

Borrego Water District Board of Directors
Regular Meeting
December 20, 2017 @ 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
 - 1. November 07, 2017 Special Meeting Minutes (3-4)
 - 2. November 15, 2017 Meeting Minutes (5-8)
- F. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min)
- G. Correspondence from the Public
- H. Comments from Directors
 - 1. Ehrlich – Introduction of Keene Simonds, Executive Officer for San Diego Local Agency Formation Commission (LAFCO).

II. ITEMS FOR BOARD DISCUSSION, CONSIDERATION AND POSSIBLE ACTION

- A. FY 2017 BWD Audit by Chris Thibodeau from Squar Miller LLP. – Brecht/Ehrlich/Pittman (9-63)
- B. Capital Improvement Plan Update for Pending BWD Bond Financing – Delahay/Tatusko/Poole (64-65)
- C. Introduce DRAFT POLICY FOR WATER AND SEWER SERVICE TO NEW DEVELOPMENTS to bring into compliance with SGMA – Anderson/Brecht/Poole (66-75)
- D. DRAFT ORDINANCE NO. 12-17-01 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT RELATING TO WATER SHORTAGES AND WATER SHORTAGE EMERGENCIES – Anderson/Brecht/Poole (76-87)
- E. DRAFT ORDINANCE NO. 12-17-02 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT DECLARING A WATER SHORTAGE EMERGENCY – Anderson/Brecht/Poole (88-93)
- F. BWD Fats, Oils and Grease Program, Sewer System Management Plan and Sewer Use Regulations update – Poole (94-113)
- G. Town Center Sewer Collection System Maintenance/Repairs – Poole (114-115)
- H. Plans and Specifications for Waste Water Treatment Plant Repairs (Prop One) with Holt Engineering - Poole (116-122)
- I. District Engineering and Related Services – Dynamic Engineering (123-124)

AGENDA: December 20, 2017

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

Any public record provided to a majority of the Board of Directors less than 72 hours prior to the meeting, regarding any item on the open session portion of this agenda, is available for public inspection during normal business hours at the Office of the Board Secretary, located at 806 Palm Canyon Drive, Borrego Springs CA 92004.

The Borrego Springs Water District complies with the Americans with Disabilities Act. Persons with special needs should call Geoff Poole – Board Secretary at (760) 767 – 5806 at least 48 hours in advance of the start of this meeting, in order to enable the District to make reasonable arrangements to ensure accessibility.

If you challenge any action of the Board of Directors in court, you may be limited to raising only those issues you or someone else raised at the public hearing, or in written correspondence delivered to the Board of Directors (c/o the Board Secretary) at, or prior to, the public hearing.

III. INFORMATIONAL ITEMS (125-134)

- A. Proposal to Assess the Economic Value and Potential Outdoor Recreation & Sustainable Tourism: Sustainable Destination Management Plan submitted by Jim Dion, Vice President Solimar International - Brecht
- B. Draft 2018 Town Hall presentation regarding 2018 rates and past, present and projected cash flow

IV. BOARD COMMITTEE REPORTS

- A. Standing
 - 1. Operations and Infrastructure - Delahay/Tatusko
- B. Ad-Hoc
 - 1. GSP Preparation Ad Hoc – Hart/Brecht
 - 2. Rams Hill Long Term Cooperation Agreement – Hart/Brecht
 - 3. Bond Financing Committee – Brecht/Ehrlich
- C. ACWA/JPIA Fall Conference Report- Ehrlich

V. STAFF REPORTS

- A. Financial Reports (135-147)
October 2017
- B. Water and Wastewater Operations Report (149)
October 2017
- C. Water Production/Use Records (151)
October 2017
- D. General Manager –
 - 1. Website Update - VERBAL
 - 2. 900 Tank – VERBAL
 - 3. 2018 Calendar of Events – VERBAL
 - 4. Burnand Following Request - VERBAL

VI. CLOSED SESSION: Conference with legal counsel-anticipated litigation: Initiation of litigation pursuant to subdivision (d) (4) of Government Code Section 54956.9: six (6) cases

VI. CLOSING PROCEDURE

- A. Suggested Items for Next/Future Agenda
- B. The next Meeting of the Board of Directors is scheduled for January 16, 2017 at the Borrego Water District

AGENDA: November 15, 2017

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

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deadline for the GSP, and President Hart explained that is only for the first draft. It is contemplated the GSP will go to the Board of Supervisors in July 2019, and it is not due to the State until January 2020.

III. CLOSING PROCEDURE

A. Suggested Items for Next/Future Agenda: Items for the next Agenda will include an update on sewer improvement plans, selection of a District Engineer, and a closed session regarding Santiago Estates' CSD fees. Director Ehrlich asked how he could provide input to the Operations and Infrastructure Committee on the sewer improvements. Director Tatusko suggested they be presented at the November 15 meeting, and Mr. Poole added that he could also receive the comments.

B. The next Meeting of the Board of Directors is scheduled for November 15, 2017 at the Borrego Water District: There being no further business, the Board adjourned at 9:30 a.m.

Borrego Water District Board of Directors
MINUTES
Regular Meeting
Wednesday, November 15, 2017 @ 9:00 AM
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

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

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

**C. Roll Call: Directors: Present: President Hart, Vice-President
Brecht, Secretary/Treasurer
Tatusko, Delahay, Ehrlich**

**Staff: Geoff Poole, General Manager
Kim Pitman, Administration Manager
Greg Holloway, Operations Manager
Steve Anderson, Best Best & Krieger (via
videoconference)
Wendy Quinn, Recording Secretary**

**Public: Susan Percival, Club Circle Dick Walker
East HOA Michael Sadler, *Borrego Sun*
Diane Johnson, Stewardship Carlos Beltran, Dynamic Consulting
Council Elizabeth Caliva, Dudek (via
Kathy Milkey, Rams Hill teleconference, (Item II.A
Bill Berkley, Rams Hill only)
Ray Burnand**

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

E. Approval of Minutes:

1. October 17, 2017 Special Board Meeting Minutes

MSC: Brecht/Delahay approving the Minutes of the Special Meeting of October 17, 2017 as written.

2. October 25, 2017 Regular Board Meeting Minutes

MSC: Brecht/Delahay approving the Minutes of the Regular Meeting of October 25, 2017 as written.

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

G. Correspondence from the Public:

1. Sponsor Group Response from BWD. Geoff Poole invited the Board's attention to President Hart's response to the Sponsor Group, included in the Board package.

2. Considine Response from BWD. Kathy Milkey expressed Rams Hill's willingness to continue providing feedback to District actions as appropriate.

3. Tom Bunn Water Rights Letter to Ray Shindler. Mr. Poole acknowledged receipt of the letter and noted that a response was not required. Dick Walker requested a future Agenda item, a response from District counsel in writing.

H. Comments from Directors: Director Ehrlich reported that he would be attending the California Special Districts Association annual meeting tomorrow. He further reported that the new Executive Officer of LAFCO would like to attend the BWD Board meeting on December 20 and be included in the Agenda.

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

A. Waste Water Treatment Plant Tertiary Study: Dudek Engineering: Mr. Poole introduced the wastewater treatment plant tertiary study by Dudek, which was commissioned three or four months ago and funded by a \$75,000 grant from DWR. Elizabeth Caliva, the prime consultant, explained that the study followed a Proposition 1 outline provided by the State. The best use for reclaimed water in this area would be to irrigate golf courses. All golf courses currently send their wastewater to the treatment plant except one, which uses a leach field and irrigates from that.

Ms. Caliva explained that the study developed four alternatives: (1) Expand the collection system, including new sewer lines from the treatment plant to De Anza, and upgrade the plant; (2) Send the wastewater from De Anza to a package plant for use on their golf course and upgrade the Rams Hill treatment plant; (3) No expansion of the collection system, but upgrade the treatment plant; and (4) No project. The estimated cost would be \$7,800 per acre-foot for Alternative (1), \$5,700 per acre-foot for Alternative (2), and \$2,400 per acre-foot for Alternative (3) with existing flows, \$2,100 at build-out.

Director Brecht asked how the costs were calculated, and Ms. Caliva explained that they looked at construction costs, added 30 percent for contingencies and estimates for insurance, bonds and profit, then came up with an annual cost over 50 years for operations and maintenance and divided that by the estimated reclaimed water production.

Director Tatusko suggested that Alternative 2 would be a good alternative for the future, when the State might require the elimination of septic systems. He invited the Board's attention to Board package page 33, which pointed out that 80 percent of the treated wastewater now sent to evaporation-percolation ponds evaporates, so if it were used for recycled irrigation water groundwater pumping would decrease.

Ms. Caliva recommended Alternative (4), no project, at this time based on the high cost of the other alternatives. Bill Berkley of Rams Hill pointed out that Rams Hill currently irrigates with non-potable water, and if the number of households increases and it becomes necessary to purchase water, the cost could be prohibitive. Director Delahay recommended delaying any decision on tertiary treatment or "toilet to tap" until the discharge permit for the treatment plant is renewed, because the conditions may change. Discussion followed regarding possible extraction of treated wastewater that percolates into the ground. Ms. Caliva had discussed this with Trey Driscoll, who felt the underground clay layer would prevent it from reaching the aquifer. There was some disagreement regarding the feasibility of using injection wells to permeate the clay.

Director Brecht was comfortable with the "no project" alternative, but reiterated his suggestion to investigate mothballing the existing treatment plant and replacing it with package plants. Director Ehrlich agreed with "no project," but suggested analysis of future opportunities.

B. Contract with Dynamic Engineering for Plans and Specifications on Wilcox Diesel Motor and 3 Reservoir Replacement Projects: Mr. Poole introduced these projects, which are included in the GSA's Proposition 1 grant application. Plans and specifications are required to accompany the application, and a proposal from Dynamic Consulting Engineers was included in the Board package. Mr. Poole explained that the Operations and Infrastructure Committee had discussed the possibility of using existing drawings for two of the three reservoir replacements, and requested Board approval of the proposal subject to negotiating the price downward based on this suggestion.

Carlos Beltran of Dynamic spoke about his firm and noted that former BWD District Engineer David Dale had previously worked for them. They specialize in work for small municipal districts in the desert. Director Ehrlich inquired about a work schedule, and Mr.

Beltran agreed to work with Mr. Poole on this. He estimated 45 days from the notice to proceed. **MSC: Ehrlich/Tatusko authorizing the General Manager to negotiate a contract with Dynamic Consulting Engineers, not to exceed \$72,800, and to sign the contract after consulting with legal counsel.**

C. Bond and Disclosure Counsel Agreement with Best, Best and Krieger: Mr. Poole referred to the Board's prior action to authorize staff to proceed with a bond issue of up to \$8 million. The next step is to obtain the services of a bond counsel and disclosure counsel. A proposal from Best, Best and Krieger was included in the Board package. The total cost would be \$35,000 for bond counsel services and \$20,000 for disclosure counsel. **MSC: Ehrlich/Brecht approving the bond and disclosure counsel agreement with Best, Best and Krieger.**

D. Endorsement of Water Supply and Water Quality Act of 2018: Mr. Poole explained that this is the statewide bond issue engineered by Jerry Meral for the November 2018 ballot. The signature gathering is underway, and Dr. Meral has asked that the Board consider adopting a resolution endorsing the proposition. President Hart pointed out that a signature line for the President needed to be added to the draft resolution. **MSC: Brecht/Tatusko adopting Resolution No. 2017-11-01 endorsing the Water Supply and Water Quality Act of 2018.**

III. BOARD COMMITTEE REPORTS

A. Standing:

1. Operations and Infrastructure. Director Tatusko reported that Dudek had proposed eight items for evaluation in the odor study project plan, and Mr. Poole and Mr. Holloway are working to determine which of them can be done in-house and which need to be contracted out. The Committee will come back to the Board with a recommended process and estimated cost for each task. Director Delahay asked Mr. Holloway to include the prevailing wage for each task as well as staff's suggested cost.

B. Ad Hoc:

1. GSP Preparation Ad Hoc

a. Metering, Baseline and Reduction Period Update. President Hart reported that an Advisory Committee meeting is scheduled for November 27. Mr. Poole reported that the Committee is working with Dudek on metering, baseline and reduction period provisions in the GSP.

b. Proposition One SDAC Grant Application. The Proposition 1 grant application has been submitted to the State by the County, and Jim Bennett will send the District a copy. Mr. Poole planned to start on the District's grant application projects on the assumption it will be approved.

2. Bond Financing Ad Hoc Committee. Director Ehrlich reported that Fieldman/Rolapp was working on bond underwriting and hoped to be finished in May. Director Brecht pointed out that an updated CIP is needed.

3. Rams Hill Long Term Operating Agreement. Mr. Poole referred to his letter to Terry Considine in the Board package and noted that he hoped to start discussions soon.

IV. STAFF REPORTS

A. Financial Reports, September 2017:

Kim Pitman reported \$462,000 in capital outlays for September, including booster pump repairs, a new postage machine, a 900 Tank payment and debt payment. President Hart pointed out that the name of the District counsel needs to be changed in Line 84 of the report. Director

Ehrlich inquired about wastewater and sewer reserves, and Ms. Pitman agreed to discuss it with the auditors.

B. Water and Wastewater Operations Report, September 2017: The Water and Wastewater Operations Report was included in the Board package.

C. Water Production/Use Records, September 2017: The Water Production/Use Records were included in the Board package.

D. General Manager:

1. Ray Burnand Following Request. Mr. Poole reported that he met with Ray Burnand yesterday and had been talking to the County. The County wants to delay their decision until December, when County Counsel has had an opportunity to review Mr. Burnand's request in conjunction with the water credit program.

2. ID 5, Well 5 Repairs. Mr. Holloway reported that the diesel drive unit had not been approved by the Air Pollution Control District. The gear drive and heat exchanger are falling apart, and Hidden Valley Pump is prepared to remove these units for \$10,200.

3. District Engineer Search. Mr. Poole reported that Dynamic Consulting Engineers are willing to replace Mr. Dale as BWD District Engineer on a time and material basis. He will continue to work with the Operations and Infrastructure Committee and Mr. Beltran to prepare a proposed contract and come back to the Board in December.

4. Water Quality Testing of BWD Production Wells. Mr. Poole reported that the water quality testing is underway. Mr. Holloway reported that there was an issue when two Dudek representatives arrived, one to test production wells and one for monitoring wells. They need to be accompanied by a BWD employee, and two were not available at the same time.

5. Rams Hill Aquaponics Project. Mr. Berkley distributed copies of a November 14 letter. Mr. Poole reported that the County is agreeable to increased water use for the aquaponics project under the existing MOA, as long as the necessary water credits are provided. A one-to-two page amendment to the easement is required, and work is continuing. President Hart requested that Mr. Berkley's letter be included in the next Board package.

IV. CLOSED SESSION: Conference with legal counsel –anticipated litigation: Initiation of litigation pursuant to subdivision (d)(4) of Government Code Section 54956.9: two (2) cases

The Board adjourned to closed session at 10:35 a.m., and the open session reconvened at 11:50 a.m. There was no reportable action.

V. CLOSING PROCEDURE

A. Suggested Items for Next Agenda: Items for the next Agenda will include two following projects, the Solimar proposal, and the Proposition 1 grant action plan. Mr. Burnand requested a "letter of initial determination" on his following project, once the District has a response from Mr. Bennett.

B. The next Meeting of the Board of Directors is scheduled for December 20, 2017 at the Borrego Water District. There being no further business, the Board adjourned at 11:50 a.m.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – DECEMBER 20, 2017
AGENDA BILL 2.A

December 14, 2017

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: BWD Audit for FY 2016-17: Squar Miller – Chris Thibideau

RECOMMENDED ACTION:

Review and Approve as amended, if needed

ITEM EXPLANATION:

BWD's auditors have completed their work for FY 2016-17 and the draft is attached. Chris Thibideau is scheduled to appear to give the Board a detailed presentation on the document.

FISCAL IMPACT

See Attached

ATTACHMENT

Final Draft BWD 2016-17 Audit



squarmilner

Certified Public Accountants
and Financial Advisors

Borrego Water District

Financial Statements

June 30, 2017 and 2016

INDEX TO THE FINANCIAL STATEMENTS

General Management’s Letter (Unaudited)	i
Independent Auditor’s Report	7
Management’s Discussion and Analysis	9
Financial Statements	
Statements of Net Position	18
Statements of Revenues, Expenses, and Changes in Net Position	20
Statements of Cash Flows	21
Notes to Basic Financial Statements	23
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability	47
Schedule of Plan Contributions	48
Other Supplementary Information	
Organization	49
Assessed Valuation	50



BORREGO WATER DISTRICT

November 27, 2017

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, 2017 is hereby submitted as required. Squar Milner LLP, a firm of licensed certified public accountants, has audited the District's financial statements.¹

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 Auditors' 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, 2017 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, 2017 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 destination community of approximately 3,500 full-time and more than 6,000 winter residents, that is located in the northeast corner of San Diego County approximately 90 miles drive from San Diego.

Borrego Springs is surrounded on all sides by the Anza-Borrego Desert State Park (the Park). The Park, which encompasses over 248,880 hectares (615,000 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

¹ Squar Milner is one of the nation's top 70 accounting and advisory firms with over 300 professionals based in Southern California (www.squarmilner.com).

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. The Park 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 designated wilderness area within California and is approximately the size of Rhode Island. The Park attracts more than 500,000 visitors to Borrego on an average year to more than a million visitors on a super bloom year as we have had in the spring of 2017. An economic study developed for the Anza-Borrego Foundation (ABF) estimates the revenue generated by visitation to the Park during an average year is approximately \$40 million annually to the region, mostly in San Diego County (BBC Consulting, 2012).

Infrastructure

The District has 9 active municipal production wells connected to 90 miles of distribution lines to serve its approximately 2,125 residential, commercial, institutional, and irrigation customers. The District also provides sewer and wastewater treatment services to approximately 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 facility infrastructure is approximately \$62,500,000.

Governance

A five-member board of directors work 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 similar 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 modern well was dug in 1926. Agricultural development began primarily after 1945. Today, all human water used annually is pumped from the Borrego Springs Subbasin (Borrego Basin: basin) of the Borrego Valley Groundwater Basin (BVGB).

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 of available and affordable 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 for more information. Importation of new supply from nearby groundwater basins has also been ruled out due to availability of potential adequate supply and cost. Readers may consult the *Borrego Spring Pipeline Feasibility Study: Final Report* by the US Environmental Protection Agency – Region 9 (2012).

Annual agricultural irrigation, golf course irrigation, and municipal 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 (primarily golf courses) account for about 3,000 AFY (approximately 20%) of the average annual uses and municipal uses account for less than 2,000 AFY (approximately 10%) of the total annual uses. The natural net replenishment (recharge less outflows) 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 the estimated average annual net replenishment rate. 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 municipal use 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 in the future as more withdrawals occur 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* for more complete information.

Even with the current overdraft, the basin likely has adequate water supply possibly for hundreds of years. However, as water levels continue to drop in the basin, water quality may also decline, which may require expensive additional treatment for potable uses. Thus, the cost of municipal water supply for potable uses will most likely continue to increase annually over time. Presently, the basin is usefully divided into three Basin Management Areas (South, Central, North) based on differences in transmissivity (how fast groundwater flows from one area to the next) and depending on the Management Area, wells are often screened in the three different aquifers of the basin and exhibit different water quality characteristics.

The District believes that sustainable groundwater management requires the development, implementation and updating of management plans based on the best available science, monitoring, forecasting, use of technological resources and best management practices. Although the District adopted a groundwater management plan (GMP) for the basin under Assembly Bill 3030 (AB 3030) in 2002, this plan was never fully implemented and contained no timelines, defensible reduction methods, nor funding sources necessary to implement a plan to adequately address the basin overdraft.

On January 1, 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 de minimis 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 California Department of Water Resources [DWR] designation for the basin). Both the District and San Diego County (County) have agreed to a Memorandum of Understanding (MOU) to become a multi-agency GSA for the basin; the District on September 20, 2015; the County on October 19, 2016. SGMA-mandated supply constraints will add additional pressure on water rates, as the District will likely be required to purchase irrigated farmland to

fallow in order to transfer underlying water rights for municipal use. An Advisory Committee comprising nine members representing agriculture, recreation, municipal ratepayers, the Park, the Borrego Springs Community Sponsor Group and Borrego Valley Stewardship Council was established in February 2017 to advise the Core Team of the District and County responsible for developing the GSP for the basin.

The Borrego Water Coalition (BWC; Coalition) submitted a set of policy recommendations on November 6, 2014 to the District and to the County for consideration in a GSP to address the overdraft of the basin and that meets the criteria established by the SGMA for managing the basin in a sustainable manner (i.e. produces *no undesirable results*). The Coalition comprises local leaders from the Chamber of Commerce, agriculture, the District, education, golf, lodging, Park and recreation. The Coalition members represent major pumpers and water users of the basin who collectively account for more than an approximately eighty percent (80%) of the annual withdrawals from the basin. The District also is a signatory to the Borrego Valley Stewardship Council, a convening entity of individuals and member organizations interested in developing economic sustainability development initiatives for the destination community of Borrego Springs, given the location of the community as a gateway to the Park.

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.

California's Ongoing Drought

Because the Borrego Valley relies solely on the Borrego 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. Although in 2017, the California drought was officially declared over, Borrego water users continue to make investments to use water more efficiently and to engage in water conservation programs. The desert environment provides more impetus to use water wisely than periodic drought declarations from Sacramento.

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

Located in an arid desert climate, Borrego's economy has been made possible by the overuse of groundwater supplies that have been depleted far faster than those supplies can be replenished. This is true of the agricultural, recreational and municipal water use sectors. Thus, uncertainty over the costs of long-term water supply, potential future costs for treating groundwater to meet safe drinking water quality standards, and the economic impacts of meeting SGMA objectives for the Borrego Basin may be slowing investments for new development in the Borrego Valley (Valley). For example, one result of SGMA is to change the present cost of groundwater from zero dollars to as yet some undetermined positive amount for use.

