

AGENDA
Borrego Water District Board of Directors
Regular Meeting
December 17, 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. Approval of Minutes
Regular meeting of November 19, 2014 (3-7)
- F. Comments from Directors and Requests for Future Agenda Items
- G. Comments from the Public and Requests for Future Agenda Items (comments will be limited to 3 minutes)
- H. Correspondence:

II. CURRENT BUSINESS MATTERS

- A. Swearing in and Seating of the New Board Members for 2015-2018 District Board
- B. Discussion and possible approval of assigning Board members to ad-hoc committee members and as designated JPIA liaison (9)
- C. Board to consider and approve new signers for District bank accounts
- D. Discussion and possible action for donation of property from Jack Light
- E. Discussion and possible approval of Warren B. Diven, Best, Best & Krieger (San Diego office) as District bond counsel for the CFD Mello-Roos bonds to work w/ T2 Borrego (owner of bonds) on restructuring these bonds
- F. Discussion and possible approval of setting a schedule for public comment on the Borrego Water Coalition's (BWC) policy recommendations and discussion of how policy recommendations will be used for the Groundwater Sustainability Plan (GSP) required under the state's Sustainable Groundwater Management Act (SGMA) (10)
- G. Discussion and possible decision for District staff to prepare a draft application to DWR, in consultation with County staff and Borrego Water Coalition counsel, for becoming a Groundwater Sustainability Agency (GSA) for the Borrego Valley Groundwater Basin (BVGB), as required under the SGMA.
- H. Review of planning calendar (11-12)

III. STAFF REPORTS

- A. Financial Reports – November 2014 (13-26)
- B. General Manager / Operations Report (27)
- C. Water and Wastewater Operations Report – November 2014 (28)
- D. Water Production/Use Records – November 2014 (29-32)

IV. ATTORNEY'S REPORT

V. COMMITTEE REPORTS & PROPOSALS:

Ad Hoc Committees

- | | |
|--------------------------------------|---------------------|
| 1. Audit Committee | (L. Brecht) |
| 2. Due-Diligence | (L. Brecht) (33-43) |
| 3. Strategic Planning Committee/IRWM | (Hart, L. Brecht) |
| 4. Executive Committee | (Estep, Hart) |
| 5. Operations & Management Committee | (Delahay) |
| 6. Parks Committee | (Estep, Hart) |
| 7. Asset Ad Hoc Committee | (Hart) |
| 8. Personnel Committee | (Hart) |
| 9. Negotiating Committee | (Hart, Estep) |
| 10. CFD Committee | (Estep) |

VI. INFORMATIONAL ITEMS

VII. CLOSED SESSION

Conference with Legal Counsel – Anticipated Litigation

- A. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code section 54956.9. One potential case.

VIII. CLOSING PROCEDURE

The next Special Meeting of the Board of Directors is scheduled for January 20, 2014 at the Borrego Water District
The next Regular Meeting of the Board of Directors is scheduled for January 28, 2014 at the Borrego Water District

**Borrego Water District
MINUTES
Regular Meeting of the Board of Directors
Wednesday, November 19, 2014
9:00 AM
806 Palm Canyon Drive
Borrego Springs, CA 92004**

I. OPENING PROCEDURES

A. Call to Order: President Hart called the meeting to order at 9:00 a.m.

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

C. Roll Call: Directors: Present: President Hart, Vice-President Lyle Brecht, Secretary/Treasurer Marshal Brecht, Delahay, Estep (via teleconference)

Staff: Jerry Rolwing, General Manager
 Kim Pitman, Administration Manager
 Greg Holloway, Operations Manager
 Wendy Quinn, Recording Secretary

Public: Joe Tatusko Jeannie Beck, *Borrego Sun*
 Dick Walker Jim Engelke, White
 Ray Shindler Harry Ehrlich
 Dennis Jenkin, Oasis Ranch Martha Deichler
 Peter Vogel, Tandem Solar Kathy Dice
 Duane Young, Cocopah Barry McCall, Viejas Landscape
 Nurseries Group
 John Peterson Jim Wermers

D. Approval of Agenda: *MSC: L.Brecht/M.Brecht approving the Agenda as written.*

E. Approval of Minutes:
 Special meeting of October 2, 2014
 MSC: L.Brecht/M.Brecht approving the Minutes of the Special Meeting of October 2, 2014 as written.

 Special meeting of October 14, 2014
 MSC: L.Brecht/M.Brecht approving the Minutes of the Special Meeting of October 14, 2014 as written.

 Regular meeting of October 22, 2014
 MSC: L.Brecht/M.Brecht approving the Minutes of the Regular Meeting of October 22, 2014 as written.

 Special meeting of October 31, 2014
 MSC: L.Brecht/M.Brecht approving the Minutes of the Special Meeting of October 31, 2014 as written.

F. Comments from Directors and Requests for Future Agenda Items: None

G. Comments from the Public and Requests for Future Agenda Items: Joe Tatusko suggested scheduling a public meeting for the Borrego Water District, the Borrego Water Coalition and their stakeholders sometime in January.

H. Correspondence: The correspondence was included in the General Manager's report.

II. CURRENT BUSINESS MATTERS

A. Discussion of Borrego Water Coalition Groundwater Sustainability Plan Policy Recommendations: Kathy Dice explained that after a facilitator from the Department of Water Resources assisted in putting together an Integrated Regional Water Management Plan, which was unsuccessful, the Borrego Water Coalition reached out to the entire area in efforts to develop a Groundwater Sustainability Plan. Stakeholders included agriculture, recreation, business, ratepayers and the State Park. All participants agreed on the recommendations, which were presented to BWD today.

President Hart noted that the recently adopted State Sustainable Groundwater Management Act requires that all groundwater in the State be managed. A study by the US Geological Survey is underway, and BWD is reviewing the impact of the new legislation. It requires that the aquifer overdraft be balanced within 20 years, and if local agencies fail to develop a viable plan, the State may assume jurisdiction. The next step for BWD and the BWC is to explore the BWC recommended policies and the new legislation with the public. A presentation at the March town hall meeting will summarize the conclusions.

Ray Shindler recommended a shorter time frame than required by the State legislation, and Director Lyle Brecht suggested discussing this in January. Mr. Shindler expressed concern about bonding capability, agricultural fallowing and potential purchase of water credits by developers in light of the current market, and compliance of the BWC recommendations with the new legislation. President Hart noted that the DWR regulations had not yet been released.

Barry McCall expressed concern regarding drainage and erosion control in the area of La Casa Del Zorro, and President Hart suggested he discuss it further with Jerry Rolwing.

B. Discussion and possible action for donation of property from Charlie White: Mr. Rolwing distributed copies of a revised map showing the proposed property to be donated to the District by Charlie White. Mr. White intends to subdivide his property and is willing to donate some of it in increments for tax purposes. The parcel presented today is adjacent to Well 4 and would provide an area for potential solar panels in the future. Jim Engelke spoke on behalf of Mr. White, explaining that he hopes to establish a channel and retention basin on property subject to future donations to control storm flow. Mr. Rolwing noted that because of its multiple benefits, such a project would be a likely candidate for grant funding. He confirmed that District counsel had been consulted regarding the transaction. *MSC: L.Brecht/M.Brecht accepting the donation of property from Charlie White.*

C. Discussion of Solar Power Installation at the Wastewater Treatment Plant: Peter Vogel from Tandem Solar summarized his proposal to provide power to the wastewater treatment plant via a 25-year power purchase agreement. He estimated a 22.5 percent annual savings over current San Diego Gas & Electric costs. There would be no up-front capital investment for the District, and Tandem would take care of operations and maintenance.

Mr. Vogel noted there had been some concern because his was the only proposal submitted in response to the District's RFP. He pointed out that this is a common arrangement for public agencies, and urged the Board not to discard the project after already spending time and money on due diligence. Mr. Vogel asked the Board to assign the Operations & Management Committee to open negotiations with Tandem and continue its due diligence.

President Hart expressed concern regarding potential liability for only considering one proposal. Mr. Vogel explained that legislation allows public agencies to sole source under a certain dollar amount, and this project falls into that category. Director Lyle Brecht suggested

review by an independent expert and legal counsel, and Director Delahay replied that the O&M Committee had already done that. Mr. Rolwing added that the local solar expert that was consulted suggested purchasing the system in increments. Mr. Vogel advised against purchase of the system, as opposed to purchasing power, because as a public agency the District would not be eligible for tax incentives or depreciation.

Director Estep left the conference call/meeting at 10:00 a.m.

Mr. Vogel explained that the District could prepay for multiple years of energy use, thereby generating even greater savings.

Mr. Tatusko, as an incoming Director, disclosed that he had purchased a Tandem Solar system for his home.

President Hart asked the O&M Committee to continue its due diligence, including references, and to work with Mr. Rolwing on this. Director Lyle Brecht requested written findings and recommendations.

D. Discussion and possible approval and adoption of Ordinance No. 14-01
ORDINANCE OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT
AMENDING ORDINANCE NO. 93-2 INSTITUTING A CROSS CONNECTION CONTROL
PROGRAM TO PROTECT THE PUBLIC WATER SYSTEM AND THE ADOPTION OF
RULES AND REGULATIONS: *MSC: L.Brecht/Delahay adopting Ordinance No. 14-01, Ordinance of the Board of Directors of the Borrego Water District Amending Ordinance No. 93-2 Instituting a Cross Connection Control Program to Protect the Public Water System and the Adoption of Rules and Regulations.*

E. Presentation of ACWA/JPIA Commitment to Excellence Program: Mr. Rolwing commended Greg Holloway and the District crew for its outstanding safety record, which generates rebates from ACWA/JPIA and commendations for the District. The Board members were asked to sign the Commitment to Excellence agreement to demonstrate their support.

F. Review of planning calendar: President Hart referred to Item 30, elections, noting that Mr. Tatusko's appointment letter would be sent out on December 5. Mr. Rolwing noted that the title of Item 27 had been changed to "Business Plan."

G. Discussion and possible approval of a request from Considine Borrego, LLC, T2 Borrego LLC: President Hart explained that one of the requirements of the agreement between the District and T2 was that T2 purchase and fallow sufficient farmland to generate 800 water credits. A letter of intent to comply from Considine Borrego was included in the Board package, and it is currently under review by legal counsel. *MSC: L.Brecht/Delahay approving the request from Considine Borrego, LLC and T2 Borrego LLC subject to completion of legal review.*

III. STAFF REPORTS

A. Financial Reports – October 2014: Kim Pitman noted that the repairs and maintenance expenses were over budget due to a \$22,000 expenditure to repair a main break, \$9,500 to reconfigure the meters at Borrego Villas, a quarterly expense for chlorine and \$1,800 to repair the air line at the wastewater treatment plant head works. Mr. Holloway explained the problem at the WWTP and discussion followed concerning repairs. Ms. Pitman reported that a tractor had been purchased for the WWTP, and the cost came in under budget.

B. General Manager/Operations Report: Mr. Rolwing invited the Board's attention to a letter from Peter Kuchinsky of the JPIA commending the District on its good safety record.

Mr. Rolwing further reported he expected final reports from the USGS and Bureau of Reclamation by the end of the year.

C. Water and Wastewater Operations Report – October 2014: The Water and Wastewater Operations Report was included in the Board package.

