Borrego Water District Board of Directors Regular Meeting November 16, 2016 @ 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
 - a. October 18, 2016 Special Meeting (3-6)
 - b. October 26, 2016 Regular Board Meeting (7-10)
- 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. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

- A. Consideration of Multi Family, Master Metered Developments Water Rate Structure G Poole (11-14)
- B. Acceptance and Approval of Audited Financial Statements for FY 2015-16. L Brecht. (15-68)
- C. Consideration of Form 102 for 236 AG-2 Water Credits for Fallowing last phase of Pivot Farm Lots, D, E, F and G to T2/Considine G. Poole (69-80)
- D. Consideration of California Special District Association Membership G. Poole (81)

III. STAFF REPORTS

- A. Financial Reports NO PRESENTATION
- B. General Manager See informational items below
- C. Water and Wastewater Operations Report October 2016 Greg Holloway (82-83)
- D. Water Production/Use Records October 2016 Greg Holloway (84-88)

Agenda: November 16, 2016

All documents available for public review are on file with the District's secretary located at 806 Palm Canyon Drive, Borrego Springs, CA 92004

IV. ATTORNEY'S REPORT

A. None

V. AD-HOC COMITTEES:

- A. Finance: Brecht & Tatusko
- B. Executive: Hart & Brecht
- C. Operations and Infrastructure: Delahay & Tatusko
- D. Personnel: Hart & Ehrlich
- E. Public Outreach: Delahay & Ehrlich
- F. BWD GSP Ratepayer: Delahay & Ehrlich

VI. INFORMATIONAL ITEMS (89-124)

- A. USDA Grant/Loan Opportunities G. Poole/J. Tatusko
- B. Discussion of Solar Power for BWD Offices/Warehouse/Parking Lot J. Tatusko
- C. Dudek Analysis of Inflow Calculations in Borrego Basin G Poole Discussion of Accepting Land
- D. Request for Proposal Borrego Valley GSP G Poole
- C. SD County Website Borrego Valley GSP G Poole
 - a. http://www.sandiegocounty.gov/content/sdc/pds/SGMA/borrego-valley.html
- D. Article from LA CURBED Magazine A Desert Oasis Dries Up by Zoie Matthew L Brecht
- E. BWD Timeline G Poole

VII. CLOSING PROCEDURE

- A. Suggested Items for Next Agenda
- B. The next Meeting of the Board of Directors is scheduled for December 14, 2016 at the Borrego Water District

Agenda: November 16, 2016

All documents available for public review are on file with the District's secretary located at 806 Palm Canyon Drive, Borrego Springs, CA 92004

Borrego Water District MINUTES

Special Meeting of the Board of Directors Tuesday, October 18, 2016

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. <u>Roll Call:</u> <u>Directors:</u> <u>Present:</u> President Hart, Vice-President Brecht,

Secretary/Treasurer Tatusko, Delahay,

Ehrlich

Staff: Geoff Poole, General Manager

Wendy Quinn, Recording Secretary

Public: Ray Shindler Susan Percival, Club Circle East

Dennis Dickinson Bill Berkley, Rams Hill Trey Driscoll, Dudek Suzanne Lawrence, BV

Stewardship Council

D. Approval of Agenda: MSC: Brecht/Tatusko approving the Agenda as written.

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

F. <u>Comments from the Public and Requests for Future Agenda Items:</u> Suzanne Lawrence announced that the Borrego Valley Stewardship Council would like to make a presentation to the Board in December.

II. CURRENT BUSINESS MATTERS

A. Theoretical Water Demand at Buildout of Present Unbuilt Lots Under County's Current Zoning in Borrego Springs: Trey Driscoll explained that the request for today's report arose from property-specific requests for General Plan Amendments (upzoning), potentially increasing the potential buildout in Borrego Springs by 542 residences. The District wanted to know how many unbuilt lots existed and if built out, what demand would that place on the water supply. There are currently 4,439 vacant residential lots and 526 commercial. Some of these are not developable, leaving around 3,000 residential developable lots according to the County. Based on the 2015 annual water production of 1,645 acre-feet and the conservative assumption of a 0.55 acre-foot demand per residential household, the estimated future water demand at buildout would be 3,746 (including existing residences) acre-feet per year. The sustainable yield for the basin is 5,700 acre-feet. Taking into account the existing golf courses, it would be higher. Future developers would need to use less water. The General Plan does not account for water use, but it should be considered in making land use and planning decisions.

Director Brecht explained that the District wants to provide this information to the County so they can understand that zoning and water use need to be considered together. Dennis Dickinson asked whether the District has legal authority to refuse to issue a will-serve letter, and Geoff Poole agreed to look into it. Suzanne Lawrence of the Borrego Valley Stewardship Council noted that she had asked the County Advanced Planning Division about creating a GSP overlay zone, and they responded that there is precedent for it.

- **B.** Discussion of Conceptual Request for Proposal Items for Borrego GSP: Director Brecht explained that the proposed questions in his conceptual request were those he hoped to have answered in the GSP. President Hart reported that the County Board of Supervisors will consider the GSA MOU tomorrow, and upon approval, will prepare an RFP for the GSP consultant. BWD will be able to review it. Ms. Lawrence pointed out the importance of the State Park and Borrego Springs as assets to the County. She had been meeting with tourism, economic development and sustainable energy people from the County, and suggested forming an advisory committee to support this potential aspect of the GSP. Director Brecht agreed that the economy should be addressed in the GSP, and Director Ehrlich and Mr. Driscoll agreed. Mr. Poole had already discussed this with the County. He suggested including it in the stakeholders' plan and maintaining an "interested parties" list. Ms. Lawrence hoped that Borrego Springs could be viewed more as a hospitality hub than a retirement community. Director Delahay pointed out that attracting more hotels to the area would also bring in TOT funds. Ms. Lawrence suggested seeking water bond funds. Mr. Poole had already investigated this and will report further at the next meeting.
- C. <u>Discussion of Billing Structure for Multifamily, Master-metered Developments:</u> Mr. Poole explained that Roadrunner Club, The Springs and other multi-unit, master-metered developments are considered non-residential for billing purposes. They are charged a flat water rate between Tier 1 and Tier 2. Dan Wright of the Roadrunner and Springs has requested they they be reclassified as residential. Director Tatusko asked Mr. Poole to determine how many similar developments exist, what the financial impact of reclassification would be on the District, and what legal counsel's opinion is. President Hart pointed out that some HOAs have one meter for residential and one for irrigation, and asked Mr. Poole to find out how many fall into this category. Director Delahay suggested seeking input from Greg Holloway and Kim Pitman.
- **D.** Consideration of Proposal from BWD Staff and Jerry Rolwing for his ongoing assistance: Mr. Poole reported that in working with Mr. Rolwing during his transition into the General Manager position, he learned that there are some duties that only Mr. Rolwing had performed, one notable example being the California State Groundwater Elevation Monitoring (CASGEM). Mr. Rolwing would like to continue some involvement with the District, and Mr. Poole proposed having him perform duties such as CASGEM and training Mr. Poole and others, as well as other assistance as needed, and being compensated. After discussion, the Board agreed to the \$4,590 estimate for CASGEM support and other smaller tasks as needed within Mr. Poole's \$5,000 signing authority and discretion. Monthly or quarterly reports will be presented to the Board.
- E. Consideration of Replacing Joe Tatusko with Harry Ehrlich as the BWD Representative to Association California Water Agencies/Joint Powers Insurance Authority: MSC: Tatusko/Brecht replacing Director Tatusko with Director Ehrlich as the BWD representative to ACWA/JPIA.
- F. Consideration of New Ad-Hoc Committee Structure: President Hart referred to Director Brecht's recommended revision to the District's ad-hoc committee structure, reducing the number of committees from ten to five. All Directors agreed to serve on the new committees as proposed. *MSC: Ehrlich/Delahay approving the new ad-hoc committee structure as proposed.*
- G. Consideration of joining California Special Districts Association: Director Tatusko invited the Board's attention to Board package page 73, a newspaper clipping announcing Helix Water District's "District Transparency Certificate of Excellence" from the San Diego Chapter of the California Special Districts Association. He suggested that by joining the CSDA, BWD could learn from other water districts and develop productive relationships in San Diego County. Director Ehrlich spoke about the Special Districts Leadership Federation, which includes CSDA, ACWA, CASA and other agencies. Forty-five of the sixty special districts in San Diego belong. He pointed out that in order for BWD to

join the San Diego Chapter of CSDA, it would also have to join the State agency. The total estimated annual cost would be \$6,500, based on BWD's operations revenue. President Hart asked Mr. Poole to confirm that this is the appropriate cost, what the benefits would be, and what the District pays for its ACWA membership.

III. INFORMATIONAL ITEMS

- **A.** <u>Land Use Under SGMA:</u> Director Brecht reminded the Board that land use, planning and zoning changes will be necessary under SGMA. This ties in with Mr. Driscoll's presentation earlier today.
- **B.** GSP Facilitator Update (CCP): Mr. Poole reported that the District had a contract with DWR for facilitator services in connection with the GSA/GSP process, valued at \$5,600. Since the services were not utilized during the GSA process, they are now available for GSP development and would be useful. He and President Hart interviewed Marina Piscolish, a facilitator from the Center for Collaborative Policy, liked her and would like to use her services. She is working on GSPs in other basins. An update and scope of work will be presented at the next meeting. Director Brecht expressed concern as to whether the \$5,600 would last through the GSP process. Mr. Poole replied that more information would be available when we have the scope of work and cost estimate, which will be included in the next Agenda.
- C. Geotourism Workforce Development Plan: Director Brecht pointed out that some in the community are concerned that without agriculture, Borrego Springs would die and the families would leave. He did not believe this would happen, based on experiences in other areas and research showing that with increased tourism, the community could thrive.
- **D.** <u>California's Water Summary: Public Policy Institute:</u> Director Brecht invited the Board's attention to information from the Public Policy Institute relative to climate change. Consideration of climate change is required under SGMA, and although the USGS study addressed it, new information is available since then.
- **E.** <u>SDGE Micro Grid:</u> Mr. Poole reported that he had been in contact with San Diego Gas & Electric regarding the micro grid and planned to schedule a representative to make a presentation to the Board. Director Brecht pointed out that the Borrego Valley is currently producing more solar energy than it can use, and he felt the community should receive some benefit from SDG&E because of this.
- F. Neighborhood Reinvestment Program (NRP) of San Diego County Ideas for a grant application: Director Tatusko referred to last year's grant application under the NRP for the UCI air quality monitoring stations, which was unsuccessful. There is another opportunity this year, and he sought ideas for projects. They do not have to be water-related, but they have to be physical improvements, not studies. Discussion followed, and suggestions included new seats at the Performing Arts Center, Christmas Circle partial landscaping replacement, and solar power for the Senior Center. Mr. Poole will talk to Jim Wilson about the Christmas Circle project.
- **G.** <u>Water Rate Survey:</u> Director Delahay invited the Board's attention to a survey of water rates in other districts, included in the Board package.
- **H.** Borrego Wastewater Treatment Plant Solar Update: Director Tatusko reported that nine months ago solar energy was installed at the wastewater treatment plant, 100 kilowatts for \$250,000. The District is saving \$1,800 per month, and the payback estimate is six years. The District is on a waiting list for a \$61,000 grant from the California Solar Initiative. The software system indicates the facility is running at 98 percent efficiency. Director Tatusko noted that the Operations & Management Committee had discussed battery storage, a potential future project. President Hart suggested considering it for an NRP grant application.

- I. <u>Borrego Springs Resort and Club Circle Update:</u> Mr. Poole reported that he and President Hart met with the new owners of the Borrego Springs Resort. Discussions will continue, and the owners plan to contact Susan Percival and others in Club Circle. Mr. Poole will remind them.
- Light on Rams Hill Remaining Water Purchases Requirements: Mr. Poole reported that Rams Hill is required to purchase a total of 1,000 acre-feet of water from the District by December 2018, and they have 408 left under the contract. Director Brecht pointed out that if Rams Hill uses over 800 acre-feet per year on the golf course by a certain date, they need to fallow more farmland. Mr. Poole will find out the date. Bill Berkley of Rams Hill noted that 408 acre-feet of water at Raftelis' rate would be \$280,000. He suggested fallowing farmland instead and taking water credits. He further pointed out that Rams Hill is working with the University of California at San Diego on hydroponic and aquaponic techniques, which could save 95 percent of the water used by citrus farming and produce higher revenues. It uses solar energy, LED and infusion lighting, and the crops can be layered on top of one another. Organic fertilizer (fish) is used. He asked the Board to consider this environmentally sensitive project in its negotiations with Rams Hill for the 408 acre-feet water purchase.
- **K.** Consideration of Attendance at Fall ACWA Conference, Anaheim, CA November 2016: Mr. Poole expressed his desire to attend the fall ACWA conference, and Director Ehrlich was considering it. President Hart approved. Mr. Driscoll will also attend.
- L. Filing of Handouts from August 28th Board Meeting: The following items were distributed at August 28th BWD Board Meeting and will be filed with the 10-18 Agenda:
 - 1. Presentation on GSP MOU.
 - 2. 2016-17 Capital Improvement Plan.

Both of these items are available on the BWD website. Mr. Poole reported that staff is in the process of transferring website information from the old computer system to the new. He is working with Martha Deichler of the Borrego Unified School District to arrange for a high school student to assist with this. A report will be presented at the next meeting.

V. CLOSING PROCEDURE

A. <u>Suggested Items for Next Agenda:</u> In addition to those already discussed, items for the next Agenda will include a presentation by Mr. Berkley and Jack McGrory on the Pivot fallowing, presentation by David Dale on the five-year CIP, Director Tatusko's contribution of an article regarding the Salton Sea, consideration of a resolution changing the Board meeting dates for November and December to 11/16 and 12/14 (one meeting per month), update on bond measure, Center for Collaborative Policy scope of work, planning calendar (with Mr. Poole's new format), audit update and a closed session regarding potential litigation.

IV. CLOSED SESSION

A. <u>CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION</u>

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9 (1 Case): The Board adjourned to closed session at 11:25 a.m., and the open session reconvened at 12:15 p.m. There was no reportable action.

V. CLOSING PROCEDURE (Continued)

B. There being no further business, the Board adjourned at 12:15 p.m. The next Regular Meeting of the Board of Directors is scheduled for October 26, 2016 at the Borrego Water District.

Borrego Water District MINUTES

Regular Meeting of the Board of Directors Wednesday, October 26, 2016 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. <u>Pledge of Allegiance:</u> Those present stood for the Pledge of Allegiance.

C. Roll Call: <u>Directors:</u> <u>Present:</u> President Hart, Vice-President

Brecht, Secretary/Treasurer

Tatusko, Delahay

Absent: Ehrlich

Staff: Geoff Poole, General Manager

Greg Holloway, Operations Manager Kim Pitman, Administration Manager

David Dale, District Engineer

Wendy Quinn, Recording Secretary

<u>Public:</u> Susan Percival, Club Circle East Ray Shindler

HOA John Peterson
Dick Walker Dennis Dickinson
Trey Driscoll, Dudek Rick Alexander

Bunnie Hamilton

D. Approval of Agenda: MSC: Brecht/Tatusko approving the Agenda as written.

E. Approval of Minutes:

Special meeting of September 20, 2016

MSC: Brecht/Tatusko approving the Minutes of the Special Meeting of September 20, 2016 as corrected (ItemII.B, second paragraph, Mr. Poole had been in contact with the Registrar, not President Hart).

Regular Meeting of September 28, 2016

MSC: Brecht/Tatusko approving the Minutes of the Regular Meeting of September 28, 2016 as corrected (Item II.A, strike the remainder of the sentence after "Mr. Poole administered the Oath of Office to Mr. Ehrlich").

- **F.** Comments from Directors and Requests for Future Agenda Items: None
- G. Comments from the Public and Requests for Future Agenda Items: None

II. CURRENT BUSINESS MATTERS

A. Presentation and Discussion of 5 year CIP: David Dale summarized the five-year capital improvement plan, divided into short-lived assets such as wells, air quality compliance, emergency generators, booster pumps, treatment plant assets, backhoes and pickups; and large projects planned over the next five years. Detailed cost estimates were provided for the current fiscal year, with rough estimates given in subsequent years. Per Director Tatusko's request, Mr. Dale went through one short-lived asset summary, well maintenance, including a description of the project, why it is important, project design, process flow, cost estimates, and an itemized list of the wells and their locations.

Director Brecht brought up the proposed Wilcox Reservoir and alternative design at the 900 Tank location. He asked when the water quality and engineering studies might be completed, noting that they should precede the financial investigation. Mr. Dale replied that this

is part of the overall master plan, which needs to be updated. The Operations & Management Committee will investigate. Mr. Dale noted that the master plan update would likely be a cooperative effort between Dudek and him, and should be complete by the end of the fiscal year. Mr. Poole added that Trey Driscoll was almost finished with the water quality study. Director Tatusko announced that the next Operations & Management Committee meeting was scheduled for November 9, and he hoped to have Mr. Dale and Mr. Driscoll participate via teleconference.

- **B.** Discussion of Master Metered, Multi-Dwelling Development Water Rate Structure: Mr. Poole invited the Board's attention to his memo in the Board package, responding to questions raised at the last meeting concerning a request to reclassify master metered, multi-dwelling developments as residential for water rate purposes. The impact of such a reclassification on small, medium and large developments was included. Staff will contact Raftelis and legal counsel for more analysis and a determination on the Proposition 218 process, then transmit the information to the Finance Committee. John Peterson spoke in support of the reclassification.
- C. Approval of Resolution 2016-10-11 REVISING THE SCHEDULE OF REGULAR MEETINGS to meet on November 16th, 2016 and December 14th, 2016: MSC: Brecht/Delahay adopting Resolution 2016-10-11.
- **D.** Discussion of BWD Joining California Special Districts Association: Director Tatusko pointed out that one of the benefits of joining the CSDA is the opportunity to be considered for a transparency award, recently received by Helix Water District. He suggested that staff consider the requirements for these awards as the BWD website is updated. Director Brecht noted that the Borrego Springs Fire Department is a member. He recommended joining, citing educational benefits. Kim Pitman pointed out that BWD was once a member and dropped out. She had attended CSDA seminars, and felt that ACWA provided comparable benefits for less money. Further discussion was continued until Director Ehrlich's return, and Ms. Pitman was asked to share her comments with him.
- E. Updating Signature Cards for UMPQUA: MSC: Brecht/Delahay authorizing Geoff Poole and Esmeralda Garcia to sign Umpqua Bank documents on behalf of the Borrego Water District.
- Yield: Mr. Driscoll explained that the Board had requested a review of the USGS calculation of a sustainable yield for the Borrego Basin at 5,700 acre-feet per year, according to their model. For example, they questioned whether irrigation recharge had been included. Director Brecht referred to the second page of the Dudek proposal relating to climate change, and the second page of his document listing "Benchmarking Questions Requiring Additional Analytical Work." He requested that Mr. Driscoll's study focus only on Question #1, "Is the 5,700 AFY sustainable yield calculated by USGS the most reasonable sustainable yield target for the Borrego Basin?" He pointed out that some people would like to increase the estimated sustainable yield, and he hoped to have documentation to defend the USGS calculation. Mr. Peterson opined that a number of studies have resulted in the same sustainable yield, and he was reluctant to spend money to confirm it again. Mr. Driscoll agreed to narrow the scope of his proposal per Director Brecht's request. MSC: Brecht/Delahay approving the proposal from Dudek and Associates as modified.

III. STAFF REPORTS

A. <u>Financial Reports – September 2016:</u> Ms. Pitman reported that the utility billing will be converted to the new computer system next week. This is the final phase of the computer update. The BWD financials are currently with the auditor's review department. They hope to finish by next week. Director Brecht requested a teleconference with the auditors at the

November meeting, preceded by a review of the audit by the Finance Committee. President Hart requested that the monthly cash flow reports continue.

- **B.** General Manager/Operations Report: Mr. Poole announced that his report would be covered under the Informational Items.
- C. Water and Wastewater Operations Report September 2016: Greg Holloway reported that flows are increasing at the wastewater treatment plant with the return of seasonal residents. The system is operating normally.
- **D.** Water Production/Use Records September 2016: Mr. Holloway noted that IDs 1 and 3 now pay the same water rate, so some meters could be removed from ID 3 and the two can be combined.

IV. ATTORNEY'S REPORT

None

V. INFORMATION ITEMS

- **A.** <u>Discussion of Potential Water Bond Measure:</u> Mr. Poole reported that the Anza Borrego Foundation had referred their bond writer to BWD, and he agreed to include language pertaining to BWD in a bond measure scheduled for the 2018 ballot. Rick Alexander noted that it is important to ensure that the BWD provisions remain in the bill. ACWA can help. President Hart asked Mr. Poole and Mr. Alexander to monitor this. A representative from Senator Joel Anderson's office announced the Senator's holiday open house on December 7.
- **B.** Borrego Water District Website update: Mr. Poole reported that Mr. Holloway had been transferring information to the new website. A high school student may be assisting.
- C. <u>Discussion of Contract Review and Process:</u> Director Tatusko invited the Board's attention to a form he had created to facilitate the District's contract review process for provision of new infrastructure and rehabilitation of existing infrastructure. It included a checklist for legal, General Manager, engineer, ad hoc committee and accounting review. Discussion followed regarding the time frame for receipt of legal services. Ms. Pitman referred to a form which she had requested and paid for, but not received. Mr. Poole will follow up.
- **D.** <u>Salton Sea Article:</u> Director Tatusko invited the Board's attention to an article from the *San Diego Union Tribune* regarding the Salton Sea and funds allocated by President Obama to restore it.
- E. <u>Union Tribute Article on Borrego Groundwater Sustainability Plan:</u> President Hart reported that the Board of Supervisors had approved the MOU with BWD providing for the County and the District to serve as joint Groundwater Sustainability Agencies. The County also dedicated \$500,000 to GSP planning. The County will be issuing an RFP for a GSP consultant, and will hold an "industry day" Friday for potential bidders. Director Tatusko will attend. Mr. Poole reported that one candidate had applied to serve as the ratepayer representative on the Citizens Advisory Committee, Ray Shindler. There are two more weeks left to apply.
- **F.** Borrego Water District O&M/Infrastructure meeting of 10/14/16: Director Tatusko reported on the October 14 meeting which he attended along with Mr. Holloway, Mr. Dale, Director Delahay and Mr. Poole. The Committee discussed cost reduction ideas. Mr. Poole will follow up on the suggestions, including leak detection equipment. Committee reports were inadvertently omitted from today's Agenda and will be included next time.
- **G.** <u>Future Events Calendar:</u> Mr. Poole announced that CASGEM readings would begin in November. A Rams Hill spare capacity analysis has been calendared for April and May of next year. Rams Hill has withdrawn its request for additional capacity this year.

VII. CLOSING PROCEDURE

A. <u>Suggested Items for Next Agenda:</u> Items for the next Agenda will include Proposition 1 grant status, report on the ratepayer representative to the Citizens Advisory Committee, a water quality report from Mr. Driscoll, and further discussion of CSDA membership.

VI. CLOSED SESSION

A. <u>CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION.</u>
<u>Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code section 54956.9 (1 case):</u> The Board adjourned to closed session at 10:35 a.m., and the open session reconvened at 11:05 a.m. There was no reportable action.

VII. CLOSING PROCEDURE (continued)

B. The next Meeting of the Board of Directors is scheduled for November 16, 2016 at the Borrego Water District.

There being no further business, the Board adjourned at 11:05 a.m.

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING – NOVEMBER 16, 2016 AGENDA BILL II.A

November 7, 2016

TO: Board of Directors, Borrego Water District

FROM: Geoff Poole, General Manager

SUBJECT: Consideration of Multi-Family, Master-Metered Developments Water Rate Structure

RECOMMENDED ACTION: Receive written and verbal reports and direct staff accordingly

ITEM DESCRIPTION: As a follow up to the October BWD Board Meeting, Staff conducted an Agency survey to determine how water rates are structured for multi-family, master metered developments in other jurisdictions. The short answer is there is no "one correct way" to set rates for this classification of water users.

Agency Survey:

Out of 10 agencies surveyed, 7 are similar to BWD with a single, uniform rate and no Tiers and the others have a Tiered water rate. In each case, the Tiers are smaller in the multi family developments compared to residential. For example, in the agencies with a 10 unit residential Tier 1, the multi family developments receive 7 units/month at Tier 1. In those Agencies with a 7 unit Residential Tier 1, the multi family Tier 1 is 5 units per month. The difference in the Tiers is correlated to lower densities in multifamily or master metered developments.

In Staff conversations with Raftelis, calculations completed for sewer flows concluded typical indoor water consumption is equivalent to approximately 5 units per month at BWD. Therefore there is a nexus for multifamily developments to receive 5 units per month in Tier 1 if the Board desires to pursue it.

Fiscal Impact:

Following is the impact on our larger, medium sized and smaller master metered, multi-family customers:

Customer-Homes	Usage	Current Bill/Yr	5 Unit Tier 1	<u>Difference</u>
RoadRunner: 340 homes @	@ 33.772 hcf/vr	\$113,136	\$111,136	-1.8%
Desesrt Sands: 70 homes (,	10,291	9,707	-6.0%
Club Circle 8 homess @	777	2,602	2,550	-2.1%^

Prop 218 Impact:

Raftelis advised staff that Proposition 218 proceedings would need to take place for the master metered, multi-family customers. If the Board desires to continue to evaluate this option, staff will return with an estimated cost of this effort and a Plan to implement the change.