FACTORS AFFECTING FINANCIAL CONDITION (continued)

Previous Fiscal Years Spending by the District

The District has largely addressed the financial situation that was inherited from the 2007 Board and general manager's decisions that between FY 2008 – FY 2011 spent more than \$6.3 million of the District's \$6.5 million cash reserves and potentially obligated the District to spend another \$7.0 million for unfunded projects. These spending and future obligations resulted in the District no longer having the financial stability to obtain new debt to pay for necessary long-term capital improvement projects (CIP). With the cancellation of many of the future obligations incurred by the 2007 board, reduction of annual operating and maintenance (O&M) expenses by more than \$1.2 million, careful cash flow management, and Proposition 218 approved rate increases during the period 2011-2017, the District now should have sufficient annual cash flow and cash reserves to entertain necessary borrowing to complete needed (CIP). Timely investments in CIP are necessary to produce the lowest economic cost provision of municipal water, sewer and wastewater treatment services for the District's customers.

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 maintain 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 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 maintain financial stability and a good credit standing with the bond markets in order to accommodate raising new debt.

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 2018 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.

RELEVANT FINANCIAL POLICIES (continued)

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 pension policy is in effect for employees of the District hired after April 1, 2012.

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,

/s/ Geoff Poole

General Manager

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Borrego Water District
Borrego Springs, California

We have audited the accompanying financial statements of Borrego Water District, as of and for the fiscal years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Borrego Water District's basic financial statements as listed in the index to the financial statements.

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 opinions.



Opinions

In our opinions, the financial statements referred to above present fairly, in all material respects, the financial position of Borrego Water District, as of June 30, 2017 and 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, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

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 9 through 17, and the schedules of proportionate share of the net pension liability and plan contributions on pages 47 and 48, 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 index to the financial statements, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as listed in the index to the financial statements, 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 it.

SQUAR MILNER LLP

SQUAR MILNER LLP

San Diego, California
November 27, 2017

BORREGO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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, 2017. 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, 2017, the following events impacted, or have the potential to impact, the finances of the District:

- On May 24, 2017, the District's Board approved a budget for fiscal year 2018 that included sewer rate changes that will result in an approximate revenue increase of 4.00% for sewer service charges; an increase of 6.00% for water base rates; and an increase of 6.00% for water commodity rates over the FY 2017 rates in effect. The new rates took effect July 1, 2017 and are reflected initially in customers' August billings.
- The income from operations for the fiscal year ended June 30, 2017, was \$1,111,975 compared with income from operations of \$995,166 for fiscal year 2016.
- Cash and cash equivalents increased to \$4,149,656 at June 30, 2017, from \$3,257,871 at June 30, 2016.
- Capital assets decreased to \$13,419,035 at June 30, 2017, from \$13,604,086 at June 30, 2016.
- The change in net position for the fiscal year ended June 30, 2017, was an increase of \$1,024,974, compared to an increase in net position of \$891,852 for fiscal year 2016.
- In March 2017, the Board of Directors approved a resolution to establish Community Facilities District (CFD) No. 2017-1 2017 Special Tax Bonds in order to refinance the CFD No. 2007-1 Special Tax Bonds. CFD 2017-1 2017 Special Tax Bonds consist of Series 2017A Bonds of \$1,100,000 of 3.70% term bonds due August 1, 2032 with principal payments beginning on August 1, 2018, and Series 2017B Bonds of \$10,500,000 of 4.00% term bonds due August 1, 2042 with mandatory sinking fund redemption beginning August 1, 2021. The CFD 2017-1 Bonds do not constitute an indebtedness of the District and are only secured by a pledge of Net Taxes.

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

**BORREGO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an 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 District's 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 income 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.

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, 2017 and 2016. Assets in excess of liabilities (Net Position) were \$14,128,331 and \$13,103,357 as of June 30, 2017 and 2016, 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.

**BORREGO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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, 2017 and 2016. 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, 2017 of \$1,111,975 is combined with net non-operating revenues and expenses of (\$87,001), to arrive at the change of net position of \$1,024,974. The increase in net position is added to the beginning net position of \$13,103,357 to arrive at the ending net position of \$14,128,331 as of June 30, 2017.

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.

BORREGO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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

	2017	2016	Variance	
			\$	%
ASSETS				
Cash and cash equivalents	\$ 4,149,656	\$ 3,257,871	\$ 891,785	27.37%
Capital assets	13,419,035	13,604,086	(185,051)	-1.36%
Other assets	584,222	548,355	35,867	6.54%
TOTAL ASSETS	18,152,913	17,410,312	742,601	4.27%
DEFERRED OUTFLOWS OF RESOURCES				
	459,290	357,429	101,861	28.50%
LIABILITIES				
Current liabilities	441,654	406,765	34,889	8.58%
Noncurrent liabilities	3,879,142	4,011,230	(132,088)	-3.29%
TOTAL LIABILITIES	4,320,796	4,417,995	(97,199)	-2.20%
DEFERRED INFLOWS OF RESOURCES				
	163,076	246,389	(83,313)	-33.81%
NET POSITION				
Net investment in capital assets	10,145,914	10,092,085	53,829	0.53%
Unrestricted	3,982,417	3,011,272	971,145	32.25%
TOTAL NET POSITION	\$ 14,128,331	\$ 13,103,357	\$ 1,024,974	7.82%

BORREGO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Analysis of Revenues and Expenses

The Water District's Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2017 and 2016:

**Borrego Water District's Revenues, Expenses and
Changes in Net Position**

	2017	2016	Variance	
			\$	%
OPERATING REVENUES				
Water revenue	\$ 3,138,560	\$ 3,026,055	\$ 112,505	3.72%
Sewer service charges	556,412	551,218	5,194	0.94%
Availability charges	247,815	241,404	6,411	2.66%
Other income	1,019	1,326	(307)	-23.15%
Total operating revenues	3,943,806	3,820,003	123,803	3.24%
OPERATING EXPENSES				
Water operations	1,995,965	1,560,372	435,593	27.92%
Sewer operations	468,838	454,282	14,556	3.20%
General and administrative	367,028	810,183	(443,155)	-54.70%
Total operating expenses	2,831,831	2,824,837	6,994	0.25%
INCOME FROM OPERATIONS	1,111,975	995,166	116,809	11.74%
NON OPERATING EXPENSES, NET	(87,001)	(109,206)	22,205	-20.33%
INCOME BEFORE CONTRIBUTIONS AND IMPAIRMENTS	1,024,974	885,960	139,014	15.69%
CAPITAL CONTRIBUTIONS	-	7,472	(7,472)	-100.00%
IMPAIRMENT OF CAPITAL ASSETS	-	(1,580)	1,580	-100.00%
CHANGE IN NET POSITION	1,024,974	891,852	133,122	14.93%
TOTAL NET POSITION, BEGINNING	13,103,357	12,211,505	891,852	7.30%
TOTAL NET POSITION, ENDING	\$ 14,128,331	\$ 13,103,357	\$ 1,024,974	7.82%

BORREGO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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.

- Slight increase in revenue due to rate increases enacted in August 2017.
- Increase in the cost of providing water and sewer service, primarily due to better allocation of overhead and increases in salaries.
- General and Administrative expense decreased due primarily to better overhead allocation to water and sewer.

BUDGET HIGHLIGHTS

Fiscal Year 2017 Actual vs. Fiscal Year 2017 Budget

	2017	2017	Variance	
	Actual	Budget	\$	%
REVENUES				
From operations	\$ 3,943,806	\$ 4,105,458	\$ (161,652)	-3.94%
Nonoperating	71,909	65,049	6,860	10.55%
Total revenue	4,015,715	4,170,507	(154,792)	-3.71%
EXPENSES				
Water operations	1,995,965	1,813,532	182,433	10.06%
Sewer operations	468,838	496,181	(27,343)	-5.51%
General and administrative	367,028	1,448,500	(1,081,472)	-74.66%
Other non-operating expenses	158,910	152,986	5,924	3.87%
Total expenses	2,990,741	3,911,199	(920,458)	-23.53%
CHANGE IN NET POSITION	\$ 1,024,974	\$ 259,308	\$ 765,666	295.27%

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.

BORREGO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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

	2017	2016	2016/2017 Variance	
			\$	%
Land	\$ 1,013,650	\$ 1,013,650	\$ -	0.00%
Flood control facilities	4,287,340	4,319,604	(32,264)	-0.75%
Sewer facilities	6,277,141	6,132,473	144,668	2.36%
Water facilities	11,008,923	10,648,734	360,189	3.38%
Pipelines, wells and tanks	-	151,699	(151,699)	-100.00%
General facilities	1,006,881	1,006,881	-	0.00%
Telemetry	46,459	46,459	-	0.00%
Equipment and furniture	528,516	386,925	141,591	36.59%
Vehicles	582,802	540,195	42,607	7.89%
Construction in progress	236,968	279,806	(42,838)	-15.31%
Fallowed water credits	1,030,650	1,030,650	-	0.00%
Water rights-ID #4	185,000	185,000	-	0.00%
Total assets	26,204,330	25,742,076	462,254	1.80%
Less accumulated depreciation	(12,785,295)	(12,137,990)	(647,305)	-5.33%
Net capital assets	\$ 13,419,035	\$ 13,604,086	\$ (185,051)	-1.36%

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 be 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.

BORREGO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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,	Principal	Interest	Totals
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	180,000	71,550	251,550
2023-2027	1,025,000	226,013	1,251,013
2028-2030	475,000	21,713	496,713
	<u>\$ 2,330,000</u>	<u>\$ 681,977</u>	<u>\$ 3,011,977</u>

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,	Principal	Interest	Totals
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	120,062	23,426	143,488
2023 - 2025	397,747	32,715	430,462
	<u>\$ 943,121</u>	<u>\$ 204,779</u>	<u>\$ 1,147,900</u>

**BORREGO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

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 2017 - 2018 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 2017 - 2018. 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 2017 Actual vs. Fiscal Year 2018 Budget

	2018 Budget	2017 Actual	2017/2018 Variance	
			\$	%
REVENUES				
Operating Revenue	\$ 4,045,144	\$ 3,943,806	\$ 101,338	2.57%
Nonoperating	68,903	71,909	(3,006)	-4.18%
Total revenue	4,114,047	4,015,715	98,332	2.45%
EXPENSES				
Operating expenses	4,857,313	2,831,831	2,025,482	71.53%
Other non operating expenses	145,986	158,910	(12,924)	-8.13%
Total expenses	5,003,299	2,990,741	2,012,558	67.29%
CHANGE IN NET POSITION	\$ (889,252)	\$ 1,024,974	\$ (1,914,226)	-186.76%

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, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,149,656	\$ 3,257,871
Accounts receivable:		
Water and sewer, net of allowance	425,353	382,840
Inventory	128,214	133,545
Prepaid expenses	30,655	31,970
Total current assets	4,733,878	3,806,226
Capital assets:		
Land	1,013,650	1,013,650
Construction in progress	236,968	279,806
Fallowed water credits	1,030,650	1,030,650
Water rights - ID 4	185,000	185,000
Capital assets being depreciated, net	10,952,767	11,094,980
Total capital assets, net	13,419,035	13,604,086
TOTAL ASSETS	18,152,913	17,410,312
 DEFERRED OUTFLOWS OF RESOURCES		
Debt refunding costs, net of amortization	102,542	112,546
Pension related costs	356,748	244,883
TOTAL DEFERRED OUTFLOWS OF RESOURCES	459,290	357,429

BORREGO WATER DISTRICT
STATEMENTS OF NET POSITION
June 30, 2017 and 2016

	2017	2016
LIABILITIES		
Current liabilities:		
Accounts payable	100,505	48,795
Accrued interest payable	34,169	42,891
Short-term compensated absences	53,365	67,138
Customer deposits	5,000	9,060
Current portion of note payable	248,615	238,881
Total current liabilities	441,654	406,765
Noncurrent liabilities:		
Compensated absences	35,577	44,758
Net pension liability	819,059	693,352
Notes payable, net of current portion	3,024,506	3,273,120
Total noncurrent liabilities	3,879,142	4,011,230
TOTAL LIABILITIES	4,320,796	4,417,995
 DEFERRED INFLOWS OF RESOURCES		
Pension related costs	163,076	246,389
 NET POSITION		
Net investment in capital assets	10,145,914	10,092,085
Unrestricted	3,982,417	3,011,272
TOTAL NET POSITION	\$ 14,128,331	\$ 13,103,357

BORREGO WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Water revenue	\$ 3,138,560	\$ 3,026,055
Sewer service charges	556,412	551,218
Availability charges	247,815	241,404
Other income	1,019	1,326
Total operating revenues	<u>3,943,806</u>	<u>3,820,003</u>
OPERATING EXPENSES		
Water operations	1,995,965	1,560,372
Sewer operations	468,838	454,282
General and administrative	367,028	810,183
Total operating expenses	<u>2,831,831</u>	<u>2,824,837</u>
Income from operations	1,111,975	995,166
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	65,950	64,473
Investment income	5,959	96
Gain (loss) on disposal of assets	-	7,000
Interest expense	(148,906)	(170,771)
Amortization expense	(10,004)	(10,004)
Total non-operating revenues (expenses)	<u>(87,001)</u>	<u>(109,206)</u>
INCOME BEFORE CONTRIBUTIONS AND IMPAIRMENTS	1,024,974	885,960
CAPITAL CONTRIBUTIONS	-	7,472
IMPAIRMENT OF CAPITAL ASSETS	<u>-</u>	<u>(1,580)</u>
CHANGE IN NET POSITION	1,024,974	891,852
NET POSITION, BEGINNING	<u>13,103,357</u>	<u>12,211,505</u>
NET POSITION, ENDING	<u>\$ 14,128,331</u>	<u>\$ 13,103,357</u>

BORREGO WATER DISTRICT
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from water and sewer customers	\$ 3,652,459	\$ 3,545,554
Receipts from availability charges	247,815	241,404
Payments to suppliers	(1,056,409)	(1,360,333)
Payments to employees	(1,166,246)	(1,093,048)
Other receipts	1,019	1,326
Net cash provided by operating activities	<u>1,678,638</u>	<u>1,334,903</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Taxes	<u>65,950</u>	<u>64,473</u>
Net cash provided by noncapital financing activities	65,950	64,473
CASH FLOWS FROM CAPITAL AND REALTED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(462,254)	(589,066)
Proceeds from sale of assets	-	(7,000)
Principal paid on long-term debt	(238,880)	(227,999)
Interest payments on long-term debt	<u>(157,628)</u>	<u>(169,924)</u>
Net cash used in investing activities	(858,762)	(993,989)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>5,959</u>	<u>96</u>
Net cash provided from financing activities	5,959	96
NET INCREASE IN CASH AND CASH EQUIVALENTS	891,785	405,483
CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR	<u>3,257,871</u>	<u>2,852,388</u>
CASH AND CASH EQUIVALENTS , END OF YEAR	<u>\$ 4,149,656</u>	<u>\$ 3,257,871</u>

BORREGO WATER DISTRICT
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
RECONCILIATION OF CHANGE IN NET ASSETS TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income from operations	\$ 1,111,975	\$ 995,166
Adjustments to reconcile change in income from operations to net cash provided by operating activities:		
Depreciation	647,305	617,480
(Increase) decrease in operating assests:		
Accounts receivable	(42,513)	(31,719)
Other receivables	-	-
Inventories	5,331	(9,889)
Prepaid expenses	1,315	1,725
Deferred outflows of resources	(111,865)	(96,120)
Increase (decrease) in operating liabilities:		
Accounts payable	51,710	(111,096)
Accrued expenses	-	(105,403)
Customer deposits	(4,060)	(13,034)
Short-term compensated absences	(22,954)	7,220
Net pension liability	125,707	(5,703)
Deferred inflows of resources	(83,313)	86,276
Net cash provided by operating activities	\$ 1,678,638	\$ 1,334,903
SUPPLEMENTAL DISCLOSURES		
Schedule of non-cash investing and financing activities:		
Contributions of water system assets by customers and developers	\$ -	\$ 7,472

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 America (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 Governmental Accounting Standards Board (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.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 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 became effective in fiscal year 2016. Implementation of this GASB had no significant effect on the District's financial statements.

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.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2017 and 2016, management has not recorded an allowance for doubtful accounts as it estimates all receivables at June 30, 2017 and 2016 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.

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:

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

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity

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, 2017 and 2016, the balance of the debt refunding costs is \$102,542 and \$112,546, respectively.

The pension plan related costs are made up of four components: employer contributions paid during the year ended June 30, 2017 and 2016 in the amount of \$137,737 and \$138,617, respectively, which are deferred under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, (GASB Statement No. 68); net difference between projected and actual earnings on pension plan investments in the amount of \$171,654 and \$0 as of June 30, 2017 and 2016, respectively, which is amortized on a straight-line basis over five years; adjustments due to differences between expected and actual experience of \$5,091 and \$8,893 as of June 30, 2017 and 2016, respectively, difference between actual and projected contributions in the amount of \$86,120 and \$97,373 as of June 30, 2017 and 2016, respectively, which are amortized over straight-line basis over the average expected remaining service lives of all members that are provided with benefits.

As of June 30, 2017 and 2016, the deferred outflow pension related costs are \$356,748 and \$244,883, 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 \$0 and \$42,181 as of June 30, 2017 and 2016, respectively, which is amortized on a straight-line basis over five years; and adjustment due to differences in proportions in the amount of \$108,360 and \$120,068 as of June 30, 2017 and 2016, respectively, and change in assumptions in the amount of \$54,090 and \$84,140 as of June 30, 2017 and 2016, respectively, which are amortized over the straight-line basis over the average expected remaining service lives of all members that are provided with benefits.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Deferred Outflows/Inflows of Resources (continued)

As of June 30, 2017 and 2016, the deferred inflow pension related cost is \$163,076 and \$246,389, 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, 2017 and 2016, the District had \$88,942 and \$111,896, 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.

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, 2017 and 2016, the following timeframes are used:

	2017	2016
Valuation Date (VD)	June 30, 2015	June 30, 2014
Measurement Date (MD)	June 30, 2016	June 30, 2015
	July 1, 2015 to	July 1, 2014 to
Measurement Period (MP)	June 30, 2016	June 30, 2015

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 position.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

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.

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>	<u>Action taken</u>
None reported	Not applicable

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

3. CASH AND CASH EQUIVALENTS

The summary of cash and cash equivalents is as follows at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Cash in banks	\$ 4,128,067	\$ 3,236,566
Cash on hand	361	234
Local Agency Investment Fund	21,228	21,071
Total cash and cash equivalents	<u>\$ 4,149,656</u>	<u>\$ 3,257,871</u>

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institute, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. 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, 2017 and 2016 the District had \$3,962,205 and \$3,039,044, respectively, in excess of FDIC insured limits, and the remaining balance of the deposits were collateralized under California Law.

Local Agency Investment Fund

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, 2017 and 2016 the District had deposited with LAIF \$21,228 and \$21,071, respectively.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

4. CAPITAL ASSETS

A schedule of changes in capital assets and accumulated depreciation for the fiscal year ended June 30, 2017, is shown as follows:

	Balance June 30, 2016	Additions	Transfers / Deletions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 1,013,650	\$ -	\$ -	\$ 1,013,650
Construction in progress	279,806	126,345	(169,183)	236,968
Fallowed water credits	1,030,650	-	-	1,030,650
Water rights - ID 4	185,000	-	-	185,000
Total capital assets, not being depreciated	<u>2,509,106</u>	<u>126,345</u>	<u>(169,183)</u>	<u>2,466,268</u>
Capital assets, being depreciated:				
Flood control facilities	4,319,604	-	(32,264)	4,287,340
Sewer facilities	6,132,473	144,668	-	6,277,141
Water facilities	10,648,734	360,189		11,008,923
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	386,925	141,591	-	528,516
Vehicles	540,195	42,607	-	582,802
Total capital assets, being depreciated	<u>23,232,970</u>	<u>689,055</u>	<u>(183,963)</u>	<u>23,738,062</u>
Less accumulated depreciation	<u>(12,137,990)</u>	<u>(647,305)</u>	<u>-</u>	<u>(12,785,295)</u>
Total capital assets, being depreciated, net	<u>11,094,980</u>	<u>41,750</u>	<u>(183,963)</u>	<u>10,952,767</u>
Capital assets, net of depreciation	<u>\$ 13,604,086</u>	<u>\$ 168,095</u>	<u>\$ (353,146)</u>	<u>\$ 13,419,035</u>

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

4. CAPITAL ASSETS (continued)

The change in capital assets and accumulated depreciation for the fiscal year ended June 30, 2016, is shown as follows:

	Balance June 30, 2015	Additions	Transfers / Deletions	Balance 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	<u>2,493,103</u>	<u>78,802</u>	<u>(62,799)</u>	<u>2,509,106</u>
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	<u>22,777,515</u>	<u>517,736</u>	<u>(62,281)</u>	<u>23,232,970</u>
Less accumulated depreciation	<u>(11,581,214)</u>	<u>(617,480)</u>	<u>60,704</u>	<u>(12,137,990)</u>
Total capital assets, being depreciated, net	<u>11,196,301</u>	<u>(99,744)</u>	<u>(1,577)</u>	<u>11,094,980</u>
Capital assets, net of depreciation	<u>\$ 13,689,404</u>	<u>\$ (20,942)</u>	<u>\$ (64,376)</u>	<u>\$ 13,604,086</u>

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2017, are as follows:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2017</u>	<u>Amount due within one year</u>
Refunding Installment					
Purchase	\$ 2,475,000	\$ -	\$ 145,000	\$ 2,330,000	\$ 150,000
Compass Bank Note	1,037,001	-	93,880	943,121	98,615
Total long-term debt	<u>\$ 3,512,001</u>	<u>\$ -</u>	<u>\$ 238,880</u>	<u>\$ 3,273,121</u>	<u>\$ 248,615</u>

Changes in long-term obligations for the fiscal year ended June 30, 2016, are as follows:

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2016</u>	<u>Amount due within one year</u>
Refunding Installment					
Purchase	\$ 2,615,000	\$ -	\$ 140,000	\$ 2,475,000	\$ 145,000
Compass Bank Note	1,125,000	-	87,999	1,037,001	93,881
Total long-term debt	<u>\$ 3,740,000</u>	<u>\$ -</u>	<u>\$ 227,999</u>	<u>\$ 3,512,001</u>	<u>\$ 238,881</u>

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.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2017 and 2016 was \$26,213 and \$34,312, respectively.

