance \$50,000.00
4	District submits ABD-IRWM implementation proposal	Engineering												Planned \$0.00 Variance \$60,000.00
5	Coalition facilitated meetings continue during GWMP process	Coalition												Planned \$0.00 Variance \$70,000.00
6	CEQA - EIS requirement for fallowing of farmland	Engineering												Planned \$0.00 Variance \$500,000.00
7	Legal costs for CEQA	Legal												Planned \$0.00 Variance \$50,000.00
8	Proposition 218 financial study for water extraction fee	Finance												Planned \$0.00 Variance \$80,000.00
9	Proposition 218 legal work	Legal												Planned \$0.00 Variance \$40,000.00
10	District holds GWMP/CEQA/Prop 218 hearing for adoption	District												Planned \$0.00 Variance \$25,000.00
11	Preparation of pleadings and briefs for validation action	Legal												Planned \$0.00 Variance \$15,000.00
12	7-Year GWMP admin costs - assumes \$20M implementation	Coalition/District												Planned \$0.00 Variance \$1,750,000.00

Definition of Success	Current Status	Cost Summary
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1	Coalition produces defensible policies for GWMP update that DWR/RWQCB will accept	1	Presently, there are three primary issues to address: (1) developing policies acceptable to DWR & RWQCB to maintain local control	Planned \$130,000.00 Variance \$0.00
2	ABD-IRWM region applies for \$5M implementation grant from DWR	2	Developing a means for financing ongoing Coalition work during the critical next few years, as well as large GWMP start-up costs	Planned \$2,680,000.00 Variance \$0.00
3	Supported by Coalition, District files successful GWMP validation action w/ court	3	Putting in place a regular & dependable means for paying for annual ongoing administrative costs for implementing the GWMP	Planned (\$2,550,000.00) Variance \$0.00



**Groundwater pumping charges in special act districts (2013/2014)**

<b>Agency</b>	<b>Charges per acre-foot</b>
Coachella Valley Water District (CVWD)	\$45 - \$110.26 depending on location
Desert Water Agency (DWA)	\$92
Fox Canyon Groundwater Management Agency (FCGMA)	\$4 administration fee plus tiered surcharge of \$1,315 - \$1,815 for use beyond allocation
Orange County Water District (OCWD)	\$138 for agricultural users; \$276 for non-agricultural users plus a \$600 surcharge for use beyond allocation
Pajaro Valley Water Management Agency (PVWMA)	\$168 - \$210 depending on location
Santa Clara Valley Water District (SCVWD)	\$18.30 for agricultural users; \$305 - \$680 for non-agricultural users depending on location

Source: Public Policy Institute of California

Fees sometimes vary by type of user (agriculture versus non-agriculture), location, and levels of use, and they sometimes exempt small users or a base allocation. The volumetric charges also vary across agencies, depending on the costs of replenishment water.

The pricing practices of each agency depend in part on their specific statutory requirements. For instance, OCWD and SCVWD are required to charge a lower pumping fee for agricultural water use. And while OCWD and FCGMA use tiered rates to limit excessive pumping, SCVWD does not believe it has authority to charge higher fees for this purpose (La Peidra 2014).

**Adjudicated basins**

California currently has 22 adjudicated basins – mostly in Southern California – where the rights to pump groundwater have been determined by the courts (Blomquist 1992).