FISCAL IMPACT: The net impact on annual water sales revenue is shown above. The cost of Prop 218 proceedings would need to be determined if the Board wishes to continue to pursue the concept.

ATTACHMENTS: Agency Survey

Multi Family Water Rate Survey

November 8, 2016

Below is a list of agency and the water rates for both Residential and Multi Family classifications. In over half of the cases, the Agency does it same way as BWD. In the other cases, a different Tier structure (less units per Tier than Residential) is used and typically the same/similar rates charged.

AGENCIES WITH NO TIERS FOR MULTI-FAMILY

- 1. City of San Diego No Tiers for Multi Family and the rates are between Tier 2 and 3.
 - a. Residential Rates
 - i. Tier 1 0-4 hcf = \$4.50
 - ii. Tier 2 5 12 = \$5.04
 - iii. Tier 3 13-18 = \$7.20
 - iv. Tier 4 18 + = \$10.13
 - b. Other Residential
 - i. \$5.35/hcf
 - c. Non-Residential
 - i. \$5.24/hcf
- 2. Helix WD No Tiers for Multi Family, Rates between Tier 1 and 2
 - a. Residential Rates
 - i. Tier 1 0 14 hcf = \$3.97
 - ii. Tier 2 15 34 = \$4.70
 - iii. Tier 3 35 + = \$5.92
 - b. Multi-Family Rates
 - i. \$4.54/hcf
 - c. Commercial/Government
 - i. \$4.59/hcf
- 3. City of Poway No Tiers for Multi Family. Rates lower than Tier 1.
 - a. Residential Rates
 - i. Tier 1 0-199 hcf = \$4.60
 - ii. Tier 2 200 + = \$6.45
 - **b.** Multi-Family Rates
 - i. \$4.69/hcf
 - c. Non-Residential
 - i. \$4.69/hcf

- 4. 29 Palms No Tiers, Same Rate
 - a. Residential and Multi Family = \$2.63/hcf
- 5. Golden State Water Company No Tiers for Multi Family. Rates equal to Tier 1.
 - a. Residential
 - i. Tier 1 0 13 hcf = \$3.21
 - ii. Tier 2 14-21 hcf = \$3.69
 - iii. Tier 3 21 + = \$4.25
 - b. All Others
 - i. \$3.21/hcf
- 6. Rainbow MWD No Tiers for Multi Family. Rates between Tier 1 and 2.
 - a. Residential Rates
 - i. Tier 1 0 10 hcf = \$3.31/hcf
 - ii. Tier 2 11 26 hcf = \$3.48
 - iii. Tier 3 27 + hcf = \$3.81
 - b. Multi-Family Rates
 - i. \$3.40/hcf
 - c. Commercial
 - i. \$3.51/hcf
- 7. Vista Irrigation District: Allocations based on meter size
 - a. Residential
 - i. Tier 1 0-7 hcf = \$4.04/hcf
 - ii. Tier 2 8 42 = \$4.58
 - iii. Tier 3 43 + = \$4.58
 - b. Multi-Fam.
 - i. Same as Residential.

AGENCIES WITH TIERS FOR MULTI FAMILY

- 8. Irvine Ranch WD Assumes 4 persons per home, 3 per attached/detached homes and 2 per apartment @ 50 g/d/p. Variances/adjustments given for larger families and weather patterns.
 - a. Residential
 - i. Tier 1 0-40% of Water Budget = \$1.21/hcf
 - ii. Tier 2 41% of Allocation 100% = \$1.65
 - iii. Tier 3 101% 130% of Allocation = \$4.01
 - iv. Tier 4 131% + of Allocation = \$12.01
 - b. Multi-Fam.
 - i. Same as above, Tiers based on 3 or 2 occupants
 - c. Commercial
 - i. Tier 1 0-100% of Allocation = 1.65/hcf
 - ii. Tier 2 100% + of Allocation = \$12.01

- 9. City of Escondido Different Tiers for Multi Family. Virtually the same rates.
 - a. Residential
 - i. Tier 1 0-7 hcf = \$5.33
 - ii. Tier 2 8-15 hcf = \$6.88
 - iii. Tier 3 15 + hcf = \$8.75
 - b. Multi-Fam.
 - i. Tier 1- 0-5 hcf = \$5.33
 - ii. Tier 2 6 7 hcf = \$6.89
 - iii. Tier 3 7 + hcf = \$8.73
 - c. Commercial
 - i. \$6.66/hcf
- 10. City of Carlsbad Different Tiers. Rates slightly lower than Residential
 - a. Residential
 - i. Tier 1 0-10 hcf = \$3.84
 - ii. Tier 2 11-18 hcf = \$4.57
 - iii. Tier 3 19 + hcf = \$6.82
 - b. Multi-Fam.
 - i. Tier 1 0-5 hcf = \$3.77
 - ii. Tier 2 6-10 hcf = \$4.55
 - iii. Tier 3 19 + hcf = \$6.80
 - c. Commercial
 - i. \$4.26/hcf

BORREGO WATER DISTRICT BOARD OF DIRECTORS MEETING – NOVEMBER 16, 2016 AGENDA BILL II.B

November 7, 2016

TO: Board of Directors, Borrego Water District

FROM: Geoff Poole, General Manager

SUBJECT: Acceptance and Approval of Fiscal Year 2015-16 Audit - L Brecht/K Pittman

RECOMMENDED ACTION: Acceptance and Approval of the 2015-16 Audit

ITEM DESCRIPTION: BWD's new Auditors have completed the 2015-16 Financial Statements for BWD. The Finance Committee (Brecht/Tatusko) reviewed the documents and had their questions answered by the Auditors.

FISCAL IMPACT: N/A

ATTACHMENTS: 2015-16 Audit prepared by Squarmilner.



Certified Public Accountants and Financial Advisors

Borrego Water District

Financial Statements June 30, 2016

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September 24, 2016

To the Honorable President and Members of the Board of Directors and Customers of the Borrego Water District:

State law requires that all general-purpose local governments and special districts publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Annual Financial Report of the Borrego Water District ("BWD" or "District") for fiscal year ended June 30, 2016 is hereby submitted as required. Squar Milner LLP, a firm of licensed certified public accountants, has audited the District's financial statements.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditor's Report.

Management assumes full responsibility for the completeness and reliability of the information contained in this letter, the MD&A and the accompanying financial statements, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

PROFILE OF THE DISTRICT

The District was established in 1962 as a State of California special district (Water Code §35565) to provide water, sewer, and flood control and gnat abatement for areas in the Borrego Springs community. Borrego Springs is an unincorporated community of approximately 3,500

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full-time and more than 6,000 winter residents located in the northeast comer of San Diego County approximately a 90 mile drive from San Diego.

Borrego Springs is surrounded on all sides by the Anza-Borrego Desert State Park (ABDSP; "the park"). The park, which encompasses over 600,000 acres in and around the Borrego Valley, was established in 1933 to protect this unique desert environment. The military presence of both the Army and Navy during World War II brought the first paved roads and electricity to Borrego Springs. After the war, developers subdivided the area attempting to create a resort community by capitalizing on the tourism generated by the park. ABDSP is the largest state park in California. It was designated as a National Natural Landmark in 1974 and a Biosphere Reserve in the 1980's by the United Nations. The park contains approximately 85% of state wilderness area within the State of California. An economic study developed for the Anza-Borrego Foundation (ABF) estimates the net regional revenue generated by visitation to the park is approximately \$40 million annually (BBC Consulting, 2012).

Infrastructure

The District has 9 active municipal production wells connected to 90 miles of distribution lines to serve its 2,125 residential, commercial, institutional, and irrigation customers. The District also provides sewer and wastewater treatment services to 830 customers located primarily in the Town Center, Club Circle and Rams Hill development. The estimated replacement cost value of the District's water, sewer and wastewater treatment infrastructure is approximately \$62,500,000.

Governance

A five-member board of directors works as a team to govern the affairs of the District. The board is elected at large by the registered voters residing within the District's boundaries, with vacant positions that occur between elections appointed by the existing board and during election years by the San Diego County Board of Supervisors if there is no competition for a seat on the board. The directors, who are elected or appointed, are residents and have the same concerns as their constituents. The board members, who serve four-year staggered terms, are responsible for establishing the direction of the District through adopting policies and ordinances for the smooth running of the District; ensuring that sound fiscal policy exists; that management practices and controls are in place for accountability; adopting the annual budget; approving personnel policies and organizational structure; hiring the District's General Manager; and hiring other advisors to the board, such as the District's legal counsel, financial and other advisors, as required. The General Manager is responsible for carrying out the policies and ordinances approved by the District board, for overseeing the day-to-day operations of the District, and for meeting the financial objectives set forth in the annual budget approved by the board.

Groundwater Supply, Usage & Availability

One hundred years ago Native Americans inhabited the Borrego Valley and utilized the springs and surface water sources issuing from the nearby mountain ranges. Cattlemen began homesteading the Borrego Valley in about 1875. The first successful modem well was dug in

1926. Agricultural development began primarily after 1945. Today, all human water used annually is pumped from the Borrego Valley Groundwater Basin (Borrego Basin: the basin).

The basin is made up of three aquifers: upper, middle and lower aquifers, each with different physical characteristics. These three aquifers, Pleistocene (2.5 million years ago) to Holocene (11,700 years ago) era water deposits, are the community's sole source of water. Historically, the upper aquifer has been the principle source of groundwater in Borrego Valley. At this time there are no plans to import water from outside the Borrego Valley due to the economic cost of a pipeline and the uncertainty in availability of imported supply from the Colorado River. Readers may consult the Southeast California Regional Basin Study Evaluates Water Supply and Demand in Borrego, Coachella and Imperial Valleys by the Bureau of Reclamation located at http://www.usbr.gov/newsroornlnewsrelease/detail.cfm?RecordiD=51709 for more information.

Annual agricultural irrigation, golf course irrigation, and residential, institutional, and commercial uses require about four times more water than is available through average annual natural recharge of the basin. Of the current average annual withdrawals from the basin, agricultural irrigation in the Borrego Valley accounts for about 14,000 acre-feet per year (AFY: approximately 70%) of the average annual uses, recreational uses (golf courses) account for about 3,000 AFY (approximately 20%) of the average annual uses and residential/commercial uses account for about 2,000 AFY (approximately 10%) of the total annual uses. The natural net replenishment (recharge) of the basin of approximately 5,700 AFY annually is based on 66 years of historic data. The actual annual natural net recharge can fluctuate in the arid climate from less than 1,000 AFY in dry years to more than 25,000 AFY in exceptionally wet years.

The current rate of groundwater pumping produces an average annual basin storage change (overdraft) of about 13,300 acre-feet (AF) of water per year based on current withdrawal rates and an estimated average annual net recharge rate of approximately 5,700 AFY. The largest water level declines are found in the northern part of basin where most of the approximately 3,700 acres of primarily citrus agricultural acreage is concentrated and in the southwestern part of the basin where commercial, institutional, and residential activity is primarily located.

Groundwater-level declines of more than 100 feet in some parts of the groundwater basin have been observed. Anthropogenic activities have resulted in an increase in pumping lifts, reduced well efficiency, dry wells, changes in water quality, loss of natural groundwater discharge, and changes to the desert ecosystems of the Park. Today, water levels in the basin are declining on average about 2. 7 feet a year. However, if the present rate of withdrawals continues, water levels are projected to drop at an ever-faster rate as more withdrawal occurs from the middle and lower aquifers of the basin. At the current rate of use, the groundwater supply is not sustainable. Readers should review a recent study (2015) by the USGS, *Hydrogeology, Hydrologic Effects of Development, and Simulation of Groundwater Flow in the Borrego Valley, San Diego County, California* located at https://pubs.er.usgs.gov/publication/sir2155150 for more complete information.

Even with the current overdraft, the basin probably has adequate water supply possibly for hundreds of years. However, as water levels continue to drop, water quality may also decline,

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which may require additional treatment for potable uses. Thus, the cost of water supply for potable uses will most likely continue to increase over time.

The District believes that sustainable groundwater management requires the development, implementation and updating of management plans based on the best available science, monitoring, forecasting, and use of technological resources and best management practices. Although the District adopted a groundwater management plan (GWMP) under Assembly Bill 3030 (AB 3030) in 2002, this plan was never fully implemented and contained no timelines, defensible reduction methods, or funding sources necessary to implement a plan to adequately address the overdraft.

In January 2015, the Sustainable Groundwater Management Act (SGMA; "the Act") replaced AB 3030. The Act gives Groundwater Sustainability Agencies (GSAs) the authority to limit extractions, impose fees and penalties, and require metering and water quality monitoring on all basin pumpers other than deminimis pumpers (pumpers who can prove they use less than 2 AFY). GSAs are charged with developing and adopting a Groundwater Sustainability Plan (GSP) that produces basin sustainability in no more than twenty (20) years from 2020 for medium California Statewide Groundwater Monitoring (CASGEM) basins in critical overdraft (the designation of the basin). Both the District and San Diego County ("the County") have applied to be GSAs for the basin.

During this year, the District continued its participation as a member of the Borrego Water Coalition (BWC; "Coalition"). The Coalition has submitted a set of policy recommendations to the District and to the County for consideration in a plan to address the overdraft of the basin and that meets the criteria established by the SGMA for managing the basin in a sustainable manner. The Coalition comprises local leaders from the Chamber of Commerce, agriculture, the District, education, golf, lodging, State Park and recreation. The Coalition members represent major pumpers and water users of the basin who collectively account for approximately eighty percent (80%) of the annual withdrawals from the basin. The District is not a member of the San Diego County Water Authority (SDCWA), the regional member of the Metropolitan Water District of Southern California (MWD) that imports supplemental water into San Diego County.

Response to California's Ongoing Drought

In the winter of 2016, the governor extended Executive Order B-29-15 (EO) requiring an emergency mandatory 25% reduction in municipal water use or limited outside watering two days per week. In response to the EO in 2015, the District enacted policies designed to achieve the mandatory 25% reductions in District water use required by the EO. However, the choice by the State Water Resources Control Board (SWRCB) to use 2013 as the base year for reductions penalized the District as rainfall in the Borrego Valley during the summer 2013 was a little more than 4.0 inches, but 2015 rainfall was 0.2 inches. Additionally, the SWRCB provided no credit for the ongoing conservation efforts of that have decreased municipal demand from more than 4,000 AFY in 2005 to approximately I, 700 AFY in 2015, significantly below the EO targets but over a longer baseline period than the SWRCB chose. Additionally, since 2007 the District has spent approximately \$1,218,000 to fallow approximately 120 acres of farmland growing citrus, resulting in a reduction in annual water use of approximately 600 acre-feet per year (AFY) or a

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35% reduction of groundwater withdrawals from the basin against municipal usage of approximately 1,700 AFY.

Thus, in March 2016, the District revised its response to the EO to limit outside watering to 2 days per week in order to avoid SWRCB imposed penalties for not reaching the mandatory 25% municipal reductions mandated under the EO. A Borrego-specific Urgency Ordinance limiting outside watering to 2-days per week was adopted by the Board in April2016. In May 2016, due to changes in the SWRCB's regulations that allow a district specific response to the drought, the Board rescinded the 2-days per week outside watering Urgency Ordinance.

The EO was established to address the fact that municipal water districts in the state dependent on imported water supplies have approximately only one year of reservoir storage left when normally they have three-years. Also, allocations of Colorado River water and State Water Project water have been drastically curtailed across the state. This has created severe stress on groundwater resources in those parts of the state that traditionally rely on imported water sources. Because the Borrego Valley relies solely on the Borrego Valley Groundwater basin for its municipal, recreational, and farming irrigation uses, the California drought has produced no physical impairment of water supply for the District and is not expected to do so in the near future

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy

Uncertainty over the long-term water supply, potential future costs of treating groundwater to meet state drinking water quality standards, and the economic impacts of the Sustainable Groundwater Management Act may be slowing new development in the Borrego Valley ("the Valley").

Previous Fiscal Years Spending by the District

The District continues to work itself out of the financial situation that was inherited from the past Board and general manager who between FY 2008 - FY 2011 spent more than \$6.3 million of the District's \$6.5 million cash reserves. This spending resulted in the District losing its good credit rating. The District has not been able to borrow in the public bond markets for new projects identified by its capital improvement program (CIP) and has deferred major repair and replacement (R&R) projects until its credit is excellent again in order to obtain the best financing terms. With the approved 218-rates for FY 20 17 - FY 2021, the District should have sufficient annual cash flow and cash reserves to now entertain necessary borrowing to complete needed capital projects.

Long-Term Financial Planning

The District's present Board of Directors is aware of the need to restore the District's financial stability and to improve its creditworthiness to borrow. Through a coordinated strategic process, the Board has established a series of policies and plans to effectively meet the District's anticipated future revenue needs. The principles the District has adopted for returning to revenue sufficiency include: (a) the active management and projection of monthly cash flow during the year; (b) holding operating and maintenance (O&M) expenditures to the annual budget; (c) minimal increases in salaries and benefits for employees; (d) refinancing of existing debt obligations where such refinancing would produce a material reduction in future long term cash obligations; (e) deferring large infrastructure repair and replacement (R&R) capital expenditures until the District is able to borrow again in the public bond markets; and (f) implementing annual water and sewer rate increases to increase cash flow and to accumulate cash reserves.

The primary driver for the long-term financial viability of the District, as well as the economy of the Valley is the overdraft's impact on water quality (see section on Groundwater Supply, Usage & Availability above). In order to accomplish this objective, the District needs to regain its good credit standing with the bond markets in order to accommodate raising new debt. Presently, the District Board believes the District may be able to regain its good credit rating (defined as being able to borrow up to \$6 million of new debt in the public bond markets) around FY 2018-2019.

RELEVANT FINANCIAL POLICIES

Reserve Policy

The District has established a Reserve Fund Policy to anticipate and to prepare for future funding requirements as well as for unforeseen events. The Reserve Fund Policy establishes restricted and unrestricted reserves and describes the flow of funds to and from the various reserves. A copy of the District's current approved Reserve Policy is available on the District's website as part of the FY 2017 budget document.

Risk Management

The District is a member of the California Joint Powers Insurance Authority (JPIA). The JPIA pools for the first \$500,000 of general, auto & public officials liability coverage and has purchased excess coverage up to \$60 million. The JPIA provides coverage on repair or replacement against loss of District property caused by earthquake or flood of \$20 million.

Pension and Other Post-Employment Benefits

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employees defined benefit pension plan for its personnel. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Additional information about the District's

pension arrangements and post-employment benefits can be found in the notes to the financial statements. In FY 2012, the Board changed the pension program from three percent (3%) per year of active service at retirement that was instituted by the prior board in 2009, back to its previous two percent (2%) per year of active service at retirement. This new pension policy is in effect for employees of the District hired after April 1, 2012 only.

Investment Policy

The Investment Policy establishes guidelines for the investment of available funds. The Investment Policy incorporates the Prudent Investor Standards. The primary objectives, in priority order, of the District's investment activities are the following: 1) safety, 2) liquidity, and 3) yield. The District's funds are invested in a variety of investments, in accordance with California government code, as described in the notes to the financial statements. The District minimizes interest rate risk by investing a greater portion of its funds in short term investments and minimizes credit risk by investing a majority of its funds diversified investment pools.

Internal Controls

The District is responsible for establishing and maintaining an internal control structure designed to ensure that the District's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with GAAP. The internal structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that; 1) the cost of control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

Respectfully submitted,

Geoff Poole General Manager



INDEPENDENT AUDITOR'S REPORT

Board of Directors Borrego Water District Santa Ysabel, California

We have audited the accompanying financial statements of Borrego Water District, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Borrego Water District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Borrego Water District, as of June 30, 2016, and the changes in financial position and cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, and the schedules of proportionate share of the net pension liability and plan contributions on pages 37 and 38, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borrego Water District's basic financial statements. The other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

SQUAR MILNER LLP

San Diego, California October XX, 2016

As management of the Borrego Water District (the "District"), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which begin immediately following this analysis. This annual financial report consists of three main parts (1) Management's Discussion and Analysis, (2) Basic Financial Statements, and (3) Required Supplemental Information.

The financial statements consist of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management Discussion and Analysis for State and Local Governments*.

FINANCIAL HIGHLIGHTS

During the fiscal year ended June 30, 2016, the following events impacted, or have the potential to impact, the finances of the District:

- In October 2015, the District accepted the donation of 0.67 acres of land with a value of \$7,274.
- On May 25, 2016, the District's Board approved a budget for fiscal year 2017 that included rate increases of 9.00% for sewer rates; a decrease of 20.00% for water base rates; and an increase of 30.00% for water commodity rates over the FY 2016 rates in effect. The new rates took effect July 1, 2016 and are reflected initially in customers' August billings.
- On April 13, 2015, California's 4th District Court ruled that the city of San Juan Capistrano failed to meet the statutory requirements of Proposition 218 for its tiered rates to encourage water conservation. The court said that Capistrano must calculate the incremental cost of providing water at the level of use represented by each tier. From August 2010 through June 2015, the District implemented tier 2 rates to encourage conservation. Since these tier 2 revenues could potentially also be subject to the Capistrano decision, the District has: (1) suspended its tier 2 rates as of July 2015; (2) established a reserve for doubtful tier 2 revenues; and (3) developed a plan for Proposition 218 approved new tiered rates during FY 2016. The reserve represents \$172,195 in tier 2 revenues collected from 539 customers between 2010-2015. The potential per customer liability ranges from less than \$100 to approximately \$3,000. Despite potential legislative action to reverse this court decision since tiered rates are employed by nearly two-thirds of water districts in California, the District believes such actions are prudent. During the current year, the District paid \$53,839 in refunds and reversed the remaining balance of the reserve to \$0 as of June 30, 2016.

FINANCIAL HIGHLIGHTS (continued)

- The income from operations for the fiscal year ended June 30, 2016, was \$995,166 compared with income from operations of \$673,411 for fiscal year 2015.
- Cash and cash equivalents increased to \$3,257,871 at June 30, 2016, from \$2,852,388 at June 30, 2015.
- Capital assets decreased to \$13,604,086 at June 30, 2016, from \$13,689,404 at June 30, 2015.
- The change in net position for the fiscal year ended June 30, 2016, was an increase of \$891,852, before the prior period adjustment, compared to an increase in net position of \$139,839 for fiscal year 2015.

More information about the overall analysis of the District's financial position and results of operations is provided in the following sections.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as in introduction to the District's basic financial statements.

Basic Financial Statements, the basic financial statements include District financial statements.

The District, as a whole, is reported in the District's statements and uses accounting methods similar to those used by companies in the private sector.

The *Statements of Net Position*, a District statement, presents information on all of the Districts assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position, a District statement, presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for come items that will only result in cash flows in future fiscal periods.

The Statements of Cash Flows provides information regarding the District's cash receipts and cash disbursements during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The *Notes to the Basic Financial Statements* are included to provide more detailed data and explain some of the information in the statements.

In addition to the basic financial statements and notes, this report also presents required supplementary information and the supplementary information, as listed in the table of contents.

Statements of Net Position

The Statements of Net Position presents the District's financial position (assets and liabilities) as of June 30, 2016. Assets in excess of liabilities (Net Position) were \$13,103,357 and \$12,211,505 as of June 30, 2016 and 2015, respectively. In accordance with generally accepted accounting principles (GAAP), capital assets are recorded at historical cost. Net position is accumulated from revenues in excess of expenses, and contributed capital combined with the beginning balance of net position as presented in the Statement of Revenues, Expenses and Changes in Net Position.

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position presents the District's results of operations for the year ended June 30, 2016 and 2015. In accordance with GAAP, revenues are recognized (recorded) when water, sewer or other services are provided, and expenses are recognized when incurred. Operating revenues and expenses are related to the District's core activities (providing water, sewer, pest control and flood control services). Non-operating revenues and expenses are not directly related to the core activities, e.g. investment income, interest expense, etc. The operating income for the fiscal year ended June 30, 2016 of \$995,166 is combined with net non-operating revenues and expenses of (\$109,206), capital contributions of \$7,472 and impairment of capital assets of (\$1,580), to arrive at the change of net position of \$891,852. The increase in net position is added to the beginning net position of \$12,211,505 to arrive at the ending net position of \$13,103,357 as of June 30, 2016.