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

Year Ending			
June 30,	Principal	Interest	Totals
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	180,000	71,550	251,550
2023-2027	1,025,000	226,013	1,251,013
2028-2030	475,000	21,713	496,713
	<u>\$ 2,330,000</u>	<u>\$ 681,977</u>	<u>\$ 3,011,977</u>

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), which is the result of total water revenue for the District, less the revenue that it attributed to Improvement District Number 4, and was \$924,729 and \$991,797 for the years ended June 30, 2016 and 2015, respectively. The note is further secured by a subordinate pledge of net systems revenues of the District's Improvement District Number 4 operations, which is the total water revenues of Improvement District Number 4 of \$2,233,107 and \$2,101,326 for the years ended June 30, 2017 and 2016, respectively.

The District had a debt services ratio requirement of 1.25:1, which is calculated by taking the total operating revenue, add back interest expense, and depreciation and amortization expense, then divided by the sum of principal and interest related to debt paid during the year, and was 11.9:1 and 11.6:1 for the years ended June 30, 2017 and 2016, respectively.

Accrued interest for the year ended June 30, 2017 and 2016 was \$7,956 and \$8,579, respectively.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

5. LONG TERM OBLIGATIONS (continued)

Compass Bank Note (continued)

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

Year Ending			
June 30,	Principal	Interest	Totals
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	120,062	23,426	143,488
2023 - 2025	397,747	32,715	430,462
	<u>\$ 943,121</u>	<u>\$ 204,779</u>	<u>\$ 1,147,900</u>

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.

Future minimum lease payments are as follows:

Year ending	Lease
June 30,	payments
2018	\$ 4,200
2019	4,199
2020	4,199
2021	348
	<u>\$ 12,946</u>

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, 2017 and 2016 was \$5,150 and \$15,439, respectively.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2016 and 2015 Annual Actuarial Valuation Reports. 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, 2016 (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.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

8. EMPLOYEE RETIREMENT PLAN (continued)

Contribution Description (continued)

The employer's contribution rate is 11.995% after payment of the Annual Lump Sum Payment Option. 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. 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.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
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, 2015 and 2014 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.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

8. EMPLOYEE RETIREMENT PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the years ended June 30, 2017 and 2016, respectively. 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 years ended June 30, 2017 and 2016, respectively, 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. 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 years ended June 30, 2017 and 2016, respectively, 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.

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 years ended June 30, 2017 and 2016, respectively, 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, 2017 and 2016, respectively. 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.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

8. EMPLOYEE RETIREMENT PLAN (continued)

Discount Rate (continued)

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.

The tables below reflect the long-term expected real rate of return by asset class for the years ended June 30, 2017 and 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. The long-term expected real rate of return by asset class for the year ended June 30, 2017, are as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	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	1.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

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

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

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

8. EMPLOYEE RETIREMENT PLAN (continued)

Discount Rate (continued)

The long-term expected real rate of return by asset class for the year ended June 30, 2016, are as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

(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 years ended June 30, 2017 and 2016, respectively, 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:

	June 30, 2017		
	Discount	Current Discount	Discount
	Rate -1.00%	Rate	Rate +1.00%
	6.65%	7.65%	8.65%
Plan's Net Pension Liability	<u>\$ 1,255,960</u>	<u>\$ 819,059</u>	<u>\$ 457,983</u>

	June 30, 2016		
	Discount	Current Discount	Discount
	Rate -1.00%	Rate	Rate +1.00%
	6.50%	7.50%	8.50%
Plan's Net Pension Liability	<u>\$ 1,162,800</u>	<u>\$ 693,352</u>	<u>\$ 305,768</u>

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

8. EMPLOYEE RETIREMENT PLAN (continued)

Pension Liabilities and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017 and 2016, the District reported net pension liabilities for its proportionate shares of the net pension liability for the Miscellaneous Risk Pool in the amount of \$819,059 and \$693,352, respectively. The District does not participate in the Safety Risk Pool.

The District's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The District's proportionate share of the net pension liability as of June 30, 2015 and 2014, the valuation dates, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2015 and 2014. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The Borrego Water District's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the Borrego Water District's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

8. EMPLOYEE RETIREMENT PLAN (continued)

Pension Liabilities and Deferred Outflows/Inflows of Resources Related to Pensions
(continued)

The District's proportionate share of the net pension liability as of June 30, 2016 and 2015, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2016 and 2015, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2016 and 2015, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2016 and 2015, was calculated by applying Borrego Water District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2016 and 2015, to obtain the total pension liability and fiduciary net position as of June 30, 2016 and 2015. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The District's proportionate share percentage of the net pension liability for each risk pool as of June 30, 2016 and 2015 was 0.23578% and 0.025273%, respectively.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 5,717	\$ (626)
Changes in assumptions	-	(54,090)
Net difference between projected and actual earnings on pension plan	127,174	-
Adjustment due to differences in proportions	-	(108,360)
Differences between actual and required contributions	86,120	-
Contributions after measurement date	137,737	-
Total	<u>\$ 356,748</u>	<u>\$ (163,076)</u>

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

8. EMPLOYEE RETIREMENT PLAN (continued)

Pension Liabilities and Deferred Outflows/Inflows of Resources Related to Pensions
(continued)

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,893	\$ -
Changes in assumptions	-	(84,140)
Net difference between projected and actual earnings on pension plan	-	(42,181)
Adjustment due to differences in proportions	-	(120,068)
Differences between actual and required contributions	97,373	-
Contributions after measurement date	138,617	-
Total	\$ 244,883	\$ (246,389)

Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2017 will be recognized as pension expense as follows:

Measurement Date June 30:	Deferred Outflows / (Inflows) of Resources
2017	\$ (29,510)
2018	(36,978)
2019	88,093
2020	34,330
	\$ 55,935

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.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

9. SEGMENT INFORMATION (continued)

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

Condensed Statements of Net Position

	2017	2016
Assets		
Current assets	\$ 4,323,195	\$ 3,534,806
Capital assets, net of depreciation	2,853,443	2,805,825
Total Assets	7,176,638	6,340,631
Deferred Outflows of Resources	323,442	259,426
	2017	2016
Liabilities		
Current liabilities	780,647	705,981
Long-term liabilities	2,180,000	2,330,000
Total Liabilities	2,960,647	3,035,981
Deferred Inflows of Resources	101,789	154,277
Net Position		
Net investment in capital assets	673,443	475,825
Unrestricted	3,764,201	2,933,974
Total Net Position	\$ 4,437,644	\$ 3,409,799

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

9. SEGMENT INFORMATION (continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2017	2016
Operating Revenues		
Water revenue	\$ 2,233,107	\$ 2,101,326
Other income	90,075	84,584
Total operating revenues	2,323,182	2,185,910
Operating Expenses		
Water operations	1,214,136	954,819
General and administrative	14,243	322,247
Total operating expenses	1,228,379	1,277,066
Gain from operations	1,094,803	908,844
Non-Operating Revenues (Expenses)		
Property taxes	39,570	38,684
Investment income	3,489	53
Interest expense	(100,013)	(116,100)
Amortization expense	(10,004)	(10,004)
Total non-operating revenues (expenses)	(66,958)	(87,367)
Income Before Contributions	1,027,845	821,477
Capital Contributions	-	7,472
Change In Net Poition	1,027,845	828,949
Net Position, Beginning	3,409,799	2,580,850
Net Position, Ending	\$ 4,437,644	\$ 3,409,799

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

9. SEGMENT INFORMATION (continued)

Condensed Statements of Cash Flows

	2017	2016
Net Cash Provided By Operating Activities	\$ 1,211,851	\$ 1,007,643
Net Cash Flows From Non-Capital and Related Financing Activities	39,570	38,684
Net Cash Flows From Capital and Related Financing Activities	(441,538)	(364,125)
Net Cash Provided by Investing Activities	3,489	53
Net Increase in Cash and Cash Equivalents	813,372	682,255
Cash and Cash Equivalents, Beginning	3,252,153	2,569,898
Cash and Cash Equivalents, Ending	\$ 4,065,525	\$ 3,252,153

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 was \$4,889,080.

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.

BORREGO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

10. NONCOMMITMENT DEBT (continued)

Community Facilities District No. 2007-01 2007 Special Tax Bonds (continued)

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.

For the fiscal year ending June 30, 2016, there was a special tax delinquency rate of approximately 98.26%, in the Community Facilities District. The Community Facilities District has not made any regularly scheduled payments from August 1, 2011 through June 30, 2016. At June 30, 2016, the balance in the reserve fund is \$0. Effective March 14, 2017, Community Facilities District 2007-1 was replaced by Community Facilities District 2017-1 resulting in the defeasance and discharge of the bond indebtedness related to Community Facilities District 2007-1.

Community Facilities District No. 2017-01 2017 Special Tax Bonds

On March 14, 2017, the Board of Directors adopted a resolution stating its intention to establish Community Facilities District No. 2017-01 and to authorize bonded indebtedness within the Community Facilities District. On April 18, 2017, the Community Facilities District 2017-1 was formed and an election was held to authorize the Community Facilities District 2017-1 to incur bonded indebtedness of up to \$11,600,000 to refinance outstanding balances of the Community Facilities District 2007-1 2007 Special Tax Bonds. On May 25, 2017, the Community Facilities District No. 2017-1 issued Borrego Water District Special Tax Refunding Bonds, Series 2017A (Series 2017A Bonds) and Borrego Water District Special Tax Refunding Bonds, Series 2017B (Series 2017B Bonds).

The Series 2017A Bonds consisted of \$1,100,000 of 3.70% term bonds due August 1, 2032 with principal payments beginning on August 1, 2018. The Series 2017B Bonds consisted of \$10,500,000 of 4.00% term bonds due August 1, 2042 with mandatory sinking fund redemption beginning August 1, 2021.

The 2017 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.

For the fiscal year ending June 30, 2017 the balance in the reserve fund is \$0.

REQUIRED SUPPLEMENTARY INFORMATION

BORREGO WATER DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS
June 30, 2017 and 2016

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the net pension liability	0.02358%	0.02527%	0.01123%
Proportionate share of the net pension liability	\$ 699,055	\$ 693,352	\$ 699,055
Covered - employee payroll	\$ 595,422	\$ 671,180	\$ 595,422
Proportionate Share of the net pension liability as percentage of covered-employee payroll	117.40%	103.30%	117.41%
Plan fiduciary net position as a percentage of the total pension liability	73.72%	77.21%	73.72%

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: None

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

BORREGO WATER DISTRICT
SCHEDULE OF PLAN CONTRIBUTIONS
LAST 10 YEARS
June 30, 2017 and 2016

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contributions (actuarially determined)	\$ 129,138	\$ 138,613	\$ 129,138
Contributions in relation to the actuarially determined contributions	(129,138)	(138,613)	(129,138)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 595,422	\$ 671,180	\$ 595,422
Contributions as a percentage of covered employee payroll	21.69%	20.65%	21.69%

Notes to Schedule:

Valuation date: June 30, 2015 June 30, 2015 June 30, 2014

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

OTHER SUPPLEMENTARY INFORMATION

**BORREGO WATER DISTRICT
ORGANIZATION
June 30, 2017**

The Board of Directors for the fiscal year ended June 30, 2017, 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	November 27, 2020
Harry Ehrlich	Director	4 Years	November 27, 2020

Administration

Name	Position
Geoff Poole	General Manager
Kim Pitman	Administration Manager

BORREGO WATER DISTRICT
ASSESSED VALUATION
June 30, 2017 and 2016

The assessed valuation of the District at June 30, 2017, is as follows:

Assessed valuation

Secured property	<u>\$ 341,947,744</u>
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Total assessed valuation	<u><u>\$ 341,947,744</u></u>
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The assessed valuation of the District at June 30, 2016, is as follows:

Assessed valuation

Secured property	<u>\$ 335,706,831</u>
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Total assessed valuation	<u><u>\$ 335,706,831</u></u>
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BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – DECEMBER 20, 2017
AGENDA BILL 2.B

December 14, 2017

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Capital Improvement Plan Update: Delahay/Tatusko/Poole

RECOMMENDED ACTION:

Review and Approve as amended, if needed

ITEM EXPLANATION:

Staff and the Operations and Infrastructure Committee recently reviewed the Capital Improvement Plan (CIP) for BWD. The document was thoroughly reviewed by Greg as part of the last budget cycle, so only a few additions/corrections are recommended, as follows:

ADDS

\$107,000 for sewerline Capital Expenditures (results of recent engineering evaluation)
\$1,500,000 budget for each new well (up from \$1M)
\$100,000 for each well rehabilitation (up from \$80,000)

The revised CIP is attached for your review.

FISCAL IMPACT

See Attached

ATTACHMENT

Final Draft BWD 2017-18 CIP

	A	L	M	N	O	P	Q	R	S	T	U
	CAPITAL IMPROVEMENT PROJECTS	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
1											
2											
3											
4	WELLS, BOOSTER STATIONS, RESERVOIRS & ASSOCIATED TRANSMISSION MAINS										
5	Water Treatment Facility (phase 1)						\$ 635,000		\$ 250,000		
6	Water Treatment Facility (phase 2)							\$ 650,000		\$ 250,000	
7	New well assessments (Exploration Phase for 3 sites), and acquire land (possible grant)		\$ 265,000	\$ 1,235,000		\$ 1,500,000		\$ 1,500,000		\$ 1,500,000	
8	3 New wells drilled over 5 years					\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
9	Country Club Tank Recoating, 1999 1.0 MG								\$ 250,000		
10	New 900 Reservoir	\$ 525,000									
11	Transmission line to convey well 16 water directly to ID1 900 Reservoir (Pipeline 1)		\$ 112,000								
12	Transmission line to convey Well 5 water directly to C.C. Reservoir (Pipeline 2)	\$ 83,000		\$ 120,000	\$ 151,000	\$ 120,000	\$ 151,000				
13	Transmission line to convey Well 12 water directly to Tilting T-Di Giorgio (Pipeline 3)						\$ 688,000				
14	Transmission pipeline Slash M Rd. west to Country Club Tank (Pipeline 4)			\$ 175,700							
15	Replace Twin Tanks-(Prop 1 grant)	\$ 579,000									
16	Replace Wilcox Diesel Motor-(Prop 1 grant)	\$ 59,000									
17	Replace Indianhead Reservoir-(Prop 1 grant)	\$ 294,000									
18	Rams Hill #2, 1980 galv. 0.44 MG recoating -(Prop 1 grant)	\$ 161,000									
19											
20	WASTEWATER TREATMENT FACILITIES										
21	Sewer main replacement Club Circle/Force main replace at La Casa; Cleanouts on existing		\$ 150,000	\$ 200,000		\$ 100,000			\$ 100,000		
23	TSC-La Casa Bypass		\$ 100,000	\$ 500,000							
24	Plant-Grit removal at the headworks-(Prop 1 grant) (11,500 from balance line 25)	\$ 100,000									
25	Clarifyer Rehab-Prop 1 Grant (118,500 budget placeholder)	\$ 118,500									
26	Rehab 7 manholes & install weir-Downstream (use clarifyer rehab placeholder)	\$ 107,000									
27											
28	PIPELINE REPLACEMENT /IMPROVEMENT PROGRAM										
29	Emergency water pipeline repairs	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 35,000	\$ 35,000	\$ 35,000
30	10" Bypass at ID1 Booster Station 2	\$ 15,000									
31	Borrego Springs Road, Walking H Drive to Country Club Road Phase 1 (Pipeline 5)				\$ 205,000						
32	Borrego Springs Road, Walking H Drive to Country Club Road Phase 2 (Pipeline 5)					\$ 205,000					
33	T Anchor Drive, Frying Pan Road to Double O Road (Pipeline 6)	\$ 34,000									
34	Weather Vane Drive, Frying Pan Road to Double O Road (Pipeline 7)	\$ 34,000									
35	Frying Pan Road, north and south from T Anchor Drive (Pipeline 8)		\$ 165,000	\$ 83,000							
36	Double O Road, north and south from T Anchor Drive (Pipeline 9)				\$ 313,600						
37	Borrego Springs Road, Weather Vane Drive to Barrel Drive (Pipeline 10)				\$ 105,000						
38	Pipeline for Santiago and ID5 (Pipeline 11)		\$ 110,000	\$ 104,000							
39	De Anza Dr. 1600 block west from Yaqui Road (Pipeline 12)				\$ 252,000						
40	Club Circle Pipeline Evaluation			\$ 50,000							
41											
42											
43	TOTAL - CAPITAL IMPROVEMENTS PROGRAM	\$ 2,134,500	\$ 927,000	\$ 2,492,700	\$ 1,051,600	\$ 2,955,000	\$ 1,504,000	\$ 3,180,000	\$ 1,135,000	\$ 2,785,000	\$ 35,000
44	POSSIBLE PROP 1 GRANT FUNDS	\$ 1,311,500									
45	TOTAL - SHORT LIVED ASSETS (FROM SHEET 2)	\$ 192,000	\$ 240,000	\$ 177,000	\$ 215,000	\$ 80,000	\$ 25,000	\$ 15,000	\$ 195,000	\$ 60,000	\$ 240,000
46	Adjustment for unbudgeted items	\$ (107,000)									
47	TOTAL CIP AND SHORT LIVED ASSETS ANNUAL BUDGET	\$ 2,219,500	\$ 1,167,000	\$ 2,669,700	\$ 1,266,600	\$ 3,035,000	\$ 1,529,000	\$ 3,195,000	\$ 1,330,000	\$ 2,845,000	\$ 275,000
48											
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BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – DECEMBER 20, 2017
AGENDA BILL 2.C

December 14, 2017

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Introduce DRAFT POLICY FOR WATER AND SEWER SERVICE TO NEW DEVELOPMENTS to bring into compliance with SGMA – Anderson/Brecht/Poole

RECOMMENDED ACTION:

Review, discuss and direct staff accordingly

ITEM EXPLANATION:

A comprehensive review of BWD existing Developer Policy was conducted and a determination made that revisions should be considered to ensure the document is in compliance with SGMA. The purpose of this agenda item is to start that discussion.

FISCAL IMPACT

TBD

ATTACHMENT

Draft New Developer Policy

BORREGO WATER DISTRICT

POLICY STATEMENT

SUBJECT: Policy on New Development

NO. 2005-6-1
ADOPTED: June 22, 2005
AMENDED: December 27, 2006
AMENDED: February 20, 2013
AMENDED: March 23, 2016
AMENDED: March 14, 2017
AMENDED: January ___, 2018

Background: The Borrego Water District (“District”) requires new development to pay its own way, so that current ratepayers are not asked to subsidize development projects. Sometimes, however, District desires to extend a water or sewer line at its own cost whenever the result will be an improvement to the system that benefits current and future ratepayers. Because these are differing directions, the differences can sometimes become blurred. District therefore has attempted to resolve the issues with its developer policy. This policy will need to be reviewed from time to time to determine its applicability. What is needed for effective strategic planning is a statement of policy on the subject affirming the general direction.

Policy: It is the policy of the District to encourage responsible growth by requiring developers to install water and sewer transmission, distribution and collection lines at the developer’s expense, in addition to the assessment of capacity charges and connection fees for each new connection to pay for any improvements required to connect to the existing District system and the use of existing system capacity and any necessary expansion of available capacity, consistent with the most current District rate setting ordinance and rate study.

POLICY FOR WATER AND SEWER INFRASTRUCTURE FOR NEW DEVELOPMENTS

_____ (date)

This Policy outlines the procedures and obligations for any developer, contractor, property owner, and others (hereinafter “developers”) proposing “new development” to meet the infrastructure requirements attendant to obtaining water and sewer service from the Borrego Water District (hereinafter “District”). The term “new development” includes: (i) any existing property currently connected to the District’s water or sewer system that increases its demand on the District’s water supply and/or distribution system and/or its sewer collection and treatment system whether by increasing the intensity of use or by altering the use of land; and (ii) development requesting to connect to the District’s water or sewer system), whether or not approved by the County of San Diego (the “County”) under its land use authority.

This Policy governs issues related to connection fees, capacity charges, exactions, and other District charges for new development. However, developers should primarily review the District’s most current rate-setting resolution / ordinance and rate study for the most up to date information on fees.

The District has or will establish a separate policy or policies related to the review of requests for will serve letters for proposed new development as well as related issues regarding ensuring water supply sufficiency for new development.

1. Application of Policy

This Policy provides information and general guidelines regarding the procedures for the District to process requests for a commitment for water and sewer service for new developments as such requests relate to infrastructure needed to serve new development. However, any such request may be subject to review on a case-by-case basis, in the sole discretion of the District. When a developer requests a commitment for water and sewer service for a “major subdivision,” as defined in the San Diego County Code of Regulatory Ordinances at section 81.102(y) as “a subdivision creating five or more lots or units”, or any other residential, commercial or other project that may substantially impact the District’s existing water supply capacity and/or sewer treatment capacity, or that may require major improvements to the District’s water production, treatment, collection or distribution systems and/or to the District’s sewer treatment plant or collection system, such requests shall be considered on a case-by-case basis. The District may modify or add to the provisions of this Policy in reviewing an application from any new development project.