	C	AP	AT	AU	AV	AX	BD
1	<b>BWD CASH FLOW</b>			10% increase			(no increase)
2	<b>BUDGET</b>	ADOPTED	YTD + PROJ MONTHS>>	7%	METER FEE		PROJECTED
3	<b>2014-2015</b>	BUDGET	PROJECTED	Net Water	10%	5%	BUDGET
4		2013-2014	2013-2014	Increase	Increase	Increase	2014-2015
5	<b>REVENUE</b>						
6	<b>WATER REVENUE</b>						
7	Residential Water Sales	822,850	840,498	59,150	59,150	59,150	845,000
8	Commercial Water Sales	114,404	112,508	7,931	79,631	79,631	113,300
9	Irrigation Water Sales	145,635	133,413	9,401	9,401	9,401	134,300
10	GWM Surcharge	102,709	107,149	7,560	7,560	7,560	108,000
11	Water Sales Power Portion	336,908	338,086	0	0	0	342,200
12	Readiness Water Charge	1,082,452	1,102,678	0	108,000	54,000	1,080,000
13	Readiness Water Charge - Liened properties	41,000	22,348	0	2,760	1,380	27,600
14	RH Golf Course surplus capacity lease		67,618				0
15	Meter Installation	0	5,809	0	0	0	5,809
16	Water hook-up charge	0	-	0	0	0	0
17	Reconnect Fees	6,800	6,120	0	0	0	4,080
18	Backflow Testing/installation	4,575	4,600	0	0	0	4,600
19	Bulk Water Sales	6,235	3,680	0	0	0	3,500
20	Penalty & Interest Water Collection	12,197	2,623	0	0	0	6,000
21	<b>TOTAL WATER REVENUE:</b>	<b>2,675,765</b>	<b>2,747,130</b>	<b>84,042</b>	<b>266,502</b>	<b>211,122</b>	<b>2,674,390</b>
22							
23	<b>PROPERTY ASSESSMENTS/AVAILABILITY CHARGES</b>						
24	641500 1% Property Assessments	64,388	63,597				64,625
25	641502 Property Assess wtr/swr/fld (25 parcels \$66 ea(1,650))	25,369	25,699				1,650
26	641502 Prop Assess. (as of 04/08/14)	0	-				0
27	641501 Water avail Standby	89,038	84,405				82,559
28	641504 ID 3 Water Standby (361 parcels \$37.70 parcel (13,609.7))	0	-				0
29	641504 ID 3 Water Standby (La Casa)	35,165	24,407				33,722
30	641503 Pest standby	15,474	14,851				17,938
31	<b>TOTAL PROPERTY ASSES/AVAIL CHARGES:</b>	<b>229,434</b>	<b>212,959</b>				<b>200,493</b>
32							
33	<b>SEWER SERVICE CHARGES</b>				<b>SEWER FEE</b>		
34	Town Center Sewer Holder's Fees	168,000	170,463		10% increase		170,190
35	Town Center Sewer User Fees	37,920	37,990				38,040
36	Sewer user Fees	300,300	299,790	33,000	33,000	33,000	330,000
37	Sewer-liened	3,216	2,371				2,160
38	Penalty Interest-Sewer	1,200	189				0
39	Sewer Capacity Fees	0	-				0
40	<b>TOTAL SEWER SERVICE CHARGES:</b>	<b>510,636</b>	<b>510,804</b>	<b>33,000</b>	<b>33,000</b>	<b>33,000</b>	<b>540,390</b>
41							
42	<b>OTHER INCOME</b>						
44	Annexation Fees	0	-				0
45	Fire Hydrant Installation	0	-				0
46	Miscellaneous Income (net csd fee/JPIA rebate/check free)	10,320	28,741				15,880
47	Administrative Fee-Water Credits	0	5,500				8,250
51	Interest Income	187	79				80
52	<b>TOTAL OTHER INCOME:</b>	<b>10,507</b>	<b>34,320</b>				<b>24,210</b>
53							0
54	<b>TOTAL INCOME:</b>	<b>3,426,341</b>	<b>3,505,213</b>	<b>117,042</b>	<b>299,502</b>	<b>244,122</b>	<b>3,439,483</b>
55							
56	<b>CASH BASIS ADJUSTMENTS</b>						
57	Decrease (Increase) in Accounts Receivable		55,014				0
58	CC Golf Equipment receivable	2,270	2,270				2,270
59	Other Cash Basis Adjustments-loss on water credits sold		(10,322)				0
60	<b>TOTAL CASH BASIS ADJUSTMENTS:</b>	<b>2,270</b>	<b>46,962</b>				<b>2,270</b>
61							
62	<b>TOTAL INCOME RECEIVED:</b>	<b>3,428,611</b>	<b>3,552,175</b>	<b>3,330,335</b>	<b>3,512,795</b>	<b>3,457,415</b>	<b>3,213,293</b>