One of the most important questions asked about the District's finances is, "How has the District's position changed as the result of this year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position present information about the District's activities that help answer this question. These two statements report the net position of the District and the changes to them. The District's net position, the difference between assets and liabilities, may be thought of as one way to measure its financial health or financial position. Over time, increases or decreases in net position can be an indicator as to whether the financial health is improving or deteriorating. However, it is incumbent upon the observer to consider other non-financial factors such as the regulatory climate, economic conditions, population growth, zoning changes, environmental changes, etc.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Analysis of Net Position

Our analysis will start with a summary of the District's Net Position as presented in the following table:

Borrego Water District's Net Position

			Varia	ance
	2016	2015	\$	%
ASSETS				
Cash and investments	\$ 3,257,871	\$ 2,852,388	\$ 405,483	14.22%
Capital assets	13,604,086	13,689,404	(85,318)	-0.62%
Other assets	548,355	508,472	39,883	7.84%
TOTAL ASSETS	17,410,312	17,050,264	360,048	2.11%
DEFERRED OUTFLOWS OF				
RESOURCES	357,429	261,309	96,120	36.78%
			79	
LIABILITIES				
Current liabilities	406,765	687,029	(280,264)	-40.79%
Noncurrent liabilities	4,011,230	4,252,926	(241,696)	-5.68%
TOTAL LIABILITIES	4,417,995	4,939,955	(521,960)	-10.57%
DEFERRED INFLOWS OF				
RESOURCES	246,389	160,113	86,276	100.00%
NET POSITION				
Net investment in capital assets	10,092,085	9,949,404	142,681	1.43%
Unrestricted	3,011,272	2,262,101	749,171	33.12%
TOTAL NET POSITION	\$ 13,103,357	\$ 12,211,505	\$ 891,852	7.30%

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Analysis of Revenues and Expenses

Borrego Water District's Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2016 and 2015:

			Variance			
		2016	 2015	\$	%	
OPERATING REVENUES						
Water revenue	\$	3,026,055	\$ 2,873,643	\$ 152,412	5.30%	
Sewer service charges		551,218	534,828	16,390	3.06%	
Availability charges		241,404	245,215	(3,811)	-1.55%	
Golf revenue		-	541	(541)	-100.00%	
Other income		1,326	2,725	 (1,399)	-51.34%	
Total operating revenues		3,820,003	3,656,952	163,051	4.46%	
OPERATING EXPENSES						
Water operations		1,560,372	1,631,699	(71,327)	-4.37%	
Sewer operations		454,282	491,290	(37,008)	-7.53%	
General and administrative		810,183	860,552	(50,369)	-5.85%	
Total operating expenses		2,824,837	2,983,541	(158,704)	-5.32%	
INCOME FROM OPERATIONS		995,166	673,411	321,755	47.78%	
NON OPERATING EXPENSES, NET	1	(109,206)	(163,388)	54,182	-33.16%	
INCOME BEFORE CONTRIBUTIONS		885,960	510,023	375,937	73.71%	
AND IMPAIRMENTS						
CAPITAL CONTRIBUTIONS		7,472	124,124	(116,652)	100.00%	
IMPAIRMENT OF CAPITAL ASSETS	\underline{L}	(1,580)	(494,308)	492,728	100.00%	
CHANGE IN NET POSITION	6	891,852	139,839	752,013	537.77%	
TOTAL NET POSITION, BEGINNING		12,211,505	12,920,158	(708,653)	-5.48%	
PRIOR PERIOD ADJUSTMENT			(848,492)	 848,492	100.00%	
TOTAL NET POSITION, ENDING	\$	13,103,357	\$ 12,211,505	\$ 891,852	7.30%	

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Analysis of Revenues and Expenses (continued)

A discussion of the significant variances of the Borrego Water District's Revenues and Expenses are presented below.

- Increase in revenue due to rate increases enacted in August 2015.
- Decrease in the cost of providing water and sewer service, primarily due to lower repairs and maintenance and pumping costs, offset by increases in salaries.
- Total non-operating expenses, net, decreased due primarily to the gain on disposal of assets compared to a loss in the prior year.
- General and Administrative expense decreased due primarily to lower costs associated with the Rams Hill Golf Course.
- Decrease in capital contributions due to the land provided for the Groundwater Management Flood Basin in 2015, and a decrease in the impairment of water credits due to a valuation adjustment in 2015.
- Decrease in the prior period adjustment due to implementation of GASB Statement No. 68 in 2015.

BUDGET HIGHLIGHTS

Fiscal Year 2016 Actual vs. Fiscal Year 2016 Budget

	2016 2016			Variance			
		Actual		Budget		\$	%
REVENUES		_					
From operations	\$	3,820,003	\$	3,738,633	\$	81,370	2.18%
Nonoperating		71,569		64,080		7,489	11.69%
Total revenue		3,891,572		3,802,713		88,859	2.34%
EXPENSES							
Water operations		1,560,372		1,993,365		(432,993)	-21.72%
Sewer operations		454,282		425,065		29,217	6.87%
General and administrative		810,183		1,202,678		(392,495)	-32.64%
Other non-operating expenses		180,775		254,525		(73,750)	-28.98%
Total expenses		3,005,612		3,875,633		(870,021)	-22.45%
Capital Contributions		7,472		-		7,472	100.00%
Impairment of capital assets		(1,580)		<u> </u>		(1,580)	100.00%
CHANGE IN NET POSITION	\$	891,852	\$	(72,920)	\$	964,772	-1323.06%

Borrego Water District does not budget for depreciation, but prefers to budget for actual capital assets using the internally generated 10 year Capital Improvement Budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year the District had a net investment in various categories of capital assets as shown in the following table:

Borrego Water District's Capital Assets

			2015/2 Varia	
	2016	2015	\$	%
Land and land improvements	\$ 1,013,650	\$ 1,006,178	\$ 7,472	0.74%
Flood control facilities	4,319,604	4,319,604	-	0.00%
Sewer facilities	6,132,473	5,817,631	314,842	5.41%
Water facilities	10,648,734	10,606,930	41,804	0.39%
Pipelines, wells and tanks	151,699	151,699	-	0.00%
General facilities	1,006,881	1,006,881		0.00%
Telemetry	46,459	46,459	-	0.00%
Equipment and furniture	386,925	265,675	121,250	45.64%
Vehicles	540,195	562,636	(22,441)	-3.99%
Construction in progress	279,806	271,275	8,531	3.14%
Fallowed water credits	1,030,650	1,030,650	-	0.00%
Water rights-ID #4	185,000	185,000	_	0.00%
Total assets	25,742,076	25,270,618	471,458	1.87%
Less accumulated depreciation	(12,137,990)	(11,581,214)	(556,776)	-4.81%
Net capital assets	\$ 13,604,086	\$ 13,689,404	\$ (85,318)	-0.62%

Debt Administration

On October 1, 2008, the District issued \$2,775,000 of 2008 Bonds while concurrently redeeming all of its outstanding 1997 and 1998 Certificates of Participation.

The bonds are payable in annual principal installments of \$25,000 to \$245,000 on October 1 of each year beginning 2014 through 2028. Interest is payable semi-annually on April 1 and October 1 at an interest rate of 4.50% per annum. The bonds are payable solely from installment payments to made by the District to the Borrego Water District Public Facilities Corporation. The installment payments are a special obligation of the District payable solely from revenues of Improvement District No. 4 and certain funds and accounts created by agreement.

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

The annual requirements to amortize the Installment Purchase Agreement are as follows:

Year Ending						
June 30,	F	Principal		Interest		Totals
2017	\$	145,000	\$	108,113	5	\$ 253,113
2018		150,000		101,475		251,475
2019		160,000		94,500		254,500
2020		165,000		87,188		252,188
2021		175,000		79,538		254,538
2022-2026		985,000		271,238		1,256,238
2027-2029		695,000		48,036		743,036
	\$	2,475,000	\$	790,088	9	\$ 3,265,088
					_	

On May 22, 2015, the District entered into a 10 year promissory note agreement with Compass Bank in the amount of \$1,125,000 in order to refinance the Viking Ranch note. Payments of principal and interest of \$35,872, at 4.95% interest per annum, are due quarterly starting September 1, 2015 through June 1, 2025. The note is secured by a pledge and lien on net water revenues from the water enterprise, as defined in the agreement.

The future debt service for the note payable is as follows:

Year Ending				
June 30,	P	rincipal	Interest	Totals
2017	\$	93,881	\$ 49,607	\$ 143,488
2018		98,615	44,873	143,488
2019		103,588	39,900	143,488
2020		108,811	34,676	143,487
2021		114,298	29,189	143,487
2022 - 2025		517,808	56,141	573,949
	\$	1,037,001	\$ 254,386	\$ 1,291,387

ECONOMIC FACTORS AND FUTURE YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors when setting the fiscal year 2016 - 2017 budget, user fees and charges. The District attempts to balance revenues with operating expenses that have increased due to inflationary factors, such as cost of living, cost of water, and insurance coverage.

These indicators were taken into consideration when adopting the District's budget for the fiscal year 2016 - 2017. The budget has been structured to contain costs, but at the same time, continue the District's philosophy of providing the highest levels of service and continue efforts towards securing a sustainable water supply for the community.

Fiscal Year 2016 Actual vs. Fiscal Year 2017 Budget

					2016/	2017
	2017		2016		Variance	
		Budget	Actual		\$	%
REVENUES						
Operating Revenue	\$	3,748,036	\$ 3,820,003	\$	(71,967)	-1.88%
Nonoperating		65,049	71,569		(6,520)	-9.11%
Total revenue		3,813,085	3,891,572		(78,487)	-2.02%
EXPENSES						
Operating expenses		2,706,119	2,824,837		(118,718)	-4.20%
Other non operating expenses		157,720	180,775		(23,055)	-12.75%
Total expenses		2,863,839	3,005,612		(141,773)	-4.72%
Capital Contributions		-	7,472		(7,472)	0.00%
Impairment of capital assets			(1,580)		1,580	0.00%
CHANGE IN NET POSITION	\$	949,246	\$ 891,852	\$	57,394	-6.44%

Borrego Water District does not budget for depreciation, but prefers to budget for actual capital assets using the internally generated 10 year Capital Improvement Budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to give ratepayers, customers, investors, and creditors a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and the stewardship of the facilities it maintains. If you have questions about this report or need additional information, contact Geoff Poole, General Manager or Kim Pitman, Fiscal Officer at the Borrego Water District, 806 Palm Canyon Drive, Borrego Springs, California, 92004 or by telephone at (760) 767-5806.

BORREGO WATER DISTRICT STATEMENTS OF NET POSITION June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,248,811	\$ 2,830,294
Restricted cash and cash equivalents:		
Customer deposits	9,060	22,094
Accounts receivable:		
Water and sewer, net of allowance	382,840	351,121
Inventory	133,545	123,656
Prepaid expenses	31,970	33,695
Total current assets	3,806,226	3,360,860
Noncurrent assets:		
Capital assets:		
Land	1,013,650	1,006,178
Construction in progress	279,806	271,275
Fallowed water credits	1,030,650	1,030,650
Water rights - ID 4	185,000	185,000
Capital assets being depreciated, net	11,094,980	11,196,301
Total noncurrent assets	13,604,086	13,689,404
TOTAL ASSETS	17,410,312	17,050,264
DEFERRED OUTFLOWS OF RESOURCES		
Debt refunding costs, net of amoritization	112,546	122,550
Pension related costs	244,883	138,759
TOTAL DEFERRED OUTFLOWS		
OF RESOURCES	357,429	261,309

BORREGO WATER DISTRICT STATEMENTS OF NET POSITION June 30, 2016 and 2015

	2016	2015
LIABILITIES		
Current liabilities:		
Accounts payable	48,795	159,891
Accrued expenses	-	172,195
Accrued interest payable	42,891	42,044
Short-term compensated absences	67,138	62,806
Customer deposits	9,060	22,094
Current portion of note payable	238,881	227,999
Total current liabilities	406,765	687,029
Noncurrent liabilities:		
Compensated absences	44,758	41,870
Net pension liability	693,352	699,055
Notes payable, net of current portion	3,273,120	3,512,001
Total noncurrent liabilities	4,011,230	4,252,926
TOTAL LIABILITIES	4,417,995	4,939,955
DEFERRED INFLOWS OF RESOURCES		
Pension related costs	246,389	160,113
NET POSITION		
Net investment in capital assets	10,092,085	9,949,404
Unrestricted	3,011,272	2,262,101
TOTAL NET POSITION	\$ 13,103,357	\$ 12,211,505

BORREGO WATER DISTRICT STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION For the Fiscal Years Ended June 30, 2016 and 2015

	2016		2015
OPERATING REVENUES			
Water revenue	\$ 3,026,055	\$	2,873,643
Sewer service charges	551,218		534,828
Availability charges	241,404		245,215
Golf revenue	-		541
Other income	1,326		2,725
Total operating revenues	3,820,003		3,656,952
OPERATING EXPENSES			
Water operations	1,560,372		1,631,699
Sewer operations	454,282		491,290
General and administrative	810,183		860,552
Total operating expenses	2,824,837		2,983,541
Income from operations	 995,166		673,411
NON-OPERATING REVENUES (EXPENSES)			
Property taxes	64,473		74,460
Investment income	96		81
Gain (loss) on disposal of assets	7,000		(48,834)
Interest expense	(170,771)		(179,091)
Amortization expense	(10,004)		(10,004)
Total non-operating revenues (expenses)	(109,206)	1	(163,388)
INCOME BEFORE CONTRIBUTIONS			
AND IMPAIRMENTS	885,960		510,023
CAPITAL CONTRIBUTIONS	7,472		124,124
IMPAIRMENT OF CAPITAL ASSETS	 (1,580)		(494,308)
CHANGE IN NET POSITION	891,852		139,839
NET POSITION, BEGINNING	12,211,505		12,920,158
PRIOR PERIOD ADJUSTMENT			(848,492)
NET POSITION, ENDING	\$ 13,103,357	\$	12,211,505

BORREGO WATER DISTRICT STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from water and sewer customers	\$ 3,545,554	\$ 3,418,864
Receipts from availability charges	241,404	245,215
Receipts from golf course		541
Payments to suppliers	(1,360,333)	(1,057,517)
Payments to employees	(1,093,048)	(1,101,290)
Other receipts	1,326	4,997
Net cash provided by operating activities	1,334,903	1,510,810
CASH FLOWS FROM NONCAPITAL FINANCING		
ACTIVITIES		
Property Taxes	64,473	74,460
Net cash provided by noncapital financing activities	64,473	74,460
CASH FLOWS FROM CAPITAL AND REALTED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(589,066)	(306,618)
Proceeds from sale of assets	(7,000)	9,934
Proceeds from debt issuance	(7,000)	1,125,000
Principal paid on long-term debt	(227,999)	(1,260,000)
Interest payments on long-term debt	(169,924)	(270,332)
Net cash used in investing activities	(993,989)	(702,016)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	96	81
Net cash provided from financing activities	96	81
NET INCREASE IN CASH AND CASH EQUIVALENTS	405,483	883,335
CASH AND CASH EQUIVALENTS, BEGINNING		
OF YEAR	2,852,388	1,969,053
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,257,871	\$ 2,852,388

BORREGO WATER DISTRICT STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended June 30, 2016 and 2015

		2016	2015
RECONCILIATION OF CHANGE IN NET ASSETS TO			
NET CASH PROVIDED BY OPERATING ACTIVITIE	ES		
Income from operations	\$	995,166	\$ 673,411
Adjustments to reconcile change in income from operations	S		
to net cash provided by operating activities:			
Depreciation		617,480	593,486
Prior period adjustment		-	(848,492)
(Increase) decrease in operating assests:			
Accounts receivable		(31,719)	10,393
Other receivables		-	2,272
Inventories		(9,889)	17,057
Prepaid expenses		1,725	143,897
Deferred outflows of resources		(96,120)	(138,759)
Increase (decrease) in operating liabilities:			
Accounts payable		(111,096)	16,973
Accrued expenses		(105,403)	172,195
Customer deposits		(13,034)	850
Short-term compensated absences		7,220	8,359
Net pension liability		(5,703)	699,055
Deferred inflows of resources		86,276	160,113
Net cash provided by operating activities	\$	1,334,903	\$ 1,510,810
RECONCILIATION TO BALANCE SHEET			
Cash	\$	3,248,811	\$ 2,830,294
Restricted: Cash and Cash Equivalents		9,060	22,094
Net reconciliation to balance sheet	\$	3,257,871	\$ 2,852,388
SUPPLEMENTAL DISCLOSURES			
Schedule of non-cash investing and financing activities:			
Contributions of water system assets			
by customers and developers	\$	7,472	\$ 124,124

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Borrego Water District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Irrigation District Law, now Division 11, of the California State Water Code. The accounting policies of the District conform to accounting principles generally accepted in the United State of American (GAAP) as applicable to governments and to general practice within California Special Districts. The District accounts for its financial transactions in accordance with the policies and procedures of the State Controller's Office Division of Local Government Fiscal Affairs Minimum Audit Requirement and Reporting Guidelines for California Special Districts.

Reporting Entity

The District's financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, subsequently amended by GASB Statement No. 39 *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*, include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- it would be misleading or cause the financial statements to be incomplete to exclude another organization

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statement.

Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its customers on a continuing basis be financed or recovered primarily through user charges (water sales and services) or similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flow takes place.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

Operating revenues and expenses are generated and incurred through the water sales activities to the District's customers. Administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

Financial Reporting

The District's basic financial statements are presented in conformance with the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and subsequently amended by GASB Statement No. 61. This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reporting.

The District's basic financial statements are also presented in conformance with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance to include two classifications separate from assets and liabilities. Amounts reported as deferred outflows of resources are required to be reported in a Statement of Net Position in a separate section following assets. Similarly, amounts reported as deferred inflows of resources are required to be reported in a Statement of Net Position in a separate section following liabilities. In addition, the totals of these two new classifications should be added to the total for assets and liabilities, respectively.

Governmental Accounting Standards Implementation in Current Year

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement was effective for the current fiscal year. Implementation of this GASB had no significant effect on the District's financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Implementation in Current Year (continued)

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for all state and local governments. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. This statement became effective in fiscal year 2016. Implementation of this GASB had no significant effect on the District's financial statements.

Assets, Liabilities, and Equity

Cash and Cash Equivalents and Investments

For purposes of the statement of cash flows, cash and cash equivalents consist of short-term highly liquid investments with maturities of ninety days or less from the date of purchase. These include cash on hand, cash held in the restricted assets accounts, and the Local Agency Investment Fund.

The District's investment policy and state statutes authorize the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit with national and state-licensed or chartered banks or federal or state savings and loan associations, money market and mutual funds whose portfolios consist of one or more of the investments, and the Local Agency Investment Fund.

State statutes require all deposits be insured or collateralized. Depositories holding public funds on deposit are required to maintain collateral in the form of a pool of securities with the agent of the depository having a market value of at least 10 to 50 percent in excess of the total amount of all public funds on deposit.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided based on anticipated collectability of the outstanding utility receivables and other receivables at year-end. At fiscal year ended June 30, 2016 and 2015, management has not recorded an allowance for doubtful accounts as it estimates all receivables at June 30, 2016 and 2015 to be collectible.

Inventories

Inventories are recorded on the average cost basis. Inventory consists primarily of water meters, water line maintenance materials, and sewer line maintenance materials.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	Estimated
Asset Class	Useful Lives
Buildings	10-50
Water systems	10-50
Improvement of sites	7-25
Equipment	5-10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferral of outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has two items that qualifies for reporting in this category.

The deferred charge of debt refunding costs resulted from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. As of June 30, 2016 and 2015, the balance of the debt refunding costs is \$112,546 and \$122,550, respectively.

The pension plan related costs are made up of three components: employer contributions paid during the year ended June 30, 2016 and 2015 in the amount of \$138,617 and \$138,759, respectively, which are deferred under GASB Statement No. 68; adjustments due to differences between expected and actual experience of \$8,893 and \$0 as of June 30, 2016 and 2015, respectively, and difference between actual and projected contributions in the amount of \$97,373 and \$0 as of June 30, 2016 and 2015, respectively, which are amortized over straight-line basis over the average expected remaining service lives of all members that are provided with benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Deferred Outflows/Inflows of Resources (continued)

As of June 30, 2016 and 2015, the deferred outflow pension related costs are \$244,883 and \$138,759, respectively.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category.

The deferred inflows of resources is made up of three components; net difference between projected and actual earnings on pension plan investments in the amount of \$42,181 and \$134,716 as of June 30, 2016 and 2015, respectively, which is amortized on a straight-line basis over five years; and adjustment due to differences in proportions in the amount of \$120,068 and \$25,397 as of June 30, 2016 and 2015, respectively, and change in assumptions in the amount of \$84,140 and \$0 as of June 30, 2016 and 2015, respectively, which are amortized over the straight-line basis over the average expected remaining service lives of all members that are provided with benefits.

As of June 30, 2016 and 2015, the deferred inflow pension related cost is \$246,389 and \$160,113, respectively.

Compensated Absences

Accumulated unpaid employee vacation benefits and sick leave are recognized as accrued payroll liabilities in the Statement of Net Position. As of June 30, 2016 and 2015, the District had \$111,896 and \$104,676, respectively, of accrued vacation and sick leave.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Pensions (continued)

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. As of June 30, 2016 and 2015, the following timeframes are used:

	2016	2015
Valuation Date (VD)	June 30, 2014	June 30, 2013
Measurement Date (MD)	June 30, 2015	June 30, 2014
Managamant David d (MD)	July 1, 2014 to	July 1, 2013 to
Measurement Period (MP)	June 30, 2015	June 30, 2014

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net postion.

Capital Contributions

Capital contributions represent cash and capital asset additions to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitments.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes for the District.

The District receives property taxes under the Teeter Plan, whereby the County of San Diego determines the amounts due and pays the District ratably throughout the year with the County bearing the risk of delinquent property taxes and retaining any interest and penalties earned thereon.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year information to conform to the current year presentation.

2. DEFICIT FUND BALANCE OR FUND NET POSITION OF INDIVIDUAL FUNDS

The following are funds having deficit fund balances or fund net positions at year end, if any, along with remarks which address such deficits:

<u>Violation</u>	Action Taken
None reported	Not applicable

3. CASH AND CASH EQUIVALENTS

The summary of cash and cash equivalents is as follows at June 30, 2016 and 2015:

	 2016	2015
Cash in banks:	_	_
Restricted	\$ 9,060	\$ 22,094
Unrestricted	3,227,506	2,809,026
Cash on hand	234	286
Local Agency Investment Fund	 21,071	 20,982
Total cash and cash equivalents	\$ 3,257,871	\$ 2,852,388

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The District maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The District has not experienced any losses in such accounts. At June 30, 2016 and 2015 the District had \$3,039,044 and \$2,620,851, respectively, in excess of FDIC insured limits, which were collateralized under California Law.

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3. CASH AND CASH EQUIVALENTS (continued)

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized costs of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2016 and 2015 the District had deposited with LAIF \$21,071 and \$20,982, respectively.

4. CAPITAL ASSETS

A schedule of changes in capital assets and accumulated depreciation for the fiscal year ended June 30, 2016, is shown as follows:

	Balance			Balance
	June 30, 2015	Additions	Deletions	June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 1,006,178	\$ 7,472	\$ -	\$ 1,013,650
Construction in progress	271,275	71,330	(62,799)	279,806
Fallowed water credits	1,030,650	-		1,030,650
Water rights - ID 4	185,000	_		185,000
Total capital assets,				
not being depreciated	2,493,103	78,802	(62,799)	2,509,106
Capital assets, being depreciated:				
Flood control facilities	4,319,604	_	-	4,319,604
Sewer facilities	5,817,631	325,898	(11,056)	6,132,473
Water facilities	10,606,930	41,804	-	10,648,734
Pipelines, wells, and tanks	151,699	_	-	151,699
General facilities	1,006,881	-	-	1,006,881
Telemetry system	46,459	-	-	46,459
Equipment and furniture	265,675	121,250	-	386,925
Vehicles	562,636	28,784	(51,225)	540,195
Total capital assets,				
being depreciated	22,777,515	517,736	(62,281)	23,232,970
Less accumulated depreciation	(11,581,214)	(617,480)	60,704	(12,137,990)
Total capital assets,				
being depreciated, net	11,196,301	(99,744)	(1,577)	11,094,980
Capital assets, net of depreciation	\$ 13,689,404	\$ (20,942)	\$ (64,376)	\$ 13,604,086

4. CAPITAL ASSETS (continued)

The change in capital assets and accumulated depreciation for the fiscal year ended June 30, 2015, is shown as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 882,054	\$ 124,124	\$ -	\$ 1,006,178
Construction in progress	186,213	89,497	(4,435)	271,275
Fallowed water credits	1,868,358	-	(837,708)	1,030,650
Water rights - ID 4	185,000	-	-	185,000
Total capital assets,				
not being depreciated	3,121,625	213,621	(842,143)	2,493,103
Capital assets, being depreciated:				
Flood control facilities	4,319,604	-	-	4,319,604
Sewer facilities	5,806,137	32,828	(21,334)	5,817,631
Water facilities	10,489,701	117,229	-1	10,606,930
Pipelines, wells, and tanks	151,699	_	Ih 1	151,699
General facilities	1,006,881	-		1,006,881
Telemetry system	46,459	-		46,459
Equipment and furniture	265,675	-	/ 11 1	265,675
Vehicles	495,572	67,064	/ 🐚 -\	562,636
Total capital assets,				
being depreciated	22,581,728	217,121	(21,334)	22,777,515
Less accumulated depreciation	(10,998,129)	(593,486)	10,401	(11,581,214)
Total capital assets,		T		J
being depreciated, net	11,583,599	(376,365)	(10,933)	11,196,301
Capital assets, net of depreciation	\$ 14,705,224	\$ (162,744)	\$ (853,076)	\$ 13,689,404

5. LONG TERM OBLIGATIONS

Long-term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the fiscal year ended June 30, 2016, are as follows:

				Amount
Balance at			Balance at	due within
June 30, 2015	Additions	Retirements	June 30, 2016	one year
\$ 2,615,000	\$ -	\$ 140,000	\$ 2,475,000	\$ 145,000
1,125,000		87,999	1,037,001	93,881
\$ 3,740,000	\$ -	\$ 227,999	\$ 3,512,001	\$ 238,881
	June 30, 2015 \$ 2,615,000 1,125,000	June 30, 2015 Additions \$ 2,615,000 \$ - 1,125,000	June 30, 2015 Additions Retirements \$ 2,615,000 \$ - \$ 140,000 1,125,000 - 87,999	June 30, 2015 Additions Retirements June 30, 2016 \$ 2,615,000 \$ - \$ 140,000 \$ 2,475,000 1,125,000 - 87,999 1,037,001

Changes in long-term obligations for the fiscal year ended June 30, 2015, are as follows:

within
WILLIIII
year
0,000
7,999
-
7,999
}

Refunding Installment Purchase

On October 1, 2008, the District issued \$2,775,000 of 2008 Bonds while concurrently redeeming all of its outstanding 1997 Certificates of Participation and 1998 Certificates of Participation. The transaction was a current refunding intended to save the District future interest costs due to lower market interest rates. No new funds were raised by the District. New Installment Purchase Agreements were executed, which will save the District approximately \$36,000 per year on debt service. The District reduced its aggregate debt service payments by \$312,755 over the next twenty (20) years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$259,110.