D. Water Production/Use Records - October 2014: Mr. Rolwing noted that production was up due to over seeding.

IV. ATTORNEY'S REPORT

Mr. Rolwing announced that Morgan Foley would attend the December Board meeting and conduct a workshop on Directors' responsibilities.

V. COMMITTEE REPORTS & PROPOSALS

Ad Hoc Committees

1. Audit Committee

No report.

2. Due-Diligence

Director Lyle Brecht invited the Board's attention to the proposed schedule of business planning tasks in the Board package and summarized its components. President Hart noted that pest control fees should be included.

Director Lyle Brecht summarized findings on the Viking Ranch refinancing. Issues have arisen regarding federally taxable versus non-taxable bonds. The non-taxable bonds are more attractive to investors but more expensive to the District and carry restrictions on land use and water credit sales. The Committee suggests that the land and water credit financing not be separated and consideration of a ten-year amortization. Discussion followed concerning sale of the District's water credits from the deal, which would be prohibited for the term of the loan if tax exempt. President Hart asked whether the fact that the District has already sold some of the credits would taint the agreement, and Director Lyle Brecht agreed to find out. Discussion followed regarding the cost of federally taxable bonds, preserving the District's options to sell land or credits. Director Marshal Brecht estimated a ten-year amortization at four percent would cost the District \$140,000 a year and save \$1 million over the life of the contract as compared to the present arrangement. The Board members present favored the flexibility of taxable bonds with a ten-year amortization. Mr. Rolwing will brief Director Estep, and the Committee will prepare a detailed proposal for the Board's consideration.

3. Strategic Planning Committee/IRWM

President Hart reported that the Committee continues to meet with the BWC. The next meeting is scheduled for December 4.

4. Executive Committee

No report.

5. Operations & Management Committee

Director Delahay reported that the Committee had requested a design engineer's review of the solar proposal. The engineer suggested that the District purchase the system, an initial outlay of \$100,000, a savings of \$7,500 per year and a 12-year payoff. Director Delahay was not comfortable with the 25-year power purchase agreement. Director Marshal Brecht reported that the references for Tandem's partner on the project were very good. Mr. Tatusko recommended the power purchase agreement, noting that this is the most common arrangement for public agencies. A Committee meeting was scheduled following today's Board meeting.

6. Parks Committee

No report.

7. Asset Ad Hoc Committee

No report.

8. Personnel Committee

No report.

9. Negotiating Committee

No report.

10. CFD Committee

President Hart announced that a bond attorney needs to be selected for the CFD, separate from the one for the Viking Ranch. Mr. Foley suggests Best, Best & Krieger.

VI. INFORMATION ITEMS

President Hart presented an issue of *Sunrise Magazine*, started by the Art Guild and now published by Teri Zumstein. The cost is \$5 per issue.

Director Delahay reported he had received comments regarding dust emanating from Viking Ranch. Mr. Rolwing and Mr. Holloway agreed to look into it.

VII. CLOSING PROCEDURE

There being no further business, the Board adjourned at 11:35 a.m. The next Regular Meeting of the Board of Directors is scheduled for December 17, 2014 at the Borrego Water District.

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JPIA Board of Directors - Member/Alternate

An excerpt from the JPIA Agreement:

"Article 7 - Board of Directors"

- (a) The Authority shall be governed by the Board of Directors which is hereby established and which shall be composed of one representative from each Member, who shall be a Member director selected by the governing board of that Member. Each Member, in addition to appointing its member of the Board, shall appoint at least one alternate who shall be an officer, member of the governing board, or employee of that Member. The alternate appointed by a Member shall have the authority to attend and participate in any meeting of the Board when the regular member for whom he or she is an alternate is absent from said meeting.
- (b) Each Director or alternate of the Board shall serve until a successor is appointed. Each Director or alternate shall serve at the pleasure of the Member by which he or she has been appointed.
- (c) Each Director representing a Member, or his or her alternate, shall have one vote.

Please have you agency's Board of Directors designate a JPIA Director Representative and Alternate Representative.

Member Agency: _____

JPIA Director Representative: _____

Must be a member of the agency's board of directors.

Preferred mailing address: _____

E-mail address: _____

Phone number: _____

JPIA Alternate Representative: _____

Preferred mailing address: _____

E-mail address: _____

Phone number: _____

Please mail form to: Attn: Bobbette Wells, ACWA/JPIA, PO Box 619082, Roseville, CA 95661-9082

or FAX to: (916) 774-7040

Groundwater Sustainability Plan (GSP)
Policy Recommendations Review

Under the California Sustainable Groundwater Management Act (SGMA), all basins in the state must prepare a Groundwater Sustainability Plan (GSP). The GSP MUST specify no more than a 20-year timeframe from January 31, 2020, for the Basin to reach sustainable yield (inflows equal outflows). Presently for the BVGB, outflows from the Basin exceed inflows to the Basin by approximately 13,400 acre-feet per year (AFY), on average, according to the US Geological Survey (2014).

The GSP must be prepared by a California Department of Water Resources (DWR) approved Groundwater Sustainability Agency (GSA). The SGMA defines which agencies are eligible to become GSAs. For the Borrego Valley Groundwater Basin (BVGB; the Basin), both the County and the District are presently eligible to become GSAs for the Basin. Each has different authorities, all of which may be called upon to implement a GSP for the Basin.

The Borrego Water Coalition (“the Coalition”) has submitted a set of policy recommendations to the District and County to consider in the development of a GSP for the Basin. The District has agreed with both the County and the Coalition to provide a series of public forums for stakeholder discussion of the Coalition’s GSP policy recommendations.

The purpose of policies for the GSP at this juncture are twofold: (1) to provide a pre-negotiated direction and standard from which to develop the GSP; and (2) to illuminate the expected difficulties in meeting the SGMA mandate so that a reasonable estimate of GSP-related costs can be developed.

Proposed Policy Review Plan

December 2014

District Meeting - 17th - District Board discusses DRAFT plan; approves staff work toward District & County GSA designations, District MOU with County, Coalition MOU with District & County.

January 2015

District Meeting - 20th — public meeting #1 to discuss policy recommendations, DRAFT MOU between County & District

February 2015

District meeting — 17th — public meeting #2 to discuss policy recommendations, DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP development

March 2015

District meeting — 21st — public meeting #3 to discuss policy recommendations, DRAFT MOU between County and District; DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP development

Town Hall 2015 - report on SGMA-related groundwater management progress to date

April 2015

Implement GSP funding mechanism; start GSP development

	Contract / Project	January	February	March	April	May	June
	PAYMENTS						
1	Viking - payment due on 5th anniversary						
2	T2 Borrego	1/1/15: Pay spare cost in advance			Raftelis spare capacity cost analysis	5/1/15 Notice of 2015/2016 spare capacity due.	6/15/15: commitment of annual spare capacity due from T2 6/30/15: T2 to fallow 200 acre feet 6/30/15: T2 to pay BWD \$110 per a/f over 800.
3	Airport Access Permits						Annual Renewal Due
4	P & I Payment for ID4 COP's			1st half of payments due			
6	CONTRACTS						
7	American Red Cross-can cancel any time for any reason						
8	Club Circle (Cameron)		option to renew lease by 2/28/2015				Lease expires 6/30/2015
9	Green Desert Landscape		discuss w/ Bob the option of continuing with contract 2/28/2015				Agreement expires 6/30/2015
10	JC Labs	1/15/2015 agreement expires/thereafter month to month.					
11	Konika Minolta						
12	Secap - postage machine				4/1/2017 send letter of cancellation if desired		
13	San Diego Mailing Solutions (Annual maintenance - postage and stuffer machine)						
14	Ramona Disposal - Club Circle						
15	Ramona Disposal - BWD Dumpsters						
16	REPORTS						
17	CASGEM				Submit CASGEM water level data		
18	CCR						
19	Cameron Bros. Water Usage Report (golf course) to county						
20	Santago Estate						Occupancy report due
21	Annual EAR Report (CDHS)			Due 3/31 for previous year			
22	Check fallow property for water usage						
23	ADMINISTRATIVE						
24	Audit					Begin audit	
25	Budget			Pump check	CIP meeting, draft budget document	Final Budget document / FY Rate Resolution	
26	Investment Policy						Investment polices restated
27	Business Plan (TBD)						
28	Special Assessments / tax bill resolutions-Taussig						Special Assessments resolutions due
29	Town Hall Meeting			2015			
30	Elections						
31	Water Credit repricing			2015			

	July	August	September	October	November	December
1	7/8/2017 payment due spare capacity lease					
2	7/1/17: establish water budget					12/31/14: T2 to purchase land to fallow 12/31/18 lease expires
3						
4			2nd half of payments due			
6						
7						
8						
9	Cost of Water Adjustment each July 1st. With Cameron					
10						
11	Lease contract expires 7/2015					
12	lease expires 7/2017					
13		Annual maintenance contract expires 10/6/15.				
14		contact RDS re: contract renewal 2015				rate valid until 12/2015
15		contact RDS re: contract renewal 2015				rate valid until 12/2015
16						
17					Submit CASGEM water level data	
18				10/1/14 Mail CCR Certification form		
19				Send to County DPLU by 10/31		
20						
21						
22			Annual fallow property check			
23						
24			Review of draft audit report			
25						
26						
27						
28						
29						
30					New board is elected	
31						

ITEM III A

FINANCIALS

	C	D	AV	BB	BC	BD
1	BWD CASH FLOW					
2			ADOPTED	ACTUAL	PROJECTED	ACTUAL
3	2014-2015					
4			BUDGET	NOVEMBER	NOVEMBER	YTD
5			2014-2015	2014	2014	2014-2015
6	REVENUE					
7	WATER REVENUE					
7	Residential Water Sales		899,221	82,006	78,774	439,021
8	Commercial Water Sales		120,570	11,983	10,043	56,257
9	Irrigation Water Sales		142,918	13,901	12,863	95,613
10	GWM Surcharge		114,930	10,280	10,287	54,965
11	Water Sales Power Portion		364,158	33,228	32,129	176,501
12	Readiness Water Charge		1,080,000	94,910	94,000	472,066
13	Readiness Water Charge - Liened properties		27,600	0	750	568
14	RH Golf Course surplus capacity lease			0	0	189,630
15	Meter Installation		5,809	0	0	-
16	Water hook-up charge			0	0	-
17	Reconnect Fees		4,080	0	340	1,360
18	Backflow Testing/installation		4,600	0	0	(212)
19	Bulk Water Sales		3,500	0	750	263
20	Penalty & Interest Water Collection		6,000	(63)	500	5,474
21	TOTAL WATER REVENUE:		2,773,387	246,246	240,435	1,491,507
22		Receivables				
23	PROPERTY ASSESSMENTS/AVAILABILITY CHARGES	as of 12/09/14				
24	641500 1% Property Assessments	56,816	64,625	2,890	2,890	4,903
25	641502 Property Assess wtr/swr/flid (25 parcels \$66 ea(1,650))	100,445	1,650	1,759	1,759	2,220
27	641501 Water avail Standby	74,854	82,559	7,235	7,235	9,637
29	641504 ID 3 Water Standby (La Casa)	31,128	33,722	1,562	1,562	1,764
30	641503 Pest standby	16,668	17,938	539	539	832
31	TOTAL PROPERTY ASSES/AVAIL CHARGES:	279,912	200,493	13,985	13,985	19,357
32						
33	SEWER SERVICE CHARGES					
34	Town Center Sewer Holder's Fees		170,190	14,274	14,274	71,369
35	Town Center Sewer User Fees		38,040	3,320	3,170	13,280
36	Sewer user Fees		345,125	26,610	30,250	135,011
37	Sewer-liened		2,160	0	180	-
38	Penalty Interest-Sewer			0	0	10
39	Sewer Capacity Fees			0	0	-
40	TOTAL SEWER SERVICE CHARGES:		555,515	44,204	47,874	219,670
41						
42	OTHER INCOME					
44	Annexation Fees			0	0	-
45	Fire Hydrant Installation			0	0	-
46	Miscellaneous Income (net csd fee/JPIA rebate/check free)		15,880	90	80	461
47	Water Credits income		8,250		0	5,250
51	Interest Income		80	2	2	22
52	TOTAL OTHER INCOME:		24,210	92	82	5,733
53						
54	TOTAL INCOME:		3,553,605	304,527	302,376	1,736,267
55						
56	CASH BASIS ADJUSTMENTS					
57	Decrease (Increase) in Accounts Receivable			3,089	0	(8,681)
58	CC Golf Equipment receivable		2,270	189	189	946
59	Other Cash Basis Adjustments-Construction meter deposit				0	850
60	TOTAL CASH BASIS ADJUSTMENTS:		2,270	3,278	189	(6,886)
61						
62	TOTAL INCOME RECEIVED:		3,555,875	307,805	302,565	1,729,381