	C	AP	AT	AU	AV	AX	BD
1	<b>BWD CASH FLOW</b>			10% increase			(no increase)
2	<b>BUDGET</b>	<b>ADOPTED</b>	<b>YTD + PROJ MONTHS&gt;&gt;</b>	<b>7%</b>	<b>METER FEE</b>		<b>PROJECTED</b>
3	<b>2014-2015</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>Net Water</b>	<b>10%</b>	<b>5%</b>	<b>BUDGET</b>
4		<b>2013-2014</b>	<b>2013-2014</b>	<b>Increase</b>	<b>Increase</b>	<b>Increase</b>	<b>2014-2015</b>
63	<b>EXPENSES</b>						
64							
65	<b>MAINTENANCE EXPENSE</b>						
66	R & M Buildings & Equipment	130,000	129,503				132,000
67	R & M - WWTP	40,000	67,863				60,000
68	Telemetry	10,000	10,000				20,000
69	Trash Removal	3,655	3,444				3,600
70	Vehicle Expense	18,000	15,275				18,000
71	Fuel & Oil	33,000	31,583				33,000
72	<b>TOTAL MAINTENANCE EXPENSE:</b>	<b>234,655</b>	<b>257,667</b>	<b>266,600</b>	<b>266,600</b>	<b>266,600</b>	<b>266,600</b>
73							
74	<b>PROFESSIONAL SERVICES EXPENSE</b>						
75	Tax Accounting (Taussig)	1,500	9,167				3,000
76	Administrative Services (ADP/Bank Fees)	6,000	16,024				6,000
77	Audit Fees	14,439	14,439				14,439
78	Computer billing-TBD	9,000	6,679				18,250
79	Consulting/Technical/Contract Labor	200	200				1,200
80	Engineering	25,200	12,515				35,000
81	District Legal Services	15,000	41,684				20,000
82	Testing/lab work	18,000	18,010				18,000
83	Regulatory Permit Fees	42,000	32,756				38,000
84	<b>TOTAL PROFESSIONAL SERVICES EXPENSE:</b>	<b>131,339</b>	<b>151,475</b>	<b>153,889</b>	<b>153,889</b>	<b>153,889</b>	<b>153,889</b>
85							
86	<b>INSURANCE/DEBT EXPENSE</b>						
87	ACWA Insurance	73,650	70,427				74,000
88	Workers Comp	18,800	14,871				14,400
89	Interest-COP 2008	219,313	219,313				255,713
90	<b>TOTAL INSURANCE/DEBT EXPENSE:</b>	<b>311,763</b>	<b>304,611</b>	<b>344,113</b>	<b>344,113</b>	<b>344,113</b>	<b>344,113</b>
91							
92	<b>PERSONNEL EXPENSE</b>						
93	Board Meeting Expense (board stipend/board secretary)	12,870	11,290				12,870
94	Salaries & Wages (gross)	750,000	712,778				730,000
95	Taxes on Payroll	16,000	15,783				15,500
96	Medical Insurance Benefits	181,000	171,762				180,000
97	Calpers Retirement Benefits	157,200	149,047				162,000
98	Salaries & Wages contra account	(12,870)	(10,440)				(12,195)
99	Conference/Conventions/Training/Seminars	7,500	6,052				7,000
100	<b>TOTAL PERSONNEL EXPENSE:</b>	<b>1,111,700</b>	<b>1,056,271</b>	<b>1,095,175</b>	<b>1,095,175</b>	<b>1,095,175</b>	<b>1,095,175</b>
101							
102	<b>OFFICE EXPENSE</b>						
103	Office Supplies	18,000	21,541				18,000
104	Office Equipment/ Rental/Maintenance Agreements	25,400	23,627				25,000
105	Postage & Freight	13,000	13,122				13,000
106	Taxes on Property	2,150	2,366				2,366
107	Telephone/Answering Service	8,400	7,611				7,674
108	Dues & Subscriptions	4,400	3,989				3,970
109	Printing, Publications & Notices	747	847				838
110	Uniforms	7,177	5,290				6,000
111	OSHA Requirements/Emergency preparedness	4,842	1,626				4,500
112	<b>TOTAL OFFICE EXPENSE:</b>	<b>84,838</b>	<b>80,019</b>	<b>81,347</b>	<b>81,347</b>	<b>81,347</b>	<b>81,347</b>
113							
114	<b>UTILITIES EXPENSE</b>						
115	Pumping-Electricity	360,000	323,573				360,000
116	Office/Shop Utilities	16,875	16,252				17,319
117	Cellular Phone	8,777	7,991				8,000
118	<b>TOTAL UTILITIES EXPENSE:</b>	<b>385,652</b>	<b>347,816</b>	<b>348,907</b>	<b>348,907</b>	<b>348,907</b>	<b>348,907</b>
119							
120	<b>TOTAL EXPENSES:</b>	<b>2,259,946</b>	<b>2,197,858</b>	<b>2,290,031</b>	<b>2,290,031</b>	<b>2,290,031</b>	<b>2,290,031</b>
121							
122	<b>CASH BASIS ADJUSTMENTS</b>						
123	Decrease (Increase) in Accounts Payable		(11,107)				0
124	Increase (Decrease) in Inventory		22,503				0
125	Other Cash Basis Adjustments		3,973				0
126	<b>TOTAL CASH BASIS ADJUSTMENTS:</b>		<b>15,369</b>				<b>0</b>
127							
128	<b>TOTAL EXPENSES PAID:</b>	<b>2,259,946</b>	<b>2,213,227</b>	<b>2,290,031</b>	<b>2,290,031</b>	<b>2,290,031</b>	<b>2,290,031</b>
129							
130	<b>NET CASH FLOW (O&amp;M)</b>	<b>1,168,665</b>	<b>1,338,948</b>	<b>1,040,304</b>	<b>1,222,764</b>	<b>1,167,384</b>	<b>923,262</b>