5. LONG TERM OBLIGATIONS (continued)

Refunding Installment Purchase (continued)

The bonds are payable in annual principal installments of \$25,000 to \$245,000 on October 1 of each year beginning 2013 through 2028. Interest is payable semi-annually on April 1 and October 1 at an interest rate of 4.50% per annum. The installment payments are a special obligation of the District payable solely from revenues of Improvement District No. 4. Accrued interest for the year ended June 30, 2016 and 2015 was \$34,312 and \$32,737, respectively.

The future debt service for the Installment Purchase Agreement is as follows:

Year Ending				
June 30,]	Principal	 Interest	Totals
2017	\$	145,000	\$ 108,113	\$ 253,113
2018		150,000	101,475	251,475
2019		160,000	94,500	254,500
2020		165,000	87,188	252,188
2021		175,000	79,538	254,538
2022-2026		985,000	271,238	1,256,238
2027-2029		695,000	48,036	743,036
	\$	2,475,000	\$ 790,088	\$ 3,265,088

Compass Bank Note

On May 22, 2015, the District entered into a 10 year promissory note agreement with Compass Bank in the amount of \$1,125,000. Payments of principal and interest of \$35,872, at 4.95% interest per annum, are due quarterly starting September 1, 2015 through June 1, 2025. The note is secured by a senior pledge of net water system revenues of the District (net of Improvement District Number 4 operations) and a subordinate pledge of net systems revenues of the District's Improvement District Number 4 operations, as defined in the agreement. Accrued interest for the year ended June 30, 2016 and 2015 was \$8,579 and \$9,307, respectively.

5. LONG TERM OBLIGATIONS (continued)

Compass Bank Note (continued)

The future debt service for the note payable is as follows:

Year Ending					
June 30,	P	rincipal]	Interest	Totals
2017	\$	93,881	\$	49,607	\$ 143,488
2018		98,615		44,873	143,488
2019		103,588		39,900	143,488
2020		108,811		34,676	143,487
2021		114,298		29,189	143,487
2022 - 2025		517,808		56,141	573,949
	\$	1,037,001	\$	254,386	\$ 1,291,387

Viking Ranch Note

On July 8, 2011, the District and Viking Ranch amended an agreement that had been originally signed October 22, 2010. The amended agreement called for Viking Ranch to sell to the District Parcel 2 and in the future Viking Ranch will make a charitable donation of Parcel 1 to the District. The amended agreement also calls for Viking Ranch to sell to the District 312.5 Agricultural-1 Water Credits. For both Parcel 2 and the 312.5 Agricultural-1 Water Credits, the District will provide to Viking Ranch a \$1.5 Million Note at 4.00% interest per annum, with \$6,000 due upon execution of the note, \$69,000 due upon transference of properties, and the remaining \$1.425 million due in quarterly interest only payments for the first 5 years, at which time, \$150,000 in principal will be due. Effective May 22, 2015, the note was paid in full through the issuance of the note payable to Compass Bank.

6. OPERATING LEASES

The District has entered into operating leases for office equipment and facility usage with lease terms in excess of one year. These agreements contain no purchase options. The agreements are non-cancelable leases.

6. OPERATING LEASES (continued)

Future minimum lease payments are as follows:

Year ending	Lease
June 30,	payments
2017	\$ 5,850
2018	4,199
2019	4,199
2020	4,199
2021	348
	\$ 18,795

The District will receive no sublease rental revenues nor pay any contingent rentals associated with these leases. Rent expense for the fiscal years ended June 30, 2016 and 2015 was \$5,150 and \$15,439, respectively.

7. JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in the following jointly governed organization under a joint power agreement (JPA):

California Water Agencies Joint Powers Insurance Authority (JPIA)

Since 1983, the District has participated in the Association of California Water Agencies Joint Powers Insurance Authority (JPIA), a risk-pooling self-insurance authority. JPIA is a consortium of public agencies in Southern California established under the provisions of California Government Code. The purpose of the authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Deposits to JPIA are expensed by the District over the policy term and are subject to retroactive adjustment.

The relationship between the District and the JPIA is such that the JPIA is not a component unit of the District for financial reporting purposes.

8. EMPLOYEE RETIREMENT PLAN

Plan Description, Benefits Provided and Employees Covered

The District contributes to the Miscellaneous 3.0% at 60 Risk Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained at www.calpers.ca.gov under Forms and Publications.

This report is a publically available valuation report that can be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the active employee contribution rate as a percentage of annual pay is 8.00% for Tier 1, 7.00% for Tier 2 and 6.25% for new employees. The employer's contribution rate is 11.065% after payment of the Annual Lump Sum Payment Option. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate as a percentage of annual pay is 8.00% for Tier 1, 7.00% for Tier 2 and 6.25% for new employees. The employer's contribution rate is 10.414% after payment of the Annual Lump Sum Payment Option. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

The District provides for 3.00% of the contributions required of Tier 1 District employees and 2.00% for all other employees on their behalf and for their account with the remaining amount to be contributed by the employees.

8. EMPLOYEE RETIREMENT PLAN (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method Entry Age Normal

Actuarial Assumptions

Discount Rate 7.65% Inflation 2.75%

Salary Increases Varies by Entry Age and Service

Investment Rate of Return 7.50% Net of Pension Plan Investment and Administrative

Expenses; includes Inflation

Mortality Rate Table Derived using CalPERS' Membership Data for all Funds Post Retirement Benefit Increase Contract COLA up to 2.75% until Purchasing Power

Protection Allowance Floor on Purchasing Power applies,

2.75% thereafter

All other actuarial assumptions used in the June 30, 2014 and 2013 valuations were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the year ended June 30, 2016. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the assumed discount rate. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term rate on pension investments. Based on the testing of the plans, the test revealed the assets would not run out. Therefore the long-term expected rate of return of 7.65% for the year ended June 30, 2016 on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement No. 68 section.

8. EMPLOYEE RETIREMENT PLAN (continued)

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65% for the year ended June 30, 2016 investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65% for the year ended June 30, 2016. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference. CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018.

Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statements No. 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed the District's methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

8. EMPLOYEE RETIREMENT PLAN (continued)

The tables below reflects the long-term expected real rate of return by asset class for the years ended June 30, 2016. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

	Current		
	Target	Real Return	Real Return
Asset Class	Allocation	Years 1 - 10 (a)	Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Debt Securities	19.00%	0.99%	2.43%
Inflation Assets	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

- (a) An expected inflation of 2.5% used for this period.
- (b) An expected inflation of 3.0% used for this period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.65% for the year ended June 30, 2016 as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

		Discount	(Current	Ι	Discount
	R	ate -1.00%	Disc	count Rate	Ra	te +1.00%
		6.65%		7.65%		8.65%
		_				
Misc Plan's Net Pension Liability	\$	1,162,800	\$	693,352	\$	305,768

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the District's GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the District's funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep

8. EMPLOYEE RETIREMENT PLAN (continued)

items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

At June 30, 2016 the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

The District contributions to CalPERS for the fiscal years ending June 30, 2016, 2015, 2014, and 2013 were \$142,983, \$138,759, \$129,138 and \$137,511, respectively, and equals 100% of the required contributions for each year.

9. SEGMENT INFORMATION

The 2008 Installment Purchase Agreement as described in Note 5 was issued to finance certain capital improvements in Improvement District Number 4. While water and wastewater services are accounted for in a single fund in these financial statements, the investors in the Installment Purchase agreement rely solely on the revenues of Improvement District Number 4 for repayment.

Summary financial information for Improvement District Number 4 is as follows:

Condensed Statements of Net Position

	2016	2015
ASSETS		
Current assets	\$ 3,534,806	\$ 2,833,657
Capital assets, net of depreciation	2,805,825	2,861,389
Other assets	112,546	213,497
TOTAL ASSETS	6,453,177	5,908,543
DEFERRED OUTFLOW OF RESOURCES	 146,880	 90,947
LIABILITIES AND NET POSITION		
Current liabilities	705,981	841,129
Long-term liabilities	2,330,000	2,475,000
TOTAL LIABILITIES	3,035,981	3,316,129
DEFERRED INFLOWS OF RESOURCES	 154,277	 102,511
NET POSITION		
Net investment in capital assets	475,825	386,389
Unrestricted	2,933,974	 2,194,461
TOTAL NET POSITION	\$ 3,409,799	\$ 2,580,850

9. SEGMENT INFORMATION (continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2015	2014
OPERATING REVENUES		
Water revenue	\$ 2,101,326	\$ 1,881,846
Other income	84,584	88,285
Total operating revenues	2,185,910	1,970,131
OPERATING EXPENSES		
Water operations	954,819	958,703
General and administrative	322,247	399,493
Total operating expenses	1,277,066	1,358,196
Gain from operations	908,844	611,935
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	38,684	44,676
Investment income	53	49
Interest expense	(116,100)	(122,231)
Amortization expense	(10,004)	(16,492)
Total non-operating revenues (expenses)	(87,367)	(93,998)
INCOME BEFORE CONTRIBUTIONS	821,477	517,937
CAPITAL CONTRIBUTIONS	7,472	124,124
CHANGE IN NET POSITION	828,949	642,061
NET POSITION, BEGINNING	2,580,850	2,382,000
PRIOR PERIOD ADJUSTMENT		(443,211)
NET POSITION, ENDING	\$ 3,409,799	\$ 2,580,850

9. SEGMENT INFORMATION (continued)

Condensed Statements of Cash Flows

	2016	2015
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,007,643	\$ 714,115
NET CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	38,684	44,675
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(364,125)	(153,202)
NET CASH PROVIDED BY INVESTING ACTIVITIES	53	49
NET INCREASE IN CASH AND CASH EQUIVALENTS	682,255	605,637
CASH AND CASH EQUIVALENTS, BEGINNING	2,569,898	1,964,261
CASH AND CASH EQUIVALENTS, ENDING	\$ 3,252,153	\$ 2,569,898

10. NONCOMMITMENT DEBT

Community Facilities District No. 2007-01 2007 Special Tax Bonds

On March 14, 2007, the Board of Directors adopted a resolution stating its intention to establish Community Facilities District No. 2007-1 and to authorize bonded indebtedness within the Community Facilities District. On April 25, 2007, the Community Facilities District 2007-1 was formed and an election was held to authorize the Community Facilities District 2007-1 to incur bonded indebtedness of up to \$11,000,000 to refinance outstanding balances of the Community Facilities District 95-1 1996 Special Tax Bonds. On June 14, 2007, the Community Facilities District No. 2007-1 issued the 2007 Special Tax Bonds in the amount of \$9,530,000. The balance of principal and interest outstanding 2007-1 bonds at June 30, 2016 and 2015 was \$4,889,080 and \$4,880,537, respectively.

The bonds consisted of \$5,270,000 of 5.75% term bonds due August 1, 2025 with principal payments beginning on August 1, 2010 and \$4,260,000 of 5.75% term bonds due August 1, 2032 with principal payments beginning August 1, 2026.

The 2007 Special Tax Bonds do not constitute an indebtedness of the District and are only secured by a pledge of Net Taxes (which consist of the Special Taxes collected minus certain administrative expenses) and amounts on deposit in the Special Tax Fund. In the opinion of the District management and counsel the full faith and credit of the Borrego Water District and the Community Facilities District are not pledged to the payment of the Bonds, nor is the payment of the Bonds secured by any encumbrance, mortgage or other pledge of property of the Borrego Water District or the Community Facilities District. The Special Tax is to be levied and collected by the county at the same time and in the same manner as general ad valorem property taxes. The Community Facilities District is to receive all Special Taxes in trust and immediately deposit all amounts with the Trustee.

10. NONCOMMITMENT DEBT (continued)

For the fiscal year ending June 30, 2016 and 2015, there was a special tax delinquency rate of approximately 98.26%, respectively, in the Community Facilities District. The Community Facilities District has not made any regularly scheduled payments since August 1, 2011 to date, June 30, 2016. At June 30, 2016, the balance in the reserve fund is \$0. The Community Facilities District commenced foreclosure proceedings in the prior year and is continuing proceedings against certain property owners that are delinquent.

REQUIRED SUPPLEMENTARY INFORMATION

BORREGO WATER DISTRICT SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST 10 YEARS June 30, 2016 and 2015

	June	230, 2016	June	e 30, 2015
Proportion of the net pension liability		0.02527%		0.01123%
Proportionate share of the net pension liability	\$	693,352	\$	699,055
Covered - employee payroll	\$	671,180	\$	595,422
Proportionate Share of the net pension liability as percentage of covered-employee payroll		103.30%		117.41%
Plan's Proportionate Share of Aggregate Employer Contributions	\$	79,728	\$	53,036
Plan fiduciary net position as a percentage of the total pension liability		77.21%		73.72%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact.

This applies to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: None

- Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

BORREGO WATER DISTRICT SCHEDULE OF PLAN CONTRIBUTIONS LAST 10 YEARS

June 30, 2016 and 2015

	Jun	e 30, 2016	June	e 30, 2015
Contractually required contributions (actuarially determined)	\$	138,613	\$	129,138
Contributions in relation to the actuarially determined contributions		(138,613)		(129,138)
Contribution deficiency (excess)	\$	-	\$	
Covered-employee payroll	\$	671,180	\$	595,422
Contributions as a percentage of covered employee payroll		20.65%		21.69%
Notes to Schedule:				
Valuation date:	Jur	ne 30, 2015	Jur	ne 30, 2014

⁻ Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

SUPPLEMENTARY INFORMATION

BORREGO WATER DISTRICT ORGANIZATION June 30, 2016

The Board of Directors for the fiscal year ended June 30, 2016, was comprised of the following members:

Name	Office	Term	Term expires
Beth Hart	President	4 Years	November 30, 2018
Lyle Brecht	Vice President	4 Years	November 30, 2018
Joseph Tatusko	Treasurer/Secretary	4 Years	November 30, 2018
Raymond Delahay	Director	4 Years	December 2, 2016
Arthur Lee Estep	Director	4 Years	December 2, 2016
	Admini	stration	
N	Jame	P	osition

Geoff Poole

General Manager

Kim Pitman

Administration Manager

The assessed valuation of the Borrego Water District at June 30, 2016, is as follows:

Assessed valuation

Secured property \$335,706,831

Total assessed valuation \$335,706,831

The assessed valuation of the Borrego Water District at June 30, 2015, is as follows:

Assessed valuation

Secured property \$ 341,378,673

Total assessed valuation \$341,378,673

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING – NOVEMBER 16, 2016 AGENDA BILL II.C

November 7, 2016

TO: Board of Directors, Borrego Water District

FROM: Geoff Poole, General Manager

SUBJECT: Consideration of Form 102 for 236 AG-2 Water Credits for Fallowing last phase

of Pivot Farm Lots, D, E, F and G to T2/Considine - G. Poole

RECOMMENDED ACTION: Approve Form 102

ITEM DESCRIPTION: BWD and Pivot Farm have been working on a fallowing plan since 2014 and the last phase is now complete. Agreements were reached form Lots A, B C and D in 2015 between BWD and T2. The attached Form 102 will complete the transaction for the remaining lots E, F and G and issue 236 AG-2 Water Credits, which was confirmed by Jerry Rolwing and is reflective of the contractual commitments of BWD.

FISCAL IMPACT: N/A

ATTACHMENTS: Form 102

RECORDING REQUESTED BY)	
AND WHEN RECORDED MAIL TO:)	
)
Borrego Water District)
806 Palm Canyon Drive)
Borrego Springs, CA 92004)
P.O. Box 1870)
Attention: General Manager)
)
		This document is exempt from payment of a recording fee pursuant to Government Code Section 27383.
		doverninent code section 27305.

Documentary Transfer Tax: \$0.00

Exempt from payment of Documentary Transfer Tax

pursuant to Revenue and Taxation Code Section 11922

BWD FORM 102

GRANT OF EXCLUSIVE GROUNDWATER EASEMENT

TO

BORREGO WATER DISTRICT

This Grant of Groundwater Easement (this "Agreement") is made as of _______, 2016, by **T2 BORREGO LLC**, a Colorado limited liability company (the "Grantor"), for the benefit of **BORREGO WATER DISTRICT**, a public corporation ("District" or "Grantee").

RECITALS

A. Grantor is the owner of certain real property located in an unincorporated portion of the County of San Diego, State of California, as more particularly set forth in Exhibit "A" attached hereto and incorporated herein by reference (the "Property"). Grantor or its predecessor-in-interest has fallowed portions of the subject parcel previously and desire to finalize the project on the remaining parcels (D, E, F and G) of citrus and palm trees, and an existing well ("Pivot Farm Well') used for both domestic and irrigation purposes ("Water Activity"), all on the Property. The Property is from time to time referred to herein as the "Servient Tenement."

- B. The Servient Tenement may overlay the Borrego Valley Aquifer as described in the Borrego Water District Groundwater Management Study on file in the office of the District and thus have certain water rights to the groundwater or percolating water underlying said Servient Tenement (the "Groundwater").
- C. The District is a public corporation organized and existing under Division 13 of the Water Code of the State of California and has the power and authority to extract, divert, store and distribute water to the lands and inhabitants within the boundaries of the Grantee.
- D. The Grantee has approved Grantor's fallowing plan and will issue a Water Credit Certificate (the "Water Rights Approval") for 100 T-2 water credits, whereby the Grantor, in consideration of certain Mitigation Entitlement Certificates (as defined in the Water Rights Approval), agreed to grant to the Grantee an exclusive easement to cease and prevent any and all extraction of the Groundwater to which Grantor is or may be entitled as a result of Grantor's ownership of the Property, excepting therefrom the reservation of one (1) acre foot of water each year for domestic use and landscaping in and around a residential unit, now existing or to be constructed in the future, on the Property (the "Reserved Water Right"), in any event whether or not the Property overlies the Borrego Valley Aquifer. The Reserved Water Right shall be drawn from the Pivot Farm, and before use of the Reserved Water Right, Grantee will install a flow meter for Grantee's use on such well.
- E. Pursuant to the Water Rights Approval, Grantee will issue to Grantor 236 AG-2 water credits for Parcels E, F and G respectively, upon recording of this Agreement.

NOW, THEREFORE, Grantor grants the Groundwater Easement (as hereinafter defined) to Grantee under the following terms and conditions:

- 1. **Grant of Exclusive Groundwater Easement.** Grantor, except as allowed by the Reserved Water Right, hereby grants to Grantee an exclusive easement (i) to cease and prevent any and all extraction, use, storage, distribution and/or diversion of the Groundwater to which Grantor is entitled as a result of Grantor's ownership of the Property, (ii) cease and prevent the Water Activity as well as any other use of Groundwater on the Property by Grantor, whether such Groundwater is extracted from the Property or from other real property overlying the Borrego Valley Aquifer except upon full compliance with the District Mitigation Policy and (iii) for the Grantee to monitor, measure, and/or evaluate water levels, water quality and/or water usage on the Servient Tenement, including but not limited to, taking periodic static water level readings (the "Groundwater Easement"), subject to all matters and encumbrances of record affecting the Servient Tenement, on the terms and conditions set forth in this Agreement.
- 1.1. **Grant of Incidental Nonexclusive Easement.** In addition to the Groundwater Easement granted in Section 1 of this Agreement, Grantor also hereby grants to Grantee a nonexclusive easement over, under, within and through the Property for: (i) reasonable vehicular and pedestrian ingress and egress by Grantee, its agents, employees, successors, and assigns for necessary purposes including, but not limited to, inspection to ensure compliance with the terms of this Agreement, the District's Mitigation Entitlement Policy and the Water Rights Approval; and (ii) routing, installation, use, maintenance, service and operation of certain utilities, including without limitation the installation and use of monitoring wells, and/or the capping of wells on the Property.

- 1.2 Reserved Water Right. Grantor is reserving the Reserved Water Right, and Grantee acknowledges and accepts that Grantor and any of its successors has the right to use up to one (1) acre foot of water each year for domestic and landscape use in and around any now-existing or future residential unit on the Property. Additionally, Grantor is also reserving a water right, and Grantee acknowledges and accepts such right, that Grantor and any of its successors has the right to use water for a project on the Property, so long as the County and BWD provides its discretionary approval for such project and groundwater use reduction measures are implemented by Grantor or its successors that fully offset the amount of groundwater that the project would use.
- 2. **Character of Easement.** The Groundwater Easement granted in this Agreement is in gross.
- 3. **Term.** The Groundwater Easement granted in this Agreement shall be an easement in perpetuity for the benefit of Grantee.
- 4. **Maintenance and Liability.** Grantor is and shall remain solely and exclusively responsible for all maintenance of the Property, including, but not limited to, weed and/or dust control and abatement. Grantor hereby agrees to indemnify, defend, and hold Grantee harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, reasonable attorneys' fees and/or expert witness fees), resulting from, arising out of, or based upon the Property, with the exception that Grantor is not liable for Grantee's actions while on the Property.
- 5. **Consideration.** In consideration of the grant of the Groundwater Easement granted in this Agreement, the Grantee will provide the Grantor with a Water Credit Certificate
- 6. **Exclusive Easement.** Grantee's use of the Groundwater Easement granted in this Agreement shall be exclusive. Grantor shall not extract, divert, store and/or distribute the Groundwater, nor shall the Grantor transfer or assign to others any interest in the Groundwater. Notwithstanding the terms of this provision, Grantor reserves the right to use the subject property in a manner consistent with the Grantee's free use and enjoyment of the Groundwater Easement.
- 7. **Assignment.** This Agreement, including any interest in this Agreement, shall not be assigned without the prior written consent of the other party.
- 8. **Attorney's Fees.** In the event any declaratory or other legal or equitable action is instituted between the Grantor and the Grantee in connection with this Agreement, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs, expert witness fees and reasonable attorneys' fees, and all fees, costs and expenses incurred on any appeal or in collection of any judgment.
- 9. **Entire Agreement.** This Agreement and its exhibits, together with the Water Rights Approval, constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understanding of the parties hereto, oral or written, express or implied, are hereby superseded and merged herein.

10. LIOUIDATED DAMAGES. GRANTOR ACKNOWLEDGES THAT GRANTEE IS ENTERING INTO THIS AGREEMENT FOR THE EXPRESS AND EXCLUSIVE PURPOSE OF GROUNDWATER PRESERVATION. IF GRANTOR COMMENCES OR RE-COMMENCES ANY ACTIVITY ON THE PROPERTY IN VIOLATION OF THIS AGREEMENT, THE GRANTOR SHALL PAY TO GRANTEE AS LIQUIDATED DAMAGES, AND NOT AS A PENALTY, THE AMOUNT OF \$200 PER OCCURRENCE. FOR PURPOSES OF THIS SECTION 11, EACH DAY THAT GRANTOR COMMENCES OR RE-COMMENCES ANY ACTIVITY ON THE PROPERTY IN VIOLATION OF THIS AGREEMENT SHALL CONSTITUTE A SEPARATE OCCURRENCE. EACH DAY THAT SELLER PLACES IN SERVICE, OPERATES AND/OR UTILIZES ANY WELL ON THE PROPERTY SHALL CONSTITUTE A VIOLATION OF THIS AGREEMENT AND SHALL FURTHER CONSTITUTE A SEPARATE OCCURRENCE FOR PURPOSES OF THIS SECTION 11.

THE PARTIES HERETO ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE LIQUIDATED DAMAGES PROVISION CONTAINED IN THIS SECTION 11 AND AGREE TO BE BOUND BY ITS TERMS. FURTHER, THE PARTIES HERETO ACKNOWLEDGE THAT THE GRANTEE IS ENTERING INTO THIS AGREEMENT FOR THE SPECIFIC PURPOSE OF PRESERVING GROUNDWATER AND THAT THE LIQUIDATED DAMAGES AMOUNT SPECIFIED IN THIS SECTION 11 IS A REASONABLE ESTIMATE, UNDER THE CIRCUMSTANCES EXISTING ON THE DATE OF EXECUTION OF THIS AGREEMENT, OF WHAT GRANTEE'S DAMAGES WOULD BE IN THE EVENT OF A DEFAULT BY GRANTOR.