2. Application for Water and Sewer Service

(a) The developer must obtain an Application for Water and Sewer Service (the “Application”) from the District. With the Application the developer shall submit a preliminary plat of the new development which shall include the number of lots to be served, the type of units to be built within the new development, the size of the lots in the new development, the estimated build-

out of the new development and any other information that will assist the District in determining the water and sewer needs of the new development.

(b) The developer must return the completed Application to the District. The developer shall provide any other information requested by the District that the District deems necessary to determine the District facilities needed for or impacted by the new development.

(c) When the Application requests water and sewer service for a major subdivision or larger new development, the developer shall pay a deposit (the "Deposit") based upon a fee schedule set by the Board of Directors. The District General Manager shall have discretion to modify the amount of the deposit, depending upon the size, nature, and any other circumstances affecting the proposed new development project. The Deposit shall cover the anticipated cost to the District of reviewing the new development project, obtaining any engineering report on the feasibility of the water and sewer service requested for the new development project and making a preliminary determination of the on-site and off-site system improvements necessary to provide the water and sewer service requested. The Deposit shall be replenished by the developer in the event it is fully utilized by the District. The District may refuse to continue processing the Application until the Deposit is replenished. Any unused Deposit shall be refunded to the developer within 60 days after the developer gives written notice to the District that the subject new development has been completed or is no longer going forward. The Deposit will be utilized to offset all District expenses related to the Application, including, but not limited to, staff, consultant, and legal costs.

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

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

(f) When the District has completed its review, the developer will be notified of the preliminary conclusions of the District as to the feasibility of serving the developer's new development and the infrastructure required to provide water and sewer service to the new development. Further information about the process for the District to accept developer improvements into the District water and/or sewer system is described in Sections 4 and 5, below.

3. Conditions on Availability of Water and Sewer Service

(a) The District, in its sole discretion, has the right to issue, or not issue, a Water and/or Sewer Availability Letter (aka "Will Serve Letter") to any new development. If issued, such a letters shall be valid for a maximum of 2 (two) years. A Water and Sewer Availability Letter may be revoked unless the developer enters into all applicable contracts with the District and timely pays all applicable District fees and charges related to the new development.

(b) The District's consideration of a request for a Water and Sewer Availability Letter shall be subject to actual availability of groundwater supply to serve the new development, the developer's commitments to enter into needed agreements with the District, the developer and the District agreeing as to the infrastructure needed to serve the proposed new development, any other District policies or ordinances in place at the time the application / request for Water and Sewer Availability Letter is submitted, and any other matter deemed applicable by the District, including the existence of a water shortage or water shortage emergency being declared within the District, including any related regulations, policies or guidelines adopted by the District Board of Directors.

(c) Under no circumstances will a County of San Diego Planning and Development Services PROJECT FACILITY AVAILABILITY – WATER form or comparable form or forms, whether or not signed by the District, constitute a Water and Sewer Availability Letter that is binding upon the District. Only a Water and Sewer Availability Letter issued by the District under the process guidelines described herein be honored by the District.

(d) In determining whether water and sewer service is available for a particular proposed new development, the District may require that the developer provide an accurate projection of the water demand and sewer demand and treatment needs, by a registered engineer, for the entire new development or any phase thereof requested to be served by the District within the Application.

(e) The District may issue any Water and Sewer Availability Letter with limitations or conditions on the maximum amount of water that may be provided to the new development and the maximum amount of (estimated) wastewater that can be collected and treated for the new development. Any maximum limits on water and sewer service for the new development shall be included in the water service contract with the developer under Section 4.

4. Water and Sewer Service Contract

(a) Before water and sewer system improvements are installed for any new development, the District, with the assistance of the District's legal counsel if necessary, will prepare a contract regarding developer-funded improvements needed to serve the new development.

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

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

5. Installation of Improvements

(a) **Cost of Installation.** At its own expense and at no cost and expense to the District, the developer shall furnish, install, lay and construct all on-site and off-site water and sewer system improvements, including all labor and material, as required by the District to be installed to serve the development, to maintain the current level of water and sewer service to existing customers and to meet the District's plan for the level of service to be made available in the general area of the development. The construction and installation of the water and sewer system improvements shall be in strict accordance with the plans, specifications and requirements approved by the District. All construction and installation work shall be performed by qualified contractors licensed in the State of California. The developer shall execute an agreement with the District establishing its obligations related to the water and/or sewer system improvements, as described herein. In addition, the developer shall indemnify and hold the District free and harmless from any claims, demands, losses, damages, or expenses that may directly or indirectly result from the developer's construction, maintenance, use, or repair of water and sewer system improvements, including any loss, damage or expense arising out of (1) loss of or damage to property; and (2) injury to or death of persons, except for any loss, damage, or expense resulting from the sole negligence or willful misconduct of the District, its directors, officers, agents, or employees.

(b) **Notification of Construction.** The District shall be notified at least forty-eight (48) hours before construction is to begin regarding developer installation of water or sewer improvements sought to be later dedicated to the District. Thereafter, the developer shall notify the District of every day during which construction will be in progress in order for the District's inspector to be on the job site during construction. District review of plans and inspection of such facilities during instruction shall, as with all other costs absorbed by the District in acting upon an Application, be reimbursable to the District through the deposit arrangement described above.

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

(d) **Final Inspection.** An authorized representative of the District shall make a final inspection of the water and sewer system improvements for the development after completion to determine acceptability of the work. Before this final inspection can be made, the owner, developer or engineer responsible for the project shall notify the District's Manager in writing that the work has been completed in accordance with approved plans and specifications.

(e) **Final Acceptance.** When the water and sewer system improvements pass the District's final inspection, the District will ordinarily accept dedication of the completed improvements, subject to the developer completing all necessary legal documentation to transfer ownership of such facilities as well as any attendant easements or access rights. Permanent

monuments previously installed which are removed, altered, or destroyed during construction of the improvements shall be properly reinstalled by the developer prior to the District's acceptance of the improvements. The developer shall be responsible for seeing that the person paying the cost of constructing such improvements shall furnish "as-built" drawings to the District at the end of each phase of water and sewer system construction and prior to final acceptance of water and sewer system improvements by the District. The date of final acceptance shall be that date on which the developer has fulfilled all conditions necessary for final acceptance, including passing a final inspection, submitting "as-built" drawings, payment of all fees due, and the placing of all water and sewer system improvements into service by the District. The District will not accept any facilities that are subject to any liens or other legal or financial constraints. The District will notify the developer in writing of the date of its acceptance of the completed facilities.

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

(g) Warranty. The developer shall guarantee all work on the water and sewer system improvements it installs for a period of at least one (1) year from the date of final acceptance and shall immediately correct any deficiencies in the work due to material or workmanship that occurs during the one-year period. The warranty shall be insured by a maintenance bond in the amount specified by the District secured by an irrevocable bank letter of credit or such similar collateral as approved by the District. When a defect is discovered in any water or sewer system improvement under warranty by the developer, the cost of repairing the defect when performed by the District and the damages caused by the defect will be billed to the developer. Notwithstanding the foregoing, the developer's warranty obligations shall not be construed to limit the rights and remedies available to the District at law or in equity, including but not limited to those prescribed by Code of Civil Procedure section 337.15.

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

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

6. Assessments and Collection of Fees and Charges

New development shall be responsible for paying all applicable District fees and charges before water or sewer service will commence. These fees and charges are set out in the most current District resolution or ordinance establishing fees, including but not limited to sewer and water connection and capacity fees, meter fees, and impact fees for sewer and wastewater treatment infrastructure.

7. Approval of Final Plat

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

8. Easements

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

(b) The expenses of obtaining, preparing and recording easements needed for water and sewer system improvements for the new development will be paid by the developer, including but without limitation, the consideration paid to the landowner.

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

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

9. Real Property Acquisition

In the event real property must be acquired for the installation of a water storage tank, a sewer treatment system, a pumping station or other water or sewer system improvement for the development, the expenses of obtaining, preparing, grading, constructing on and recording the acquisition documents for the real property will be paid by the developer, including, but without limitation, the consideration paid to the land owner.

10. Meters

(a) The developer shall pay for all water meters in the development, and the District shall install all residential water meters. The developer or lot owner at their expense shall install commercial water meters, defined herein as any meter greater than one (1) inch.

(b) Each family residence or each duplex or other property shall be served with a separate water meter not smaller than $\frac{3}{4}$ inch in size, except where prior arrangements have been made with the District for apartment complexes, other types of multi-family dwellings, or businesses.

(c) Consistent with Senate Bill 7 (2016), as a condition of new water service, each newly constructed multi-unit residential structure or newly constructed mixed-use residential and commercial structure for which an application for one or more water service connections is submitted after January 1, 2018, shall measure the quantity of water supplied to each individual residential dwelling unit, unless exempt under applicable law. The measurement may be by individual water meters or submeters. The owner of the structure shall install individual meters or submeters that comply with all laws and regulations governing the approval of meter types or the installation, maintenance, reading, billing, and testing of meters, including, but not limited to, the California Plumbing Code and California Water Code. Except as otherwise provided by law or District policy, the owner shall read submeters.

11. Permits

Before beginning construction, the developer or its contractor shall obtain all necessary permits as required by law. Such permits include, but are not limited to, those from State of California and the county highway department for San Diego County.

12. Bonds

Before beginning construction, the developer or its contractor shall furnish the District with a performance bond in an amount equal to the cost of construction and, if the project is more than \$25,000, a labor and material payment bond in an amount equal to one hundred percent (100%) of the performance bond. The bonds shall be on forms provided by the District and secured from an admitted surety company as defined in Code of Civil Procedure section 995.120, authorized to do business in the State of California and acceptable to the District. To the extent permitted by law, the District, in its sole discretion, at any time may reject any bond or require the developer or its contractor to replace any bond or surety at the developer's or its contractor's own cost if the surety

fails to meet the requirements of Code of Civil Procedure section 995.660. The bonds shall remain in effect throughout the duration of the work and expire by operation of law in accordance with California law.

13. Resolution of Disputes

Any controversy or claim arising out of or relating to this Policy or the Water and Sewer Service Contract, or the breach thereof, not resolvable informally shall be governed by the developer's agreement with the District and submitted to the Board of Directors, which may appoint a subcommittee of the board to negotiate the controversy or claim.

DRAFT

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – DECEMBER 20, 2017
AGENDA BILL 2.D

December 14, 2017

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: DRAFT ORDINANCE NO. 12-17-01 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT RELATING TO WATER SHORTAGES AND WATER SHORTAGE EMERGENCIES – Anderson/Brecht/Poole

RECOMMENDED ACTION:

Review, discuss and direct staff accordingly

ITEM EXPLANATION:

The California Constitution and the California Water Code provide the framework within which public agencies may establish and enforce water conservation measures and declare water shortage emergencies. California Constitution article X, section 2 states that:

“[B]ecause of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.”

This constitutional mandate reflects the ever-increasing need for the conservation of water in this state. In furtherance of Article X, the legislature has restated this State water policy in Water Code section 100. This policy is further amplified in Water Code section 106, which declares “that it is the established policy of this State that the use of water for domestic purposes is the highest use of water and the next highest use is for irrigation,” and in additional provisions of the California Water Code governing water conservation and water shortage emergencies.

Water Shortage Emergencies

In addition to water conservation programs (see Water Code, § 375 et seq.), a public water agency may institute even more stringent water conservation measures by declaring a water shortage emergency. Water Code, section 350 provides, in full:

“The governing body of a distributor of a public water supply, whether publicly or privately owned and including a mutual water company, may declare a water shortage emergency condition to prevail within the area served by such distributor whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection.”

A “water shortage emergency condition” includes both an immediate emergency, in which a public agency is unable to meet its customers’ current needs, as well as a threatened water shortage, in which a public agency determines that its supply cannot meet increased future demand. Swanson v. Marin Mu. Water Dist, 56 Cal. App. 3d 512, 519-520 (1976) (“Swanson”); Bldg. Indus. Ass'n of N. Calif. v. Marin Mun. Water Dist., 235 Cal. App. 3d 1641, 1646 (1991) (“BIA”); San Diego County Water Auth. v. Metropolitan Wat. Dist., 117 Cal. App. 4th 13, 19 (2004) (“SDCWA”).

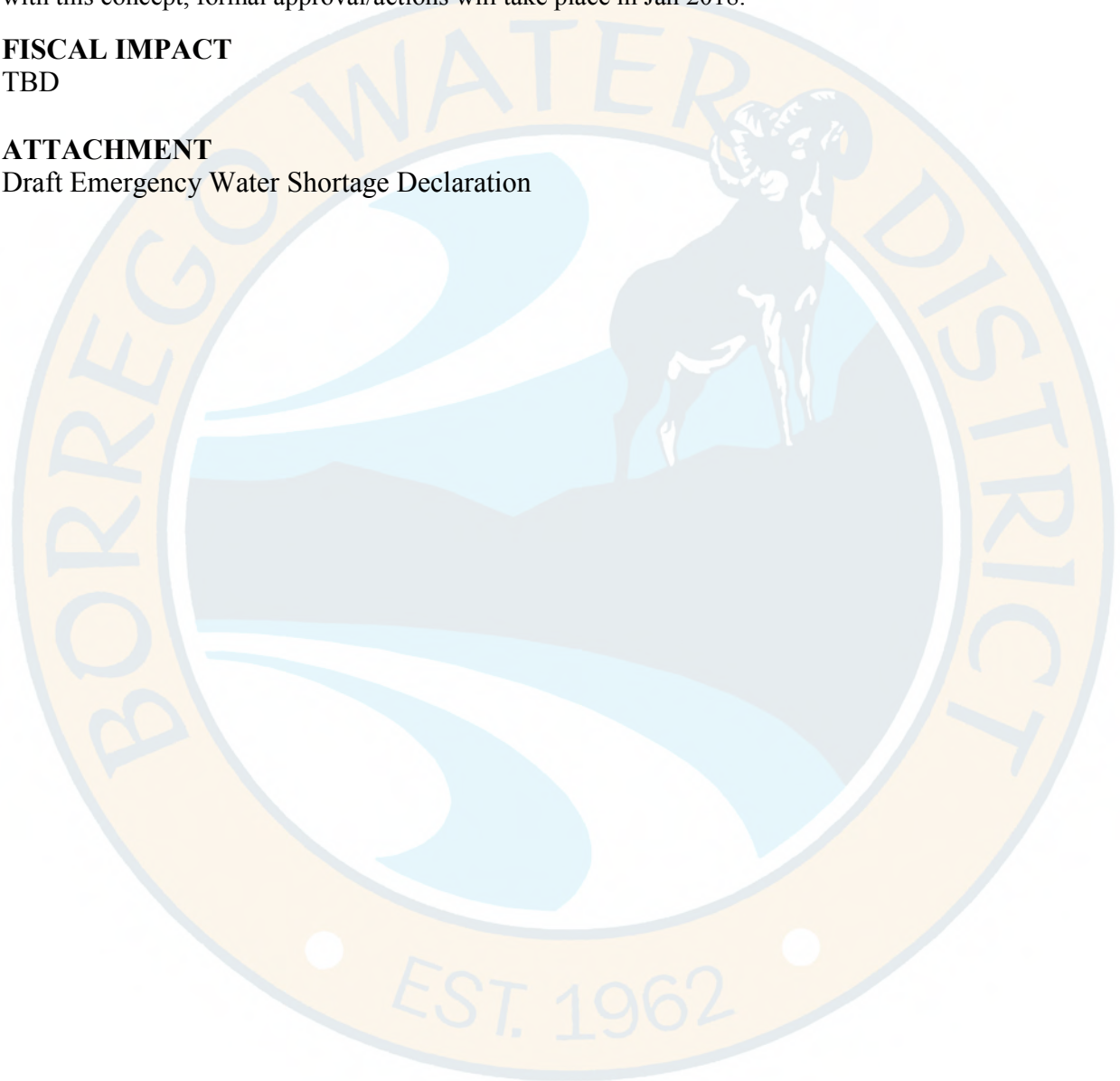
Attached is the first draft of a document for Board review and discussion. If the Board desires to proceed with this concept, formal approval/actions will take place in Jan 2018.

FISCAL IMPACT

TBD

ATTACHMENT

Draft Emergency Water Shortage Declaration



ORDINANCE NO. 12-17-01 OF THE BOARD OF
DIRECTORS OF THE BORREGO WATER DISTRICT
RELATING TO WATER SHORTAGES AND WATER
SHORTAGE EMERGENCIES

WHEREAS, California Constitution article X, section 2 and California Water Code section 100 provide that because of conditions prevailing in the state of California (the "State"), it is the declared policy of the State that the general welfare requires that the water resources of the State shall be put to beneficial use to the fullest extent of which they are capable, the waste or unreasonable use of water shall be prevented, and the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and the public welfare; and

WHEREAS, the Borrego Springs Subbasin of the Borrego Valley Groundwater Basin (the "Basin") serves as the sole source of water supply to Borrego Water District (the "District") and its customers; and

WHEREAS, the State Department of Water Resources ("DWR") has declared the Basin to be in a state of critical overdraft (DWR Bulletin 118, Basin No. 7-24); and

WHEREAS, under the Sustainable Groundwater Management Act ("SGMA"), a groundwater sustainability plan ("GSP") for the Basin must be adopted and submitted to DWR no later than January 31, 2020 and the sustainability goals for the Basin must be achieved within twenty (20) years of implementation of the GSP; and

WHEREAS, pursuant to California Water Code section 106, it is the declared policy of the State that the use of water for domestic use is the highest use of water and that the next highest use is for irrigation; and

WHEREAS, under Water Code sections 377.5, 35423, and 35424, the District has authority to adopt rules and regulations for the sale and distribution of water, including provisions for terminating the service of and imposing fines and penalties upon water users who do not comply with such rules and regulations; and

WHEREAS, pursuant to California Water Code section 375 through 378, the District is authorized to adopt and enforce a water conservation program to reduce the quantity of water used by persons within its jurisdiction for the purpose of conserving the water supplies of the District and impose civil administrative and volumetric penalties for the violation of any such conservation program rules and regulations; and

WHEREAS, the total water supply available to the District is dependent upon rainfall in higher elevations; and

WHEREAS, in periods of insufficient natural groundwater recharge it may be necessary for the District to declare a water shortage or a water shortage emergency; and

WHEREAS, pursuant to Water Code sections 350 through 359, the Board of Directors (“Board”) of the District is authorized to declare a water shortage emergency whenever the Board finds and determines that the ordinary demands and requirements of water users cannot be satisfied without depleting the water supply of the District to the extent that there would be insufficient water for human consumption, sanitation and fire protection; and

WHEREAS, in the event the District determines that it is necessary to declare that a water shortage or a water shortage emergency exists, the District will be authorized to implement certain water shortage response and demand management measures and a water conservation and regulatory program to regulate water consumption activities within the District and ensure that the water delivered in the District is put to beneficial use for the greatest public benefit, with particular regard to domestic use, including human consumption, sanitation, and fire protection, and that the waste or unreasonable use of water is prevented; and

WHEREAS, the District is authorized to prescribe and define by ordinance or resolution restrictions, prohibitions, and exclusions for the use of water during a threatened or existing water shortage and adopt and enforce a water conservation and regulatory program to: (i) prohibit the waste of District water or the use of District water during such period; (ii) prohibit the use of water during such periods for specific uses that the District may from time to time determine nonessential; and (iii) reduce and restrict the quantity of water used by those persons within the District for the purpose of conserving the water supplies of the District; and

WHEREAS, it has been estimated that more than half of residential water use in many parts of California is used to irrigate lawns and outdoor landscaping; and

WHEREAS, the District has determined that during water shortages, the use of outdoor water for irrigating lawns and outdoor landscaping is not essential to public health and safety, and may be an unreasonable use, an unreasonable method of use, or a waste of water; and

WHEREAS, during a water shortage the greatest reductions in water usage may best be achieved by single-family residential customers and customers with dedicated irrigation meters by reducing the amount of discretionary, nonessential use of potable water to irrigate lawns and landscaping; and

WHEREAS, water use by commercial and industrial customers is generally non-discretionary in that the water used is almost exclusively used for purposes such as product development, production processes and other market conditions, and as such, penalties are not likely to result in increased conservation for non-essential uses; and

WHEREAS, commercial and industrial customers water use varies across all business types and industries, and such customers ordinarily have limited discretionary water use; and

WHEREAS, to secure compliance with the rules and regulations that may be established during a water shortage emergency, and assure important public policy objectives are achieved for the reduction of water usage during such severe and critical water shortages, the District is proposing to establish and impose penalties for excessive water usage by single-family residential customers and customers with dedicated irrigation meters when the District has declared a water shortage emergency, as such term is defined herein; and

WHEREAS, to protect the water resources of the District, the District has and will continue to: (i) implement any supply augmentation measures that are economically feasible; and (ii) reduce any leaks to its municipal distribution system that are technically and economically warranted in order to reduce the potential impact on ratepayer's End User Requirements under this Ordinance.

NOW, THEREFORE, the Board of Directors of Borrego Water District does order as follows:

Section 1. Water Shortage Conditions. A water supply shortage ("Water Shortage") is deemed to exist within the District when the Board determines that the water supply conditions within the District are insufficient to meet normal municipal water demands, potential future municipal water demands based on San Diego County (the "County") zoning and/or subdivision approvals within the District's service area, or when the State mandates water use reductions within the District's municipal service boundaries. A water shortage emergency ("Water Shortage Emergency") is deemed to exist within the District whenever the Board finds and determines that the ordinary demands and requirements of water users cannot be satisfied without depleting the available water supply of the District to the extent that there may be insufficient water for human consumption, sanitation, and fire protection. A Water Shortage Emergency includes both an immediate emergency, in which the District is unable to meet the current water needs of persons within the District, as well as a threatened water shortage, in which the Board determines that the District's supply cannot meet an increased future demand.