	BJ	BK	BL	BM	BN	BO	BP	BQ
1								
2	YTD + PROJ MONTHS>>	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
3	PROJECTED	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
4	2014-2015	2014	2015	2015	2015	2015	2015	2015
5								
6								
7	934,696	62,765	65,341	58,160	53,226	80,272	81,896	94,016
8	122,771	8,118	9,864	7,954	9,228	10,861	10,688	9,801
9	161,352	9,098	9,721	7,221	5,867	9,706	11,276	12,850
10	115,975	8,154	8,657	7,475	6,636	9,882	10,157	10,050
11	370,014	25,490	27,073	23,375	21,988	32,612	30,818	32,157
12	1,130,066	94,000	94,000	94,000	94,000	94,000	94,000	94,000
13	5,818	750	750	750	750	750	750	750
14	189,630	0	0	0	0	0	0	0
15	5,809	0	0	5,809	0	0	0	0
16	0	0	0	0	0	0	0	0
17	3,740	340	340	340	340	340	340	340
18	4,388	0	4,600	0	0	0	0	0
19	2,972	0	0	484	343	482	750	650
20	8,974	500	500	500	500	500	500	500
21	3,056,205	209,214	220,845	206,067	192,879	239,405	241,174	255,114
22								
23								
24	67,628	23,483	10,822	1,673	1,610	15,990	7,882	1,267
25	8,061	5,841	0	0	0	0	0	0
27	80,545	18,757	22,601	2,726	3,044	5,292	14,332	4,156
29	22,571	3,280	12,713	439	584	1,046	2,254	490
30	16,050	2,507	6,759	377	394	2,063	2,597	523
31	194,856	53,868	52,894	5,215	5,632	24,390	27,065	6,435
32								
33								
34	170,190	14,274	14,274	14,274	14,000	14,000	14,000	14,000
35	35,470	3,170	3,170	3,170	3,170	3,170	3,170	3,170
36	346,761	30,250	30,250	30,250	30,250	30,250	30,250	30,250
37	1,260	180	180	180	180	180	180	180
38	10	0	0	0	0	0	0	0
39	0	0	0	0	0	0	0	0
40	553,691	47,874	47,874	47,874	47,600	47,600	47,600	47,600
41								
42								
44	0	0	0	0	0	0	0	0
45	0	0	0	0	0	0	0	0
46	15,941	80	80	15,000	80	80	80	80
47	10,750	2,750	0	0	0	2,750	0	0
51	78	2	16	2	2	16	2	16
52	26,769	2,832	96	15,002	82	2,846	82	96
53	0							
54	3,831,521	313,788	321,709	274,157	246,193	314,240	315,921	309,245
55								
56								
57	(8,681)	0	0	0	0	0	0	0
58	2,270	189	189	189	189	189	189	189
59	850	0	0	0	0	0	0	0
60	(5,562)	189	189	189	189	189	189	189
61								
62	3,825,959	313,977	321,898	274,346	246,382	314,429	316,111	309,434

	C	D	AV	BB	BC	BD
1	BWD CASH FLOW					
2			ADOPTED	ACTUAL	PROJECTED	ACTUAL
3	2014-2015					
4			BUDGET	NOVEMBER	NOVEMBER	YTD
63	EXPENSES					
64			2014-2015	2014	2014	2014-2015
65	MAINTENANCE EXPENSE					
66	R & M Buildings & Equipment		142,000	10,244	12,000	122,012
67	R & M - WWTP		60,000	1,892	5,000	35,525
68	Telemetry		20,000	0	2,000	2,599
69	Trash Removal		3,600	287	300	1,322
70	Vehicle Expense		18,000	2,634	1,487	12,113
71	Fuel & Oil		33,000	2,051	2,750	10,636
72	TOTAL MAINTENANCE EXPENSE:		276,600	17,108	23,537	184,206
73						
74	PROFESSIONAL SERVICES EXPENSE					
75	Tax Accounting (Taussig)		3,000	0	0	517
76	Administrative Services (ADP/Bank Fees)		6,000	456	500	1,958
77	Audit Fees		14,439	0	0	14,439
78	Computer billing-TBD		18,250	0	750	2,359
79	Consulting/Technical/Contract Labor		1,200	0	100	-
80	Engineering		35,000	54,397	2,900	47,037
81	District Legal Services		20,000	0	2,000	9,326
82	Testing/lab work		18,000	164	1,220	3,004
83	Regulatory Permit Fees		38,000	7,350	18,080	21,496
84	TOTAL PROFESSIONAL SERVICES EXPENSE:		153,889	62,368	25,550	100,136
85						
86	INSURANCE/DEBT EXPENSE					
87	ACWA Insurance		74,000	0	0	23,281
88	Workers Comp		14,400	0	0	3,821
89	COP 2008 Installment		255,713	0	0	196,875
90	TOTAL INSURANCE/DEBT EXPENSE:		344,113	0	0	223,977
91						
92	PERSONNEL EXPENSE					
93	Board Meeting Expense (board stipend/board secretary)		12,870	595	1,170	3,810
94	Salaries & Wages (gross)		730,000	62,037	62,611	311,819
95	Taxes on Payroll		15,500	922	1,100	4,737
96	Medical Insurance Benefits	+5% Jan-June	180,000	(1,160)	14,583	87,498
97	Calpers Retirement Benefits		162,000	12,766	13,500	66,832
98	Salaries & Wages contra account		(12,195)	(495)	(1,170)	(3,300)
99	Conference/Conventions/Training/Seminars		7,000	395	1,000	4,357
100	TOTAL PERSONNEL EXPENSE:		1,095,175	75,060	92,794	475,754
101						
102	OFFICE EXPENSE					
103	Office Supplies		18,000	1,174	1,500	7,345
104	Office Equipment/ Rental/Maintenance Agreements		25,000	3,288	1,700	19,136
105	Postage & Freight		13,000	2,000	2,000	8,243
106	Taxes on Property		2,366	0	0	2,375
107	Telephone/Answering Service		7,674	871	617	3,548
108	Dues & Subscriptions		3,970	0	0	529
109	Printing, Publications & Notices		838	0	0	262
110	Uniforms		6,000	413	500	2,010
111	OSHA Requirements/Emergency preparedness		4,500	49	375	184
112	TOTAL OFFICE EXPENSE:		81,347	7,794	6,692	43,632
113						
114	UTILITIES EXPENSE					
115	Pumping-Electricity		360,000	46,821	40,000	236,077
116	Office/Shop Utilities		17,319	1,321	1,185	10,286
117	Cellular Phone		8,000	593	667	3,299
118	TOTAL UTILITIES EXPENSE:		385,319	48,736	41,852	249,662
119						
120	TOTAL EXPENSES:		2,336,442	211,065	190,425	1,277,366
121						
122	CASH BASIS ADJUSTMENTS					
123	Decrease (Increase) in Accounts Payable			16,614	0	77,853
124	Increase (Decrease) in Inventory			1,749	0	798
125	Other Cash Basis Adjustments				0	1,160
126	TOTAL CASH BASIS ADJUSTMENTS:			18,363	0	79,811
127						
128	TOTAL EXPENSES PAID:		2,336,442	229,428	190,425	1,357,177
129						
130	NET CASH FLOW (O&M)		1,219,433	78,377	112,139	372,204

	BJ	BK	BL	BM	BN	BO	BP	BQ
1								
2	YTD + PROJ MONTHS>>	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
3	PROJECTED	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
4	2014-2015	2014	2015	2015	2015	2015	2015	2015
63								
64								
65								
66	192,012	10,000	10,000	10,000	10,000	10,000	10,000	10,000
67	63,525	4,000	4,000	4,000	4,000	4,000	4,000	4,000
68	14,599	1,500	2,000	1,500	2,000	1,500	2,000	1,500
69	3,422	300	300	300	300	300	300	300
70	22,613	1,500	1,500	1,500	1,500	1,500	1,500	1,500
71	29,886	2,750	2,750	2,750	2,750	2,750	2,750	2,750
72	326,056	20,050	20,550	20,050	20,550	20,050	20,550	20,050
73								
74								
75	2,017	0	0	0	0	0	0	1,500
76	5,458	500	500	500	500	500	500	500
77	14,439	0	0	0	0	0	0	0
78	7,609	750	750	750	750	750	750	750
79	700	100	100	100	100	100	100	100
80	67,337	2,900	2,900	2,900	2,900	2,900	2,900	2,900
81	21,326	1,500	2,000	1,500	2,000	1,500	2,000	1,500
82	13,899	1,050	2,720	1,725	1,200	1,200	1,500	1,500
83	48,915	15,000	1,500	500	4,722	399	3,175	2,123
84	181,700	21,800	10,470	7,975	12,172	7,349	10,925	10,873
85								
86								
87	67,281	0	0	0	11,000	33,000	0	0
88	14,621	3,600	0	0	3,600	0	0	3,600
89	255,713	0	0	0	58,838	0	0	0
90	337,615	3,600	0	0	73,438	33,000	0	3,600
91								
92								
93	12,000	1,170	1,170	1,170	1,170	1,170	1,170	1,170
94	734,568	62,472	62,499	57,611	59,231	60,852	60,852	59,231
95	15,637	930	3,500	1,700	1,200	1,500	1,100	970
96	181,002	15,584	15,584	15,584	15,584	15,584	15,584	0
97	161,332	13,500	13,500	13,500	13,500	13,500	13,500	13,500
98	(10,815)	(1,170)	(1,170)	(495)	(1,170)	(1,170)	(1,170)	(1,170)
99	6,757	600	100	400	500	100	600	100
100	1,100,481	93,086	95,183	89,470	90,015	91,536	91,636	73,801
101								
102								
103	17,845	1,500	1,500	1,500	1,500	1,500	1,500	1,500
104	31,036	1,700	1,700	1,700	1,700	1,700	1,700	1,700
105	12,987	20	2,014	0	2,020	50	591	50
106	2,552	0	177	0	0	0	0	0
107	8,081	596	627	511	700	700	700	700
108	3,578	25	237	132	200	2,360	50	45
109	478	0	0	0	116	0	0	100
110	5,510	500	500	500	500	500	500	500
111	2,809	375	375	375	375	375	375	375
112	84,876	4,715	7,130	4,717	7,111	7,185	5,416	4,970
113								
114								
115	516,077	40,000	40,000	40,000	40,000	40,000	40,000	40,000
116	19,053	1,174	1,384	1,192	1,032	1,179	1,237	1,570
117	7,964	667	667	667	666	666	666	666
118	543,094	41,841	42,051	41,859	41,698	41,845	41,903	42,236
119								
120	2,573,822	185,092	175,384	164,071	244,984	200,964	170,430	155,530
121								
122								
123	77,853	0	0	0	0	0	0	0
124	798	0	0	0	0	0	0	0
125	1,160	0	0	0	0	0	0	0
126	79,811	0	0	0	0	0	0	0
127								
128	2,653,633	185,092	175,384	164,071	244,984	200,964	170,430	155,530
129								
130	1,172,326	128,884	146,514	110,276	1,398	113,465	145,681	153,904