GRANTOR'S INITIALS:	
DISTRICT'S INITIALS:	

11. **Notices.** Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and delivered in person to an officer or duly authorized representative of the other party, or deposited in the United States mail, duly certified or registered (return receipt requested), postage prepaid, or delivered through another reasonably acceptable method, and addressed to the party for whom intended, as follows:

If to Grantor: T2 Borrego LLC

4582 South Ulser Parkway, Suite 410

Denver, CO 80237

Attention: Legal Department

If to Grantee: Borrego Water District

806 Palm Canyon Drive

PO Box 1870

Borrego Springs, CA 92004 Attention: General Manager

Any party may from time to time, by written notice to the other, designate a different address which shall be substituted for that specified above. If any notice or other document is sent by mail as

aforesaid, the same shall be deemed fully delivered and received forty-eight (48) hours after mailing as provided above.

- 12. **Counterparts.** This Agreement may be executed in counterparts, each of which when executed shall, regardless of the date of its execution and delivery, be deemed an original, and all counterparts together shall constitute one and the same instrument.
- 13. **Binding Upon Successors.** The terms and conditions, covenants, and agreements set forth herein shall apply to and bind the heirs, executors, administrators, assigns and successors of the parties hereof.

[THE BALANCE OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth hereinabove.

	GRANTOR:
	T2 BORREGO, LLC, a Colorado limited liability company
	Ву:
	GRANTEE:
	BORREGO WATER DISTRICT, a public corporation
	Ву:
ATTEST:	
District Secretary	
APPROVED AS TO FORM:	
District General Counsel	
Morgan L. Foley	
MCDOLIGAL LOVE ECKIS BOEHMER & FOLEY	

ATTACHMENT A

PROPERTY DESCRIPTION

That real property located in the unincorporated portion of the County of San Diego, State of California, and described as follows:

APN

ALL PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF COL	ORADO)
) SS:
COUNTY OF DEN	VER)
On	, before me,, a Notary Public, personally, who proved to me on the basis of satisfactory
he/she/they exe	, who proved to me on the basis of satisfactory ne person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that cuted the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the erson(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
I certify under Pl correct.	ENALTY OF PERJURY under the laws of the State of Colorado that the foregoing paragraph is true and
WITNESS my ha	and and official seal.
Signature	(SEAL)
	ALL PURPOSE ACKNOWLEDGMENT
	A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.
STATE OF CAL	IFORNIA)
) SS:
COUNTY OF SAN	DIEGO)
appeared	, before me,, a Notary Public, personally, who proved to me on the basis of satisfactory
he/she/they exe	ne person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that cuted the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the erson(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

correct.	laws of the State of California that the foregoing paragraph is tr	ue and
WITNESS my hand and official seal.		
Signature	(SEAL)	

CERTIFICATE OF ACCEPTANCE

	•		rty conveyed by written groundwater easement da a Colorado limited liability company to BORREO	
WATER DISTI Borrego Water l	RICT, a public corporation pursuant to on	oration, is hereby authority conferr	raccepted by the undersigned officer on behalf of red by Resolution No of the Borrego Water District consents to recordation thereof	the ate
Dated this	day of		, 2016.	
		By:		
		,	Its:	
		Ву:		
			Its: Secretary	

(SEAL)

BORREGO WATER DISTRICT BOARD OF DIRECTORS MEETING – NOVEMBER 16, 2016 AGENDA BILL II.D

November 7, 2016

TO: Board of Directors, Borrego Water District

FROM: Geoff Poole, General Manager

SUBJECT: Consideration of California Special Districts Membership - G. Poole

RECOMMENDED ACTION: Discuss benefits and direct staff accordingly

ITEM DESCRIPTION: At the last Board Meeting, the topic of BWD membership in the CSDA was discussed and the issue was deferred to the November meeting to allow for Director Ehrlich to provide input.

FISCAL IMPACT: Annual dues for the State and local chapters is \$6,000/year.

ATTACHMENTS: None

WATER AND WASTE WATER OPERATIONS REPORT



October 2016

WATER OPERATIONS REPORT

WELL	TYPE	FLOW RATE	STATUS	COMMENT
ID1-8	Production	350	In Use	
ID1-10	Production	300	In Use	
ID1-12	Production	900	In Use	
ID1-16	Production	750	In Use	
Wilcox	Production	80	In Use	Diesel backup well for ID-4
ID4-4	Production	400	In Use	
ID4-11	Production	900	In Use	Diesel engine drive exercised monthly
ID4-18	Production	150	In Use	
ID5-5	Production	850	In Use	

System Problems: All Production Wells and reservoirs are in operating condition. Planning has began on the new 900 tank.

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: 68,171 (gallons per day)

Peak flow: 90,055 gpd Saturday October 22, 2016

ITEM III D WATER PRODUCTION **/USE RECORDS**



WATER PRODUCTION SUMMARY

OCTOBER 2016

	DATE	ID-1	ID-3	ID-4	DISTRICT-WIDE TOTALS
	Oct-14	99.66	9.71	130.38	239.75
ľ	Nov-14	71.94	10.32	123.00	205.26
[Dec-14	38.95	6.96	95.47	141.38
J	Jan-15	32.95	6.38	85.84	125.17
ı	Feb-15	22.13	6.15	86.06	114.34
ľ	Mar-15	16.78	5.94	86.54	109.26
	Apr-15	32.79	8.30	129.76	170.85
N	May-15	29.25	7.28	104.29	140.82
J	Jun-15	32.44	9.02	116.67	158.13
	Jul-15	29.94	10.04	108.89	148.87
	Aug-15	28.19	8.51	113.56	150.26
	Sep-15	29.17	9.63	132.98	171.78
	Oct-15	32.88	9.23	117.32	159.43
ľ	Nov-15	25.27	8.24	113.84	147.35
	Dec-15	17.25	7.39	99.01	123.65
	Jan-16	13.70	7.25	72.07	93.02
ı	Feb-16	12.96	7.04	91.40	111.40
ľ	Mar-16	13.87	6.51	86.66	107.04
	Apr-16	17.04	7.99	94.32	119.35
N	May-16	15.29	7.70	92.56	115.55
J	Jun-16	23.28	10.06	114.11	147.45
	Jul-16	26.11	9.63	115.08	150.82
A	Aug-16	31.79	11.76	141.89	185.44
9	Sep-16	36.37	10.22	118.51	165.10
	Oct-16	28.48	9.16	122.73	160.37
12 Mo.	TOTAL	261.41	102.95	1262.18	1626.54

Totals reflect individual improvement district usage. Interties from ID-3 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 (%)

PROGRAM DID NOT CALCULATE WATER LOSS FOR JANUARY IN TIME FOR THIS REPORT

DATE	ID-1	ID-3	ID-4	ID-5	DISTRICT-WIDE AVERAGE
Oct-16	8.08	2.84	16.43	N/A	9.12
12 Mo. Average	5.71	3.83	14.93	N/A	8.16

BORREGO WATER DISTRICT Water Production / Use Records ID # 1

Month of October 2016

				Wate	r Productio	n (Acre Feet	:)			
Date	Well 1	Well 2	Well 8	Well 10	Well 12	Well 16		-Wells1&2	=TotProdn	LessID3&4
=====	========	=======	========	=======	========	=======		=======		=======
OCT'15	22.39	0.00	0.03	3.93	24.16	13.99		22.39	42.11	32.88
NOV'15	10.12	12.75	0.05	10.48	21.01	1.97		22.87	33.51	25.27
DEC'15	9.77	10.22	0.02	7.65	16.96	0.01		19.99	24.64	17.25
JAN'16	1.88	1.37	1.36	6.34	12.20	1.05		3.25	20.95	13.70
FEB'16	0.02	0.53	7.60	3.73	8.44	0.23		0.55	20.00	12.96
MAR'16	0.00	4.45	17.78	0.09	1.91	0.60		4.45	20.38	13.87
APR'16	0.50	10.87	19.92	0.06	5.03	0.02		11.37	25.03	17.04
MAY'16	9.10	10.31	11.15	0.00	11.84	0.00		19.41	22.99	15.29
JUN'16	7.89	9.98	3.55	0.00	29.79	0.00		17.87	33.34	23.28
JUL'16	0.01	6.10	1.30	0.00	34.44	0.00		6.11	35.74	26.11
AUG'16	0.00	11.63	0.01	0.00	43.54	0.00		11.63	43.55	31.79
SEP'16	0.00	9.98	1.47	0.00	45.12	0.00		9.98	46.59	36.37
OCT'16	0.00	9.43	0.09	0.00	37.55	0.00		9.43	37.64	28.48
TOTALS	39.29	97.62	64.30	28.35	267.83	3.88		136.91	364.36	261.41
		=======	========	=======	=======	=======		=======		=======
				W	ater Use (A	cre Feet)				
					ater Use (A Golf	cre Feet)			 Water	
Date				Golf	Golf	cre Feet)			Water	% Loss
Date				Golf Course	Golf	ID 3			Water	
=====	Domestic	Irrigat'n	Constrt'n	Golf Course	Golf Spare Cap	ID 3	ID 4	Total	Water Loss	% Loss
		Irrigat'n	Constrt'n	Golf Course	Golf Spare Cap	ID 3	ID 4	Total	Water Loss	% Loss
=====	Domestic	Irrigat'n	Constrt'n	Golf Course	Golf Spare Cap ====================================	ID 3	ID 4	Total	Water Loss	% Loss
=====	Domestic	Irrigat'n	Constrt'n	Golf Course	Golf Spare Cap ====================================	ID 3	ID 4	Total	Water Loss 	% Loss
OCT'15	Domestic	Irrigat'n ======= 11.10	Constrt'n	Golf Course 	Golf Spare Cap ====================================	ID 3	ID 4	Total	Water Loss ======= 2.92	% Loss
OCT'15	Domestic	Irrigat'n ======= 11.10 8.67	Constrt'n 0.00 	Golf Course 0.00	Golf Spare Cap ======== 8.19 4.22	ID 3 ======= 9.23 8.24	TD 4	Total ====================================	Water Loss ======= 2.92	\$ Loss
OCT'15 NOV'15 DEC'15	Domestic ====================================	Irrigat'n ======= 11.10 8.67 6.95	Constrt'n ====== 0.00 0.00 0.00	Golf Course 0.00 0.00 0.00	Golf Spare Cap ====================================	9.23 8.24 7.39	ID 4 0.00 0.00 0.00	Total ====================================	Water Loss ==================================	% Loss
OCT'15 NOV'15 DEC'15 JAN'16	Domestic ====================================	Irrigat'n ======= 11.10 8.67 6.95 4.29	Constrt'n 0.00 0.00 0.00 0.00	Golf Course 0.00 0.00 0.00	Golf Spare Cap ====================================	9.23 	ID 4 ====== 0.00 0.00 0.00 0.00	Total ====================================	Water Loss 2.92 2.26 2.27 2.15	% Loss
OCT'15 NOV'15 DEC'15 JAN'16 FEB'16	Domestic	Irrigat'n 11.10 8.67 6.95 4.29 5.38	Constrt'n 0.00 0.00 0.00 0.00 0.00	Golf Course 0.00 0.00 0.00 0.00	Golf Spare Cap ====================================	9.23 	ID 4 0.00 0.00 0.00 0.00 0.00	Total ====== 39.19 31.25 22.37 18.80 19.61	Water Loss	% Loss 6.93% 6.74% 9.24% 10.31% 1.95%
OCT'15 NOV'15 DEC'15 JAN'16 FEB'16 MAR'16	Domestic ======= 10.67 10.12 8.03 7.26 7.19 6.68	Irrigat'n ======= 11.10 8.67 6.95 4.29 5.38 5.79	Constrt'n 0.00 0.00 0.00 0.00 0.00 0	Golf Course 0.00 0.00 0.00 0.00 0.00	Golf Spare Cap ====================================	9.23 	TD 4 0.00 0.00 0.00 0.00 0.00 0	Total 39.19 31.25 22.37 18.80 19.61 18.98	Water Loss	% Loss 6.93% 6.74% 9.24% 10.31% 1.95% 6.88% 5.96%
OCT'15 NOV'15 DEC'15 JAN'16 FEB'16 MAR'16 APR'16	Domestic ======= 10.67	Irrigat'n ======= 11.10 8.67 6.95 4.29 5.38 5.79 7.46	Constrt'n 0.00 0.00 0.00 0.00 0.00 0	Golf Course 0.00 0.00 0.00 0.00 0.00 0	Golf Spare Cap ====================================	9.23 	TD 4 0.00 0.00 0.00 0.00 0.00 0	Total 39.19 31.25 22.37 18.80 19.61 18.98 23.53	Water Loss	% Loss 6.93% 6.74% 9.24% 10.31% 1.95% 6.88%
OCT'15 NOV'15 DEC'15 JAN'16 FEB'16 MAR'16 APR'16 MAY'16	10.67 	Irrigat'n ======= 11.10 8.67 6.95 4.29 5.38 5.79 7.46 7.79	Constrt'n 0.00 0.00 0.00 0.00 0.00 0	Golf Course 0.00 0.00 0.00 0.00 0.00 0	Golf Spare Cap ====================================	9.23 	D 4 0.00 0.00 0.00 0.00 0.00 0	Total 39.19 31.25 22.37 18.80 19.61 18.98 23.53 22.54	Water Loss	% Loss
OCT'15 NOV'15 DEC'15 JAN'16 FEB'16 MAR'16 APR'16 APR'16 JUN'16	Domestic ====================================	Irrigat'n ======== 11.10 8.67 6.95 4.29 5.38 5.79 7.46 7.79 11.10	Constrt'n ======= 0.00 0.00 0.00 0.00 0.0	Golf Course 0.00 0.00 0.00 0.00 0.00 0	Golf Spare Cap ====================================	9.23 	D 4 0.00 0.00 0.00 0.00 0.00 0.	Total 39.19 31.25 22.37 18.80 19.61 18.98 23.53 22.54 30.90	Water Loss	% Loss
OCT'15 NOV'15 DEC'15 JAN'16 FEB'16 MAR'16 APR'16 JUN'16 JUN'16	Domestic ======= 10.67 10.12 8.03 7.26 7.19 6.68 8.08 7.05 9.74 10.39	Irrigat'n ======== 11.10 8.67 6.95 4.29 5.38 5.79 7.46 7.79 11.10 15.00	Constrt'n ====== 0.00 0.00 0.00 0.00 0.00	Golf Course 0.00 0.00 0.00 0.00 0.00 0	Golf Spare Cap ====================================	3 9.23 9.24 7.39 7.25 7.04 6.51 7.99 7.70 10.06 9.63	ID 4 0.00 0.00 0.00 0.00 0.00 0.00 0	Total 39.19 31.25 22.37 18.80 19.61 18.98 23.53 22.54 30.90 35.02	Water Loss	% Loss
OCT'15 NOV'15 DEC'15 JAN'16 FEB'16 MAR'16 APR'16 JUN'16 JUN'16 AUG'16	Domestic ======= 10.67 10.12 8.03 7.26 7.19 6.68 8.08 7.05 9.74 10.39 11.15	Irrigat'n ======= 11.10 8.67 6.95 4.29 5.38 5.79 7.46 7.79 11.10 15.00 18.86	Constrt'n 0.00 0.00 0.00 0.00 0.00 0	Golf Course 0.00 0.00 0.00 0.00 0.00 0	Golf Spare Cap ====================================	9.23 	TD 4 0.00 0.00 0.00 0.00 0.00 0	Total 39.19 31.25 22.37 18.80 19.61 18.98 23.53 22.54 30.90 35.02 41.94	Water Loss	% Loss 6.93% 6.74% 9.24% 10.31% 1.95% 6.88% 5.96% 1.98% 7.34% 2.02% 3.69% 5.46%
OCT'15 NOV'15 DEC'15 JAN'16 FEB'16 MAR'16 APR'16 JUN'16 JUN'16 JUL'16 AUG'16 SEP'16	Domestic ====== 10.67 10.12 8.03 7.26 7.19 6.68 8.08 7.05 9.74 10.39 11.15 11.49	Irrigat'n ======= 11.10 8.67 6.95 4.29 5.38 5.79 7.46 7.79 11.10 15.00 18.86 21.96	Constrt'n 0.00 0.00 0.00 0.00 0.00 0	Golf Course 0.00 0.00 0.00 0.00 0.00 0	Golf Spare Cap ====================================	1D 3 9.23 8.24 7.39 7.25 7.04 6.51 7.99 7.70 10.06 9.63 11.76 10.22	TD 4 0.00 0.00 0.00 0.00 0.00 0	Total 39.19 31.25 22.37 18.80 19.61 18.98 23.53 22.54 30.90 35.02 41.94 44.05	Water Loss	% Loss
OCT'15 NOV'15 DEC'15 JAN'16 FEB'16 MAR'16 APR'16 JUN'16 JUN'16 JUL'16 AUG'16 SEP'16	10.67 10.12 8.03 7.26 7.19 6.68 8.08 7.05 9.74 10.39 11.15 11.49 10.65	Irrigat'n ======= 11.10 8.67 6.95 4.29 5.38 5.79 7.46 7.79 11.10 15.00 18.86 21.96	Constrt'n 0.00 0.00 0.00 0.00 0.00 0	Golf Course 0.00 0.00 0.00 0.00 0.00 0	Golf Spare Cap ======= 8.19 4.22 0.00 0.00 0.00 0.00 0.00 0.00 0.00	3 3 9.23 9.25 7.04 6.51 7.99 7.70 10.06 9.63 11.76 10.22 9.16	TD 4 0.00 0.00 0.00 0.00 0.00 0.00 0	Total 39.19 31.25 22.37 18.80 19.61 18.98 23.53 22.54 30.90 35.02 41.94 44.05	Water Loss	% Loss
OCT'15 NOV'15 DEC'15 JAN'16 FEB'16 MAR'16 APR'16 JUN'16 JUN'16 JUL'16 AUG'16 SEP'16 OCT'16	Domestic ======= 10.67 10.12 8.03 7.26 7.19 6.68 8.08 7.05 9.74 10.39 11.15 11.49 10.65	Irrigat'n ======== 11.10 8.67 6.95 4.29 5.38 5.79 7.46 7.79 11.10 15.00 18.86 21.96 14.70	Constrt'n 0.00 0.00 0.00 0.00 0.00 0.00 0.	Golf Course 0.00 0.00 0.00 0.00 0.00	Golf Spare Cap ====================================	9.23 8.24 7.39 7.25 7.04 6.51 7.99 7.70 10.06 9.63 11.76 10.22 9.16	ID 4	Total 39.19 31.25 22.37 18.80 19.61 18.98 23.53 22.54 30.90 35.02 41.94 44.05 34.61	Water Loss	\$ Loss

BORREGO WATER DISTRICT Water Production / Use Records ID # 3

Month of October 2016

	La Casa	del Zorro	Deep W	ell Trail /	Others			
	Total A	cre Feet		Acre Feet		Total	Total	Total
Date	Irrigat'n	Domestic	Irrigat'n	Domestic	Total	Irrigat'n	Domestic	Acre Feet
=====	=======	=======	=======		=======	=======	=======	=======
OCT'15	0.00	3.36	0.22	5.49	5.71	0.22	8.85	9.07
NOV'15	0.00	3.10	0.08	4.97	5.05	0.08	8.07	8.15
DEC'15	0.00	2.91	0.07	4.23	4.30	0.07	7.14	7.21
JAN'16	0.00	2.86	0.09	4.06	4.15	0.09	6.92	7.01
FEB'16	0.00	2.54	0.12	4.58	4.70	0.12	7.12	7.24
MAR'16	0.00	2.37	0.10	3.82	3.92	0.10	6.19	6.29
APR'16	0.00	3.14	0.09	4.31	4.40	0.09	7.45	7.54
MAY'16	0.00	3.01	0.08	4.48	4.56	0.08	7.49	7.57
JUN'16	0.00	4.13	0.09	5.26	5.35	0.09	9.39	9.48
JUL'16	0.00	3.76	0.12	5.74	5.86	0.12	9.50	9.62
AUG'16	0.00	4.13	0.10	5.83	5.93	0.10	9.96	10.06
SEP'16	0.00	3.82	0.16	5.96	6.12	0.16	9.78	9.94
OCT'16	0.00	3.29	0.15	5.46	5.61	0.15	8.75	8.90
TOTALS	0.00	39.06	1.25	58.70	59.95	1.25	97.76	99.01
=====		=======	========	=======	=======	=======	=======	=======

	Water Produc	ed Water Deliver	ed	
Date	Acre Feet	Acre Feet	Wtr Loss	% Loss
=====	=======	=======	========	========
OCT'15	9.22	9.07	0.15	1.63%
NOV'15	8.24	8.15	0.09	1.09%
DEC'15	7.39	7.21	0.18	2.44%
JAN'16	7.25	7.01	0.24	3.31%
FEB'16	7.04	7.24	20	-2.84%
MAR'16	6.51	6.29	0.22	3.38%
APR'16	7.99	7.54	0.45	5.63%
MAY'16	7.70	7.57	0.13	1.69%
JUN'16	10.06	9.48	0.58	5.77%
JUL'16	9.63	9.62	0.01	0.10%
AUG'16	11.76	10.06	1.70	14.46%
SEP'16	10.22	9.94	0.28	2.74%
OCT'16	9.16	8.90	0.26	2.84%
TOTALS	102.95	99.01	3.94	3.83%
=====	========	========	=======	=======

BORREGO WATER DISTRICT

Water Production / Use Records

ID # 4

Month of October 2016

Date	Well 2	Well 3	Well 4	Well 5	Well 10	Well 11	Well 18	Wilcox	Well 85	Total	Less ID5
=====		=======		=======	=======	=======	=======	=======		=======	=======
OCT'15	0.00	0.00	41.80	20.80	0.00	51.34	3.38	0.00	0.00	117.32	117.32
NOV'15	0.00	0.00	42.96	18.46	0.00	49.35	3.07	0.00	0.00	113.84	113.84
DEC'15	0.00	0.00	44.32	16.53	0.00	35.72	2.44	0.00	0.00	99.01	99.0
JAN'16	0.00	0.00	43.27	12.26	0.00	15.00	1.54	0.00	0.00	72.07	72.0
FEB'16	0.00	0.00	46.93	16.74	0.00	25.44	2.25	0.04	0.00	91.40	91.40
MAR'16	0.00	0.00	38.74	15.50	0.00	30.20	2.14	0.08	0.00	86.66	86.66
APR'16	0.00	0.00	40.13	16.85	0.00	34.93	2.41	0.00	0.00	94.32	94.32
MAY'16	0.00	0.00	38.11	15.97	0.00	36.10	2.38	0.00	0.00	92.56	92.56
JUN'16	0.00	0.00	45.59	18.55	0.00	46.88	3.09	0.00	0.00	114.11	114.11
JUL'16	0.00	0.00	39.11	19.20	0.00	53.78	2.99	0.00	0.00	115.08	115.08
AUG'16	0.00	0.00	43.40	22.94	0.00	66.98	4.06	4.51	0.00	141.89	141.89
SEP'16	0.00	0.00	37.80	20.73	0.00	56.61	3.37	0.00	0.00	118.51	118.51
OCT'16	0.00	0.00	40.27	22.02	0.00	56.63	3.81	0.00	0.00	122.73	122.73
TOTALS	0.00	0.00	500.63	215.75	0.00	507.62	33.55	4.63	0.00	1262.18	1262.18
		=======	=======	=======	=======	=======			=======	=======	
Date		Acre Feet		Acre Feet		Wtr Loss		% Loss		Acre Feet	
				=======				=======		=======	
OCT'15		117.32		100.23		17.09		14.57%		0.00	
NOV'15		113.84		94.66		19.18		16.85%		0.00	
		99.01		00 00							
DEC'15		22.01		83.23		15.78		15.94%		0.00	
		72.07		58.73		15.78 13.34		15.94% 18.51%		0.00	
DEC'15 JAN'16 FEB'16											
JAN'16 FEB'16		72.07		58.73		13.34		18.51%	2	0.00	
JAN'16 FEB'16 MAR'16		72.07 91.40		58.73 74.06		13.34 17.34		18.51% 18.97%	ě	0.00	
JAN'16 FEB'16 MAR'16 APR'16		72.07 91.40 86.66		58.73 74.06 73.79		13.34 17.34 12.87		18.51% 18.97% 14.85%		0.00 0.00 0.00	
JAN'16 FEB'16 MAR'16 APR'16 MAY'16		72.07 91.40 86.66 94.32		58.73 74.06 73.79 78.79		13.34 17.34 12.87 15.53		18.51% 18.97% 14.85% 16.47%	e	0.00 0.00 0.00 0.00	
JAN'16		72.07 91.40 86.66 94.32 92.56		58.73 74.06 73.79 78.79 78.02		13.34 17.34 12.87 15.53 14.54		18.51% 18.97% 14.85% 16.47% 15.71%	÷	0.00 0.00 0.00 0.00	
JAN'16 FEB'16 MAR'16 APR'16 MAY'16 JUN'16		72.07 91.40 86.66 94.32 92.56 114.11		58.73 74.06 73.79 78.79 78.02 96.77		13.34 17.34 12.87 15.53 14.54		18.51% 18.97% 14.85% 16.47% 15.71%	2	0.00 0.00 0.00 0.00 0.00	
JAN'16 FEB'16 MAR'16 APR'16 MAY'16 JUN'16 JUL'16 AUG'16		72.07 91.40 86.66 94.32 92.56 114.11		58.73 74.06 73.79 78.79 78.02 96.77 97.17		13.34 17.34 12.87 15.53 14.54 17.34		18.51% 18.97% 14.85% 16.47% 15.71% 15.20%	٠	0.00 0.00 0.00 0.00 0.00 0.00	
JAN'16 FEB'16 MAR'16 APR'16 MAY'16 JUN'16 JUL'16 AUG'16 SEP'16		72.07 91.40 86.66 94.32 92.56 114.11 115.08 141.89		58.73 74.06 73.79 78.79 78.02 96.77 97.17		13.34 17.34 12.87 15.53 14.54 17.34 17.91 25.81		18.51% 18.97% 14.85% 16.47% 15.71% 15.20% 15.56% 18.19% -1.19%		0.00 0.00 0.00 0.00 0.00 0.00 0.00	
JAN'16 FEB'16 MAR'16 APR'16 MAY'16 JUN'16 JUL'16		72.07 91.40 86.66 94.32 92.56 114.11 115.08 141.89 118.51		58.73 74.06 73.79 78.79 78.02 96.77 97.17 116.08 119.92		13.34 17.34 12.87 15.53 14.54 17.34 17.91 25.81		18.51% 18.97% 14.85% 16.47% 15.71% 15.20% 15.56% 18.19%		0.00 0.00 0.00 0.00 0.00 0.00	
JAN'16 FEB'16 MAR'16 APR'16 MAY'16 JUN'16 JUL'16 AUG'16 SEP'16		72.07 91.40 86.66 94.32 92.56 114.11 115.08 141.89 118.51 122.73		58.73 74.06 73.79 78.79 78.02 96.77 97.17 116.08 119.92		13.34 17.34 12.87 15.53 14.54 17.34 17.91 25.81 -1.41		18.51% 18.97% 14.85% 16.47% 15.71% 15.20% 15.56% 18.19% -1.19% 16.43%		0.00 0.00 0.00 0.00 0.00 0.00 0.00	

BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING – NOVEMBER 16, 2016 AGENDA BILL VI

November 7, 2016

TO: Board of Directors, Borrego Water District

FROM: Geoff Poole, General Manager

SUBJECT: Informational Items Summary

RECOMMENDED ACTION: Receive written and verbal reports

ITEM DESCRIPTION: Following is a summary of the Informational Items listed on the Agenda:

- A. USDA Grant/Loan Opportunities: Director Tatusko and I met with representatives from USDA on their current Grant/Loan programs. There seems to be a real opportunity here to fund various BWD Improvements, especially pipes, tanks and pumps infrastructure. Another specific program includes \$500,000 grants for drought related projects. Attached is some information on their program. Staff and the Operations and Infrastructure Committee intend to meet and begin discussions on which projects to include in the initial USDA submittal and return to the Board in December with recommendations. (90-91)
- B. Discussion of Solar Power for BWD Offices/Warehouse/Parking Lot J. Tatusko: Joe has completed his assessment of the SDGE bills at the BWD office complex. He would like to inform the Board of his findings and a possibility of developing a Plan to convert to solar.
- C. Dudek Analysis of Inflow Calculations in Borrego Basin G Poole: At the last Board Meeting an analysis of the Borrego Basin inflows was authorized by the BWD Board. Upon further discussions with the County staff and Directors Hart, Brecht and I, we all agreed to halt the Dudek analysis on this issue and defer it since this evaluation will be a fundamental component of the Borrego GSP. The GSP Consultant will be asked to complete this task near the beginning of the GSP process.
- D. Request for Proposal Borrego Valley GSP G Poole: The RFP documents have been published by the County of SD and they are attached. (92-102)
- E. SD County Website Borrego Valley GSP G Poole: The County has launched a website on the Borrego Basin:
 - a. http://www.sandiegocounty.gov/content/sdc/pds/SGMA/borrego-valley.html
- H. Article from LA CURBED Magazine *A Desert Oasis Dries Up* by Zoie Matthew L Brecht: An article was recently published on the topic of water reliability in Borrego and Director Brecht wanted to share it with the BWD Board. (103-120)
- I. BWD Timeline G Poole: The Timeline is attached (121-124)



Water & Waste Disposal Loan & Grant Program

What does this program do?

Provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in eligible rural areas.

Who may apply?

This program assists qualified applicants that are not otherwise able to obtain commercial credit on reasonable terms. Eligible applicants include:

- Most State and local governmental entities
- · Private nonprofits
- Federally recognized Tribes

What is an eligible area?

Areas that may be served include:

- Rural areas and towns with fewer than 10,000 people (check eligible addresses)
- Tribal lands in rural areas
- Colonias

What kinds of funding are available?

Long-term, low-interest loans. If funds are available, grants may be combined with a loan if necessary to keep user costs reasonable

How may the funds be used?

Funds may be used to finance the acquisition, construction or improvement of:

- Drinking water sourcing, treatment, storage and distribution
- Sewer collection, transmission, treatment and disposal
- Solid waste collection, disposal and closure
- Storm water collection, transmission and disposal

In some cases, funding may also be available for related activities such as:

- Legal and engineering fees
- Land acquisition, water and land rights, permits and equipment

- · Start-up operations and maintenance
- Interest incurred during construction
- Purchase of existing facilities to improve service or prevent loss of service
- Other costs determined to be necessary for completion of the project

For a complete list, see 7 CFR Part 1780.7 and 1780.9

What is the loan term and rate?

Up to 40-year payback period, based on the useful life of the facilities financed with a fixed interest rate. The interest rate is based on the need for the project and the median household income of the area to be served. **Contact us** for details and current interest rates applicable for your project

Are there additional requirements?

- Borrowers must have the legal authority to construct, operate and maintain the proposed services or facilities
- All facilities receiving federal financing must be used for a public purpose
- Partnerships with other federal, state, local, private and nonprofit entities that offer financial assistance are encouraged
- Projects must be financially sustainable



Water & Waste Disposal Loan & Grant Program

How do we get started?

Applications for this program are accepted through your **local office** year round. Program Resources are available online (i.e. forms, quidance, certifications, etc.)

Who can answer questions?

Contact the local representative who serves your area. Participating nonprofits in your area may also offer assistance and training

What governs this program?

- Basic Program 7 CFR, Part 1780
- Loan Servicing 7 CFR, Part 1782
- This program is authorized by Section 306 of the Consolidated Farm and Rural Development Act (CONACT)

Why does USDA Rural Development do this?

This program helps very small, financially distressed rural communities extend and improve water and waste treatment facilities that serve local households and businesses. Good practices can save tax dollars, improve the natural environment, and help manufacturers and businesses to locate or expand operations.

1. Scope of Work/Purpose

Contractor shall prepare a Groundwater Sustainability Plan (GSP) and related technical studies and information for the Borrego Valley Groundwater Basin (BVGB), as designated by the California Department of Water Resources (DWR) Bulletin 118, *California's Groundwater*, located in northeastern San Diego County, California. In order to prepare a GSP to sustainably manage groundwater use and protect beneficial uses throughout the BVGB, the Borrego Water District (BWD) and County of San Diego (County) each provided notice to DWR to become a Groundwater Sustainability Agency (GSA) over BVGB. The County and BWD intend to work cooperatively to prepare the GSP and jointly manage groundwater in the basin. The County's Contracting Officer Representative (COR) will administer the project.

2. Background Information

With the creation of an inter-agency agreement, the objective of the GSA will be to prepare a GSP that will address groundwater sustainability in the BVGB by restoring balance to regional water resources within 20 years. The Contractor is required to prepare a GSP that will comply with California Senate Bills 1168 and 1319, and California Assembly Bill 1739 (collectively, the "Sustainable Groundwater Management Act", or "SGMA"). The Contractor will also be required to prepare the GSP in compliance with the Emergency Regulations for Groundwater Sustainability Plans and Alternatives (Emergency Regulations) that were adopted by DWR and took effect on May 18, 2016¹. By January 1, 2017, DWR will publish best management practices (BMPs) for the sustainable management of groundwater, which are intended to provide clarification, guidance, and examples to assist developing essential elements of the GSP. In addition to complying with SGMA and the Emergency Regulations, the implementation measures of the GSP will need to meet the needs of BWD and the County. The intent of the GSP will be to minimize serious economic, social and environmental damage to the BVGB while providing a model to assist groundwater users of the basin to manage groundwater resources and achieve sustainable use of the basin, as described in the Emergency Regulations, over no more than a 20-year timeframe.

3. Objectives

Contractor shall achieve the following objectives:

3.1. <u>Development of the Groundwater Sustainability Plan</u>

In October 2016, DWR approved a basin boundary modification request subdividing the BVGB into the Borrego Valley Groundwater Subbasin and Ocotillo Wells Groundwater Subbasin (Ocotillo Wells). Although the GSP must include the entire BVGB, several tasks (as noted) will not be required for the Ocotillo Wells portion.

3.1.1. Existing Data Compilation

Contractor shall collect data from all available sources to aid in development of the GSP. Data could include, but is not limited to, local and regional reports, plans, studies, models, existing well information, basin condition information, pumping records, groundwater elevation data, surface and groundwater quality data, stream gauging data, precipitation records, water rights summary, water demand (including historic use), groundwater contamination, prior water budgets, subsidence records, and other information pertinent to GSP development. Some of the foundational documents for the

REQUEST FOR PROPOSAL (RFP) 7559 COUNTY OF SAN DIEGO, PLANNING & DEVELOPMENT SERVICES GROUNDWATER SUSTAINABILITY PLAN (GSP) FOR

BORREGO VALLEY GROUNDWATER BASIN

EXHIBIT A – STATEMENT OF WORK

GSP that specify the characteristics of the BVGB; the economics that prohibit imported water from augmenting existing groundwater supply to address the overdraft; lack of economically available water from nearby aquifers; and some of the business requirements for the provision of future municipal supply are located at: http://www.borregowd.org/Historical Reports.php.

3.1.1.1. Contractor shall provide a digital library of data, catalogued with a reference summary and table of contents. Data will be provided in excel file format, and also GIS file format. Contractor shall upload this data via a County-approved Secured File Exchange site. The Secure File Exchange site will be used to share information and maintain confidentiality.

3.1.2. Existing Data Assessment

Contractor shall review collected data and ensure that it corresponds to the data requirements in the California Water Code (CWC) Sections 10727 through 10728.6 and the Emergency Regulations, Contractor will identify any data gaps necessary to address GSP requirements and make recommendations to the County on how best to fill those gaps.

- **3.1.2.1.** Contractor shall provide list of data gaps.
- **3.1.2.2.** Contractor shall provide a Technical Memorandum summarizing Existing Data Assessment (data gaps and recommendations).

3.1.3. Evaluate/Develop Monitoring Program

Contactor shall evaluate the existing monitoring network and provide recommendations on expanding the network and developing an ongoing monitoring program to include water level monitoring and water quality sampling throughout the GSP implementation phase. The monitoring program must be sufficient to meet SGMA requirements and ensure that the network will provide sufficient temporal frequency and spatial density to evaluate the effectiveness of GSP implementation².

3.1.3.1. Contractor shall provide Technical Memorandum: Monitoring Program.

3.1.4. <u>Develop Data Management System</u>

To fulfill SGMA reporting requirements, the Contractor shall develop a data management system capable of storing and reporting information relevant to the development of the GSP and monitoring of the basin³. The data management system will be used for annual reporting to DWR. Contractor shall work with the COR to determine appropriate format for the data management system prior to submittal.

3.1.4.1. Contractor shall provide a Data Management System.

3.1.5. Water Level and Quality Data Collection

3.1.5.1. Contractor will conduct semi-annual water level monitoring of up to 50 wells in the groundwater monitoring network. A minimum of two rounds of monitoring to be provided per contract year.

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² Emergency Regulations Section 354.34

³ Emergency Regulations Sections 352.4 and 352.6

- **3.1.5.1.1.** Contractor shall provide Water Level Data (Excel data and graph) for each well monitored.
- Independent of the water level monitoring, contractor will conduct semi-annual groundwater 3.1.5.2. sampling of wells located in areas where pumping and water-level decline are greatest. First round of sampling shall begin in the fall 2017. Approximately 15 wells are anticipated to be sampled each round. These wells will be selected by the COR upon recommendation by the Contractor. In order to characterize the general water quality of each principal aquifer, Contractor will conduct depth-dependent sampling in each well at three different depths with a maximum depth of 800 feet below ground surface (bgs). The screened intervals of the selected wells should penetrate the aquifer to be sampled and the depth-dependent samples may be collected from surface discharge. Contractor is responsible for installing a temporary submersible pump and all appurtenances, including power supply, to obtain necessary samples. For wells with existing pumps, Contractor will be required to remove and replace equipment to allow for sampling, as needed. Contractor shall provide a Sampling and Analysis Plan (SAP) that will detail sampling protocol, analytical methods, and quality assurance/quality control requirements. Contractor shall measure field parameters, including dissolved oxygen, specific conductance, pH, and water temperature prior to sampling. Contractor shall obtain water samples using appropriate sampling methodology and submit samples to a California-certified laboratory for analysis⁴. Each sample shall be analyzed for nitrate, total dissolved solids (TDS), arsenic, fluoride, gross alpha and uranium. Contractor will utilize water level and quality data to determine water level trends and groundwater quality trends for constituents of concern in the basin. A minimum of two rounds of sampling to be provided per contract year.
 - **3.1.5.2.1.** Contractor shall provide a Sampling and Analysis Plan (SAP).
 - **3.1.5.2.2.** Contractor shall provide Laboratory Results (Excel and pdf) for each well sampled.

3.1.6. Additional Field Data

The water quality sampling program should be conducted utilizing existing groundwater wells to the extent it is feasible to obtain adequate spatial and depth coverage of each principle aquifer. If necessary, the Contractor may be required to install new wells screened at various depths to obtain adequate spatial samples. These wells shall be installed by a California-licensed C-57 well driller and the Contractor is responsible for obtaining necessary permits prior to drilling. Contractor should assume the monitoring well will be constructed of 6-inch diameter polyvinyl chloride (PVC) pipe installed to a minimum depth of 300 feet bgs. Contractor shall be responsible for surveying any new well locations as required in the Emergency Regulations, as part of the well drilling task. The County reserves the right to procure services for this task under a separate contract.

3.1.6.1. Contractor shall install groundwater well and provide Well Completion Report.

3.1.7. Water Budget

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⁴ All respective analytical methods must be certified by the California Environmental Laboratory Accreditation Program (ELAP). All analytical data must be reported by a California-certified laboratory.

In 2015, the U.S. Geological Survey (USGS), in cooperation with BWD, completed an investigation for Borrego Valley entitled Hydrogeology, Hydrologic Effects of Development, and Simulation of Groundwater Flow in the Borrego Valley, San Diego County, California. Since a groundwater model has been completed for the basin, the Contractor may utilize the existing model to create a usable hydrogeologic conceptual model to be included in the GSP. The Contractor shall develop the hydrogeologic flow model/water budget to simulate current conditions and future impacts to the groundwater system regarding water levels and water quality⁵. Contractor shall consider both surface and groundwater data and run predictive simulations to determine effects of recharge and extraction on levels and quality along with implementation measures to be detailed in the GSP. The predictive scenarios should, at a minimum, coincide with the reporting dates and interim milestones detailed in Emergency Regulations 354.30. The purpose of this task will be to prepare models to determine impacts to groundwater resources, establish minimum thresholds for each applicable sustainability indicator⁶, to determine sustainable yield for the basin in its entirety that is acceptable to DWR, and to forecast potential economic costs associated with impacts to groundwater resources. The Contractor is encouraged to provide suggestions and recommendations that are acceptable to DWR regarding appropriate public domain modeling software and approach for the County's consideration. Note that this task is not required to be completed for Ocotillo Wells.

- **3.1.7.1.** Contractor shall provide Groundwater Model input, output and maps (electronic and hard copy files).
- **3.1.7.2.** Contractor shall provide a Technical Report: Refined Groundwater Budget.

3.1.8. Support Sustainable Management/Monitoring Network Assessments

When requested by the COR, the Contractor shall cooperate with BWD and the Advisory Committee to develop proposed projects, management actions⁷ and BMPs to achieve the sustainability goals for the basin. Each alternative approved by the COR shall be evaluated by the Contractor for undesirable results, to determine minimum thresholds, and evaluate cumulative hydrologic and economic effects. Other issues, constraints, and objectives should also be noted. The Contractor shall also evaluate the monitoring network to determine its effectiveness. Note that this task is not required to be completed for Ocotillo Wells.

- **3.1.8.1.** Contractor shall provide Groundwater Model input, output and maps for projects, management actions, and BMPs (electronic and hard copy files).
- **3.1.8.2.** Contractor shall provide a Technical Report: Sustainable Management Assessment.
- 3.1.8.3. Contractor shall provide a Technical Report: Monitoring Network Assessment

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⁵ Emergency Regulations 354.14 and 354.18

⁶ Emergency Regulations 354.28

⁷ Emergency Regulations Section 354.44

EXHIBIT A – STATEMENT OF WORK

3.1.9. Support Projects and Management Actions

When requested by the COR, the Contractor shall evaluate the costs for the proposed projects and management actions identified to achieve the sustainability goals for the basin. The Contractor shall also prepare a cost benefit analysis for each proposed project/management action to determine its impact on the community. This analysis shall include an assessment of the feasibility of the proposed reduction schedule to avoid undesirable results. The Contractor shall include a review of proposed GSP projects and management actions as they are being developed to ascertain legal defensibility. Note that this task is not required to be completed for Ocotillo Wells.

- **3.1.9.1.** Contractor shall provide a cost estimate (in Excel format) for each proposed project, management action and best management practice identified to achieve the sustainability goal for the basin.
- **3.1.9.2.** Contractor shall provide a Technical Report: Projects and Management Actions Support.

3.1.10. Water Credits/Entitlements

The County and BWD intend to implement a cohesive water credits/entitlements program to encourage the voluntary cessation and/or reduction of measurable water uses in the valley and to enable a market-based transfer mechanism among current water users. The Contractor shall evaluate the existing water credits program for BWD and the County and develop a water credit/entitlement program, which includes determining appropriate benchmarking protocol for establishing and managing basin annual withdrawal reductions, establishing the value of water credits over the life of the reduction plan included in the GSP, as well as establishing monetary penalties for not meeting annual reduction targets. Note that this task is not required to be completed for Ocotillo Wells.

3.1.10.1. Contractor shall provide a Technical Report: Water Credits/Entitlements.

3.1.11. Planning, Permitting and Ordinance Review

CWC Section 10725.2 allows a GSA to adopt rules, regulations, ordinances, and resolutions in order to implement a GSP. Contractor shall evaluate and recommend changes to the County's General Plan, Zoning Ordinance, Borrego Springs Community Plan, Landscape Ordinance, Groundwater Ordinance, well permitting process, and code enforcement as necessary to support proposed projects and management actions. Contractor shall also recommend new regulations necessary to support the implementation of the GSP, as necessary. Note that this task is not required to be completed for Ocotillo Wells.

3.1.11.1. Contractor shall provide a Technical Report: Planning, Permitting and Ordinance Review.

3.2. Groundwater Sustainability Plan and Associated Documents

3.2.1. Prepare Draft Groundwater Sustainability Plan (GSP)

Contractor shall prepare a Draft GSP utilizing data and results obtained from modeling and basin analyses. The GSP will identify activities and recommended implementation measures agreed to by the COR that would meet groundwater sustainability requirements in the basin. The Contractor shall ensure that the GSP includes the required components detailed in the Emergency Regulations

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EXHIBIT A – STATEMENT OF WORK

including but not limited to evaluating land use⁸, investigating groundwater rights, and identifying groundwater-dependent ecosystems within the basin. The Contractor shall distribute the Draft GSP to appropriate parties for review and comment prior to finalizing. The Contractor shall prepare the final Draft GSP for a public review/comment period.

3.2.1.1. Contractor shall provide Draft Groundwater Sustainability Plan

3.2.2. <u>Prepare Final Groundwater Sustainability Plan</u>

Upon receiving public comments on the Draft Groundwater Sustainability Plan, Contractor shall collect and evaluate comments, provide responses to comments, and incorporate revisions into the Final GSP, as necessary.

- **3.2.2.1.** Contractor shall provide responses to comments.
- **3.2.2.2.** Contractor shall provide Final Groundwater Sustainability Plan.

3.2.3. Court Validation

CWC Section 10726.6 allows for a GSA to file an action to determine the validity of the GSP. BWD and the County anticipate requesting court validation on the GSP to ensure it is defensible from disputes. The Contractor shall be utilized to prepare the court validation package; and support the process to obtain validation.

3.2.3.1. Contractor shall provide Court Validation Package.

3.2.4. Financing Plan

CWC Sections 10730, 10730.2 and 10730.4 allow a GSA to impose fees to fund the costs of a GSP, including its preparation, adoption, implementation, etc. The Contractor shall develop a viable and legally defensible SGMA program Financing Plan that identifies current and future funding needs, priorities and funding requirements, and provides recommendations on how to proceed in obtaining necessary funding and a financing schedule to meet SGMA requirements. The Contractor shall evaluate requirements of Proposition 218 and Article XIII D of the California Constitution, and prepare available funding options taking into consideration both the County's ability and BWD's ability to recover expenses in the basin. As part of the assessment, the Contractor shall develop a penalties schedule for users that do not comply with monitoring and/or reduction requirements. The Contractor will provide an Excel-based rate model that can be used to develop various rate scenarios that will be available for the County's manipulation. Note that this task is not required to be completed for Ocotillo Wells.

- **3.2.4.1.** Contractor shall provide letter report detailing funding needs and viable recovery options.
- **3.2.4.2.** Contractor shall provide Excel-based rate model to develop rate scenarios.

3.3. Communication

3.3.1. Public outreach will include meetings to solicit public input throughout the preparation of the GSP. When requested by the COR, Contractor shall provide information and research results to the public; along with opportunities to share information, answer questions, and receive feedback. In addition to

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⁸ Emergency Regulations Section 354.8(f)

providing information on SGMA and progress of the GSP, the Contractor shall provide a series of informative sessions regarding planning alternatives in the basin. Since the GSP is anticipated to necessitate changes to the County's General Plan and the Borrego Springs Community Plan, Contractor is expected to provide guidance to interested parties during these informative sessions regarding the General Plan amendment process and land use tools available to implement land use changes to support sustainable groundwater management. Consistent with CWC Section 10727.8, if requested by the COR, Contractor shall provide support in the development and distribution of the following for the basin:

- **3.3.1.1.** <u>Preparation:</u> Work with the County and BWD Core Team⁹ to develop the agenda, and provide presentations at meetings in Borrego Springs and at County offices, as requested by the COR. Provide materials to COR for distribution to stakeholders and their other contacts, constituencies, and networks. Assist with public outreach (e.g., strategizing, support in developing notifications, flyers, and press releases).
- **3.3.1.2.** <u>Stakeholder Meetings</u>: Provide in-person (Borrego and County offices) public meeting support, including encouraging and balancing participation, maintaining focus, promoting good faith interest-based negotiation (sharing information, seeking to understand one another, generating inclusive solutions), and building consensus.
- **3.3.1.3.** Follow-Up: Take meeting notes; debrief each meeting; provide a list of attendees/decisions/outcomes/action items, and follow-up on stakeholder-related action items.

3.4. Project Management

- **3.4.1.** The Contractor shall prepare a progress report (including a revised schedule of milestones and deliverables) on a quarterly basis and, when requested by the COR, the Contractor shall attend meetings with the GSAs.
 - **3.4.1.1.** Contractor shall prepare a Progress Report and revised schedule (in MS Project).
 - **3.4.1.2.** Contractor shall prepare meeting agenda and minutes.
- 3.4.2. The Project Management task also includes as-needed support related to GSP development. DWR anticipates implementing a tiered review (approximately three separate reviews) of the GSP prior to completion and adoption. If requested by the COR, the Contractor shall provide the GSP and/or technical information for early review by DWR. The Contractor shall incorporate DWR comments, as necessary.
 - **3.4.2.1.** Contractor shall prepare and update review documents per DWR requests.

4. Geographic Area

Field activities associated with completing this project will occur in the BVGB, as designated by the DWR Bulletin 118, which is located in northeastern San Diego County, California. Public outreach and stakeholder meetings will primarily be located in Borrego Springs. Additional meetings at the County Operations Center on Overland Avenue may also be required.

5. <u>Definitions</u>

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⁹ 2016. County of San Diego and Borrego Water District. *Memorandum of Understanding: Development of a Groundwater Sustainability Plan for the Borrego Valley Groundwater Basin.* October.

- (a) "Advisory Committee" refers to the stakeholder group created to advise the GSAs on plan development.
- (b) "Borrego Valley Groundwater Basin (BVGB)" refers to the basin designated by the California Department of Water Resources (DWR) Bulletin 118.
- (c) "Borrego Water District (BWD)" is a GSA for the BVGB, along with the County of San Diego.
- (d) "California Department of Water Resources (DWR)" is the agency that will implement SGMA throughout California, including preparing the guidelines and reviewing basin plans.
- (e) "County of San Diego (County)" is a GSA for the BVGB, along with the Borrego Water District.
- (f) "Emergency Regulations" refers to the Groundwater Sustainability Plan Emergency Regulations, which were adopted by DWR and took effect on June 1, 2016. California Code of Regulations Title 23. Division 2. Chapter 1.5. Subchapter 2.
- (g) "Groundwater Sustainability Agency (GSA)" refers to the agency or agencies required to implement sustainable groundwater management in the basin.
- (h) "Groundwater Sustainability Plan (GSP)" is the basin plan for the Borrego Valley Groundwater Basin
- (i) "Notice to Proceed (NTP)" refers to the letter from the County to the Contractor stating the date the contractor can begin work subject to the conditions of the contract.
- (j) "Sustainable Groundwater Management Act (SGMA)" refers to California Senate Bills 1168 and 1319, and California Assembly Bill 1739.