Section 2. Demand Management.

(a) This Ordinance provides permanent water conservation and demand management measures that shall be in effect at all times within the District and temporary water conservation and demand management measures that may be implemented during a Water Shortage and/or a Water Shortage Emergency. The rules and regulations are necessary to respond to any significant reductions to the District's water supply as a result of drought, natural disasters, regulatory action, and a planned or unplanned Water Shortage or Water Shortage Emergency. The Board may by the resolution or ordinance declaring a Water Shortage or Water Shortage Emergency implement any other water conservation or demand management measure or measures it deems appropriate based on the water shortage conditions prevailing in the District or as directed or ordered by

the State. The longer a Water Shortage or Water Shortage Emergency persists, or the more severe the Water Shortage or Water Shortage Emergency becomes, the more stringent the water conservation and demand management measures may become.

(b) Additional water conservation and demand management measures may be based on the amount and availability of water, as well as operational considerations. Operational considerations include, but are not limited to, the District's ability to meet actual and anticipated customer demands, sanitation, and fire-fighting demands, as well as State-mandated reductions in water use within the District.

(c) When the Board has determined that it is necessary to declare a Water Shortage Emergency, the Board shall hold a public hearing in accordance with Water Code sections 350 through 352. At the hearing, users of District water will have an opportunity to be heard relative to the proposed declaration by the Board that a Water Shortage Emergency exists within the District. Following the public hearing and upon a Board declaration, in the form of a resolution or ordinance, that a Water Shortage Emergency exists, all water users within the District shall restrict their use of water supplied by the District in accordance with the applicable water conservation and demand management measures set forth herein and in the ordinance or resolution declaring the Water Shortage emergency, as determined by the Board. Upon the adoption of the Water Shortage Emergency ordinance or resolution, the District's General Manager shall be authorized to implement and enforce the water conservation and demand management measures set forth therein.

(d) To ensure that landscape projects are not unduly water-needy and to conserve regional water resources, the District strongly encourages the installation of vegetation meeting Water Use Classifications of Landscape Species with low or very low watering needs for low desert regions for any new or rehabilitated landscaping within the District.

Section 4. Mandatory End User Requirements.

(a) As required by water conservation regulations adopted by the State Water Resources Control Board, to prevent the waste and unreasonable use of water and to promote water conservation, each of the following actions is prohibited at all times, except where necessary to address an immediate health and safety need or to comply with a term or condition in a permit issued by a State or federal agency:

- (1) The application of potable water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures;

- (2) The use of a hose that dispenses potable water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use.
- (3) The application of potable water to driveways and sidewalks;
- (4) The use of potable water in a fountain or other decorative water feature, except where the water is part of a recirculating system;
- (5) The application of potable water to outdoor landscapes during and within 48 hours after measurable rainfall;
- (6) The serving of drinking water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased;
- (7) The irrigation with potable water of ornamental turf on public street medians;
- (8) The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development; and
- (9) Any other activity that constitutes a waste of water.

(b) To promote water conservation, operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language.

Section 5. Water Shortages.

- (a) Upon the declaration of a Water Shortage:
 - (1) Users of District water shall eliminate water leaks on their property.
 - (2) Users of District water will be requested to voluntarily limit the quantity of water used to that amount absolutely necessary for domestic and commercial purposes. Users should take all steps necessary to prevent the waste of

water and to assure that all water is beneficially used to the maximum extent possible.

- (3) If voluntary conservation measures do not produce the District's conservation goals, additional mandatory municipal water conservation and demand management measures may be applicable based on the actual or potential Water Shortage conditions prevailing in the District or as directed or ordered by the State.

Section 6. Water Shortage Emergencies.

- (a) Upon the declaration of a Water Shortage Emergency:
 - (1) Users of District water shall eliminate water leaks on their property within seventy-two (72) hours of when the leak is detected.
 - (2) Users of District water may be required to limit the quantity of water used to that amount absolutely necessary for domestic, commercial, and irrigation purposes.
 - (3) Users should take all steps necessary to prevent the waste of water and to assure that all water is beneficially used to the maximum extent possible.
 - (4) If mandatory limitations in the quantity of water are implemented and do not produce the District's conservation goals or State-mandated water use reduction goals or restrictions, additional mandatory water conservation and demand management measures may be applicable based on the actual or potential Water Shortage Emergency conditions prevailing in the District or as directed or ordered by the State. Additional mandatory limitations may include, but are not limited to:
 - (A) Prohibiting the issuance of construction meters and the use of potable water for earth work, road construction purposes, dust control, compaction, or trench jetting;
 - (B) Limiting the time of day and the period of time that water users may irrigate outdoor landscaping, or prohibiting all outdoor watering and irrigation of lawns and ground cover, and landscaping with potable water; and

(C) Prohibiting the filling or refilling of swimming pools, spas, ponds, streams, and artificial lakes.

(b) Upon the declaration of a Water Shortage Emergency, the General Manager shall implement the provisions of such declaration as well as any additional rules and regulations that accompany such declaration. The Board may also deny applications for new or additional water service connections, subject to any rules, regulations or policies adopted by the Board.

Section 7. Violations and Penalties.

(a) Failure to comply with any mandatory water conservation and demand management measure, restriction, rule, or regulation set forth in this Ordinance, or as adopted by the Board by a resolution or ordinance declaring a Water Shortage or Water Shortage Emergency, shall result in a volumetric penalty or an administrative penalty.

(b) If mandatory limitations in the quantity of water that may be used by water users are implemented, the District may impose volumetric penalties for violations of the water use limitations. Volumetric penalties that may be imposed by the District are set forth in Exhibit A to this Ordinance.

(c) Violations of the water use restrictions and prohibitions set forth herein may result in the following actions.

(1) Violations of any of the water use restrictions set forth in Sections 4, 5, and 6 shall be cumulative.

(2) All notices of violation shall be directed to the customer of record and property owner for the premises where the violation was observed.

(3) Notice of Violation. The General Manager is authorized and directed to issue a written notice of violation to any person who fails or refuses to comply with any water use restriction set forth herein. The notice shall specify the nature of the violation and whether an administrative penalty or volumetric penalty is being imposed.

(A) Administrative Penalties. The administrative penalty shall be a fine in the amount of \$200 for each violation, which shall be added to the water bill for the period in which the violation occurred. Failure to make payment of the entire amount due, including the administrative penalty, shall subject the person to the normal consequences for failure to

timely pay a water bill as set forth in the District's Rules and Regulations.

- (B) Volumetric Penalties. Volumetric penalties shall be imposed in an amount based on the formula adopted by an ordinance or resolution of the Board and shall be added to the water bill for the billing cycle in which the violation occurred. Failure to make payment of the entire amount due, including the volumetric penalty, shall subject the person to the normal consequences for failure to timely pay a water bill as set forth in the District's Rules and Regulations

Section 8. Appeal Provisions. A water user may file a request for relief from any provision of this Ordinance, which request shall be submitted in writing to the General Manager and shall include all information necessary for resolution of the request.

(a) The General Manager may grant relief from the provisions of this Ordinance if he or she determines that the requested relief is necessary to protect public health, sanitation, safety or the welfare of the water user requesting relief of the District. The General Manager may deny or approve, in whole or in part, the request for relief. Within a reasonable period of time, the water user will be notified of the General Manager's decision in writing.

(b) A water user has the right to appeal the General Manager's decision to the Board. The appeal must be in writing and received by the District within ten (10) days of the date of delivery of the General Manager's decision. The appeal shall be considered by the Board within a reasonable period of time from the date the timely appeal is filed. The water user shall have the right to personally appear before the Board as part of the appeals process. The Board may, at its discretion, affirm or modify the General Manager's decision and impose any conditions it deems proper. Written notice of the Board's decision shall be furnished to the water user. The decision of the Board shall be final.

Section 9. Conflicting Provisions. If provisions of this Ordinance are in conflict with each other, other rules and regulations of the District, any other resolution or ordinance of the District, or any State law or regulation, the more restrictive provisions shall apply.

Section 10. Severability. If any provision, section, subsection, sentence, clause or phrase or sections of this Ordinance, or the application of same to any person or set of circumstances, is for any reason held to be unconstitutional, void or invalid, the invalidity of the remaining portions of sections of this Ordinance shall not be affected, it being the intent of the Board in adopting this Ordinance that no portions, provisions, or regulations contained herein shall become inoperative, or fail by reason of the unconstitutionality of any other provision hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

THIS ORDINANCE shall become effective immediately upon adoption.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Borrego Water District held on the ___ day of ___ 201_, by the following vote:

Ayes:

Noes:

Absent:

Board President

ATTEST:

Board Secretary

DRAFT

EXHIBIT A

VOLUMETRIC PENALTIES

Water Shortage Penalty Period beginning _____, 2018 through _____, 2019

Threshold for Excessive Use Customers during Penalty Period:

- Reduction in monthly water use above a threshold of 28 HCF/month

Who Does this Penalty Apply To:

- No Tier 1 residential HCF monthly usage
- Tier 2 residential monthly usage above 21 HCF/month average

Penalty for exceeding monthly target reductions

- \$0.25/HCF for exceeding monthly usage threshold through June 30, 2018
- \$0.57/HCF for exceeding monthly usage threshold beginning July 1, 2018 through June 30, 2019

Penalty Payment Assessed on Your Monthly Water Bill

- Non payment of penalty is a non-payment of your water bill resulting in additional penalties and potential loss of water service

Rationale

The current annual groundwater production for the BWD was 1,606 acre-feet for the period from May 2015 to May 2016. Annual groundwater production peaked in 2010 at 2,013 acre-feet and has been trending downward over the past five years. The 2015 annual groundwater production is 1,645 acre-feet, which is an 18% decrease from 2010. The decrease in water demand is attributed to both an increase in water rates and the Governor's Emergency Regulation for Statewide Urban Water Conservation. Additionally, the BWD has been proactive in publicizing the long-term water supply realities of the Borrego Springs Subbasin (Borrego Basin) of the Borrego Valley Groundwater Basin and providing conservation measures such as landscape audits to reduce outdoor water use. The objective of this specific policy is to determine how much additional demand management potential may exist by existing heavy water use customers in advance of anticipated SGMA-mandated reductions without penalizing minimum and average water use customers who may already be at reasonable monthly usage.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – DECEMBER 20, 2017
AGENDA BILL 2.E

December 14, 2017

TO: Board of Directors, Borrego Water District

FROM: Geoff Poole, General Manager

SUBJECT: DRAFT ORDINANCE NO. 12-17-02 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT DECLARING A WATER SHORTAGE EMERGENCY – Anderson/Brecht/Poole

RECOMMENDED ACTION:

Review, discuss and direct staff accordingly

ITEM EXPLANATION:

As a follow up to the previous item, the attached Ordinance declares a shortage exists.

FISCAL IMPACT

TBD

ATTACHMENT

Draft Ordinance Declaring Water Shortage Emergency

DRAFT ORDINANCE NO 12-17-02 OF THE
BOARD OF DIRECTORS OF BORREGO WATER DISTRICT DECLARING
A WATER SHORTAGE EMERGENCY

WHEREAS, Borrego Water District (“District”) adopted Ordinance No. 2018-___ regarding water conservation and water shortages (“Water Conservation Ordinance”) on January ___, 2018; and

WHEREAS, Water Code, section 350 et seq. and Section 5 of the Water Conservation Ordinance authorize the District Board of Directors to declare a water shortage emergency, upon the Board making certain findings; and

WHEREAS, Water Code, sections 35453 et seq. provide the District Board of Directors with flexibility to determine water service priorities in the event of a water shortage; and

WHEREAS, the Borrego Springs Subbasin of the Borrego Valley Groundwater Basin (the “Basin”) serves as the sole source of supply to the District and its customers; and

WHEREAS, the State Department of Water Resources (“DWR”) has declared the Basin to be in a state of critical overdraft (DWR Bulletin 118, Basin No. 7-24); and

WHEREAS, under the Sustainable Groundwater Management Act (“SGMA”), a groundwater sustainability plan (“GSP”) for the Basin must be adopted and submitted to DWR no later than January 31, 2020 and the sustainability goals for the Basin must be achieved within twenty (20) years of implementation of the GSP; and

WHEREAS, numerous reports and studies, including the United States Geological Survey (USGS) study: *Hydrogeology, Hydrogeologic Effects of Development, and Simulation of Groundwater Flow in the Borrego Valley, San Diego County* (2015), have concluded that the Basin is in a state of overdraft and that far more water is extracted from the Basin on a short-term and long-term basis than recharges the Basin;

WHEREAS, given the above circumstances, the District Board of Directors has concluded that the ordinary demands and requirements of water consumers within the District cannot be satisfied without depleting the District’s water supply, to the extent that there would be insufficient water for human consumption, sanitation, and fire protection; and

WHEREAS, the Board of Directors has concluded that there exists a Water Shortage Emergency.

NOW, THEREFORE, be it resolved by the Board of Directors of the Borrego Water District, as follows:

Section 1. The Board of Directors finds and determines that the ordinary demands and requirements of District water consumers as well as expected future demands cannot be satisfied without depleting the water supply of the District to the extent that there would be insufficient water

for human consumption, sanitation, and fire protection. In addition, portions of the Basin's water supply are adversely affected by poor water quality.

Section 2. The Board of Directors hereby declares a water shortage emergency under Sections 3(c), 5 and 6 of the Water Conservation Ordinance and Water Code section 350 et seq.

Section 3. The Board of Directors hereby directs the General Manager to implement the conservation measures identified in Sections 4, 5, 6 and 7 of the Water Conservation Ordinance.

Section 4. The Board of Directors hereby adopts the policy statement attached hereto as Exhibit "A" and the guidelines attached hereto as Exhibit A.1 regarding water supply availability for new development.

Section 5. This Declaration has been adopted, following a Public Hearing, which was noticed at least seven (7) days prior to the date of the Public Hearing in the _____ newspaper. This Declaration is effective as of _____. 2018.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Borrego Water District held on the ___ day of ___ 2018, by the following vote:

Ayes:

Noes:

Absent:

Beth Hart
Board President

ATTEST:

Board Secretary

EXHIBIT A

BORREGO WATER DISTRICT POLICY STATEMENT REGARDING EMERGENCY WATER SHORTAGE DECLARATION

The Borrego Water District (“District”) and the County of San Diego (“County”), acting as members of the groundwater sustainability agency (“GSA”) for the critically overdrafted Borrego Springs Subbasin of the Borrego Valley Groundwater Basin (“Basin”), are currently preparing a groundwater sustainability plan to meet the requirements of the Sustainable Groundwater Management Act (“SGMA”) for the Basin. SGMA requires that a groundwater sustainability plan (“GSP”) for the Basin be adopted and submitted to the California Department of Water Resources no later than January 31, 2020.

As part of the GSP preparation process, the GSA members are acting very closely with numerous citizens and constituencies within the Borrego Springs community. For many years, the focus of discussion has been on establishing mechanisms to bring Basin pumping more into balance with the volume of water that naturally recharges the Basin. All parties concerned recognize the very significant challenges and multiple interests associated with this effort.

One aspect of a potential solution has been the idea that conservation and efficiency of use of water resources by all sectors of the community should be paramount. With the adoption of the District’s Water Conservation Ordinance and the Ordinance Declaring a Water Shortage Emergency, the District Board of Directors is forcefully proclaiming its commitment to water conservation and efficiency, consistent with the California Constitution and California law.

Another aspect of a potential solution to the community’s and new development’s water supply needs is the voluntary transfer, over the longer term, of verifiable, documented water supplies from the agricultural community to serve new development, for the benefit of domestic and other users.

Concerns have also been raised that Basin groundwater levels, supplies and quality (in some locations) will further and potentially irretrievably diminish before the GSP is adopted and fully implemented.

Under California law, in its role as a public water agency, the District’s primary role is to provide water supplies to its existing customers. At the same time, in its role as a water agency, the District intends to encourage and facilitate responsible new development. In its role as one of two members of the Borrego Valley Basin GSA, the District is also required to bring the Basin into sustainability by no later than 2040.

The District Board of Directors believes that the most efficient and appropriate mechanism for ensuring sufficiency of water supplies for new development is for a voluntary, market-based system to be established to facilitate the transfer of water from overlying uses to municipal or other uses associated with new development. The transfer of such supplies must be verifiable conveyances of “wet” water, rather than transfer of paper water or water supplies beyond the safe yield of the Basin.

In the view of the District, it is incumbent upon new development to acquire sufficient water supplies for transfer and use by the District to establish that such new development will not have an

adverse impact upon the Basin or water supplies available to the District and its existing customers. This fundamental requirement flows from the basic mandates of California law related to water supply availability, environmental impacts (i.e., the California Environmental Quality Act (“CEQA”)), and the Water Code.

In the view of the District, one significant hurdle to establishing a market for water rights relates to legal uncertainties related to transferring water/water rights from landowners (i.e., overlyers) to new development (i.e., municipal uses).

The District anticipates that the GSP will attempt to address a potential water market as a mechanism to try to reach Basin sustainability. However, the structure of such a market will be a product of collective decision-making by the community. Only if attempts to reach a mutually beneficial resolution are not reached does the District anticipate that the GSA would be obligated to consider resolving the issues as a regulatory matter or as a last resort to rely on the State Water Resources Control Board to enforce SGMA regulations.

One important factor is determining how the community can ensure that Basin water rights are both verified and freely transferrable. One potential avenue the District encourages the community to explore is establishing and confirming the transferability of water rights through available legal means, such as through validation of the ultimately approved GSP and/or having a court approve a stipulated judgment among Basin water rights holders directly recognizing water rights transferability.

The District further believes that land use decisions undertaken by the County must more fully and directly recognize the challenging water supply situation faced by the Borrego Springs community and the District. This recognition is required not only by common sense, but also by CEQA and other applicable law. The District desires to act compatibly with the County on water supply issues related to new development. This aim can be best achieved through deeper collaboration between the two parties, with the understanding that consideration of new development applications and other land use decisions by the County in the Borrego Springs region must be undertaken with a keen eye toward water supply availability issues.

To attempt to address a few of the above concerns in regards to how the District intends to review applications for Water and Sewer Service Availability Letters (“Will Serve Letters”) during the water supply emergency period, the District adopts the following Guidelines Regarding Water Supply Availability for New Development (attached hereto as Exhibit A.1).

EXHIBIT A.1.

**DRAFT GUIDELINES REGARDING
WATER SUPPLY AVAILABILITY FOR NEW DEVELOPMENT**

Under Water Code, section 353, upon the adoption of an ordinance declaring an emergency condition of water shortage within its service area, the District is required to “adopt such regulations and restrictions on the delivery of water and the consumption within said area of water supplied for public use as will in the sound discretion of the [District Board of Directors] conserve the water supply for the greatest public benefit with particular regard to domestic use, sanitation, and fire protection.” The District establishes the following guidelines regarding water supply availability for new development during the duration of the declared water supply emergency.

(1) “New Development” will include any “major subdivision,” as defined in the San Diego County Code of Regulatory Ordinances at section 81.102(y) as “a subdivision creating five or more lots or units,” as well as the following _____.

(2) The District Policy for Water and Sewer Infrastructure for New Development (adopted as an exhibit to the District Water Conservation Ordinance) (“Infrastructure Policy”) shall apply to all New Development, including in review of applications for Will Serve Letters. That policy contains provisions related to facilities, installation of improvements for new development, and related requirements. New development shall comply or agree to comply in writing with all provisions of such policy as a pre-condition to District review of an application for a Will Serve Letter.

(3) The District will review and act upon each application for a Will Serve Letter for any project requesting to connect to the District’s water system on a case-by-case basis. Under no circumstances will a County of San Diego Planning and Development Services Project Facility Availability – water form or comparable form, whether or not signed by the District, constitute a Will Serve Letter binding upon the District and obligating the District to serve water to such new development. Only Will Serve Letters issued by the District and approved by the District Board of Directors pursuant to these Guidelines and the Infrastructure Policy will be honored by the District. Will Serve Letters will be valid for a maximum of two (2) years or shorter period established by the Board.

(4) **INSERT FURTHER DETAILS ON HOW DISTRICT INTENDS TO REVIEW WILL SERVE LETTER APPLICATIONS.**

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – DECEMBER 20, 2017
AGENDA BILL 2.F

December 14, 2017

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: BWD Fats, Oils and Grease Program, Sewer System Management Plan and Sewer Use Regulations update – Poole

RECOMMENDED ACTION:

Review, discuss and approve amendments as needed

ITEM EXPLANATION:

In light of recent events, Staff, JC Labs and BBK have conducted a review of BWD existing FOG Program, Sewer System Management Plan and Sewer Use Regulation and the attached draft incorporates the recommended changes. BBK provided a model from another agency and staff included components from the City of Avalon's FOG program that apply in Borrego.

Members of the Operations and Infrastructure Committee and staff had an opportunity to review each change. The most significant impact from this Policy revisions is a new requirement that the Food Service Establishments use professional cleaning services to clean their grease traps and dispose of the waste in an approved location. A Manifest from each grease pick up is required and must be retained and available for review by BWD. To do anything less (such as allowing the owner to clean the traps, creates a situation where it is too easy to rinse out the traps with hot water and push the problem into BWD's collection system.

FISCAL IMPACT
TBD

ATTACHMENT

Draft Fats, Oils and Grease Policy, SSMP Plan and Sewer Use Regulations with proposed changes redlined.