	C	AP	AT	AU	AV	AX	BD
1	<b>BWD CASH FLOW</b>			10% increase			(no increase)
2	<b>BUDGET</b>	<b>ADOPTED</b>	<b>YTD + PROJ MONTHS&gt;&gt;</b>	<b>7%</b>	<b>METER FEE</b>		<b>PROJECTED</b>
3	<b>2014-2015</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>Net Water</b>	<b>10%</b>	<b>5%</b>	<b>BUDGET</b>
4		<b>2013-2014</b>	<b>2013-2014</b>	<b>Increase</b>	<b>Increase</b>	<b>Increase</b>	<b>2014-2015</b>
131	<b>NON O &amp; M EXPENSES</b>						
132	USGS Basin study (\$49,028 balance)	57,500	57,488	0	0	0	0
133	GWM -Plan Completion	30,000	14,256	15,000	15,000	15,000	15,000
136	Viking Ranch Purchase	69,000	70,493	0	0	0	0
138	Rams Hill #1 1980 steel needs inside coating, 1.25mg (cathodic pro	200,000	203,912	0	0	0	0
139	800 Tank	123,576	125,825	0	0	0	0
140	Twin Tanks, 1970's-inside coating (rescheduled into 2013-2014)	40,000	40,000	0	0	0	0
142	ID4, Reducing Station design and installation	20,000	20,000	20,000	20,000	20,000	20,000
146	GWM-Plan conversion to IRWM			35,000	35,000	35,000	35,000
147	Application for IRWMP round three implementation			35,000	35,000	35,000	35,000
148	Concrete replacement \$25,000/manhole replacement \$100,000	70,000	82,079	125,000	125,000	125,000	125,000
150	Lugo building repairs	5,000	2,980	5,000	5,000	5,000	5,000
151	Pipeline-Country Club Road Booster Sta #3 south to Slash M	154,000	154,000	0	0	0	0
152	Fire Hydrant Replacements	12,360	12,360	0	0	0	0
153	Rewind motors-ID1-12,ID5-5	35,000	35,000	30,000	30,000	30,000	30,000
154	ID4-4 pump and casing cleaning	60,000	60,453	60,000	60,000	60,000	60,000
155	ID4-Well 18 new submersible pump		24,500	0	0	0	0
156	WWTP-Skid Steer			65,000	65,000	65,000	65,000
157	WWTP-Portable engine driven pump			10,000	10,000	10,000	10,000
158	WWTP-Rehab grit chamber & sludge holding tank diffuser system		-	30,000	30,000	30,000	30,000
159	WWTP-Jetting & Vactor Truck Service		-	10,000	10,000	10,000	10,000
160	WWTP-Rehab Clarifier	28,000	28,000	40,000	40,000	40,000	40,000
161	WWTP-Video Collection Lines	10,000	10,000	25,000	25,000	25,000	25,000
162	RHGC Settlement Statement-Availability fees past/present		(75,793)				0
163	RHGC Settlement Statement-Sale of wells ID 1-1 & ID1-2		(106,436)				0
164	RHGC Settlement Statement-other cost less \$6,000 deposit		(1,792)				0
165	RHGC Settlement Statement-Well 12 purchase agreement pay off		372,963				0
166	218 Process			110,000	110,000	110,000	110,000
167	Circle J Pipeline project			57,000	57,000	57,000	57,000
168	Trailer			10,000	10,000	10,000	10,000
169							
170	<b>TOTAL NON O&amp;M EXPENSES</b>	<b>914,436</b>	<b>1,130,286</b>	<b>682,000</b>	<b>682,000</b>	<b>682,000</b>	<b>682,000</b>
171							
172	<b>CASH RECAP</b>						
173	Cash beginning of period	1,471,674	1,471,674	1,680,336	1,680,336	1,680,336	1,680,513
174	Net Cash Flow (O&M)	1,168,665	1,338,948	1,040,304	1,222,764	1,167,384	923,262
175	Total Non O&M Expenses	(914,436)	(1,130,286)	(682,000)	(682,000)	(682,000)	(682,000)
176	Transfer To/From Reserves		0				0
177	<b>CASH AT END OF PERIOD</b>	<b>1,725,903</b>	<b>1,680,336</b>	<b>2,038,640</b>	<b>2,221,100</b>	<b>2,165,720</b>	<b>1,921,775</b>
178							
179	<b>RESERVES</b>						<b>ACTUAL</b>
180	Working Capital (4 months)						750,000
181	Emergency Reserves						871,775
182	Viking Ranch						300,000
183	<b>TOTAL RESERVES</b>						<b>1,921,775</b>
184	<b>Target Emergency Reserves</b>						<b>2,000,000</b>