	C	D	AV	BB	BC	BD
1	BWD CASH FLOW					
2			ADOPTED	ACTUAL	PROJECTED	ACTUAL
3	2014-2015					
4			BUDGET	NOVEMBER	NOVEMBER	YTD
			2014-2015	2014	2014	2014-2015
131	NON O & M EXPENSES					
132	USGS Basin study					3,526
133	GWM -Plan Completion		15,000	23,293	1,250	43,500
140	Twin Tanks, 1970's-inside coating (rescheduled into 2015-2016)					-
142	ID4, Reducing Station design and installation (rescheduled to 2014-2015)					-
146	ID 5, Reducing Station design and installation(rescheduled to 2014-2015)		10,000			-
147	GWM-Plan conversion to IRWM		35,000		3,500	-
148	Application for IRWMP round three implementation		35,000		3,500	-
149	Collection system repairs \$25,000/manhole replacement \$50,000		75,000			-
151	Lugo building repairs		5,000		500	-
152	Pipeline-Country Club Road Booster Sta #3 south to Slash M					-
154	Rewind motors-ID1-10/ID4-11(rescheduled to 2014-2015)					-
155	Rewind motors-ID1-12/ID5-5		30,000			-
156	ID 1-16 pump and casing cleaning(rescheduled to 2014-2015)					96,269
157	ID4-4 pump and casing cleaning		60,000			-
159	Booster Station Motors		16,000			-
160	WWTP-Skid Steer		65,000			58,290
161	WWTP-Portable engine driven trash pump		10,000			-
162	WWTP-Rehab grit chamber & sludge holding tank diffuser system		30,000			-
163	WWTP-Jetting & Vactor Truck Service		10,000			-
164	WWTP-Rehab Clarifier		40,000			-
165	WWTP-Video Collection Lines		25,000			-
170	Blower Unit for Equalization Basin Upgrade WWTP (not budgeted)					11,222
171	218 Process		110,000		13,750	-
172	Circle J Pipeline project		57,000			-
173	Trailer to haul pipe		10,000			-
174	Air Quality Compliance		40,000			-
175	New Computer for server		10,000			-
176	TOTAL NON O&M EXPENSES		688,000	23,293	22,500	212,807
177						
178	CASH RECAP					
179	Cash beginning of period		1,688,382	2,073,366	2,048,743	1,969,053
180	Net Cash Flow (O&M)		1,219,433	78,377	112,139	372,204
181	Total Non O&M Expenses		(688,000)	(23,293)	(22,500)	(212,807)
182	CASH AT END OF PERIOD		2,219,815	2,128,450	2,138,382	2,128,450
183						
184	RESERVES					
185	Working Capital (4 months)		(750,000)		(750,000)	
186	Viking Ranch		(300,000)		(300,000)	
187	Available for Emergency Reserves		1,169,815		1,088,382	
188	Target Emergency Reserves		2,000,000		2,000,000	
189	Emergency Reserves Deficit		(830,185)		(911,618)	
190						
191	SIGNIFICANT ITEMS		ACTUAL	PROJECTED		
192						
193	Engineering	54,397	2,900	(51,497)	52,897	To be reimbrus
194	Regulatory Permit Fees	7,350	18,080	10,730		Projection off one month
195	Medical Insurance Benefits	0	14,583	14,583		Double paid in October
196	Pumping-Electricity	46,821	40,000	(6,821)		RHCG-\$3,648
197						
198						
199						

	BJ	BK	BL	BM	BN	BO	BP	BQ
1								
2	YTD + PROJ MONTHS>>	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
3	PROJECTED	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
4	2014-2015	2014	2015	2015	2015	2015	2015	2015
131								
132	12,775		9,249					
133	52,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
140	0							
142	20,000	20,000						
146	10,000	10,000						
147	31,500	3,500	3,500	3,500	3,500	3,500	7,000	7,000
148	31,500	3,500	3,500	3,500	3,500	3,500	7,000	7,000
149	75,000	25,000				50,000		
151	4,500	500	600	600	700	700	700	700
152	154,000			154,000				
154	30,000					15,000		15,000
155	30,000		15,000		15,000			
156	96,269							
157	60,000				60,000			
159	16,000	8,000		8,000				
160	58,290							
161	10,000		10,000					
162	30,000					30,000		
163	10,000		10,000					
164	40,000	40,000						
165	25,000			25,000				
170	11,222							
171	96,250	13,750	13,750	13,750	13,750	13,750	13,750	13,750
172	57,000			57,000				
173	10,000	10,000						
174	40,000		40,000					
175	10,000		10,000					
176	1,021,556	135,500	116,849	266,600	97,700	117,700	29,700	44,700
177	1,021,556							
178								
179	1,969,053	2,128,450	2,121,834	2,151,499	1,995,175	1,898,873	1,894,638	2,010,619
180	1,172,326	128,884	146,514	110,276	1,398	113,465	145,681	153,904
181	(1,021,556)	(135,500)	(116,849)	(266,600)	(97,700)	(117,700)	(29,700)	(44,700)
182	2,119,823	2,121,834	2,151,499	1,995,175	1,898,873	1,894,638	2,010,619	2,119,823
183								
184								
185	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
186	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
187	1,069,823	1,071,834	1,101,499	945,175	848,873	844,638	960,619	1,069,823
188	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
189	(930,177)	(928,166)	(898,501)	(1,054,825)	(1,151,127)	(1,155,362)	(1,039,381)	(930,177)
190								
191								
192								
193	ed RHGC							
194								
195								
196								
197								
198								
199								



BORREGO WATER DISTRICT

	BALANCE SHEET November 30, 2014 (unaudited)	BALANCE SHEET October 31, 2014 (unaudited)	MONTHLY CHANGE (unaudited)
ASSETS:			
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,128,450.16	\$ 2,073,365.90	\$ 55,084.26
Accounts receivable from water sales and sewer charges	\$ 370,194.74	\$ 373,283.74	\$ (3,089.00)
Interest receivable	\$ -	\$ -	\$ -
Inventory	\$ 135,112.72	\$ 133,363.72	\$ 1,749.00
Availability charges receivable	\$ -	\$ -	\$ -
Allowance for uncollectable availability charges	\$ -	\$ -	\$ -
Grant Receivable	\$ -	\$ -	\$ -
Prepaid expenses	\$ 30,298.12	\$ 30,298.12	\$ -
Other Receivables	\$ 1,324.60	\$ 1,513.80	\$ (189.20)
TOTAL CURRENT ASSETS	\$ 2,665,380.34	\$ 2,611,825.28	\$ 53,555.06
RESTRICTED ASSETS			
Debt Service:			
Deferred amount of COP Refunding	\$ 132,554.49	\$ 132,554.49	\$ -
Unamortized bond issue costs	\$ 92,454.19	\$ 92,454.19	\$ -
Total Debt service	\$ 225,008.68	\$ 225,008.68	\$ -
Trust fund:			
Investments with fiscal agent -CFD 2007-1	\$ 47,580.00	\$ 95,899.28	\$ (48,319.28)
Total Trust fund	\$ 47,580.00	\$ 95,899.28	\$ (48,319.28)
TOTAL RESTRICTED ASSETS	\$ 272,588.68	\$ 320,907.96	
UTILITY PLANT IN SERVICE			
Land	\$ 3,029,275.65	\$ 3,029,275.65	\$ -
Flood Control Facilities	\$ 4,319,603.58	\$ 4,319,603.58	\$ -
Capital Improvement Projects	\$ 186,213.42	\$ 186,213.42	\$ -
Sewer Facilities	\$ 5,511,661.08	\$ 5,511,661.08	\$ -
Water facilities	\$ 10,585,969.56	\$ 10,585,969.56	\$ -
Pipelines,wells and tanks	\$ 151,699.02	\$ 151,699.02	\$ -
General facilities	\$ 1,006,881.13	\$ 1,006,881.13	\$ -
Equipment and furniture	\$ 312,133.38	\$ 312,133.38	\$ -
Vehicles	\$ 553,862.67	\$ 553,862.67	\$ -
Accumulated depreciation	\$ (10,987,728.01)	\$ (10,987,728.01)	\$ -
NET UTILITY PLANT IN SERVICE	\$ 14,669,571.48	\$ 14,669,571.48	
OTHER ASSETS			
Water rights -ID4	\$ 185,000.00	\$ 185,000.00	\$ -
TOTAL OTHER ASSETS	\$ 185,000.00	\$ 185,000.00	
TOTAL ASSETS	\$ 17,792,540.50	\$ 17,787,304.72	\$ 5,235.78

Balance sheet continued

	BALANCE SHEET November 30, 2014 (unaudited)	BALANCE SHEET October 31, 2014 (unaudited)	MONTHLY CHANGE (unaudited)
LIABILITIES:			
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS			
Accounts Payable	\$ 65,065.88	\$ 81,679.55	\$ (16,613.67)
Accrued expenses	\$ 173,602.49	\$ 173,602.49	\$ -
Deferred Revenue	\$ -	\$ -	\$ -
Deposits	\$ 22,093.75	\$ 22,093.75	\$ -
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	\$ 260,762.12	\$ 277,375.79	\$ (16,613.67)
CURRENT LIABILITIES PAYABLE FOM RESTRICTED ASSETS			
Debt Service:			
Accounts Payable to CFD 2007-1	\$ 47,580.00	\$ 95,899.28	\$ (48,319.28)
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	\$ 47,580.00	\$ 95,899.28	\$ (48,319.28)
LONG TERM LIABILITIES			
2008 Certificates of participation (payable from restricted assets)	\$ 2,615,000.00	\$ 2,615,000.00	\$ -
Viking Ranch Note	\$ 1,425,000.00	\$ 1,425,000.00	\$ -
TOTAL LONG TERM LIABILITIES	\$ 4,040,000.00	\$ 4,040,000.00	\$ -
TOTAL LIABILITIES	\$ 4,348,342.12	\$ 4,413,275.07	\$ (64,932.95)
FUND EQUITY			
Contributed equity	\$ 9,611,814.35	\$ 9,611,814.35	\$ -
Retained Earnings:			
Unrestricted Reserves/Retained Earnings	\$ 3,832,384.03	\$ 3,762,215.30	\$ 70,168.73
Total retained earnings	\$ 3,832,384.03	\$ 3,762,215.30	\$ 70,168.73
TOTAL FUND EQUITY	\$ 13,444,198.38	\$ 13,374,029.65	\$ 70,168.73
TOTAL LIABILITIES AND FUND EQUITY	\$ 17,792,540.50	\$ 17,787,304.72	\$ 5,235.78