6. FOG CONTROL PROGRAM

Section (6.0.1): The BWD controls fats, oils and grease (FOG) in its collection system through the implementation of the requirements contained in Section 7.4.4.D [and 7.4.5](#) of the Administrative Code which prohibits the discharge of these substances in a concentration greater than 100 mg/l (ppm). The District implements this provision through monthly inspection of all grease traps located within the District. Any violators are given orders to have their grease trap pumped if it is found to be overloaded or causing a discharge in violation of the aforementioned Code.

The legal authority for the Borrego Water District (BWD) to operate and maintain the sanitary sewer is contained generally in the California Water Code, and mandated by both the State Water Resources Control Board and Regional Water Quality Control Boards of California. The orders and mandates of these authorities stipulate several waste discharge requirements for sanitary sewer systems. These orders and mandates are documented in the BWD Sewer System Management Plan (SSMP). The following is general information regarding grease traps in food service ~~establishments~~[In establishments.](#)

[In](#) general, the BWD has not experienced any problems with these substances under the present method of inspection and through coordination with the San Diego Department of Environmental Health, which also regulates the restaurants that are the primary source of these contaminants.

Program Background

The District's Wastewater Division will permit and inspect grease and oil generating facilities to ensure control of discharges that may cause blockages. A Fats, Oil and Grease Control Program (FOG) is to be implemented by the District. It will include discharger education on the control of fats, oil and grease, and specific guidelines food facilities must follow. The program will be implemented by a District designated Industrial Waste Inspector. The California Regional Water Quality Control Board will require annual inspections and implementation of FOG control measures as a part of this recommended program as food service establishments are the largest non-domestic contributors of fats, oil and grease to the District's wastewater collection system.

Under the FOG program, the Food Service Establishment (FSE) is to document that each grease trap/interceptor is maintained to prevent FOG from entering the District's collection system. Inspections are to be conducted using an inspection form which addresses best management practices for the prevention of FOG discharges to the sewer. FSEs must maintain records of FOG program maintenance and disposal. Restaurant protocols that eliminate FOG from entering inside drains are considered including employee training and documentation of grease trap/interceptor cleaning. Inspections of FOG program and maintenance records may be completed on-site during any hour of operation.

Additionally, less preventive maintenance and fewer sanitary sewer overflows caused by fats, oil and grease allow the District to perform other required infrastructure work.

(k) After the effective date of the ordinance codified in this chapter, all establishments covered by this chapter shall install an approved grease trap or grease interceptor of sufficient size to prevent discharges into the sewer system.

(l) Maintenance-

(1) Traps and interceptors shall be maintained in efficient operating condition by periodic removal of the accumulated grease. No collected grease shall be introduced into any public or private drainage piping.

(2) Any grease trap or grease interceptor required by this chapter shall be readily accessible for inspection and properly maintained to assure that accumulations of grease or oil do not impair its efficiency or transport grease or oil into the sewer system.

(3) All food service establishments or businesses required under this chapter to install and maintain a grease trap or grease interceptor shall maintain a maintenance record for the grease trap or grease interceptor, which shall be transmitted the BWD on a quarterly basis. This record shall include the date, quantity of FOG removed from the FSE, name of the person/company who performed cleaning and the disposal site of the waste. ~~All FSE owners must sign a waste manifest form before having a waste load transported by a permitted hauler. The FSE owner shall also keep copies of the manifest form for a period of at least three years, and make all manifest records available for inspection by the District during normal business hours. Licensed haulers or an approved recycling facility must be used to dispose of waste cooking oil.~~

Grease traps shall be maintained free of all food residues and any FOG waste removed during the cleaning and scraping process. Grease traps shall be inspected periodically to check for leaking seams and pipes, and for effective operation of the baffles and flow regulating device. Grease traps and their baffles shall be maintained free of all caked-on FOG and waste. Removable baffles shall be removed and cleaned during the maintenance process.

All waste cooking oil and grease shall be collected and stored properly in recycling barrels or drums. Such recycling barrels or drums shall be maintained appropriately to ensure they do no leak.

The [maintenance](#) record shall be posted in a conspicuous location and be available for review by the BWD's inspector at each routine inspection and at such other time as

necessary to determine whether a particular establishment may be performing maintenance contrary to the provisions of this chapter.

(4) All FSE owners must sign a waste manifest form before having a waste load transported by a permitted hauler. The FSE owner shall also keep copies of the manifest form for a period of at least three years, and make all manifest records available for inspection by the District during normal business hours. Licensed haulers or an approved recycling facility must be used to dispose of waste cooking oil.

(45) The BWD or its designee shall perform grease trap and grease interceptor inspections bi-annually, or more often at the discretion of the BWD should maintenance reports not be received or should a grease trap or grease interceptor fail to operate properly.

(56) In the event the BWD determines that a food service establishment or business required to install and maintain a grease trap either fails to maintain the maintenance record required by this section, or fails to maintain the grease trap as required by this section, the BWD may require the immediate installation of a grease interceptor.

(67) In the event a sewer spill, sewer main blockage or odor problem is reported and is determined to be caused by excessive grease generation BWD inspectors will investigate facilities contributing to the incident. A determination will be made as to which facilities contributed to the blockage, spill or odor problem. Subsequently more in-depth inspections of those facilities will be conducted where appropriate and additional requirements and/or procedures will be put in place. Where requirements are made for additional grease removal equipment or maintenance the facility (FSE) is given a date to comply. A notice of violation is issued once a facility has passed the final due date for compliance. Administrative hearings, permit revocation and termination of sewer service may occur for facilities who fail to comply.

(78) The District may require a FSE to construct and maintain in proper operating condition at the Food Service Establishment's sole expense, monitoring facilities and practices. The District may require a FSE to inspect and sample wastewater discharges of any Food Service Establishment to ascertain whether the intent of this Article is being met. The District may require the Food Service Establishment to submit waste analysis plans, contingency plans, and meet other necessary requirements to ensure proper operation and maintenance of the grease control device or grease interceptor and compliance with this Article.(m) Suspension or Termination of Health Permit- The BWD shall have the discretion

to request the County of San Diego Department of Environmental to terminate or cause to be terminated the health permit of any user if a violation of any provision of this chapter is found to cause a condition of contamination, pollution, nuisance, or other threat to public health or safety.

(n) Request for Ruling - If an applicant for a permit or the owner of a grease trap or grease interceptor disputes the interpretation or application of this chapter, he/she may request a written ruling from the General Manager of the BWD. The decision of the BWD General Manager shall be final for all purposes.

~~B. C.~~

****End FOG Control Program****

6. FOG CONTROL PROGRAM

Section (6.0.1): The BWD controls fats, oils and grease (FOG) in its collection system through the implementation of the requirements contained in Section 7.4.4.D [and 7.4.5](#) of the Administrative Code which prohibits the discharge of these substances in a concentration greater than 100 mg/l (ppm). The District implements this provision through monthly inspection of all grease traps located within the District. Any violators are given orders to have their grease trap pumped if it is found to be overloaded or causing a discharge in violation of the aforementioned Code.

[The legal authority for the Borrego Water District \(BWD\) to operate and maintain the sanitary sewer is contained generally in the California Water Code, and mandated by both the State Water Resources Control Board and Regional Water Quality Control Boards of California. The orders and mandates of these authorities stipulate several waste discharge requirements for sanitary sewer systems. These orders and mandates are documented in the BWD Sewer System Management Plan \(SSMP\). The following is general information regarding grease traps in food service establishments.](#)

In general, the BWD has not experienced any problems with these substances under the present method of inspection and through coordination with the San Diego Department of Environmental Health, which also regulates the restaurants that are the primary source of these contaminants.

Program Background

The District's ~~recommended pretreatment section of the~~ Wastewater Division will permit and inspect grease and oil generating facilities to ensure control of discharges that may cause blockages. A Fats, Oil and Grease Control Program (FOG) is to be implemented by the District. It will include discharger education on the control of fats, oil and grease, and specific guidelines food facilities must follow. The program will be implemented by a District designated Industrial Waste Inspector. The California Regional Water Quality Control Board will require annual inspections and implementation of FOG control measures as a part of this recommended program as food service establishments are the largest non-domestic contributors of fats, oil and grease to the District's wastewater collection system.

Under the FOG program, the Food Service Establishment (FSE) is to document that each grease trap/interceptor is maintained to prevent FOG from entering the District's collection system. Inspections are to be conducted using an inspection form which addresses best management practices for the prevention of FOG discharges to the sewer. FSEs must maintain records of FOG program maintenance and disposal. Restaurant protocols that eliminate FOG from entering inside drains are considered including employee training and documentation of grease trap/interceptor cleaning. Inspections of FOG program and maintenance records may be completed on-site during any hour of operation.

Additionally, less preventive maintenance and fewer sanitary sewer overflows caused by fats, oil and grease allow the District to perform other required infrastructure work.

(6.0.2) Guidelines for the Control of Fats, Oil & Grease

As part of the District's FOG Program FSE's are provided the following guidelines as part of an inspection.

General Measures

- Train all restaurant/food service establishment staff on best management practices related to fat, oil and grease. Staff will be more willing to support an effort if they understand its basis. Trained staff will be more likely to implement best management practices and work to reduce grease discharges to the sewer.
- [Train all staff how to properly dispose of grease or oils from cooking equipment into a grease barrel or drum without spilling.](#)
- Post “No Grease” signs above sinks. Signs serve as a constant reminder to staff of proper grease disposal practices. Reduction of grease entering the drain reduces the cleaning frequency of the grease removal device.
- “Dry wipe” pot, pans and kitchen equipment before cleaning. “Dry wiping” will reduce the amount of grease going into the grease removal devices and the sewer. This will reduce the cleaning frequency and maintenance costs for grease removal devices and reduce the amount of grease entering the drain.
- Use absorbents such as paper towels to pick up oil and grease spills prior to mopping. Decreases the amount of grease that will be put down the drain. This reduces the amount of grease entering the drain and protects sewers from grease blockages and overflows.
- Dispose of food waste as solid waste. Dispose of food waste to the trash. Solid waste disposal of food waste will reduce the frequency and cost of grease removal device cleaning.
- Use screens in sinks and floor drains to capture food waste and dispose of properly into the trash. Food waste can cause sewer lateral blockages. Proper disposal of food waste will protect laterals and sewer mains from blockages and overflows.
- Collect and recycle waste cooking oil. Excess oil is prevented from entering the grease removal device and the sewer. Reduction in the cleaning frequency of the grease removal device and less grease being passed to the sewer.

(6.0.3) Grease Trap/Interceptor Maintenance/General

- Complete grease trap or interceptor maintenance log to document cleaning intervals. Maintenance log can help your facility determine if cleaning frequency of the grease removal device is sufficient. A proper cleaning frequency will result in less grease accumulating in the lateral, fewer blockages and less pass through to the sewer lines.
- Clean grease traps at a frequency that will prevent the accumulation of grease or pass through to the sewer. Routine cleaning of the grease removal device ensures efficient operations. Routine cleaning will prevent grease from passing through to the sewer lateral and from accumulating in the sewer mains.
- Use water temperatures less than 140° F in all sinks, especially in the pre-rinse sink. Temperatures above 140° F will dissolve grease, which will re-solidify in the sewer lines. Reduces costs for the energy to heat the water. Sewer lateral remains free of grease.
- Have a manager present during grease trap/interceptor cleaning to ensure the unit is properly serviced. The manager can ensure that the grease removal device is properly cleaned and no

shortcuts are taken. Proper cleaning ensures that the grease removal device will function properly and efficiently.

- Do not store anything on or around the grease removal device that will block access. Proper maintenance is easier to complete if access to the grease removal device is not blocked. Routine maintenance is more likely to be performed if the grease removal device is easily accessible.
- Decanting or discharging of removed waste back into the grease interceptor from which the waste was removed or into any other grease interceptor, for the purpose of reducing the volume to be hauled is prohibited.
- _____

(6.0.4) Outdoor Housekeeping/Storm Water Best Management Practices

- Clean floor mats and exhaust filters and other equipment inside. Cleaning greasy equipment outside is one of the most common sources of fat, oil and grease in our storm drains. Grease and food waste will be properly disposed of and will not enter the storm drain where it will de-grade surface channel water quality.
- Sweep or mop outdoor surfaces. Sweeping and mopping outdoor surfaces will reduce non-storm water runoff and will save water. Elimination of non-storm water discharges that degrade water quality.
- Any water used to clean outside surfaces by contractors must be vacuumed up and properly disposed of to the sewer.
- Keep the area around the dumpster/trash storage clear of trash, debris, and grease. Debris, trash, and grease can be washed into the storm drain during the rainy season. Loose debris and trash will not enter the storm drain causing blockages and will not enter the waterways.

(6.0.5) FOG Program Education

Information on proper disposal of FOG and other SSO prevention measures, including house lateral maintenance, etc. is to be disseminated through brochures and flyers. The District would also utilize personal contacts with business owners by the District's ~~Public Works Supervisor or~~ appointed Industrial Waste Inspector. These methods have been proven to be very effective in relaying information on proper disposal of FOG and SSO prevention methods to FSEs. Expanded use of radio and television announcements and other aggressive means should be explored in the future, as well as a District website. A more aggressive public education and outreach program will be considered ~~and~~, if warranted.

Section (6.1.0):

GREASE TRAPS/INTERCEPTORS IN FOOD SERVICE ESTABLISHMENTS/FACILITIES

Sub-Sections:

(6.1.1) Purpose.

(6.2.1) Conflict between these provisions and Uniform Plumbing Code.

(6.3.1) Definitions.

(6.4.1) Requirement for grease trap, grease interceptor, or other device.

(6.5.1) General regulations and procedures.

(6.0.1) Purpose.

The purpose of this section is to set forth policies, procedures, and requirements for food service establishments governing the installation, maintenance, and use of grease traps, grease interceptors or other comparable devices which represent the best practicable control technology for fat, oil, and grease (FOG) removal, to control discharge of grease into the wastewater collection system and to establish procedures regarding implementation and enforcement of the regulations set forth in this chapter.

(6.2.1) Conflict between these provisions and Uniform Plumbing Code.

All new grease trap/interceptor installations shall be located outside the footprint of the food facility wherever possible. No garbage disposal connections are allowed. A separate grease trap interceptor is recommended for each dishwasher. All rules of the Uniform Plumbing Code must be followed. In the event of any conflict between the provisions of this chapter and the Uniform Plumbing Code, the provisions of this order shall prevail.

(6.3.1) Definitions.

“Fats, Oils, Grease” (FOG) means the collective fats, oils, and grease generated by an FSE.

“Food service establishment” (FSE) ; means an establishment that prepares and/or sells food for consumption either on or off the premises, including, but not limited to, restaurants, sandwich shops, delicatessens, bakeries, or pizzerias. The term, as used in this chapter, does not refer to food stores or

establishments that do not prepare food on premises or process food in a manner so as to contribute grease to the sewer system.

“BWD” or “District” means the Borrego Water District.

“BWDSSMP” means Borrego Water District Sewer System Management Plan

“Gravity Grease Interceptor” (GGI) is a larger volume gravity grease removal system usually between 200-2000 gpm that is installed underground outside of a facility.

“Grease interceptor” means a device designed and installed to separate and retain deleterious, hazardous, or undesirable matter from normal wastes and to permit normal sewage or liquid wastes to discharge into the disposal terminal by gravity.

“Grease trap” means a device designed to retain grease from grease generating fixtures and piping.

“Hydro-mechanical Grease Interceptor” (HGI) previously referred to as a “grease trap” is a smaller volume grease removal system usually between 20 gpm and 100 gpm. Can be located inside or preferably outside the building and the food preparation areas.

(6.4.1) Requirement for grease trap, grease interceptor, or other device.

(a) A food service establishment, restaurant or any other business discharging grease, oil or other similar material shall have an operable Hydro-mechanical Grease Interceptor (HGI) or Gravity Grease Interceptor (GGI) as determined by the BWD and the County of San Diego (DEH for location outside of the building footprint of an FSE if logistically possible and Building Division for sizing on building permits). A properly sized interceptor or (HGI) shall be considered first, in conformity with the sizing guidelines set forth in the BWD grease trap policy. Should space limitations or other exceptional circumstances prevent their installation, BWD may grant exceptions to the requirement of grease traps or grease interceptors in this section. Generally the BWD prohibits installation of a (GGI) unless exceptional circumstances require installation of a large volume gravity grease Interceptor (GGI). Jurisdiction for this requirement is mandated in the BWD Sewer Rules and Regulations Article VII section 7.4.5 titled Restaurant Grease Traps, which states: “Each restaurant connected to the sewer system shall properly install and maintain one or more grease traps to prevent prohibited substances, such as those described in Subsection 7.4.4 (the discharge of FOG in a concentration greater than 100 mg/l or containing substances which may solidify or become viscous at temperatures between 32 and 150 degrees Fahrenheit) from being discharged into the system. The District Engineer, (General

Manager), or his authorized representative shall determine (1.) the number, size, type and capacity of the grease traps for each restaurant (FSE), and (2) the method and frequency of cleaning of the traps to assure their proper working condition.

(b) All drains from food preparation and cleanup areas including, but not limited to, prewash sinks, floor drains, food waste disposal units, pots and pans sinks, scullery sinks, and garbage can wash areas shall be connected to such trap or interceptor. If the District determines it is not practical to install trap or interceptors on any of the aforementioned drains, disposal of any FOG is prohibited.

(c) Sizing Formula-The size of the grease trap/interceptor shall be as determined by the BWD on a case by case basis. Grease traps required by this chapter shall be no smaller than a **(75-gallon per minute flow rate and 150 lb capacity)**. The BWD uses the Plumbing and Drainage Institute (PDI) sizing method which calculates actual drainage loads, flow rates, drainage periods and maximum total capacity for all fixtures. A small volume tank (75 gpm/150 lb) installed outside of the building footprint with a barrel for professional sanitary disposal of the grease is ideal. If this can not occur it must be placed outside of the food preparation area. The location will be determined by the District (BWD) as directed by the General Manager and the San Diego County Department of Environmental Health. The District may also will require that the grease trap be cleaned professionally as needed.

(d) Existing grease traps, grease interceptors or similar devices.

(1) Any food service establishment or other business that, on or after January 1, 1999, installed grease traps, grease interceptors, or other grease pretreatment equipment to comply with the requirements of the BWDSMP, shall not be required to upgrade such equipment until January 1, 2016, so long as such equipment remains in good working order. Should the grease trap, grease interceptor or other grease pretreatment equipment become nonoperational or fail to operate in good working order, a grease trap or interceptor meeting the standards set forth in this chapter shall be immediately installed.

(2) Notwithstanding the foregoing subsection (a)(1) of this section, any food service establishment or other business that, on or after, January 1, 1999, installed grease traps, grease interceptors, or other grease pretreatment equipment to comply with the requirements of the BWDSMP, shall upgrade such equipment to meet the standards set forth in this chapter upon the change of ownership of the business in which the equipment is located, or upon the remodeling of the business in which the equipment is located. Remodeling of the business not requiring a building permit shall be exempted from the upgrade requirement. The remodeling shall not be separated into phases for the purpose of avoiding the requirement of a building permit.

(6.5.1) General regulations and procedures.

(a) When waste treatment is required pursuant to this chapter, an approved grease trap or grease interceptor complying with the provision of this chapter shall be installed in the waste line leading from sinks, drains, and other fixtures or equipment.

(b) A plumbing permit shall be obtained from the County of San Diego (Building Division) prior to the installation of a grease trap or grease interceptor. The food establishment must also obtain approval from the County of San Diego (Department of Environmental Health Food and Housing Division) to operate a food establishment in the County of San Diego.

(c) Each trap, interceptor, or comparable device required by this chapter shall have an approved volume not less than required by this chapter. Each new installation shall be required to install a sampling box. As stipulated in Section 7.4.4 D of the BWD administrative code the discharge of FOG in a concentration greater than 100 mg/l (ppm) is prohibited.

(d) Toilets, lavatories, and other sanitary fixtures shall not be connected to any grease trap, grease interceptor, or comparable device. [Disposal of FOG or food waste into any toilet, lavatory and other sanitary fixture is prohibited.](#)

(e) Location of Grease Traps, and Grease Interceptors.

(1) They shall be located outside buildings, unless a finding is made by the County of San Diego building inspector that the location of the building on the site or some other aspect of the use prevents an outside location and that placement within a building is not hazardous to public health and safety;

[\(2\) They shall be located and maintained at all times so as to prevent electrical shock to workers/inspectors or electrical shorts in the FSE structure](#)

~~(23)~~ They shall [also](#) be located and maintained at all times so as to prevent the entrance of foreign materials, shall be easily accessible for cleaning inspection and removal of intercepted grease, and shall pose no hazard to public health or safety;

(3) If they are not designed in accordance with Uniform Plumbing Code (UPC) Section 711, they must be designed by a professional engineer, must be consistent with the standards of this chapter, and must be approved by BWD.

(f) Related Equipment.

(1) They shall be fitted with a standard service access cover or manhole. If a manhole is required, it shall be brought to grade and finished with standard manhole cover and ring;

(2) A sampling box shall be located on the discharge side.

(g) All discharging fixtures shall be individually trapped and vented in accordance with the UPC.

(h) They shall be constructed of durable materials and shall have a full-size gas-tight cover which can easily be removed.

(i) They shall not be installed until the type and/or model has been subjected to, and has fully complied with, tests acceptable to the chief building inspector. Where an existing grease trap or grease interceptor is found acceptable by the chief building inspector, such equipment will be allowed to remain in use. Whenever a grease trap or grease interceptor does not comply with the provisions of this chapter, the chief building inspector shall require corrective measures.

(j) Prohibited and/or Restricted Equipment.