6. General Requirements for Service Delivery

To ensure the quality of services provided for this contract, the Contractor will be required to implement the Quality Assurance Plan/Program as described in the Contractor's proposal. Costs for implementation of the Quality Assurance Plan/Program shall be included in the unit price for each deliverable on the Pricing Form.

7. Specific Requirements for Service Delivery

The following CWC elements are required to be included in each GSP:

7.1. CWC Section 10727.2: Required Plan Elements

- **7.1.1.** Section 107.27(a): A description of the physical setting and characteristics of the aquifer system including:
 - **7.1.1.1.** Section 10727.2(a)(1), (2) and (3): Historical data, groundwater levels, groundwater quality, subsidence, groundwater-surface water interaction, a discussion of historical and projected water demands and supplies.
- **7.1.2.** Section 10727.2(a)(4): A map that details the area of the basin and boundaries.
- **7.1.3.** Section 10727.2(a)(5): A map identifying existing and potential recharge areas that substantially contribute to the recharge of the basin.
- **7.1.4.** Section 10727.2(b)(1)(2): Measurable objectives, as well as interim milestones in increments of five years, to achieve the sustainability goal in the basin within 20 years of the implementation of the plan. A description of how the plan helps meet each objective and how each objective is intended to achieve the sustainability goal for the basin.
- **7.1.5.** Section 10727.2(c): A planning and implementation horizon.
- **7.1.6.** Section 10727.2(d)(1),(2),(3),(4) and (5): The monitoring and management of groundwater levels, surface water flow, surface water quality, groundwater quality degradation, and inelastic surface

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subsidence. Mitigation of overdraft, how recharge areas contribute to replenishment of basin, and a description of surface water supply used or available for groundwater recharge or in-lieu use.

- **7.1.7.** Section 10727.2(e): A summary of the type, frequency, location, and summary of monitoring.
- **7.1.8.** Section 10727.2(f): The monitoring protocols that promote efficient and effective groundwater management.
- **7.1.9.** Section 10727.2(g): Description of county and city general plans, other adopted water resources-related plans and programs, and how the GSP may affect those plans.

7.2. CWC Section 10727.4: Additional Plan Elements

- **7.2.1.** Section 10727.4(a): The control of saline water intrusion.
- **7.2.2.** Section 10727.4(b): Wellhead protection areas and recharge areas.
- **7.2.3.** Section 10727.4(c): Migration of contaminated groundwater.
- **7.2.4.** Section 10727.4(d): Well abandonment and well destruction program.
- **7.2.5.** Section 10727.4(e): Replenishment of groundwater extractions.
- **7.2.6.** Section 10727.4(f): Activities implementing, opportunities for, and impediments to, conjunctive use or underground storage.
- **7.2.7.** Section 10727.4(g): Well construction policies.
- **7.2.8.** Section 10727.4(h): Measures addressing groundwater contamination cleanup, groundwater recharge, in-lieu use, diversions to storage, conservation, water recycling, conveyance, and extraction projects.
- **7.2.9.** Section 10727.4(i): Efficient water management practices, as identified in Section 10902, for the delivery of water and water conservation methods to improve the efficiency of water use.
- **7.2.10.** Section 10727.4(j): Efforts to develop relationships with state and federal regulatory agencies.
- **7.2.11.** Section 10727.4(k): Processes to review land use plans and efforts to coordinate with land use planning agencies to assess activities that potentially create risks to groundwater quality and quantity.
- **7.2.12.** Section 10727.4(1): Impacts on groundwater dependent ecosystems.

7.3. CWC Section 10727.6: Requirements for Coordinated Plans, When Multiple Plans Cover a Basin

- **7.3.1.** Section 10727.6: In basins with multiple GSPs, ensure plans use the same data and methodologies including groundwater elevation data, groundwater extraction data, surface water supply, total water use, and change in groundwater storage, water budget, and sustainable yield.
- 7.4. CWC Section 10727.8: Public Notification and Participation; Advisory Committee
 - **7.4.1.** Section 10727.8(a): Manner in which interested parties may participate in the development and implementation of the groundwater sustainability plan (i.e. Advisory Committee).
 - **7.4.2.** Section 10727.8(b): Groundwater sustainability agency shall encourage the active involvement of diverse social, cultural, and economic elements of the population within the groundwater basin prior to and during the development and implementation of the groundwater sustainability plan (i.e. Outreach).

8. <u>Data Collection and Reporting Requirements</u>¹⁰

deliverables. Exhibit A Statement of Work

¹⁰ Refer to Emergency Regulations Section 352.4 Data and Reporting Standards for reporting requirements for

REQUEST FOR PROPOSAL (RFP) 7559

COUNTY OF SAN DIEGO, PLANNING & DEVELOPMENT SERVICES GROUNDWATER SUSTAINABILITY PLAN (GSP) FOR BORREGO VALLEY GROUNDWATER BASIN

EXHIBIT A – STATEMENT OF WORK

- **8.1.** Contractor shall submit the following deliverables for County review and approval to meet the requirements of the Statement of Work. (Note: Unless otherwise stated, drafts of all documents due at least ten (10) business days prior to submission for final approval):
 - **8.1.1.** Digital library of data, catalogued with a reference summary and table of contents. Data will be provided in excel file format, and also GIS file format. <u>Due 45 days after Notice to Proceed (NTP).</u> (Reference 3.1.1.1)
 - **8.1.2.** List of data gaps. <u>Due 45 days after NTP. (Reference 3.1.2.1)</u>
 - **8.1.3.** Technical Memorandum summarizing Existing Data Assessment (data gaps and recommendations). Due 45 days after NTP. (Reference 3.1.2.2)
 - **8.1.4.** Technical Memorandum: Monitoring Program. <u>Due 90 days after NTP. (Reference 3.1.3.1)</u>
 - **8.1.5.** Data Management System. <u>Due 180 days after NTP. (Reference 3.1.4.1)</u>
 - **8.1.6.** Water Level Data. <u>Due 15 days after each round of monitoring</u>. (Reference 3.1.5.1.1)
 - **8.1.7.** Sampling and Analysis Plan. <u>Due 30 days before sampling.</u> (Reference 3.1.5.2.1)
 - **8.1.8.** Laboratory Results (excel and pdf). 11 <u>Due 30 days after sampling. (Reference 3.1.5.2.2)</u>
 - **8.1.9.** Drilled Well/Well Completion Report for newly-installed well. <u>Due 30 days after well installation.</u> (Reference 3.1.6.1)
 - **8.1.10.** Groundwater Model input, output and maps (electronic and hard copy files). <u>Due 120 days after NTP.</u> (Reference 3.1.7.1)
 - **8.1.11.** Technical Report: Refined Groundwater Budget. <u>Due 120 days after NTP. (Reference 3.1.7.2)</u>
 - **8.1.12.** Groundwater Model input, output and maps for projects, management actions, and BMPs (electronic and hard copy files). Due 30 days after alternative is identified. (Reference 3.1.8.1)
 - **8.1.13.** Technical Report: Sustainable Management Assessment. <u>Due 45 days after alternative is identified.</u> (Reference 3.1.8.2)
 - **8.1.14.** Technical Report: Monitoring Network Assessment. <u>Due 45 days after alternative is identified.</u> (Reference 3.1.8.3)
 - **8.1.15.** Cost estimate (Excel format) for each proposed project, management action and best management practice identified to achieve the sustainability goal for the basin. <u>Due 45 days after alternative is</u> identified. (Reference 3.1.9.1)
 - **8.1.16.** Technical Report: Projects and Management Actions Support. <u>Due 45 days after alternative is identified.</u> (Reference 3.1.9.2)
 - **8.1.17.** Technical Report: Water Credits/Entitlements. <u>Due 120 days after NTP. (Reference 3.1.10.1)</u>
 - **8.1.18.** Technical Report: Planning, Permitting, and Ordinance Review. <u>Due June 30, 2018 (Reference</u> 3.1.11.1)
 - **8.1.19.** Draft Groundwater Sustainability Plan (Microsoft Word and pdf). <u>Due June 30, 2018. (Reference 3.2.1.1)</u>
 - **8.1.20.** Responses to comments. 60 days after comments received. (Reference 3.2.2.1)
 - **8.1.21.** Final Groundwater Sustainability Plan. ¹² (Microsoft Word and pdf) <u>January 31, 2019 (Reference 3.2.2.2)</u>

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¹¹ All respective analytical methods must be certified by the California Environmental Laboratory Accreditation Program (ELAP). All analytical data must be reported by a California-certified laboratory.

EXHIBIT A – STATEMENT OF WORK

- **8.1.22.** Court Validation Package. ¹³ <u>Due January 31, 2019. (Reference 3.2.3.1)</u>
- **8.1.23.** Letter report detailing funding needs and viable recovery options. <u>Due March 31, 2018. (Reference</u> 3.2.4.1)
- **8.1.24.** Contractor shall provide Excel-based rate model to develop rate scenarios. <u>Due March 30, 2018.</u> (Reference 3.2.4.2)
- **8.1.25.** Develop the agenda, and provide presentations at meetings in Borrego and at County offices, as requested by the COR. Provide materials to COR for distribution to stakeholders and their other contacts, constituencies, and networks. Assist with public outreach (e.g., strategizing, support in developing notifications, flyers, and press releases). <u>Due 5 days prior to scheduled meeting.</u> (Reference 3.3.1.1 and 3.3.1.2)
- **8.1.26.** List of attendees/decisions/outcomes/action items and follow-up on stakeholder-related action items. Due 5 days after each scheduled meeting. (Reference 3.3.1.3)
- **8.1.27.** Progress Report and Schedule. <u>Due 15 days after end of quarter.</u> (Reference 3.4.1.1)
- **8.1.28.** Meeting agenda and minutes. <u>Due 2 days prior and 5 days after meeting, respectively.</u> (Reference 3.4.1.1)
- **8.1.29.** Review documents. Within 30 days of COR request. (Reference 3.4.2.1)

9. Disentanglement

Should be used for ALL ongoing projects where a transition from one contractor to another will eventually be required

Additional items could be added as appropriate for the particular contract.

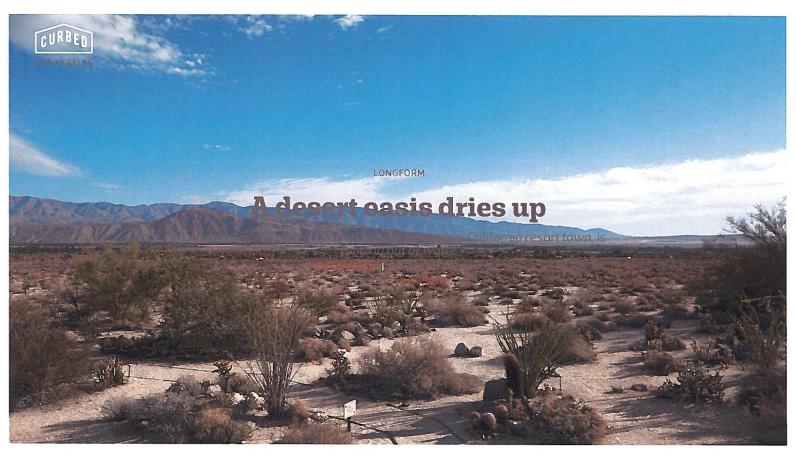
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¹² Plan must comply with Emergency Regulations (*CCR Title 23. Division 2. Chapter 1.5. Subchapter 2. Groundwater Sustainability Plans*).

¹³ California Water Code Section 10726.6.

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TWEET SHARE PIN RE

he last great frontier," people called it. "The next Palm Springs." "The desert of plenty."

unincorporated community located smack in the middle of the sprawling Anza-Borrego Desert—was poised to become California's next great oasis. The town had already begun to make a name for itself as a thriving farming outpost; as Los Angeles's San Fernando Valley suburbanized rapidly to the north, the state's agriculture had been pushed farther and farther inland, and by the 1940s the dusty plains of the Borrego Valley boasted acres of grapes, gladiolas, citrus. Now, the town's founders sought to follow in the footsteps of nearby Palm Springs, developing the community's tourism industry in hopes of making it a verdant playground for the urban elite. Country clubs and golf courses started cropping up left and right. To Borrego's founders, the town's future seemed as ripe for the picking as one of the DiGiorgio farms' famously early table grapes.

What was it about this desert's seemingly barren plains that allowed boosters' imaginations to run wild? In a 1964 promotional video for Borrego, actor Gale Gordon of *I Love Lucy* explained the secret behind the valley's unique appeal.

"Borrego Springs is not just any desert," he says, his baritone voice booming over a montage of luscious foliage.

For it has one highly desirable element that sets it apart from others. It makes man's labors in the sun fruitful, and the soil rich with life-giving nourishment. It is the one single element that has brought more men to the desert throughout history than any other attraction. It is an attraction that most city dwellers take for granted, and yet without it, the desert, even this one, would be a wasteland ...

As a plaid-shirted man with a divining rod hobbles his way towards a sweeping desert vista, the music swells, and Gordon's voice reaches a final crescendo.

That attraction, that magic element, sought by explorers and robust pioneers, gentlemen farmers and scientists is—very simply—water.

For deep below the flats of the Borrego Valley lies one key feature that separates it from the barren desert that surrounds it—an enormous, multi-tiered aquifer that is capable of storing thousands of acre-feet of water. What the town's early boosters didn't know was that this "magic element," once their town's greatest asset, would eventually result in one of its bitterest disputes. The future of Borrego Springs is essentially dependent on the future of its aquifer, and today, if the town's citizens don't find a way to cut their water use by about 70 percent, this small town is in danger of sucking it dry.

It's been over five decades since that video was made, and Borrego has not lived up to the future that its founders envisioned. Visitors, clutching their steering wheels with white knuckles as they make their way along the treacherous curves of the Montezuma Pass, look down to see not the sprawling glamour of a midcentury resort community, but a modest system of roads sketched lightly onto the valley's sandy plains like a halffinished blueprint.



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Borrego had its moment as a celebrity getaway, purportedly attracting the likes of Marilyn Monroe, Bing Crosby, and John Wayne, but today a large portion of its 3,500 or so residents are just retired snowbirds who want a warm place to escape to for the winter, or aging nature junkies who have chosen to live out the rest of their days birdwatching and backcountry camping in the surrounding wilderness. The dusty main drag in the middle of town features a quaint array of coffee shops and small-town markets, and the architecture expresses only the faintest hint of the modernist dreams that Borrego gave up many years ago.

The town's modest fate might be attributed to a number of factors. It isn't on the route of a major highway, and its location in the center of a state park makes any real expansion impossible. But there is one other factor that has prevented Borrego's growth in contemporary times, and it's the same element that put stars in the eyes of its developers so many years ago. In November of 2015, a report conducted by the U.S. Geological Survey determined that Borrego could run out of usable drinking water in as little as 50 years and, perhaps more importantly, that nearly three-quarters of the water being sucked out of the town's underground aquifer—which provides 100 percent of its water—is being used not to wash dishes and water lawns, but to irrigate the nearly 2,000 acres of farmland that are cultivated year-round in the northern part of the valley.

In recent decades, around 6.5 billion gallons of water have been drawn from the aquifer every year, with only around 1.8 billion gallons replenished naturally. In addition to the 70 percent of this water that's being used for agriculture, the town's golf courses and resorts consume another 20 percent, meaning that residents are responsible for only 10 percent of the total water used.



A desert casis dries up - Curbed LA



While the fact that Borrego's water supply is in danger came as little surprise to the environmental activists who have been warning about this problem since the 1980s, the dramatic nature of these USGS figures has imbued the situation with unprecedented urgency. To make things even more complicated, in 2014 California passed the Sustainable Groundwater Management Act. This act, for the first time in the state's history, allows for the regulation of groundwater on privately owned land, and requires that all underwater aquifers in a state of "overdraft" be brought to sustainability within the next several decades.

Since it has been determined that Borrego is using nearly four times more water than is replenished naturally each year, this town has a long way to go. By the year 2040, Borregan farmworkers, business owners, and townspeople must completely reorient their economy and their way of life, or else they run the risk having their tiny desert community return to dust.

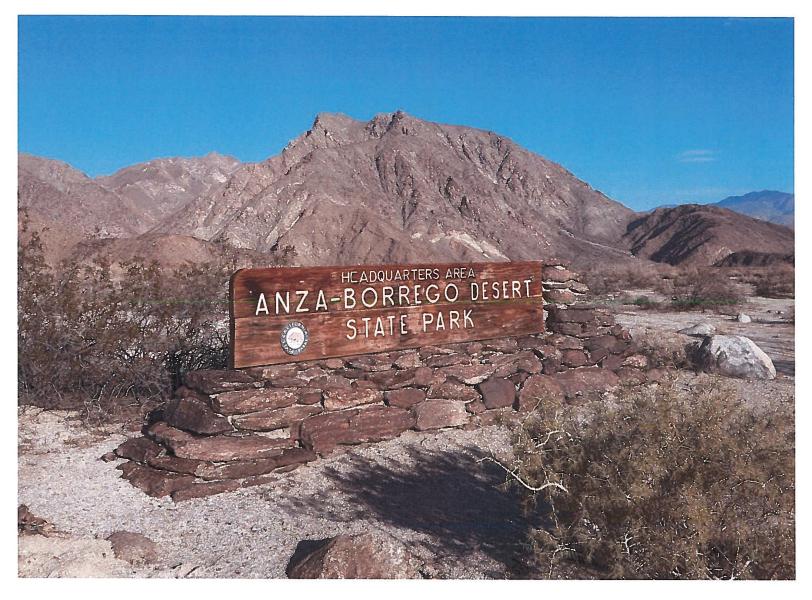
Part One: The Activist

Palm Canyon, which lies just to the west of Borrego proper, is home to one of the major streams that "recharges" the town's underground aquifer, and it also happens to be home to one of the state park's most popular hiking trails. Ray Shindler, a notoriously outspoken water conservationist in town, takes this hike just about every week, and one breezy Friday I ask him if I can tag along.

When Ray and his wife LuAnn moved to Borrego Springs in 2003, he was newly retired and looking for a place where they could live a life that was quiet and calm—but not too calm. Ray Shindler, any Borregan will tell you, has "a lot of opinions." And, Shindler himself will tell you, a number of those opinions have to do with agriculture.

"It's important for you to know," he cautions me, "that I am probably the biggest critic of farmers in this town."

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As someone who spent his childhood on a wheat and cattle ranch in eastern Washington state, where his family has been homesteading since the 1800s, Shindler knows the agrarian way of life. For 17 years he was a lobbyist in the Washington State Legislature, working on behalf of wheat growers, asparagus farmers, and many other farming interests. Shindler says that his lifelong relationship with the agriculture industry has only strengthened his animosity towards Borrego's farmers.

"It was very disappointing for me to come here and see all these farmers that have no regard for their environment, for the water situation, or for the other people that live here."

The severity of Borrego's water situation first became clear to Shindler in 2004, when he started attending water board meetings to find out why the cost of installing a water meter on his still-under-construction home had just doubled. It was at one of these meetings that he met Dennis Dickinson, a longtime water activist and the founder of a website called The Borrego Water Underground, which he created to "inform and warn ... anyone interested in this unique community and its fragile desert environment of the dire and rapidly deteriorating groundwater situation in the Borrego Valley." As Dickinson opened Shindler's eyes to Borrego's rapidly decreasing well levels, Shindler grew concerned about the long-term sustainability of his new home and decided to join Dickinson in the fight to save Borrego's aquifer.

For years, the two men—along with their good friend Dick Walker—were some of the only community members that consistently showed up for water board meetings, which can make a big difference in a small town with an independent water district and no municipal government.

At the water meetings, the men worked to raise awareness about the overdraft, to replace the team of water board members that had nearly bankrupted the agency by incurring a \$6 million deficit, and to

"A lot of things had been said before. 'Get rid of the farmers and we've solved our problem.' There's still an attitude like that among some of the population."

demand transparency in negotiations over how to allocate water after the Sustainable Groundwater Management Act was passed.

Dickinson eventually grew tired of the town's isolated location and 100-plus-degree summers, and recently relocated to the more habitable climate of Florence, Oregon. Shindler, however, plans on sticking around for a while, and continues to fight the good fight. He attends every water meeting he can and is working to organize a ratepayers' group, which he hopes will allow for more community representation in the water board's discussions. He fears that if the farmers in Borrego don't either pack up and leave, or else make some radical changes to the way they are doing things, the natural beauty that initially attracted him and his wife to this town simply won't be around for much longer.

As we begin to make our way up the Palm Canyon trail, LuAnn issues a running commentary on the area's local flora and fauna. A sturdy and compact woman with a practical sandy blonde bob, she works as an educator for the park surrounding the town, and it's obvious that she loves what she does. Even on her day off, with her uniform hung up at home and a "Life is Good" baseball cap settled snuggly on her head, she can't help but slip into ranger mode. To most, a cluster of four o'clocks—tiny purple flowers no bigger than thumbnails—might not seem like an extraordinary sight, but in the eyes of LuAnn, the fact that anything can survive in these conditions is cause for celebration.



Ray Shindler

A riparian environment like Palm Canyon, LuAnn informs me, is fairly rare in a desert like Anza-Borrego. Because of the height of the surrounding mountains, clouds and rainfall accumulate at the top of the canyon and trickle down its slope in a narrow stream, allowing for a multitude of birds, bugs, and even bighorn sheep to thrive along its banks. As this water reaches the valley, it sinks into the sand and continues its path underground, where it is well-protected from contamination and evaporation, until it finally reaches the aquifer below.

When we are about halfway up the alluvial fan at the base of the canyon, Ray draws my attention away from the captivating musings of his wife and gestures towards a pile of dead palm trees. I slowly realize that these enormous tree carcasses, most of which are stripped bare or broken in half, are scattered throughout the canyon as far as the eye can see.

"Take a guess about how those got there," he grins.

"... Water?" I ask.

He nods. The water in Borrego, it seems, giveth and taketh away. Shindler says that in 2004, a "hundred-year" flash flood ripped through Palm Canyon, and a 20-foot-high wall of water obliterated a large portion of what was once one of the largest groves of native fan palms in the state. A number of homes were damaged as well, and LuAnn and other park rangers spent weeks cleaning up the debris.



As we step over and around the flood's casualties and make our way farther into the canyon's mouth, a verdant streak suddenly appears, contrasting sharply with the brownish hues that surround it on every side. We have finally reached the river itself, and in the distance, what remains of the diminished palm grove looms surreally, an almost cartoonishly perfect desert oasis.

"Sometimes it's nice to see something green," says LuAnn.

Part Two: The Scientist

It's true that you don't see much green in the Borrego Valley today, but this hasn't always been the case. Three million years ago, the plains of Anza-Borrego were home to a sprawling grassland and the native *Washingtonia filifera* trees tucked away in Palm Canyon are relics of this time. As you drive along the long, flat expanses of road on the fringes of town, you'll find that the plains are peppered with tributes to this area's Pliocene past—saber-tooth tigers, wild horses, and other prehistoric creatures, intricately rendered in rusted sheet metal, crop up from the hard brown dirt for as far as the eye can see, part of a massive art project by Temecula-based welder Ricardo Breceda, installed beginning in 2008.



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These 128 sculptures—which also depict several other scenes from California history, as well as a dragon—are a popular tourist attraction in the park and a source of pride for many locals. John Peterson, a hydrologist and longtime Borrego resident, is no exception, and as we drive north of town on one sweltering Saturday afternoon in search of water wells, he insists that I see a few of these works up close.

"We've got to stop at this one, it's one of the more famous ones," he says as he jerks his green truck to the side of the road and parks next to the enormous dragon sculpture, which, despite being crafted out of several tons of rusted metal, seems nimble and nearly alive.

"If you have plenty of water to drink, but you can't drink it because it's harmful, you don't have enough water." Peterson is in awe of the intricate craftsmanship and—while this particular piece is of course not a *real* extinct creature—his fervor for Breceda's work seems appropriate. He is a man who feels most comfortable surrounded by ancient things. The small house that he lives in in Borrego's Roadrunner Club feels like a tiny natural history museum—the colorful,

droughtscaped rock garden in his front yard stands out next to the green lawns that many of his neighbors choose to maintain, and his living room shelves are covered with sparkling arrangements of fossils, minerals, and artifacts.

As we stand next to the dragon, he informs me that we are directly atop the town's much-contested aquifer. He stoops over and picks up a handful of sand.

"See this sand? It's really clean. These types of rocks store a lot of water. Look at this," he says, sifting it around in his hand. "It's beautiful sand."