BORREGO WATER DISTRICT

TREASURER'S REPORT NOVEMBER, 2014

Bank	Carrying Value	Fair Value	% of Portfolio		
			Current Actual	Rate of Interest	Maturity

Cash and Cash Equivalents:

Demand Accounts at WFB/UB/LAIF

WFB/UB General Account/Petty Cash	\$ 2,046,870	\$ 1,994,110	\$ 1,994,110	93.69%	0.00%	N/A
Payroll Account	\$ 64,518	\$ 62,961	\$ 62,961	2.96%	0.01%	N/A
MMA	\$ 50,439	\$ 50,439	\$ 50,439	2.37%	0.03%	N/A
LAIF	\$ 20,940	\$ 20,940	\$ 20,940	0.98%	0.22%	N/A
Total Cash and Cash Equivalents	\$ 2,182,767	\$ 2,128,450	\$ 2,128,450	100.00%		

Facilities District No. 2007-1

First American Treas Obligation -US BANK	\$ 47,580	\$ 47,580	\$ 47,580			
Total Cash, Cash Equivalents & Investments	\$ 2,230,347	\$ 2,176,030	\$ 2,176,030			

Cash and investments conform to the District's Investment Policy statement filed with the Board of Directors on June 25, 2014.

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

Sources of valuations are Umpqua Bank, Wells Fargo Bank (WFB), LAIF and US Trust Bank.



 Kim Pitman, Administration Manager



BORREGO WATER DISTRICT

To: BWD Board of Directors
 From: Kim Pitman
 Subject: Consideration of the Disbursements and Claims Paid
 Month Ending November, 2014

A. Vendor disbursements paid during this period:		\$	186,296.79
<i>Significant items:</i>			
San Diego Gas & Electric		\$	47,753.00
RHGC portion of San Diego Gas & Electric		\$	3,647.73
CalPERS Payments		\$	15,315.06
SWRCB Annual Fees		\$	6,787.00
B. Capital Projects/Fixed Asset Outlays:			
C. Total Professional Services for this Period:			
<i>(included in vendor disbursements paid above)</i>			
Downey Brand, Attorneys	Legal-general GWM	\$	9,718.33
	Total Invoice:	\$	9,718.33
McDougal Love Eckis *No invoice	Legal-general GWM	\$	-
	Total Invoice:	\$	-
DUDEK-Water Credit Policy	BWD	\$	13,535.00
RHGC Water Supply-to be reimbursed	RHGC	\$	52,897.40
	Total Invoice:	\$	13,535.00
D. Payroll for this Period:			
Gross Payroll		\$	62,036.60
Employer Payroll Taxes and ADP Fee		\$	1,095.57
Total		\$	63,132.17

BORREGO WATER DISTRICT
FOR BOARD CONSIDERATION AND APPROVAL
NOVEMBER 30, 2014

GENERAL ACCOUNT

CHECK#	DATE	PAYEE & DESCRIPTION	AMOUNT
19578	12/10/14	U.S.BANK CORPORATE PAYMENT SYS SEE INVOICE FOR DETAILS SEE INVOICE FOR DETAILS	2,018.18
19557	11/24/14	ABILITY ANSWERING/PAGING SER ANSWERING SERVICES	207.45
19543	11/18/14	AFLAC EMPLOYEE PAID SUPPLEMENTAL INS	1,864.46
19565	12/03/14	AIR POLLUTION APCD2012 SITE 00924 DISTRICT FEES	309.00
19544	11/18/14	AIRGAS USA,LLC SUPPLIES	69.44
19579	12/10/14	AMERICAN LINEN INC. UNIFORMS FOR CREW	412.96
19580	12/10/14	AT CONFERENCE CONFERENCE CALLS	14.81
19581	12/10/14	AT&T MOBILITY CELL PHONES FOR CREW	517.25
19582	12/10/14	AT&T-CALNET 2 PHONES, OFFICE, WWTP, SHOP	529.36
19583	12/10/14	AUTOMATED WATER TREATMENT CHLORINATOR	2,152.00
19584	12/10/14	BORREGO SPRINGS BOTTLED WATER WATER FOR CREW	106.07
19558	11/24/14	BUD PEREZ REIMBURSE FOR WORK BOOTS	48.57
19585	12/10/14	COUNTY OF SAN DIEGO PERMIT FEES	121.50
19566	12/03/14	JAMES G HORMUTH/DBA TRUE VALUE SEE INVOICE FOR DETAILS	258.91
19545	11/18/14	DEBBIE MORETTI PEST CONTROL YARD, OFFICE,WWTP	113.00
19546	11/18/14	DESERT TIRE CENTER TIRES, 2008 GMC CANYON	267.43
19567	12/03/14	DOWNEY BRAND PROFESSIONAL SERVICES	9,718.33
19559	11/24/14	DUDEK WATER SUPPLY FOR RAMS HILL GOLF COURSE AUGUST AND SEPT.	52,897.40
19568	12/03/14	DUDEK PROFESSIONAL SERVICES REVIEW OF COUNTY OF SD WATER CREDIT POLICY 20145014, 20145677	13,535.00
19560	11/24/14	FEDERAL LICENSING,INC FCC RULES AND REGULATIONS 5 YRS THROUGH 5/7/2019	119.00
19586	12/10/14	GREEN DESERT LANDSCAPE MANAGEMENT FEE FOR CLUB CIRCLE GOLF NOVEMBER	5,210.80
19587	12/10/14	HOME DEPOT CREDIT SERVICES	

BORREGO WATER DISTRICT
 FOR BOARD CONSIDERATION AND APPROVAL
 NOVEMBER 30, 2014

CHECK#	DATE	PAYEE & DESCRIPTION	AMOUNT
		SEE INVOICE FOR DETAILS	230.74
19588	12/10/14	HYDROTEX DRIP OIL	1,920.22
19589	12/10/14	JC LABS & MONITORING SERVICE WASTEWATER CONSULTING SERVICES	1,500.00
19547	11/18/14	JOE'S PAVING CO. INC. PAVING ST VINCENT DRIVE RAMS HILL DR AND ACE WAY	2,850.00
19548	11/18/14	KENNY STRICKLAND, INC. FUEL FOR DISTRICT VEHICLES	1,072.01
19569	12/03/14	KENNY STRICKLAND, INC. 11161441, 11161253 FUEL FOR DISTRICT VEHICLES	978.50
19590	12/10/14	KONICA MINOLTA COPIER LEASE 11/25 - 12/24/14	1,523.00
19591	12/10/14	NAPA AUTO PARTS INC SEE INVOICE FOR DETAILS	625.32
19549	11/18/14	PACIFIC PIPELINE SUPPLY INC INVENTORY, SPARE PARTS COPPER INVENTORY, SPARE PARTS, BRASS BUSHINGS INVENTORY, 12X2 SADDLE	554.69
19570	12/03/14	PACIFIC PIPELINE SUPPLY INC STAINLESS STEEL FITTINGS STAINLESS STEEL FITTINGS	291.75
19592	12/10/14	PACIFIC PIPELINE SUPPLY INC INVENTORY SPARE PARTS STAINLESS STEEL FITTINGS CAMLOCK PARTS FOR AERATION PROJECT AT PLANT STAINLESS STEEL FITTINGS FOR AERATION PROJECT AT PLANT	1,404.57
19550	11/18/14	CASH REIMBURSE PETTY CASH MEAL REIMBURSEMENT FOR SEMINAR GREG AND JERRY 8 DAYS TOTAL	740.00
19551	11/18/14	PUBLIC EMP'S RETIREMENT SYSTEM RETIREMENT BENEFITS	7,657.53
19571	12/03/14	PUBLIC EMP'S RETIREMENT SYSTEM EMPLOYEE RETIRMENT BENEFITS	7,657.53
19552	11/18/14	PITNEY BOWES/PURCHASE POWER POSTAGE	2,000.00
19553	11/18/14	QUILL CORPORATION OFFICE SUPPLIES	185.13
19572	12/03/14	QUILL CORPORATION OFFICE SUPPLIES OFFICE SUPPLIES	161.10
19573	12/03/14	RAMONA DISPOSAL SERVICE TRASH SERVICE	3,184.50
19554	11/18/14	RECORDER/COUNTY CLERK'S OFFICE RELEASE LIEN 02-0078-0	13.00
19574	12/03/14	RECORDER/COUNTY CLERK'S OFFICE LIEN RELEASE 5-1524-0	13.00

BORREGO WATER DISTRICT
 FOR BOARD CONSIDERATION AND APPROVAL
 NOVEMBER 30, 2014

CHECK#	DATE	PAYEE & DESCRIPTION	AMOUNT
19561	11/24/14	SAN DIEGO GAS & ELECTRIC ELECTRICITY CHARGES	41,675.89
19575	12/03/14	SAN DIEGO GAS & ELECTRIC ELECTRICITY CHARGES	6,077.11
19562	11/24/14	SECAP FINANCE POSTAGE MACHINE LEASE	137.49
19555	11/18/14	STATE WATER RESOURCE CONTROL OIT CERTIFICATION RENEWAL WWTP TROY DEPRIEST	230.00
19576	12/03/14	STATE WATER RESOURCE CONTROL RENEW STATE DISTRIBUTION CERTIFICATION JERRY	90.00
19563	11/24/14	SWRCB ACCOUNTING OFFICE ANNUAL PERMIT FEES WD0103498 INDEX 236318, 7A370125001 ANNUAL PERMIT FEES WD0103780 INDEX 236600, 7SSO10513	6,787.00
19593	12/10/14	SYNECO SYSTEMS, INC PERSNICKETY	1,015.62
19594	12/10/14	TEMECULA VALLEY PIPE & SUPPLY 4" PRESSURE RELIEF VALVE @ INT DIGIORGIO RD & TILTING T	2,860.49
19595	12/10/14	CENTER MARKET OFFICE SUPPLIES	438.55
19556	11/18/14	TITO'S AUTO CARE VEHICLE REPAIR / MAINTENANCE 2008 GMC CANYON FRONT BRAKES	605.63
19564	11/24/14	TITO'S AUTO CARE VEHICLE MAINTENANCE F150 2003 BRAKES, BALL JOINTS, ALIGNMENT REPACK SEALS	1,135.79
19596	12/10/14	UNDERGROUND SERVICE ALERT DIG ALERT	13.50
19597	12/10/14	VERIZON WIRELESS EMERGENCY PHONES	76.21
19577	12/03/14	WENDY QUINN RECORDING SERVICES NOVEMBER	100.00
TOTAL			186,296.79

Borrego Water District Management Report – December 2014

By: Jerry Rolwing

FEDERAL LEVEL

U.S. Geological Survey: The USGS final report entitled "Hydrogeology, Hydrologic Effects of Development, and Simulation of Groundwater Flow in the Borrego Valley, San Diego County, California" is expected to be released in December 2014.