(1) The installation and use of garbage grinders (disposals) in commercial-food establishments is prohibited;

(2) The connection of high-temperature/high-flow dishwashers to a grease trap or grease interceptor is prohibited; water temperature cannot exceed 140F. High water temperatures will enable dissolved grease to pass through the interceptor and solidify in the BWD wastewater collection system causing a potential blockage and/or a decreased flow rate.

(3) The use of enzymes or bacterial cultures designed to disperse grease is prohibited unless specifically approved in writing by the BWD.

(4) The use of degreasing chemicals and solvents entering the collecting system must be environmentally sustainable approved and will be monitored by BWD staff.

(k) After the effective date of the ordinance codified in this chapter, all establishments covered by this chapter shall install an approved grease trap or grease interceptor of sufficient size to prevent discharges into the sewer system.

(l) Maintenance-

(1) Traps and interceptors shall be maintained in efficient operating condition by periodic removal of the accumulated grease. No collected grease shall be introduced into any public or private drainage piping.

(2) Any grease trap or grease interceptor required by this chapter shall be readily accessible for inspection and properly maintained to assure that accumulations of grease or oil do not impair its efficiency or transport grease or oil into the sewer system.

(3) All food service establishments or businesses required under this chapter to install and maintain a grease trap or grease interceptor shall maintain a maintenance record for the grease trap or grease interceptor, which shall be transmitted the BWD on a quarterly basis. This record shall include the date, quantity of FOG removed from the FSE, name of the person/company who performed cleaning and the disposal site of the waste. ~~The~~

Grease traps shall be maintained free of all food residues and any FOG waste removed during the cleaning and scraping process. Grease traps shall be inspected periodically to check for leaking seams and pipes, and for effective operation of the baffles and flow regulating device. Grease traps and their baffles shall be maintained free of all caked-on FOG and waste. Removable baffles shall be removed and cleaned during the maintenance process.

All waste cooking oil and grease shall be collected and stored properly in recycling barrels or drums. Such recycling barrels or drums shall be maintained appropriately to ensure they do no leak.

The maintenance record shall be posted in a conspicuous location and be available for review by the BWD's inspector at each routine inspection and at such other time as necessary ~~for the city~~ to determine whether a particular establishment may be performing maintenance contrary to the provisions of this chapter.

(4) All FSE owners must sign a waste manifest form before having a waste load transported by a permitted hauler. The FSE owner shall also keep copies of the manifest form for a period of at least three years, and make all manifest records available for inspection by the District during normal business hours. Licensed haulers or an approved recycling facility must be used to dispose of waste cooking oil.

(45) The BWD or its designee shall perform grease trap and grease interceptor inspections bi-annually, or more often at the discretion of the BWD should maintenance reports not be received or should a grease trap or grease interceptor fail to operate properly.

(56) In the event the BWD determines that a food service establishment or business required to install and maintain a grease trap either fails to maintain the maintenance record required by this section, or fails to maintain the grease trap as required by this section, the BWD may require the immediate installation of a grease interceptor.

(67) In the event a sewer spill, sewer main blockage or odor problem is reported and is determined to be caused by excessive grease generation BWD inspectors will investigate facilities contributing to the incident. A determination will be made as to which facilities contributed to the blockage, spill or odor problem. Subsequently more in-depth inspections of those facilities will be conducted where appropriate and additional requirements and/or procedures will be put in place. Where requirements are made for additional grease removal equipment or maintenance the facility (FSE) is given a date to comply. A notice of violation is issued once a facility has passed the final due date for compliance. Administrative hearings, permit revocation and termination of sewer service may occur for facilities who fail to comply.

(8) The District may require a FSE to construct and maintain in proper operating condition at the Food Service Establishment's sole expense, monitoring facilities and practices. The District may require a FSE to inspect and sample wastewater discharges of any Food Service Establishment to ascertain whether the intent of this Article is being met. The District may require the Food Service Establishment to submit waste analysis plans, contingency plans, and meet other necessary requirements to ensure proper operation and maintenance of the grease control device or grease interceptor and compliance with this Article.(m) Suspension or Termination of Health Permit- The BWD shall have the discretion to request the County of San Diego Department of Environmental to terminate or cause to be terminated the health permit of any user if a violation of any provision of this chapter is found to cause a condition of contamination, pollution, nuisance, or other threat to public health or safety.

(n) Request for Ruling - If an applicant for a permit or the owner of a grease trap or grease interceptor disputes the interpretation or application of this chapter, he/she may request a written ruling from the General Manager of the BWD. The decision of the BWD General Manager shall be final for all purposes.

End FOG Control Program

Summary report:	
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Style name: Default Style	
Intelligent Table Comparison: Active	
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<u>Add</u>	27
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Move From	0
<u>Move To</u>	0
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Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	38

**BORREGO WATER DISTRICT
ARTICLE VII**

Sewer Rules and Regulations

7.4.5 Restaurant Grease Traps.

A. Each ~~restaurant~~ food service establishment (“FSE”) connected to the sewer system shall properly install and maintain one or more grease traps to prevent prohibited substances, such as those described in Subsection D of Section 7.4.4, from being discharged into the system. The District Engineer or his authorized representative shall determine **(1)** the number, size, type, and capacity of the grease traps for each restaurant, ~~and~~ **(2)** the method and frequency of cleaning ~~of, inspecting, and maintaining~~ the traps to assure their proper working condition; **(3)** recordkeeping requirements; and (4) reporting requirements.

B. The District may require a FSE to construct and maintain in proper operating condition at the Food Service Establishment's sole expense, monitoring facilities and practices. The District may require a FSE to inspect and sample wastewater discharges of any Food Service Establishment to ascertain whether the intent of this Article is being met. The District may require the Food Service Establishment to submit waste analysis plans, contingency plans, and meet other necessary requirements to ensure proper operation and maintenance of the grease control device or grease interceptor and compliance with this Article.

C. The District adopts the requirements and provisions set forth in Section 6, FOG Control Program, of the District’s Sewer System Management Plan, as it currently exists or may hereafter be amended, as requirements and provisions in furtherance of this Section.

Summary report:	
Litéra® Change-Pro 7.5.0.135 Document comparison done on 12/14/2017 5:21:57 PM	
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<u>Add</u>	6
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<u>Table Insert</u>	0
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Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
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BORREGO WATER DISTRICT

BOARD OF DIRECTORS MEETING – DECEMBER 20, 2017

AGENDA BILL 2.G

December 14, 2017

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Town Center Sewer Collection System Maintenance/Repairs - Poole

RECOMMENDED ACTION:

Review, discuss and approve as amended, if needed

ITEM EXPLANATION:

Greg recently met with DownStream (sewer system experts) and a detailed assessment of the existing Town Center Sewer, gravity and force main, was conducted. DownStream recommended a series of repairs, as follows:

- * Re-coat and replace the manholes and benches in 7 manholes,
- * Recoat-replace benches and install new rings and spacers needed for height control in 11 manholes,
- * Total rehab including new pad on 1 manhole,
- * Re-install the weir and replace manhole,
- * Relocate American Legion sewer lateral downstream of weir,
- * Video and clean gravity and forcemain.

The total is \$178,150.

The improvements have been reviewed by staff, O and I Committee, Dudek and JC Labs and all concur the expenses are a logical and necessary next step that may prevent or significantly reduce the odor issue and alleviate the need for a new expensive sewerline around Casa del Zoro. Downstream Proposal is attached.

FISCAL IMPACT

Staff recommends approval of the repairs at a cost not to exceed \$178,150 (\$71,000 Operating and \$107,000 CIP). Staff will contact the sewer contractor at the new Library to see if they are interested to submit a bid.

ATTACHMENT

DownStream Proposal



Regular Wage Proposal

Downstream Services, Inc. (DSI)

Contractor's License #A807953

2855 Progress Place, Escondido, CA 92029

ph. (760) 746-2544 fax (760) 746-2667 www.downstreamservices.com

To: Borrego Water District	Date: 12/4/2017	Page(s): 1 of 1
Attn: Greg Holloway	Job Name: Manhole Rehabilitation	
Address: 806 Palm Canyon Dr, Borrego Springs	Email: bwdmail@borregowd.org	

We hereby submit the following

Quantity	Unit	Description	Unit Price	Total Price	Taxable (y/n)
1	LS	<u>Mobilization</u>	\$ 2,500.00	\$ 2,500.00	
7	LS	<u>Coating of Entire MH and Bench Rehabilitation</u> Raven 405 Coating and Bench Rehabilitation MH: 7,6,5,4,3,2,1	\$ 3,338.00	\$ 17,500.00	
11	LS	<u>New Gas Tight Ring and Cover, Raise MH 2" above grade, and Bench Rehabilitation</u> Raven 405 Coating on bench, Gas Tight Ring and Cover, and raise MH above grade MH: 24,25,26,27,28,28A,29A,30,31,32,33	\$ 2,900.00	\$ 31,900.00	
5		<u>Remove old Concrete Pad and Install new 4X4 Concrete Pad</u> MH: 27,28,28A,29A,30	\$ 295.00	\$ 1,475.00	
1		<u>New Gas Tight Ring and Cover, Raise MH 2" above grade, Bench Rehabilitation, New 4x4 Pad, and Coating of Entire MH</u> MH: 29	\$ 5,550.00	\$ 5,550.00	
1	LS	<u>Replacement of Existing MH in Roadway MH #8</u> Excavation and removal of existing manhole. DSI will install new ring and cover, Shafting, Rehabilitate base, and Raven coating.	\$ 16,031.00	\$ 16,031.00	
1	LS	<u>Installation of New Manhole with Weir Wall MH #46</u> Excavation and removal of existing manhole. DSI will install new ring and cover, Shafting, Rehabilitate base, Raven coating, and Weir wall.	\$ 18,535.00	\$ 18,535.00	
1	LS	<u>Install Plus or Minus 70ft of New 12" Class 150 PVC with Tie In From Angle Point to New MH #46</u>	\$ 12,855.00	\$ 12,855.00	
1	LS	<u>Cleaning and CCTV of Sewer Main and Force Main</u> Cleaning and CCTV of gravity line and Force Main Estimated 19,770LF	\$ 37,504.00	\$ 37,504.00	
1	LS	<u>Access Point for Cleaning and CCTV Force Main</u> DSI will install (10) temporary access pipes to conduct CCTV and Cleaning.	\$ 36,800.00	\$ 36,800.00	

Total Sales Tax: \$ - 7.75%

<u>Assumptions:</u>	<u>Exclusions:</u>
Non prevailing rate of pay. Prime contractor/Owner to provide clear unobstructed access to pipeline segment(s) free of hindrance from other subcontractors. Confined Space Entries are anticipated and equipment will be provided. Delays beyond our control will be invoiced at listed hourly rates for men and equipment. 24 hr notification prior to mobilization will be provided.	City, State or Federal fees or permits. Bonds, permits or agency fees. Cleaning of sewer lines containing concrete, construction rubble, rocks, roots or hard formation.

We propose to furnish material and labor - complete in accordance with the above specifications, for the sum of:
\$178,150.00

This proposal will be valid for a period of sixty (60) days following the date set forth above. In the event a lawsuit is instigated to enforce payment, the vendor/contractor/owner agrees to pay reasonable attorney and collection fees together with the legal interest and costs of lawsuit. A service charge of 1.5% per month (18% per annum) will be charged on all past due accounts. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications or changes in plans shall constitute a "change order" at the rate of time and materials, plus 15% overhead. See contract insert for rates. Acceptance of Proposal - The above prices, specifications and conditions are satisfactory and are hereby accepted. Downstream Services, Inc. (DSI) is authorized to do the work as specified. I agree to notify DSI in writing of any disputes within 30 days of the date the work was performed. Otherwise such disputes are considered negligible. Payment will be made as outlined above Net 30 days with Monthly Progress Payments.

Kenny Lindquist-FOM

Authorized By: [Please print name]

Authorized Signature

Date: 12/4/2017

Date: / /2017

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – DECEMBER 20, 2017
AGENDA BILL 2.H

December 14, 2017

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Plans and Specifications for Waste Water Treatment Plant Repairs (Prop One) with Holt Engineering - Poole

RECOMMENDED ACTION:

Review, discuss, amend as needed and authorize staff and BBK to develop and execute contract with not to exceed amount of \$29,500.

ITEM EXPLANATION:

BWD is in the final stages on two Prop One Grant Application for both water and wastewater projects. The Board has recently approved the development of Plans and Specifications for the water projects, and since Dynamic Engineering does not perform sewer design work, I was referred to Holt Engineering. Jack Holt and one of his engineers came out to the WWTP and received a tour and Q and A with Roy and I. Following the on-site visit, Mr Holt created the attached Scope of Work totaling \$29,500.

FISCAL IMPACT

\$29,500

ATTACHMENT

Holt Scope of Work

EXHIBIT "A" – SCOPE OF WORK

The Holt Group proposes to provide professional design services for the preparation of plans, specifications and an Engineers Opinion of Probable Cost for the rehabilitation of the Borrego Water District (BWD) Wastewater Treatment Plant (WWTP) Rehabilitation Project. The design services rehabilitation scope of work is based upon the February 2016 WWTP Project Report prepared by David Dale, Professional Civil Engineer and by the WWTP field review completed by the Holt Group and BWD Staff on December 6th, 2017. A memorandum of the field review observations is included as Exhibit "C". Following are the WWTP REHABILITATION ITEMS to comprise the project:

1. SECONDARY CLARIFIER #1

1. Repair the concrete spall areas around the exterior clarifier walls. Splice to sound sections of exposed reinforcing bars and replace deteriorated or missing sections of reinforcing bars prior to repairing the concrete spall areas.
2. Remove and replace the 5 foot x 5 foot x 1 foot deep concrete stairway landing. Adjust valve risers to the surface of the new concrete landing slab.

2. SECONDARY CLARIFIER #2

1. Repair the concrete spall areas around the exterior clarifier walls. Splice to sound sections of exposed reinforcing bars and replace deteriorated or missing sections of reinforcing bars prior to repairing the concrete spall areas.

2. Remove and replace the 5 foot x 5 foot x 1 foot deep concrete stairway landing. Adjust valve risers to the surface of the new concrete landing slab.

3. Sandblast and Coat all interior steel portions of the Secondary Clarifier including the steel bridge, steel deck, center well, center column, raker arms and all other steel components. Replace the squeegees and hardware connected to the raker arms. Remove any grout at the bottom of the Clarifier to the concrete bottom. Install new grout to be swept in with the new squeegees of the raker arms.

4. Repair the existing gear box oil leak.

3. HEADWORKS FACILITY

1. Replace the screw classifier unit and any necessary appurtenant items such as the solids container.

2. Replace the entire air system including the diffusers, air piping, air valves, air compressor and motor, pressure regulator and all other mechanical air system components.

3. Replace all electrical circuitry (conduit and conductors including disconnect switches) extending from the existing electrical panel to the screw classifier unit and air compressor unit.

4. Repair the headworks facility exterior concrete wall damaged areas. Damage to the exterior headworks facility walls ranges from concrete spalling to isolated "broken off" wall section areas.

4. OXIDATION DITCH

1. Repair/replace the portion of the outlet weir which controls the oxidation ditch mix liquor liquid level.

Any other minor design items discovered during the design phase work necessary to complete the rehabilitation work associated with the above listed items will be included in the design scope of work.

The following items are to be included with the DESIGN DOCUMENTS:

1. IMPROVEMENT PLANS

- 1. Title Sheet – Include a Project Description on the Title Sheet, Vicinity Map, Sheet Index, General Notes, Abbreviation List, Board Member and Staff Member List and similar items.**
- 2. Site Plan Sheet**
- 3. Secondary Clarifier Unit Site Plan**
- 4. Headworks Structure Site Plan**
- 5. Detail Sheet**
- 6. Section Sheet**

2. SPECIFICATIONS

- 1. Invitation for Proposals (Bid Advertisement)**
- 2. Instruction for Bidders**
- 3. Proposal Forms**
- 4. Contract Documents**
- 5. General Conditions**
- 6. Special Conditions**
- 7. Technical Conditions**

8. Grant or Loan Funding Agency Standard Provisions will be used and included with the specification sections as required by the Agencies

3. ENGINEERS OPINION OF PROBABLE COST

1. Complete an Engineers Opinion of Probable Cost at the conclusion of the project design and include with the 100 percent/final plans and specifications.

The design documents will be completed to a 90 percent review status. A meeting between the Holt Group and BWD Staff will be conducted to review the 90 percent review documents. A memorandum will be prepared memorializing the 90 percent review status meeting. The Final Design plans, specifications and Engineers Opinion of Probable Cost will be completed after the 90 percent review comments are documented.

EXHIBIT "B" – EXCLUSIONS, EXCEPTIONS AND ASSUMPTIONS

1. It is assumed Geotechnical Engineering Services will not be required to evaluate the failed concrete on the exterior of the Secondary Clarifier Units or Headworks Structure or for any other items.
2. It is assumed Electrical Engineering Services will not be required.
3. It is assumed that Structural Engineering Services will not be required.
4. It is assumed that the concrete rehabilitation work at the Headworks and Secondary Clarifiers is to be completed above the existing grade/finish grade level and that an examination of the structures below existing grade/finish grade level will not be required.
5. It is assumed the design work to be completed for Secondary Clarifier Unit numbers 1 and 2; the Headworks Structure and the Oxidation Ditch will be completed in accordance with the Exhibit A - Scope of Work and Holt Group Field Review Memorandum dated December 7th, 2017 – Exhibit C. It is assumed those items which were observed to be in a satisfactory condition as noted in the December 7th, 2017 field review memorandum will not be included in the project rehabilitation design scope of work.
6. Bidding Phase Services, Bidding Phase Support Services, Construction Management Services and Construction Support Services are not included within the contents of this agreement and are excluded from the Scope of Work.
7. It is assumed that outside agency design document plan reviews by the County of San Diego, Regional Water Quality Control Board or any other agencies will not occur. It is assumed that the review of the Design Documents will be completed by the Borrego Water District Staff.

If any of the above Exclusions, Exceptions and Assumptions prove to be inaccurate additional compensation may be requested.

EXHIBIT "D" – DESIGN COMPENSATION

The Holt Group is proposing to complete the preparation of the Plans, Specifications and Engineers Opinion of Probable Cost in accordance with the Exhibit "A" Scope of Work for a lump sum amount of \$29,500.

An amount of \$18,000 shall be due upon completion of the 90 percent plan and specification review documents. The remaining \$10,000 shall be due upon the completion of the 100 percent/Final Design Documents. A not to exceed amount of \$1,500 shall be charged for mileage, copies, phone expenses and similar miscellaneous expenses as listed on the Holt Group Hourly Rate Schedule – 2018.

Additional Engineering Services approved by the Borrego Water District will be charged on an hourly rate basis per the Holt Group 2018 Hourly Rate Schedule – Exhibit "E".

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – DECEMBER 20, 2017
AGENDA BILL 2.I

December 14, 2017

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: District Engineering and Related Services – Dynamic Engineering

RECOMMENDED ACTION:

Review, discuss, amend as needed and authorize staff and BBK to develop and execute contract incorporating the attached Rate Sheet.

ITEM EXPLANATION:

Following the departure of David Dale, staff and the Operations and Infrastructure Committee began to look for alternatives and Carlos Beltran from Dynamic Engineering became a great option. Experience with David, familiarity with the area, completion of projects with large and small agencies are a few of the factors considered. Carlos provided the attached Rate Sheet and staff is requesting approval by the Board and authorization for staff and BBK to create and execute a Professional Services Agreement incorporating the attached Rate Sheet.

FISCAL IMPACT

See Attachment

ATTACHMENT

Dynamic Engineering Rate Sheet



November 16, 2017

Borrego Water District
806 Palm Canyon Drive
Borrego Springs, CA 92004

Attn: Geoff Poole, General Manager

RE: PROPOSAL FOR “DISTRICT ENGINEER” SERVICES AND GENERAL ENGINEERING SERVICES AS NEEDED.