The makeup of this valley, Peterson says, is perfect for storing water, thanks to both its sand and its shape. Essentially, the Borrego aquifer is an underwater "bowl," which contains sediments, clays, and silts that become saturated with water from sources like Palm Canyon. This fresh water resides in the upper levels of the aquifer, and is what Borregan townspeople and farmers use on a day-to-day basis. As the water levels continue to drop lower and lower, it will become impossibly expensive to access. And, perhaps more importantly, Peterson fears that there is a good chance that the water found in the aquifer's lower levels will contain harmful minerals such as arsenic, a problem that many groundwater-dependent towns in places like California's Central Valley are already contending with.





John Peterson at Borrego's Roadrunner Club.

"If you have plenty of water to drink," he says, "but you can't drink it because it's harmful, you don't have enough water."

After we finish admiring Breceda's artwork, we hop back in Peterson's truck and he tells me to keep my eyes peeled for a rusty overturned bucket out amongst the scrub brush—the only thing marking the abandoned well where we are to take a water level reading.

It's been a while since he's done this. He's retired, and nowadays they pay someone else to do the job. However, back in the early 1980s—before anyone had so much as uttered the word "overdraft"—he was the only guy who seemed to be paying attention to Borrego's water levels at all. Around this time, the town once again became interested in expanding its tourism industry, but there was some concern about whether the aquifer was fit to sustain that kind of development. Peterson, then an employee of San Diego County, began driving down from his former home in La Jolla about every four months to measure the town's water levels.

He would find abandoned wells, like the one we're looking for, in undeveloped parts of the valley, many of which dated back hundreds of years. Slipping the long black cord of his water level indicator down into the earth, he would wait for the loud buzzing sound that meant it had touched water, and would check the color-coded markers on the cord to figure out its level. With time, he noticed that the groundwater was steadily decreasing—but it took him nearly a decade to convince anyone that there was a problem. Some of the wells he kept track of have dropped around 100 feet by this point.

Weakened by their lack of water, the mesquite roots are no longer able to hold these sand dunes intact, and for years he has been watching this unique desert environment literally float away with the wind.

"The water levels don't lie," he says. "If your bank account is going down, that means you're spending more money than you're putting in—duh. And it's the same with the aquifer."

When, after a long time looking, we finally locate the overturned bucket, we are disappointed to find out that someone—perhaps the landowner—has capped the well. Giving up on taking the level for now, Peterson offers instead to take me on a tour of the rest of the northern section of the valley, which is where much of Borrego's agricultural industry is located. As we weave through the farmland, we look out at the fields of grapefruit, lemons, and palm trees, some of which farmers have already begun to leave fallow in order to comply with the Sustainable Groundwater Management Act, but most

of which are still lush and green, false oases that far exceed the real one I'd seen in Palm Canyon the week before.

Suddenly, the wall of foliage ends and a huge expanse of what appear to be abandoned grape fields drifts into view. As the rows of rusty, cross-shaped stakes float by with a foreboding rhythm, John tells me that these are the remains of the DiGiorgio table grape operation. In the mid 1930s, the developer Alphonse A. Burnand Jr.—commonly referred to as the "father of Borrego Springs"—began his mission to develop the valley, and one of the first companies he convinced to invest in agricultural land was the DiGiorgio Fruit Company. For nearly a decade and a half, Robert DiGiorgio was one of the largest landholders in the valley, and his success in yielding the earliest grapes in the country played a major role in attracting other agricultural interests to the area.



However, despite the farm's ability to produce grapes quickly, the wind and heat proved to be mostly inhospitable to the grapevines, and the company rarely turned a profit. But it seems that the straw that broke the camel's back was DiGiorgio's unwillingness to allow the fruit workers to unionize. In 1966, Cesar Chavez organized one of his first strikes in Borrego, and DiGiorgio decided he would rather shut off his pumps than offer the farmworkers the rights they demanded.

Looking out at these fields, the remains of this town's troubled history are as plain as day, but it's hard not to see something of Borrego's possible future here as well. In Peterson's opinion, the only real hope for Borrego's survival is for the farmers and their critics to try and reach some sort of understanding—it's clear that the agricultural industry needs to undergo some major changes, but these farmers have their rights too.

"We're all pumping out of the same pot and we all have to work together," he says. "It's not their problem. It's our problem."

Part Three: The Farmer

Just down the road from the defunct DiGiorgio fields, there is a farm that is very much alive and well, and—if Jim Seley has anything to say about it—it's going to stay that way

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for a very long time. Seley is a 76-year-old farmer whose family has been growing citrus in the Borrego Valley for nearly half a century, and he has every intention of passing all 400 acres of his ranch's grapefruit, lemon, and tangerine trees on to another generation.

When Seley's father bought this farm in 1957, Borrego was just barely a town, and Seley was just barely a man—he was 21 years old and was just learning how to navigate the role of husband and father.



"We were a good Catholic family," Seley smiles slyly. "We had our daughter 11 months after we were married."

Seley and his new wife soon moved from his hometown of San Marino to Borrego, where he was to take on yet another role that was brand new to him—manager at his father's new ranch. He refurbished the house that already stood on the property—a low, flat, ranch-style number with three bedrooms and a neatly manicured front lawn—and started working 18-hour days. Not because the work was especially time-consuming, but because, as he puts it, "I didn't know what I was doing."

He figured it out, though, and pretty soon the farm's "Seley Reds" grapefruit became renowned for its extra sweet red flesh, which requires no sugar to enjoy. Though Seley only spent about a year actually living on the land (his wife felt bored and listless living in such an isolated place and his father needed help with other aspects of his business back in the city), Seley has maintained control of the farm since the 1960s, and continues to drive three and a half hours to check up on things several times a month.

Seley says he doesn't remember hearing much talk about water conservation at all until the late 1990s, and it wasn't until four years ago that the California Department of Water Resources required that Borrego's major water users form a coalition to prepare for the implementation of the Sustainable Groundwater Management Act. Seley and two other farmers were asked to represent the agriculture industry, and he says that, at the early meetings, everyone was fairly guarded.

As we weave through the farmland, we look out at the fields of grapefruit, lemons, and palm trees, some of which farmers have already begun to leave fallow, but most of which are still lush and green, false oases that far exceed the real one I'd seen in Palm Canyon the week before.

"A lot of things had been said before," he said. "'Get rid of the farmers and we've solved our problem.' There's still an attitude like that among some of the population."

Some community members—including Ray Shindler and Dennis Dickinson—criticized the entire idea of the coalition, claiming that the proceedings were too secretive and didn't provide enough representation for the town's ratepayers. On Dickinson's website, he refers to the group as the "Borrego Water Cabal" and writes of their intentions to "divvy up" the remaining water in the Borrego Valley aquifer—"Hoi polloi needn't apply."

Seley recalls one instance at a townhall meeting where a certain community

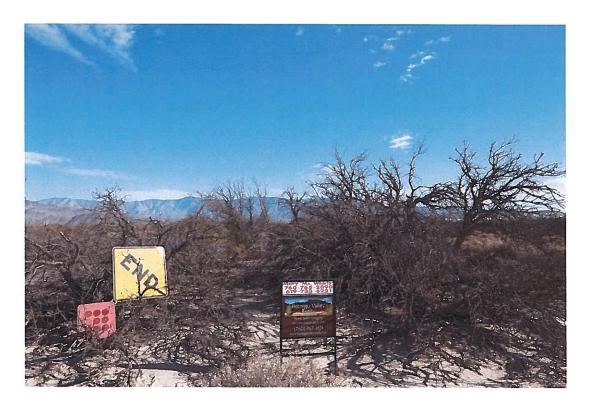
member (he won't name names) approached him and another farmer and said that if "he were them he would get out of town."

"What a jerk," Seley thought. "I told him, 'Well you're not us. And we're not leaving."

By now, things have calmed down a bit, but Borrego is still a long way away from solving its water issues. Even with the changes that the Seley Ranches and some other farms have made so far—installing an electronically monitored irrigation system to prevent water waste, updating their water pump technology, planting fewer crops—it is still unclear how the valley is going to cut the 70 percent of water necessary to comply with the law.

There's one thing Seley knows for sure, though, and that is that fallowing the farms is not the answer. He and many other agriculture supporters claim that if farming were to be completely removed from the valley, it would have severe ripple effects on the local economy—think of the mechanics, electricians, and plumbers that get work from the farms, he implores. Think of the students that the schools will lose.

"As it is now, they're bringing in school children from Salton Sea to keep enough people here that they qualify for certain state funds," he says. "You're not gonna get rid of ag without there being a cost. You've got to factor that in."



But other community members feel that Seley is overstating the economic benefits of agriculture. Seley himself admits that he only has four full-time workers on staff; during the harvesting season, most of the pickers are brought in from surrounding communities. Mark Jorgensen, former superintendent of the surrounding state park, rejects the idea that these farms are necessary for the economy of Borrego to survive.

"For people to sit here in Borrego to think that it's good for our economy, that we have to work it out and compromise because our valley depends on it—it really doesn't," he says. "People who grow citrus here are basically using our valley and using our resources because it's very cheap ground, it's cheap water, they only pay for the amount that it costs to pump the water."

Seley feels it's completely unfair that he should have to give up something that he has invested so much time and money in. Just one pump can cost up to \$300,000, and Seley has three.

"I've had it told to me, 'Oh well you've made enough money, you can just go ahead out now'," he says. "Well that's like telling a store owner, 'You've made enough, now give it to somebody else and get out."

Seley is not going to "get out." He's going to keep coming back to the little brown house that he renovated as a young man, and when he is gone his kids are going to come work in the same place that he worked, the same place where he taught all of them how to work.

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> "I can't say they were thrilled," he says, "but they learned how to work ... they could look out there and show you a field and say, 'I planted that."

One of the main reasons that the citizens of Borrego Springs were able to live in denial about the overdraft for so long, many townspeople agree, is that the groundwater in question is practically invisible. If Borrego was home to a lake instead of an aquifer, if citizens could watch the town's water being drained on a day-to-day basis, could see the rings marking its slow depletion, things might have turned out differently. Instead, Borrego's water leads a mostly clandestine life, trapped beneath the surface amidst ancient rocks and sand, accepting its fate silently, allowing people-even people who have seen scientific evidence of its lowering levels—to make up their own ideas about how much water is left and how long the aquifer's supplies will last.



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But—as demonstrated by the Palm Canyon flood in 2004—the water in the desert isn't always so silent. Every once in a while, it makes a more dramatic appearance, and when it arrives, it sounds like a train. In the Borrego Badlands, which lie just to the east of town, flash floods are a semi-regular occurrence, especially during the area's late summer monsoon season. When it rains, torrents of foamy brown water come charging downhill from the canyons, knocking together rocks and boulders and cutting a now-permanent ravine into the sandy desert floor. These ephemeral rivers don't last long—usually only an hour or two—but as they make their way towards the lowest point in the valley, the Borrego Sink, the water seeps into the ground and plays an an important role in helping to recharge the underground lake below.

Mark Jorgensen, the former superintendent of Anza-Borrego State Park, has seen a number of these floods in the 44 years that he's lived in Borrego, and he remembers many a time when he and his kids would hop in his truck at the sight of an approaching rainstorm to see if they could catch one in action. For him, he says, flood-hunting is a "spectator sport."

"Desert people don't see it rain very often, so when it does, oftentimes we go out and just start running around," he jokes in his gravelly drawl.

During the recent California drought, however, Borrego has only been receiving a fraction of the already small amount of rain that it normally does. As Jorgensen stands next to the dried-up river bed in the Borrego Sink, he looks out at a forest of gnarled-looking mesquite plants perched atop some nearby sand dunes. Their branches are twisted and brownish and slump exhaustedly towards complex networks of exposed roots. Weakened by their lack of water, Jorgensen says, the mesquite roots are no longer able to hold these sand dunes intact, and for years he has been watching this unique desert environment literally float away with the wind. The drought isn't helping, he tells me,

By the year 2040,
Borregan farmworkers,
business owners, and
townspeople must
completely reorient
their economy and
their way of life, or else
they run the risk
having their tiny desert
community return to
the dust that it was
built upon.

gnawing on an unlit cigar, but he suspects the overdraft is mostly responsible.

Mesquite, says Jorgensen, have the deepest roots of any plants in the world—some have been recorded as reaching down 100 feet or more. For centuries, this allowed for these hardy plants to tap into the aquifer below, helping them to stay alive even in the most extreme drought conditions. But in recent decades, the water levels in the Borrego Sink have simply fallen too low for the plants to survive.

"Here you have a plant that's very well-adapted to a desert environment, it's said to have the deepest roots in the world," he says. "In spite of their adaptation ... they can't keep up with the overdraft."

If these plants continue to die and the sand dunes drift away, the creatures who depend on the dune environment—like foxes and fringe-toed lizards—will be done for. For Jorgensen, there is only one feasible way to stop this, and that is for someone, either the park or the town, to buy up the farming land and restore the balance of the ecosystem. Farming is simply not a sustainable activity in one of the driest, hottest places in the world, he says, and there is no time to sit around arguing and doing more studies.

"The long run has already happened," says Jorgensen. "It's already been going on for 60 or 70 years of agriculture. The time to act was about 20 years ago. It's not 20 years from now, like the government game plan calls for."



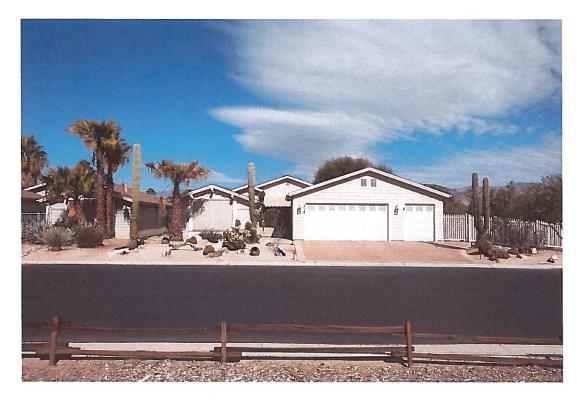
Since he started visiting Anza-Borrego State Park as a Boy Scout in the 1960s, Jorgensen has come to feel at home in deserts, has come to love all the parts of their natural cycles—the times of plenty in the spring, the harshness and death and dust that come with summer. During the 36 years he spent working for the park, Jorgensen made pilgrimages to study deserts all around the world—in Syria, in Saudi Arabia, in Egypt. Through his travels, he has come to understand that Borrego—and California—are far from the only places that are dealing with water crises of this nature.

"It's a worldwide phenomenon when you look at dry, hot areas around the globe, and even some areas that aren't so dry and hot," he says. "And what kind of action is being taken to preserve it? It's not going to happen until people are hurt by it personally."



And perhaps that's what makes Borrego different. Here, when people are hurt by the water crisis, their neighbors don't have any choice but to bear witness to it. While it's true that complying with the government's demands has resulted in some deep divisions, it's also true that very few communities have the same level of engagement and understanding that this one does. In a town this tiny, it's pretty hard to hate your enemy, because odds are you're going to see him at the post office every day.

"Maybe you work for the state park, but your kid goes to school with a farmer's kid," Ray Shindler told me the first time I met him. "You may be in church together with them. Or you see them at the market, or you may be on committees. Everybody knows everybody, so how are you gonna tell your local farmer guy 'Oh, you have to leave'?"



Mark Jorgensen agrees. "In a small town you interact with these people," he says. "It doesn't pay to just go to war with folks and to burn bridges. You end up respecting them, as people and family folks and members of the community."

While it's becoming more and more evident that the dream of the manmade oasis isn't much more than a mirage, Jorgensen feels that if Borregans can come to some sort of understanding, the natural oasis it was founded on can still be saved. And that, he says, is something worth fighting for.

"I feel that there's a legacy that was given to our generation by people who had foresight," he says. "They came here in 1932 and they started setting up a state park ... and I give thanks every day that there were people who looked ahead and said 'Man, this place is special. Let's preserve it."

Editor: Adrian Glick Kudler

Contract / Project PAYMENTS	October	November	December
T2 Borrego			12/31/14: T2 to purchase land to fallow 12/31/18 lease expires Send invoice for Spare Capacity
P & I Payment for ID4 COP's			
Compass Bank	Payment due December 1st.		
CONTRACTS American Red Cross-can cancel any time			
Club Circle (Cameron)			
Green Desert Landscape			
Xerox			
Pitney Bowes - postage machine San Diego Mailing Solutions (Annual maintenance - postage and stuffer machine)			
Ramona Disposal - Club Circle			rate valid until 12/2016
Ramona Disposal - BWD Dumpsters			rate valid until 12/2016
REPORTS CASGEM		0.1 10.000514	
		Submit CASGEM water level data	
CCR	10/1/15 Mail CCR Certification form		
Cameron Bros. Water Usage Report (golf course) to county	Send to County DPLU by 10/31		
Santago Estate			
Annual EAR Report (CDHS) Check fallow property for water usage			
Report Conservation efforts to State		Report Due	
Surplus Water Activity			
ADMINISTRATIVE Audit			
Budget			
Business Plan			
Utility Rate Study Schedule			
Groundwater Sustainability Plan (GSP)			Agree on GSP funding mechanism; start GSP development
BVG GSP Consultant Selection Process and GSP Development Schedual	,	2016: Advertise and Issue RFP	
Investment Policy			
Special Assessments / tax bill resolutions- Taussig			
Town Hall Meeting			
Borrego Water Advisory Committee (BWAC)Formation			2016: BWAC Member Nominations
Water Credit Policy			

Contract / Project	January	February	March
PAYMENTS			
T2 Borrego	1/1/15: Pay spare cost in advance		
•			
P & I Payment for ID4 COP's			1st half of payments due
Compass Bank		2016 - payment due March 1st.	13t Hall of payments due
		payment due maion ton	
CONTRACTS			
American Red Cross-can cancel any time			
Club Circle (Cameron)		option to renew lease by 2/28/2017	
Green Desert Landscape		diament Date the control of the control of	
Green Desert Lanuscape		discuss w/ Bob the option of continuing with contract 2/28/2017	
Xerox		COMMUNICATION	
Pitney Bowes - postage machine			
San Diego Mailing Solutions (Annual maintenance -			
postage and stuffer machine)			
Ramona Disposal - Club Circle			
Ramona Disposal - BWD Dumpsters			
REPORTS			
CASGEM			
CCR			
CCK			
Cameron Bros. Water Usage Report (golf course) to			
county			
Santago Estate			
Annual EAR Report (CDHS)			Due 3/31 for previous year
Check fallow property for water usage			
		- Tivers	
Report Conservation efforts to State			
0 1 11/4 1 1/4			
Surplus Water Activity			
ADMINISTRATIVE			
		COMPANY OF STREET, COMPANY OF ST	
Audit			
Budget			Pump check
Business Plan	Raftelis begins rate analysis	February 2016 -Update Development Fees (water credits & infrastructure buy-in costs for new	Prop 218 rate for FY 2017 - Fy 2021 public
	<u> </u>	connections)	hearing
		,	
Helle D & Oct 1 O L & L	D !!	Data Fire to dollar management	
Utility Rate Study Schedule	Preliminary Rates Disseminated by	Rates Finalized 2/19/2016 Initial Draft Report Disseminated 2/24/2016 Prop 218 Notice Mailed	Receive edits and finalize report
	1/29/2016	2/26/2016	
Groundwater Sustainability Plan (GSP)	District Meeting Jan. 20 to discuss policy recommendations, DRAFT MOU between County & District. Submit boundary	District Meeting February 17th to discuss policy recommendations, Draft MOU of County and Distict with	
	adjustment to DWR	Coaltion; proposal for mechanism(s) to pay for GSP	
		development	
BVG GSP Consultant Selection Process and			2047: Consultant Netice to December
GSP Development Schedual			2017: Consultant Notice to Proceed;
•			2017-2019: GSP Development
Investment Policy			
investment roncy			
Special Assessments / tax bill resolutions-Taussig			
•			
•			
Town Hall Meeting			March 2017
Town Hall Meeting			March 2017'
Borrego Water Advisory Committee			March 2017'
			March 2017'
Borrego Water Advisory Committee (BWAC)Formation			
Borrego Water Advisory Committee			2015- Check if pricing needs to be adjusted
Borrego Water Advisory Committee (BWAC)Formation			

Contract / Project PAYMENTS	April	May	June
T2 Borrego	Raftelis spare capacity cost analysis	5/1/15 Notice of 2015/2016 spare capacity due.	
P & I Payment for ID4 COP's Compass Bank		2016-payment due June 1st.	
CONTRACTS			
American Red Cross-can cancel any time Club Circle (Cameron)			. 0/00/0047
			Lease expires 6/30/2017
Green Desert Landscape			Agreement expires 6/30/2017
Xerox Pitney Bowes - postage machine	4/1/2017 send letter of cancellation if desired		
San Diego Mailing Solutions (Annual maintenance - postage and stuffer machine)	4/1/2017 Seria letter of cancellation if desired		
Ramona Disposal - Club Circle			
Ramona Disposal - BWD Dumpsters			
REPORTS	CALE FOR THE STATE OF THE STATE OF		
CASGEM	Submit CASGEM water level data		
CCR			
Cameron Bros. Water Usage Report (golf course) to county			- <u></u>
Santago Estate			Occupancy report due
Annual EAR Report (CDHS) Check fallow property for water usage			
Report Conservation efforts to State			·
Surplus Water Activity	4/1/17: Calculate Surplus Water Activity	05/01/17: Notify Rams Hill of Surplus Water Availability	
ADMINISTRATIVE Audit			
Budget	CIP meeting, draft budget document	Final Budget document / FY Rate Resolution	Approval of Budget June 9th
Dualinasa Dian			
Business Plan		FY Budget and new rates approved	
Utility Rate Study Schedule			Public Hearing 6/9/2016
Groundwater Sustainability Plan (GSP)	District Meeting March 17th 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		
BVG GSP Consultant Selection Process and GSP Development Schedual			
Investment Policy			Investment polices restated
Special Assessments / tax bill resolutions- Taussig			Special Assessments resolutions due
Town Hall Meeting			
Borrego Water Advisory Committee (BWAC)Formation		2017: BWD/County approval of Nominations, Prepare By-Laws and Orientation	
Water Credit Policy			

Contract / Project PAYMENTS	July	August	September
T2 Borrego	7/1/17: establish water budget		
12 Bonego	771777. establish water budget		
D.O.L.D			
P & I Payment for ID4 COP's	44		2nd half of payments due
Compass Bank	1st payment due September 1st		
CONTRACTS			
American Red Cross-can cancel any time			
Club Circle (Cameron)			
Corres Described and a second	0 1 1111 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
Green Desert Landscape	Cost of Water Adjustment each July 1st. With Cameron		
Xerox	Lease contract expires 7/2020		
Pitney Bowes - postage machine	lease expires 7/2017		
San Diego Mailing Solutions (Annual maintenance - postage and stuffer machine)		Annual maintenance contract expires	
postage and stuffer machine)		10/6/16	
Ramona Disposal - Club Circle		contact RDS re: contract renewal	
Ramona Disposal - BWD Dumpsters		contact RDS re: contract renewal	
REPORTS			
CASGEM			
- 1. Comm			
CCR	CCR to be distributed July 1st		-
Cameron Bros. Water Usage Report (golf			
course) to county			
Santago Estate			
Annual EAR Report (CDHS)	76		
Check fallow property for water usage			Annual fallow property check
Report Conservation efforts to State			
O			
Surplus Water Activity			
ADMINISTRATIVE			
Audit		Begin audit	Review of draft audit report
Budget		203 444	Trovion of dian additioport
g			
			March 2015-Identify & Implement
Business Plan	New rates an into effect		
Business Plan	New rates go into effect		Mechansim to pay for GSP costs. March
Business Plan	New rates go into effect		Mechansim to pay for GSP costs. March
	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates
Business Plan Utility Rate Study Schedule	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer
	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer
Utility Rate Study Schedule	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer
	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition;
Utility Rate Study Schedule	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP
Utility Rate Study Schedule	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition;
Utility Rate Study Schedule	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP
Utility Rate Study Schedule Groundwater Sustainability Plan (GSP)	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP
Utility Rate Study Schedule Groundwater Sustainability Plan (GSP) BVG GSP Consultant Selection Process and	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP
Utility Rate Study Schedule Groundwater Sustainability Plan (GSP) BVG GSP Consultant Selection Process and GSP Development Schedual	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP
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Utility Rate Study Schedule Groundwater Sustainability Plan (GSP) BVG GSP Consultant Selection Process and GSP Development Schedual Investment Policy	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP
Utility Rate Study Schedule Groundwater Sustainability Plan (GSP) BVG GSP Consultant Selection Process and GSP Development Schedual	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP
Utility Rate Study Schedule Groundwater Sustainability Plan (GSP) BVG GSP Consultant Selection Process and GSP Development Schedual Investment Policy Special Assessments / tax bill resolutions-Taussig	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP
Utility Rate Study Schedule Groundwater Sustainability Plan (GSP) BVG GSP Consultant Selection Process and GSP Development Schedual Investment Policy Special Assessments / tax bill resolutions-Taussig Town Hall Meeting	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP
Utility Rate Study Schedule Groundwater Sustainability Plan (GSP) BVG GSP Consultant Selection Process and GSP Development Schedual Investment Policy Special Assessments / tax bill resolutions-Taussig Town Hall Meeting Borrego Water Advisory Committee	New rates go into effect		Mechansim to pay for GSP costs. March 2016- Update rate structure & water, sewer & WWT rates DRAFT MOU of County and District with Coalition; proposal for mechanism(s) to pay for GSP
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