U.S. Bureau of Reclamation: The Reclamation final report entitled "Southeast California Regional Basin Study" has been held up due to a reorganization of upper management at Reclamation and the Department of the Interior. I will continue to check with the Temecula office for updates.

STATE LEVEL

The Southern District DWR staff were here for semi-annual water level measurements November 18-20. These measurements are used to create and update the Valley's water table map, depicting the groundwater elevations and associated trends. We expect the updated maps in the next few months.

COUNTY LEVEL

The Borrego Water District is working with the County Department of Planning and Development Services to structure a relationship as we move forward with the Groundwater Sustainability Plan for the Borrego Valley Groundwater Basin. County Staff will first work to address aspects of the County Groundwater Ordinance and Memorandum of Understanding with the District. The intent is to clean up some of the language to allow more flexibility in farmland following to create water credits.

DISTRICT LEVEL

District Staff and consultants have been working with the La Casa del Zorro Resort staff to address odor issues associated with the Town Center Sewer connection. La Casa's Staff have been very receptive to recommendations from District Staff and consultants as we work towards a common goal. District staff have been monitoring the hydrogen sulfide gas levels and the recent work has been achieving success.

Rams Hill will be reducing its Spare Capacity water requirements as we move into the new year and will become more reliant on their own wells. As per the T2/BWD agreement, the golf course has requested no water from the District in January and February. 35 acre feet total has been requested for remaining four months of the fiscal year. The submitted Water Supply Application for the golf course's first newly constructed well is presently being evaluated. Once the USGS Report is released, consultants will have access to the groundwater model to finalize the evaluation process. To date, the District has only received information for one new irrigation well.



BORREGO WATER DISTRICT

November 2014

WATER OPERATIONS REPORT

<u>WELL</u>	<u>TYPE</u>	<u>FLOW RATE</u>	<u>STATUS</u>	<u>COMMENT</u>
ID1-8	Production	350	In Use	
ID1-10	Production	300	In Use	
ID1-12	Production	950	In Use	
ID1-16	Production	850	In Use	
Wilcox	Production	150	In Use	Diesel backup well for ID-4
ID4-4	Production	350	In Use	
ID4-10	Production	80	In Use	
ID4-11	Production	1000	In Use	Diesel engine drive exercised monthly
ID4-18	Production	250	In Use	
ID5-5	Production	900	In Use	

System Problems: All Production Wells and reservoirs are in operating condition.

WASTEWATER OPERATIONS REPORT

Rams Hill Water Reclamation Plant serving ID-1, ID-2 and ID-5 Total Cap. 0.25 MGD (million gallons per day):

Average flow: 85,583 (gallons per day)

Peak flow: 115,931 gpd Saturday November 29, 2014



BORREGO WATER DISTRICT

WATER PRODUCTION SUMMARY

November 2014

DATE	ID-1	ID-3	ID-4	ID-5	DISTRICT-WIDE TOTALS
Dec-12	20.41	8.54	101.89	0.00	130.84
Jan-13	15.18	10.21	103.59	2.05	131.03
Feb-13	11.65	9.60	76.50	2.26	100.01
Mar-13	10.26	8.33	85.01	4.54	108.14
Apr-13	12.26	10.88	135.54	7.10	165.78
May-13	22.86	11.86	118.08	5.37	158.17
Jun-13	26.59	12.71	133.18	2.86	175.34
Jul-13	27.81	14.19	153.49	2.42	197.91
Aug-13	27.96	13.26	123.17	2.45	166.84
Sep-13	30.51	11.16	117.30	0.92	159.89
Oct-13	29.63	10.86	137.93	4.34	182.76
Nov-13	21.45	11.58	113.46	5.28	151.77
Dec-13	16.85	6.75	89.16	3.48	116.24
Jan-14	12.51	7.44	99.13	4.12	123.20
Feb-14	20.59	6.37	90.06	3.81	120.83
Mar-14	34.62	6.90	89.53	3.93	134.98
Apr-14	29.52	8.32	118.08	6.35	162.27
May-14	72.93	8.46	111.16	5.15	197.70
Jun-14	87.66	9.52	121.42	2.34	220.94
Jul-14	132.29	9.13	138.73	2.72	282.87
Aug-14	132.62	9.72	112.59	2.17	257.10
Sep-14	127.21	10.49	140.83	1.99	280.52
Oct-14	128.61	9.71	124.41	5.97	268.70
Nov-14	102.51	10.32	118.23	4.77	235.83
12 Mo. TOTAL	897.92	103.13	1353.33	46.80	2401.18

Totals reflect individual improvement district usage. Interties from ID-3 and ID-5 have been subtracted from well pumpage totals and applied to respective ID's. All figures in Acre Feet of water pumped or recorded on intertie meters.

WATER LOSS SUMMARY (%)

DATE	ID-1	ID-3	ID-4	ID-5	DISTRICT-WIDE AVERAGE
Aug-14	-3.08	0.58	12.98	N/A	3.49
12 Mo. Average	1.08	1.15	12.03	N/A	4.75

BORREGO WATER DISTRICT
 Water Production / Use Records
 ID # 1
 Month of November 2014

----- Water Production (Acre Feet) -----									
Date	Well 1	Well 2	Well 8	Well 10	Well 12	Well 16	Wells 1&2	Total	LessID3&4
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
NOV'13	0.00	0.00	0.00	11.99	21.04	0.00	0.00	33.03	21.45
DEC'13	0.00	0.00	0.94	7.26	15.40	0.00	0.00	23.60	16.85
JAN'14	0.00	0.00	0.00	0.09	19.86	0.00	0.00	19.95	12.51
FEB'14	0.00	0.00	0.20	8.03	18.73	0.00	0.00	26.96	20.59
MAR'14	5.35	6.74	0.00	27.26	17.92	0.00	12.09	45.18	50.37
APR'14	0.00	0.00	0.07	32.69	31.33	0.00	0.00	64.09	55.77
MAY'14	24.66	25.30	1.52	27.76	43.65	0.00	49.96	72.93	114.43
JUN'14	15.43	13.90	0.04	24.42	63.20	0.00	29.33	87.66	107.47
JUL'14	18.94	13.16	0.03	39.19	70.10	0.00	32.10	109.32	132.29
AUG'14	23.93	7.56	0.61	27.67	59.88	22.69	31.49	110.85	132.62
SEP'14	26.13	11.75	0.06	19.00	48.79	31.97	37.88	99.82	127.21
OCT'14	18.53	10.42	0.01	19.36	46.55	43.45	28.95	109.37	128.61
NOV'14	19.97	10.60	0.05	15.19	30.76	36.26	30.57	82.26	102.51
TOTALS	152.94	99.43	3.53	247.92	466.17	134.37	252.37	851.99	1001.23
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

----- Water Use (Acre Feet) -----										
Date	Domestic	Irrigat'n	Constrt'n	Golf Course	Golf Spare Cap	ID 3	ID 4	Total	Water Loss	% Loss
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
NOV'13	9.63	10.24	0.00	0.00	0.00	11.58	0.00	31.45	1.58	4.78%
DEC'13	8.09	7.67	0.00	0.00	0.00	6.75	0.00	22.51	1.09	4.62%
JAN'14	8.40	8.29	0.00	0.00	0.00	7.44	0.00	24.13	-4.18	-20.90%
FEB'14	6.66	5.11	0.00	0.00	6.00	6.37	0.00	24.14	2.82	10.46%
MAR'14	6.88	4.98	1.88	3.62	15.75	6.90	0.00	40.01	5.17	11.43%
APR'14	9.20	8.32	1.90	6.96	26.25	8.32	0.00	60.95	3.14	4.90%
MAY'14	8.85	8.90	0.19	10.21	37.71	8.46	0.00	74.32	-1.39	-1.90%
JUN'14	10.03	12.25	0.00	4.32	50.52	9.52	0.00	86.64	1.02	1.17%
JUL'14	11.26	16.13	0.62	12.03	58.98	9.13	0.00	108.15	1.17	1.07%
AUG'14	13.27	17.82	0.18	0.00	68.48	9.72	0.00	109.47	1.38	1.25%
SEP'14	13.51	13.13	0.00	0.00	61.73	10.49	0.00	98.86	0.96	0.97%
OCT'14	12.23	15.39	0.01	0.00	71.55	9.71	0.00	108.89	0.48	0.45%
NOV'14	10.77	11.82	0.18	0.35	51.35	10.32	0.00	84.79	-2.53	-3.08%
TOTALS	119.15	129.81	4.96	37.49	448.32	103.13	0.00	842.86	9.13	1.08%
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

BORREGO WATER DISTRICT
 Water Production / Use Records
 ID # 3
 Month of November 2014

Date	La Casa del Zorro Total Acre Feet		Deep Well Trail / Others Acre Feet			Total Irrigat'n	Total Domestic	Total Acre Feet
	Irrigat'n	Domestic	Irrigat'n	Domestic	Total			
NOV'13	0.59	3.28	0.12	6.84	6.96	0.71	10.12	10.83
DEC'13	0.20	3.22	0.10	3.77	3.87	0.30	6.99	7.29
JAN'14	0.00	2.60	0.12	4.65	4.77	0.12	7.25	7.37
FEB'14	0.00	2.04	0.04	4.15	4.19	0.04	6.19	6.23
MAR'14	0.00	3.02	0.08	3.78	3.86	0.08	6.80	6.88
APR'14	0.00	3.37	0.06	4.80	4.86	0.06	8.17	8.23
MAY'14	0.00	3.24	0.04	5.15	5.19	0.04	8.39	8.43
JUN'14	0.00	3.32	0.21	5.81	6.02	0.21	9.13	9.34
JUL'14	0.00	2.88	0.14	5.96	6.10	0.14	8.84	8.98
AUG'14	0.00	3.30	0.17	5.91	6.08	0.17	9.21	9.38
SEP'14	0.00	3.19	0.11	6.97	7.08	0.11	10.16	10.27
OCT'14	0.00	2.94	0.11	6.23	6.34	0.11	9.17	9.28
NOV'14	0.00	4.80	0.25	5.21	5.46	0.25	10.01	10.26
TOTALS	0.20	37.92	1.43	62.39	63.82	1.63	100.31	101.94

Date	Water Produced Acre Feet	Water Delivered Acre Feet	Wtr Loss	% Loss
NOV'13	11.57	10.83	0.74	6.40%
DEC'13	6.75	7.29	- .54	-8.00%
JAN'14	7.44	7.37	0.07	0.94%
FEB'14	6.37	6.23	0.14	2.20%
MAR'14	6.90	6.88	0.02	0.29%
APR'14	8.32	8.23	0.09	1.08%
MAY'14	8.46	8.43	0.03	0.35%
JUN'14	9.52	9.34	0.18	1.89%
JUL'14	9.13	8.98	0.15	1.64%
AUG'14	9.72	9.38	0.34	3.50%
SEP'14	10.49	10.27	0.22	2.10%
OCT'14	9.71	9.28	0.43	4.43%
NOV'14	10.32	10.26	0.06	0.58%
TOTALS	103.13	101.94	1.19	1.15%

BORREGO WATER DISTRICT
 Water Production / Use Records
 ID # 4
 Month of November 2014

----- Water Production (Acre Feet) -----											
Date	Well 2	Well 3	Well 4	Well 5	Well 10	Well 11	Well 18	Wilcox	Well 85	Total	Less ID5
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
NOV'13	0.00	0.00	0.22	10.85	9.41	93.97	4.29	0.00	0.00	118.74	113.46
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
DEC'13	0.00	0.00	15.89	5.63	9.26	59.13	2.32	0.41	0.00	92.64	89.16
JAN'14	0.00	0.00	53.25	6.89	10.82	29.03	3.24	0.02	0.00	103.25	99.13
FEB'14	0.00	0.00	45.47	6.06	9.34	29.74	3.26	0.00	0.00	93.87	90.06
MAR'14	0.00	0.00	42.13	6.11	8.97	33.10	3.12	0.03	0.00	93.46	89.53
APR'14	0.00	0.00	52.05	10.17	10.42	47.59	4.20	0.00	0.00	124.43	118.08
MAY'14	0.00	0.00	43.37	10.03	8.83	50.44	3.64	0.00	0.00	116.31	111.16
JUN'14	0.00	0.00	46.08	10.57	9.43	54.04	3.64	0.00	0.00	123.76	121.42
JUL'14	0.00	0.00	49.84	11.88	10.39	64.30	4.96	0.08	0.00	141.45	138.73
AUG'14	0.00	0.00	31.96	8.53	8.86	61.91	3.50	0.00	0.00	114.76	112.59
SEP'14	0.00	0.00	54.73	10.38	10.84	62.48	4.39	0.00	0.00	142.82	140.83
OCT'14	0.00	0.00	43.63	12.00	8.66	62.73	3.36	0.00	0.00	130.38	124.41
NOV'14	0.00	0.00	46.53	9.13	9.26	54.05	4.03	0.00	0.00	123.00	118.23
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
TOTALS	0.00	0.00	524.93	107.38	115.08	608.54	43.66	0.54	0.00	1400.13	1353.33
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

Date	Water Produced Acre Feet	Water Use Acre Feet	Wtr Loss	% Loss	ID 5 Acre Feet
=====	=====	=====	=====	=====	=====
NOV'13	118.74	104.29	14.45	12.17%	5.28
-----	-----	-----	-----	-----	-----
DEC'13	92.64	85.79	6.85	7.39%	3.48
JAN'14	103.25	91.70	11.55	11.19%	4.12
FEB'14	93.87	83.03	10.84	11.55%	3.81
MAR'14	93.46	82.18	11.28	12.07%	3.93
APR'14	124.43	110.90	13.53	10.87%	6.35
MAY'14	116.31	102.57	13.74	11.81%	5.15
JUN'14	123.76	108.72	15.04	12.15%	2.34
JUL'14	141.45	121.06	20.39	14.41%	2.72
AUG'14	114.76	101.69	13.07	11.39%	2.17
SEP'14	142.82	118.54	24.28	17.00%	1.99
OCT'14	130.38	118.49	11.89	9.12%	5.97
NOV'14	123.00	107.03	15.97	12.98%	4.77
-----	-----	-----	-----	-----	-----
TOTALS	1400.13	1231.70	168.43	12.03%	46.80
=====	=====	=====	=====	=====	=====

DUE DILIGENCE COMMITTEE REPORT
DECEMBER 17, 2014

History

At the January 12, 2011, Board meeting, the new Board passed two motions: (1) one allowed the Board to be engaged in the selection process of District consultants and to be advised of what the District's consultants were telling the General Manager; and (2) to form ad-hoc committees of the Board. The first ad-hoc committee of the Board formed under this new policy was the Due Diligence Committee. The Due Diligence Committee, proposed to include Director Marshal Brecht and myself, would review the work of the District's consultants to determine adequacy of information and financial issues. The Committee would serve until completion of the 2011 audit.

Background

When the 2011 Board came on in December 2010, it was clear that the previous 2007 Board did not have adequate information upon which to base decisions, information from consultants was being sequestered from the Board, and the quality of information from the District's advisors was not always of the highest caliber;

The Due Diligence Committee was created to rectify this situation. We were tasked to read all the pertinent documents produced by advisors to the previous Board and to assess where the District currently stood from a business perspective;

The idea for this function was derived from previous work I did for the USEPA in the 1980s where I traveled to dozens of water districts around the US and researched many more to develop tools to assist districts in deep financial trouble. Again, in 2006 I was asked to help a Tennessee water district in deep trouble. The state had canceled this district's WWT permit and was in the process of canceling their water supply permit;

Thus, this task for the Borrego Water District was not foreign to me. It involved understanding the business of the district from an analyst's perspective. For Marshal, this was new terrain, but he had the skills and the willingness to put in the long hours it took to get to the bottom of the business issues. During our first year we each may have put in more than 800 hours of work and even today about 9-20 hours or more before many business meetings, depending on the specific business issues to be discussed;

DUE DILIGENCE COMMITTEE REPORT
DECEMBER 17, 2014

Some Results

- We identified that the 2007 Board had obligated or was in process of obligating the District to around \$7M in debt that the District had no means to pay. We also determined that there was scant business rationale for some of these potential expenditures;
- We identified that the 2007 Board had expended almost all of the District's starting \$6M in cash reserves, had allocated the rest of the District's cash to an inflated annual O&M budget, and was rapidly running out of money. As a result, the District had lost its creditworthiness and had little recourse to borrow funds, either for the long or short term;
- We identified the District's inability to work itself out of the financial hole it was in by cutting costs and its rapid need to reestablish creditworthiness to avoid future bankruptcy from a cash crunch due;
- We worked w/the District's financial advisors to develop a business plan forward that would avoid bankruptcy and help move the District toward creditworthiness by FY 2016/FY 2017. The objective was to catch-up w/deferred maintenance before starting a destructive cycle of necessary R&R exceeding cash flow from operations necessitating ever-spiraling rate cost increases;
- We implemented a cash flow worksheet (now presented at every Board business meeting) to enable better management of the District's cash through time and to improve budget forecasting;
- We implemented a CIP forecast and formalized a reserve policy for the District (standard practice in water districts for many years);
- We identified a potential ~\$200,000 liability in the US Bureau of Reclamation study approved by the 2007 Board. We assisted in the renegotiation of the agreement language to limit the District's liability to \$12,000;
- We identified technical issues with the USGS basin modeling work. The 2007 Board had directed USGS to assume artificial recharge of the Basin. We worked w/ a community advisory committee comprised of John Peterson, Jim Rickard, Mark Jorgensen, and Jack Laughlin to realign the study to focus on basin management assuming no artificial recharge;

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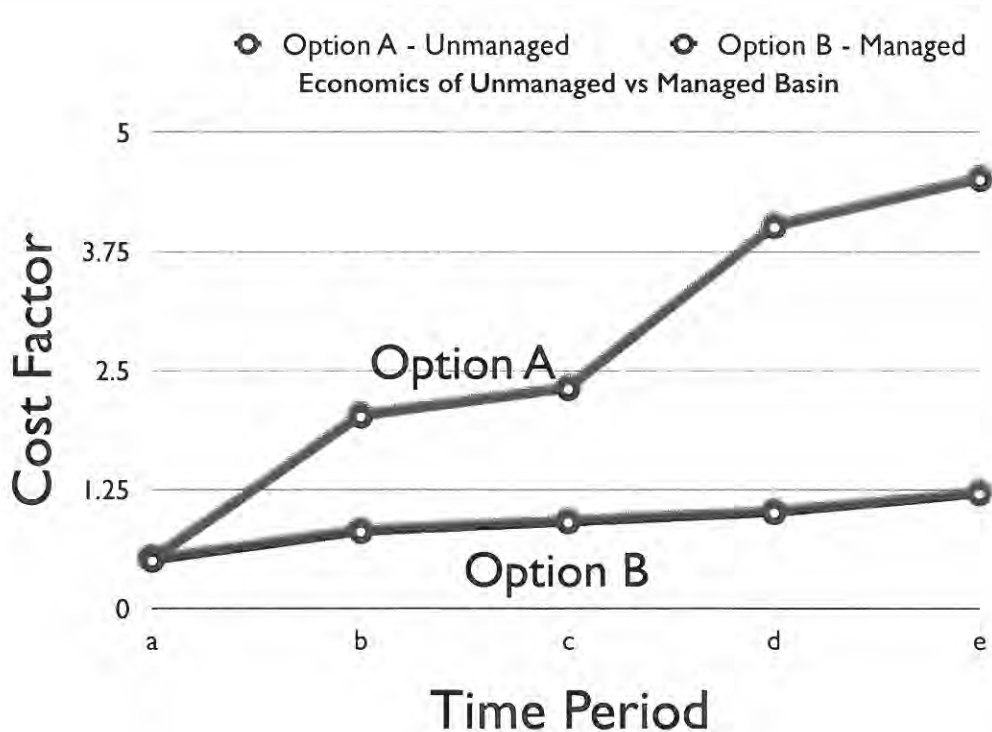
- During the FY 2011 audit, we identified issues with the District's audited statements for the 2007-2010 period. In FY 2011/FY2012, we worked with the District's accounting firm to write off a few million dollars the 2007 Board had capitalized that more properly should have been expensed (i.e. non-performing assets). Due Diligence has continued to address "economic picture" issues during each audit since then to provide additional transparency concerning the District's financial position. This is an ongoing process and may take yet a few more years to address all the issues uncovered in the FY 2011 audit;
- Thus, our ad-hoc work has as been primarily related to helping steer the District towards creditworthiness. The work could be characterized as about 70% "number crunching" - vetting the numbers generated internally and by external advisors. Easy familiarity with building models using Excel was the primary entry-level technical requirement that we each brought to the table.

Where We Are Now

- Due to the slower than anticipated annual rate hikes, customers' conservation measures, and higher than anticipated R&R costs, the District may not be credit ready to borrow new money in the bond markets (defined as creditworthy to borrow \$6M) by its target dates of FY2016/FY 2017.
- Under present conditions, the District may be credit worthy by FY2019/FY2020 instead;
- Increased awareness of deferred R&R, especially regarding WWT operations, as well as new state groundwater legislation (SGWA) may create a new cash crunch for the District ahead of its ability to borrow under the present rate structure;
- Even in the best of circumstances IF the District's ratepayers are only liable for 10% of mandated GSP costs AND the County picks up all of the non-project specific CEQA EIR costs, the District may be looking at ~+40% revenue increase over the next 5-years or so to avoid a cash crunch in the FY2017/FY2018 timeframe and to stay on the path towards credit worthiness by FY2019/FY2020;
- Slowing down GSP development or deferring this task to a later date, such as 2020 to avoid raising rates in the short term is likely to cause revenue needs to increase even more as the continued overdraft of the Basin is likely to be the primary driver for increasing District costs (see cost curve chart);

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- There are few O&M expense cutting opportunities left that are sufficient to offset the need for future revenue adjustments that would not otherwise imperil the District's operations, its ability to deliver potable water to its customers consistently, and its continued ability to meet the state's drinking water standards;
- The District is in far better financial shape than 4-years ago when the 2011 Board took over from the 2007 Board, but the future finances of the District are presently under stress due to a combination of: (1) new state groundwater legislation; (2) years of neglect in addressing a growing basin overdraft; (3) years of accumulating deferred R&R costs especially in the WWT & sewer operations; (4) the loss of creditworthiness to borrow new debt in 2010; and (5) the potential inability of the District to regain creditworthiness until FY2019/FY2020. On top of all these factors is the fairly substantial anticipated increase in costs for water supply and water quality management due to the impacts of climate change in the state.



DUE DILIGENCE TRIP REPORT

On Monday evening, November 24, 2014. I attended the San Diego Climate Club: Zero Parched Thirty - California H2O Mission discussion hosted by Procopio, Cory, Hargreaves & Savitch at the Procopio Tower in downtown San Diego. The discussion included a keynote and Q&A session by Felicia Marcus, Chair of the California State Water Resources Control Board (SWRCB). The lively three hour dinner discussion was attended by about 40 key officials from the surrounding area involved with water policy. The Chatham House Rule was in effect, so I am able to recount broadly what was discussed, but not provide attributions or list participants:

- The California Water Action Plan (http://resources.ca.gov/california_water_action_plan/) is the broad based strategy (as amended) the Governor and the SWRCB is following;
- Climate change science as it relates to California's future water supplies is accepted at the highest policy levels in the state and is acknowledged as a game changer for how California must manage its water resources going forward;
- Recent sustainable groundwater management act legislation was initiated more as a response to known and expected climate change impacts on water supply in the state than the current drought;
- Water quality is becoming an issue equal in importance to water supply for the management of California's waters. This is new.
- Many Southern California basins have been adjudicated. However, even with adjudication that is supposed to establish who has what water rights, this has NOT necessarily led to efficiently functioning water markets. That is, adjudication itself has not proven to attract necessary capital to adequately address basin management strategies;
- There is significant interest to think through and implement water market mechanisms that could attract the capital necessary to improve water management in the state. Neither more regulations nor present or future water bonds are likely to be adequate to address the state's water management needs anticipated from climate change. New private-public partnerships around water supply and water quality will be necessary.

Summary: An extremely useful and timely forum for invite-only participants to speak openly and candidly about difficult issues that are likely to greatly affect all California citizens. The forum was especially useful for better understanding the interests and personalities of some of the key water officials in the state and region.

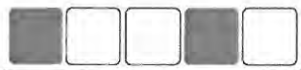
Felicia Marcus, Chair of the State Water Resources Control Board

Felicia has an in-depth knowledge of water policy and years of experience working directly with people involved in water issue. Before her appointment to the State Board she was:

- Western Director for the Natural Resources Defense Council;
- Executive VP/COO of the Trust for Public Land;
- Regional Administrator of the US EPA Region IX in the Clinton Administration;
- Head of Los Angeles' Department of Public Works; and
- Schwarzenegger Administration appointee to the Delta Stewardship Council.

Felicia is currently:

- Obama Administration appointee to the Commission on Environmental Cooperation-Joint Public Advisory Council (US, Mexico, Canada).



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For those of you don't know me, I am Lyle Brecht, I am a Director of the Borrego Water District (the District) Board and member of the Borrego Water Coalition (the Coalition). Today I am here at the request of Rich Caldwell to brief the Sponsor Group. However, I am not here to officially represent either the District or the Coalition.

- If you have not had the opportunity to review the policy recommendations from the Coalition to the District, I recommend that you take the time to do so.
- With the advent of legislation signed into law this September by Governor Brown, groundwater management policy now trumps land use policy for the first time ever in California, once a Groundwater Sustainability Plan (GSP) for a basin is in place;
- What this means in practice is that groundwater management and land use are now inextricably tied. The County's Master Plan must take into account land use impacts on groundwater management. All land use policies must meet the standards for achieving a sustainable use of the groundwater basin established by the GSP.
- The legislation that is changing things is called the Sustainable Groundwater Management Act (SGMA; the Act). This Act essentially says is that it is now the state's policy that groundwater resources be managed sustainably for long-term water reliability and multiple economic, social, or environmental benefits for current and future beneficial uses [SB 1168, Section 1.(a)]¹;
- Under the Act, the California Department of Water resources (DWR) must establish regulations for what constitutes an acceptable GSP no later than June 2016. If a local groundwater basin does not meet the requirements for bringing the basin into balance two things will occur: (1) heavy penalties will be levied by the state on local pumpers

¹ "Sustainable Groundwater Management," is management that prevents: (1) chronic lowering of groundwater levels indicating a significant and unreasonable depletion of supply; (2) significant and unreasonable reduction of groundwater storage; (3) significant and unreasonable seawater intrusion; (4) significant and unreasonable degraded water quality, including the migration of contaminant plumes that impair water supplies; (5) significant and unreasonable land subsidence that substantially interferes with surface land uses; (6) deletions of interconnected surface water that have significant and unreasonable adverse impacts on beneficial uses of the surface water.

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and (2) the State Water Resources Control Board (SWRCB) will take control of the basin and mandate actions to bring the basin into balance;

- The Act has both carrots and sticks: the carrot is IF the local users of a basin can develop and implement a plan to manage the basin sustainably, then it may continue with local control. IF NOT, then it loses control and pays a heavy price for not having its act together;
- The Coalition has developed recommended policies for a GSP. The document contains many policies. The policies were developed by consensus and have been submitted to the District. These are a first step. The next step is for the District to involve the larger community in wide-ranging discussions of these recommendations and any others so that ultimately a plan can be developed to create sustainability for the Basin.
- Under the Act, a Groundwater Sustainability Agency (GSA)'s must develop the GSP. The requirements for becoming a GSA are specified by the Act. Only two agencies presently qualify to be a GSA for the Borrego Valley Groundwater Basin - the County and the District. The County and District are presently in discussions as to how responsibilities for the GSP will be apportioned;
- Once the District and whatever other legal authorities are combined to for a GSA, the policies will then provide the foundation for costing a planning effort by the GSA. The policies will also set the direction for what is being planned for in a GSP;
- The dates in the policies are the last due dates. At this stage, no one is planning to wait for the last date for any of the milestones. The GSP will develop the specific actions that will achieve a sustainable yield;

Economics:

- The policy recommendations are the final result of a five-year multi-million dollar process:
 - The District's ratepayers contributed ~\$350,000 and the USGS ~\$200,000 to produce the scientific evidence that that the Borrego Valley Groundwater Basin

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(BVGB; the Basin) is indeed in overdraft and any court in the state will recognize this fact. There is no scientifically valid argument that an overdraft does not exist in the BVGB;

- The USEPA contributed ~\$200,000 to definitely establish that there are no aquifers “over the next hill” where sufficient water could be located at an economically affordable price to address the BVGB overdraft;
- The US Bureau of Reclamation contributed ~\$900,000 to conclusively establish that there are no economically attractive sources of water available from other nearby water districts and there are no readily available sources of funds to build a pipeline to Borrego;
- DWR contributed ~\$150,000 for professional facilitation and economic work that enabled the BWC and its members of major pumpers and water users in the Valley to negotiate the policies you have in front of you, something that took almost two years, and to effectively establish that in terms of economically attractive alternatives for addressing the overdraft, fallowing agricultural land is by far the most attractive;
- The GSP is expected to cost ~\$1.5M. It is anticipated that these costs may be allocated to Basin pumpers based on their proportional withdrawals from the basin;
- No specific mechanisms have been identified or agreed to among the parties as to how or who will pay for implementing the reduction plan portion of the GSP.

California's drought is the worst in 1,200 years, evidence suggests

Date: December 5, 2014

Source: Woods Hole Oceanographic Institution

As California finally experiences the arrival of a rain-bearing Pineapple Express this week, two climate scientists from the University of Minnesota and Woods Hole Oceanographic Institution have shown that the drought of 2012-2014 has been the worst in 1,200 years.

Daniel Griffin, an assistant professor in the Department of Geography, Environment and Society at the University of Minnesota, and Kevin Anchukaitis, an assistant scientist at Woods Hole Oceanographic Institution, asked the question, "How unusual is the ongoing California drought?" Watching the severity of the California drought intensify since last autumn, they wondered how it would eventually compare to other extreme droughts throughout the state's history.

To answer those questions, Griffin and Anchukaitis collected new tree-ring samples from blue oak trees in southern and central California. "California's old blue oaks are as close to nature's rain gauges as we get," says Griffin. "They thrive in some of California's driest environments." These trees are particularly sensitive to moisture changes and their tree rings display moisture fluctuations vividly.

As soon as the National Oceanic and Atmospheric Administration (NOAA) released climate data for the summer of 2014, the two scientists sprang into action. Using their blue oak data, they reconstructed rainfall back to the 13th century. They also calculated the severity of the drought by combining NOAA's estimates of the Palmer Drought Severity Index (PDSI), an index of soil moisture variability, with the existing North American Drought Atlas, a spatial tree-ring based reconstruction of drought developed by scientists at Columbia University's Lamont-Doherty Earth Observatory. These resources together provided complementary data on rainfall and soil moisture over the past millennium. Griffin and Anchukaitis found that while the current period of low precipitation is not unusual in California's history, these rainfall deficits combined with sustained record high temperatures created the current multiyear severe water shortages. "While it is precipitation that sets the rhythm of California drought, temperature weighs in on the pitch," says Anchukaitis.

"We were genuinely surprised at the result," says Griffin, a NOAA Climate & Global Change Fellow and former WHOI postdoctoral scholar. "This is California--drought happens. Time and again, the most common result in tree-ring studies is that drought episodes in the past were more extreme than those of more recent eras. This time, however, the result was different." While there is good evidence of past sustained, multi-decadal droughts or so-called "megadroughts" in California,



The 2012-2014 California drought, unusual in the context of the last 1,200 years, greatly diminished water reserves in Lake Nacimiento of the upper Salinas Valley.

Credit: Photo by Daniel Griffin

the authors say those past episodes were probably punctuated by occasional wet years, even if the cumulative effect over decades was one of overall drying. The current short-term drought appears to be worse than any previous span of consecutive years of drought without reprieve.

Tree rings are a valuable data source when tracking historical climate, weather and natural disaster trends. Floods, fires, drought and other elements that can affect growing conditions are reflected in the development of tree rings, and since each ring represents one year the samples collected from centuries-old trees are a virtual timeline that extend beyond the historical record in North America.

So what are the implications? The research indicates that natural climate system variability is compounded by human-caused climate change and that "hot" droughts such as the current one are likely to occur again in the future. California is the world's 8th largest economy and the source of a substantial amount of U.S. produce. Surface water supply shortages there have impacts well beyond the state's borders.

With an exceptionally wet winter, parts of California might emerge from the drought this year. "But there is no doubt," cautions Anchukaitis, "that we are entering a new era where human-wrought changes to the climate system will become important for determining the severity of droughts and their consequences for coupled human and natural systems."

Story Source:

The above story is based on materials provided by **Woods Hole Oceanographic Institution**. *Note: Materials may be edited for content and length.*

Journal Reference:

1. Daniel Griffin, Kevin J Anchukaitis. **How unusual is the 2012-2014 California drought?** *Geophysical Research Letters*, 2014; DOI: 10.1002/2014GL062433

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