Dynamic Consulting Engineers, Inc (DCE) appreciates the opportunity to present this cost proposal to provide “District Engineer” services and for general engineering services as needed. DCE can assist the District with Civil Engineering, Land Surveying and Construction Management and Inspections as Needed. The hourly rates for professional services are listed below:

Fee Schedule:

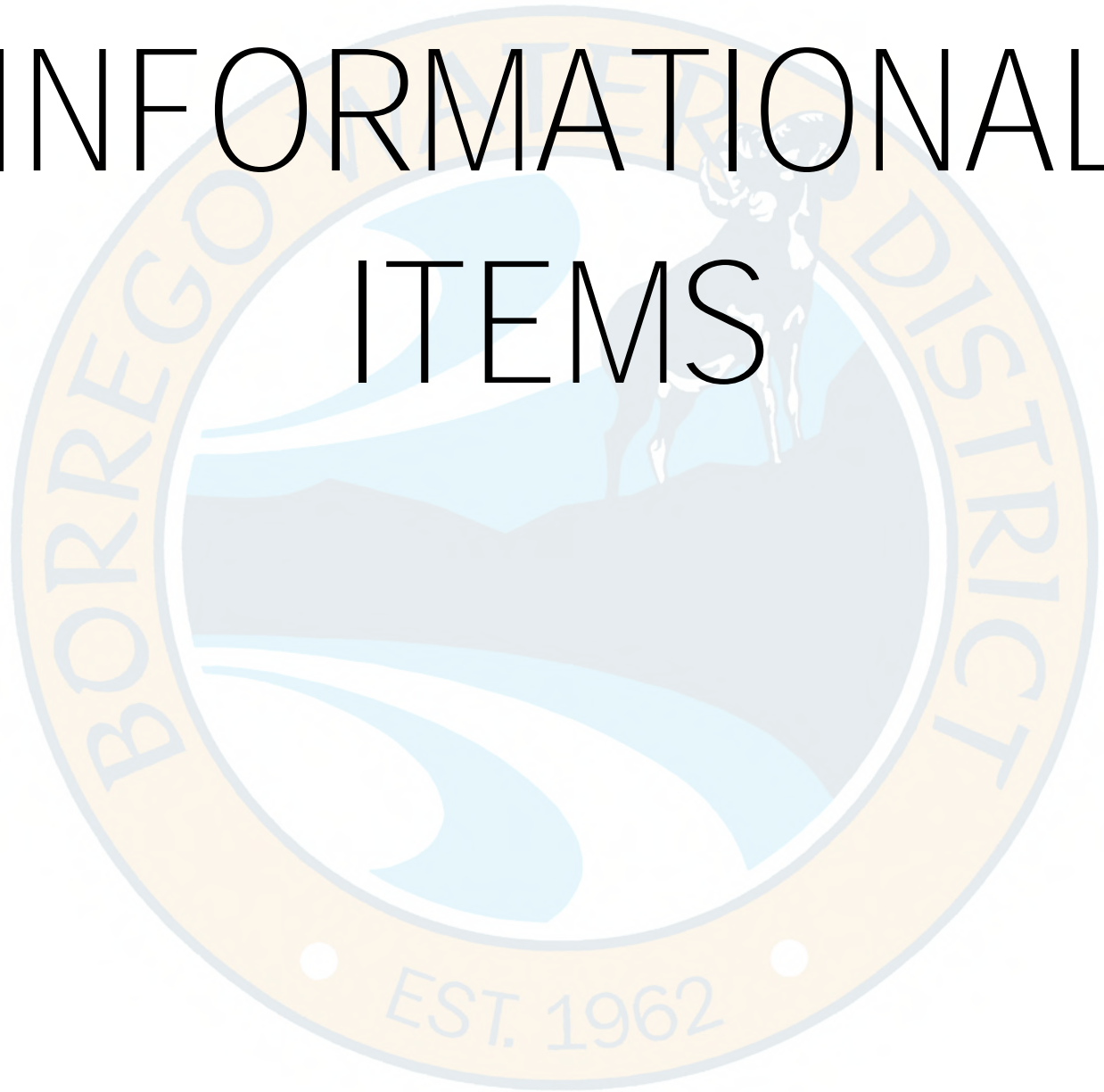
District Engineer Services, Carlos Beltran, P.E.	\$135.00
Principal Engineer/Project Manager: Carlos Beltran, P.E.	\$135.00
Principal Surveyor (PLS)	\$135.00
Project Engineer I	\$108.00
Project Inspector	\$108.00
Construction Inspector (Prevailing Wage)	\$138.00
Staff Engineer	\$95.00
2 Man Survey Crew (Prevailing Wage)	\$290.00
2 Man Survey Crew (Non Prevailing Wage)	\$230.00

Thank you for giving Dynamic Consulting Engineers, Inc the opportunity to serve you. If you have any question please feel free to call me at (760) 545-0162.
Sincerely,

Carlos Beltran, P.E.
Principal Engineer
Dynamic Consulting Engineers, Inc.

III

INFORMATIONAL ITEMS



BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – DECEMBER 20, 2017
INFORMATIONAL ITEMS

December 14, 2017

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Informational Items and Staff Reports Summary

INFORMATIONAL ITEMS:

1. Draft 2018 Town Hall presentation regarding 2018 rates and past, present and projected cash flow – Brecht:

Director Brecht requested this item be placed on the Agenda: Presentation Attached

2. Proposal to Assess the Economic Value and Potential Outdoor Recreation & Sustainable Tourism: Sustainable Destination Management Plan submitted by Jim Dion, Vice President Solimar International - Brecht

Director Brecht requested this item be placed on the Agenda: Proposal Attached

GM STAFF REPORT

1. Website Update: Staff has been adding more information to the new website. Another significant upload is scheduled for Tuesday late afternoon. In the past, questions were asked about the availability of information relating to the recent Prop One Grant Application and that information can now be found here:
<http://www.bvgsp.org/sustainability-plan.html>
2. 900 Tank: The new tank on Yaqui Pass Road is nearing final completion and Staff will provide an update at the Meeting.
3. 2018 Calendar of Event: A fully revised and updated Calendar will be ready for the January 2018 meeting.
4. Burnand Fallowing Request: The County has informed BWD of some ideas on how to accomplish the fallowing request at this point of the GSP process. A conversation regarding those specifics is planned for 12-15 and Staff will update the Board on the results of that discussion. Mr. Burnand has been informed of this development.

DIRECTOR LYLE BRECHT TOWN HALL 2018 *DRAFT* PRESENTATION

This is my 8th year of discussing the District's financial progress with you. Each year, I have had the duty of explaining that rates will increase each of the District's fiscal years and this next year is no different — rates will increase again.

Here's in part why: from 2011 - 2015, rates increased just to keep the doors of the District open. The 2007 Board and GM spent all the District's savings (cash reserves of approximately \$6.5MM accumulated over about 20 years, had an operating budget that was more than a million dollars more than its annual revenues, adopted contracts that would have added ~\$7MM in new debt without any means to pay for it, and as a result, the District's good credit rating was lost, leaving it with no ability to borrow or even obtain a line of credit. In a capital intensive business like water management, that was the kiss of death.

What that meant for the newly elected 2011 Board was they were operating in a "crisis mode". To make head way, they consulted with engineering firms in the business of running water districts, spoke with a previous GM of the Imperial Irrigation District, met with a variety of attorneys, financial consultants, other engineers and former GM's. But by and large, those they consulted believed that the District was in such bad financial shape that it could not be saved. So, it was left to the new Board to roll up our sleeves and go to work. I myself spent as much as a 1,000 hours a year for the first two years.

We released the advisors to the previous Board and retained consultants and attorneys who were willing to work with us. Among those were financial consultants, Raftelis Financial, who had worked with hundreds of water districts in California and in their experience had

DIRECTOR LYLE BRECHT TOWN HALL 2018 *DRAFT* PRESENTATION

never seen a District recover from such a dire position. Yet in classic Borrego style, we did recover when you, our ratepayers came to the District's rescue by agreeing to a 100% rate increase over the next five years, and again in 2016 to another 100% rate increase from FY 2017-FY 2021.

To date, it has taken the District's Board and staff 7 years to undo much of the financial damage. Along the way, it was an adventure of discovery; as one problem was resolved, another appeared causing us to spend money dedicated to restoring our credit rating or repairing our aged infrastructure. But, this year, with our credit rating restored, the Board is focused on an \$8MM public bond offering to pay for deferred Repair and Replacement of some of its \$62.5MM in capital infrastructure that we have been unable to fully address in the absence of our a valid credit rating.

What some of you may not realize is that the new Board in 2012 had to completely re-scope the USGS basin study that had been commissioned in 2010, re-negotiate the Reclamation study to determine if imported water was available, and over a longer time re-look at many of the assumed engineering issues of the District. For example, the USGS was told to assume that the basin overdraft could not be addressed, yet today the Sustainable Groundwater Management Act requires that we do so. Further, the Reclamation study had no economics for importing water; instead it was only to determine the best path for a pipeline to the Valley. Finally, many of the basic system engineering assumptions were found to be too costly, illegal or not at all useful to solve the problem. With a lot of hard work by the Board, the District's staff, contributions of time by experts in the community,

and hard work by the consultants we hired, many of these missed opportunities were addressed.

The reason I am bringing some of these issues up now is there is no time left to pretend these are issues that can wait until sometime in the distant future.. The future is now. Again, I am not telling you this to scare you or to call out Borrego as facing an untenable future. Municipal water availability and cost is a California problem, a Colorado River Basin problem, a US national security problem, a global problem. There is nothing going on here in Borrego that is not going on in many places in the world today. The only difference is that here the problems are very small scale, relatively simple to fix, but the consequences for making a mistake or not acting in a timely fashion, are quite severe due to the low resiliency in this small system.

No. The reason I am even discussing these issues with you today is to remind you that it does make a difference who you elect to the District's governing board. In November this community will be asked to elect 3-Board members. Beth Hart is retiring, Joe and I whose terms will also expire, are still considering whether we will run again. That said, municipal water, its dependability, potability, and cost are the basis of this community's economy, foundational to our property values, and is under severe threat from a continued critical overdraft. What you should be looking for is someone willing to learn, to do real work, and to address reality, as opposed to electing a single-issue candidate or someone whose ideology filters out information in favor of information that just buttresses that person's biases.

DIRECTOR LYLE BRECHT TOWN HALL 2018 *DRAFT* PRESENTATION

Despite the rate increases I opened this presentation with, the District's 2018 rates will still be lower than or on par with comparable water districts dependent on groundwater and much lower than nearby Districts who get their water from 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. The reality is that water rates in California and many places in the nation are rapidly increasing to keep up with increasing costs, and to begin to address R&R costs that have been deferred much too long. In the water business, deferred capital expenditures on infrastructure is not only sometimes 2x-3x more expensive from waiting too long to replace, such delays potentially endanger public health.

Many of you over the years have heard me state that the District is not in the business of selling water, but is in the public health business of delivering potable water to your homes and businesses 24 by 7. However, with the enactment of a new SGMA law that went into effect on January 1, 2015, the state is mandating that the District revise its business model and go into the business of protecting the groundwater supply (this is essentially the GW use and watershed management business).

That's a good thing. Why? Because Borrego relies entirely on GW supply for its economic survival and we have not been paying our own way. Throughout our history, it has assumed by all pumpers including the District, the agricultural irrigators and the golf course operators in the Valley that GW is free. Not one of the pumpers in the Valley pay for the groundwater they extract. Under this new law (SGMA), this is no longer the case. After January 1, 2020, all GW pumped from the basin will cost something rather than nothing.

DIRECTOR LYLE BRECHT TOWN HALL 2018 *DRAFT* PRESENTATION

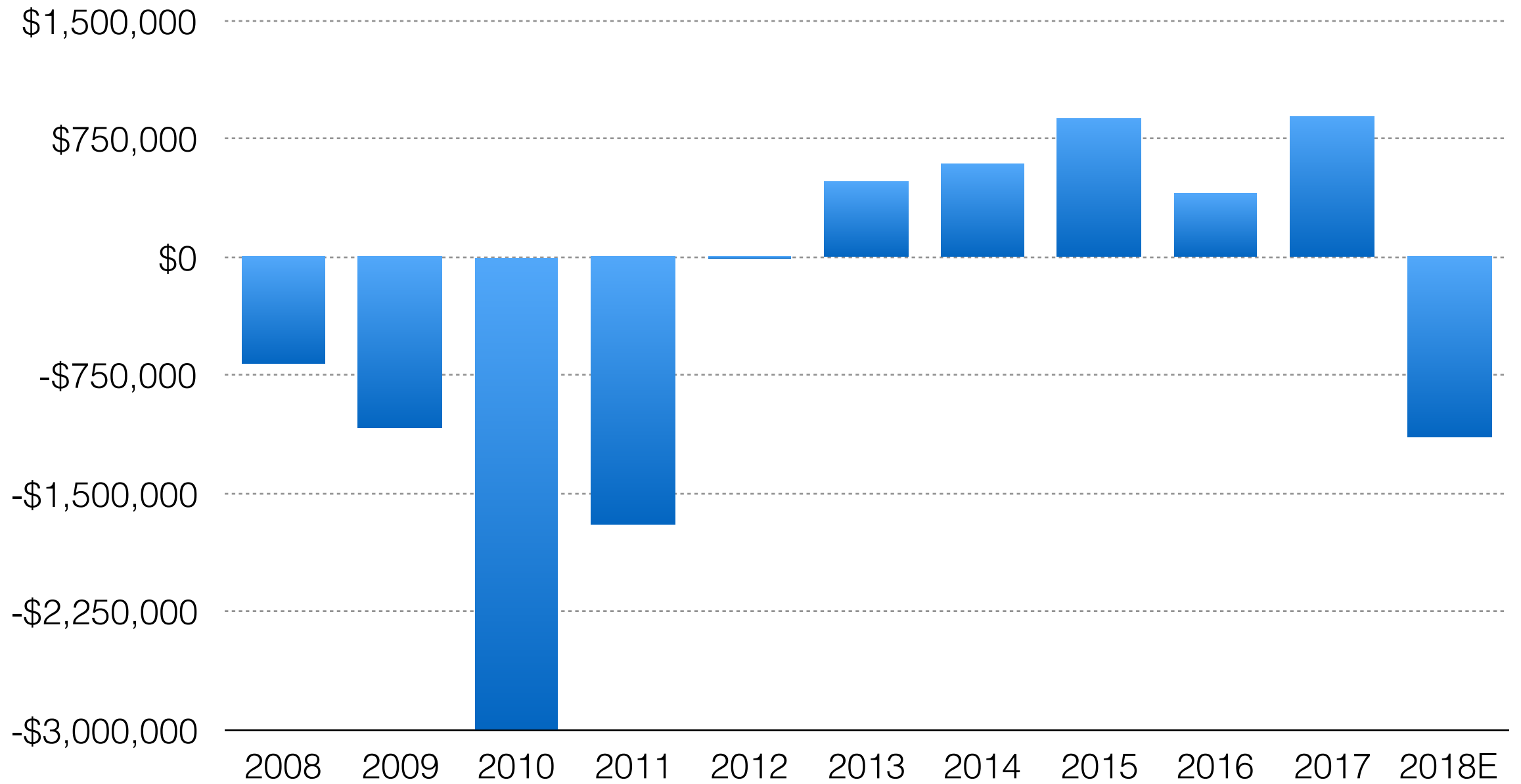
Under SGMA, the District is now a Groundwater Sustainability Agency, along with San Diego County for the Borrego Springs Subbasin (Borrego Basin) of the Borrego Valley Groundwater Basin. Our challenge as a Board will be to create a sustainable solution to the overdraft without eliminating the economic basis for our community. That is no easy task, and so we are inviting those within the community with skill and competence to come along side us, to join in the process, even commit to becoming an elected Board member to work a solution.

[slide1: cash flow]

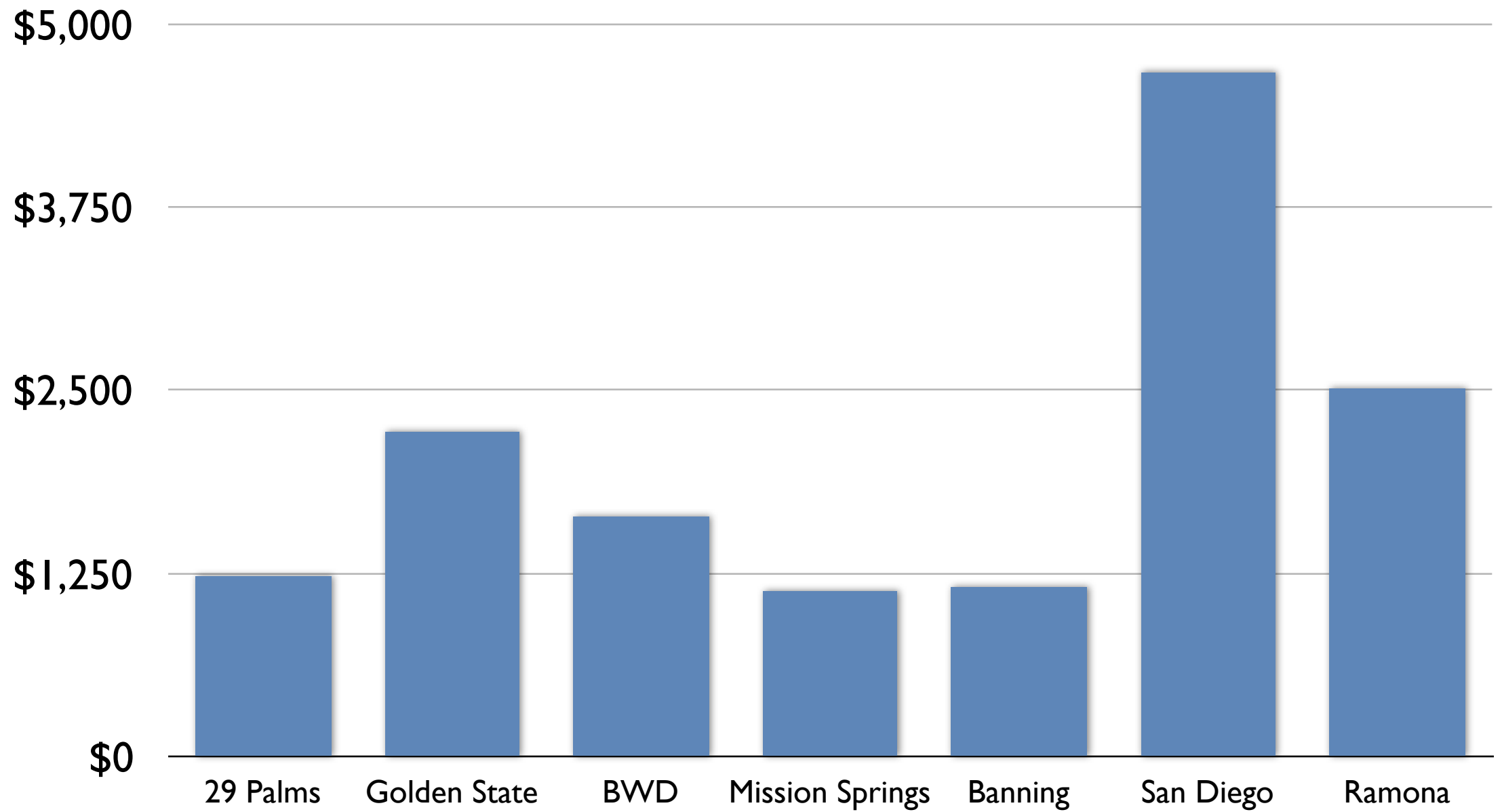
[slide 2: rates]

Financial Health of the District

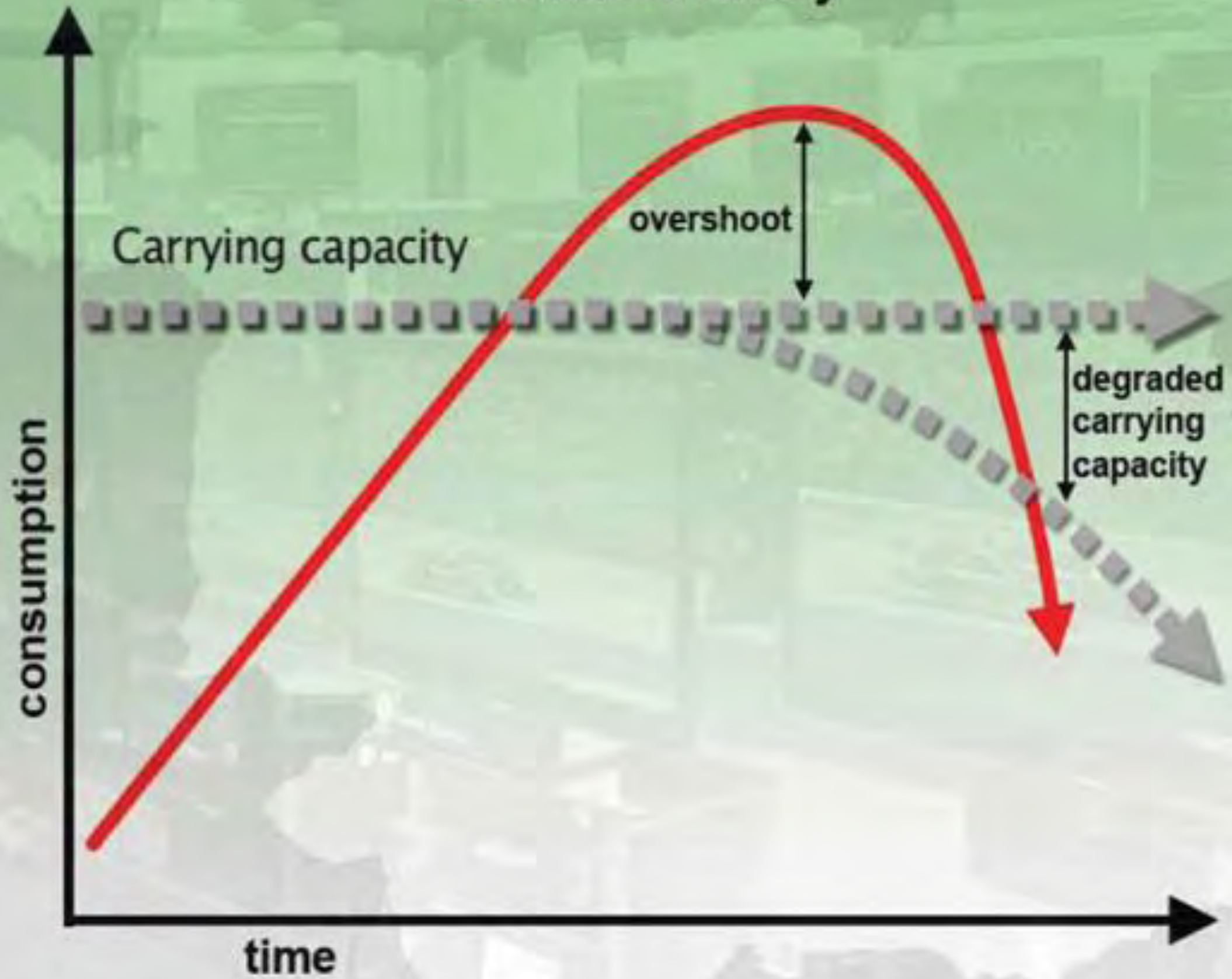
■ Net Increase (Decrease) In Cash & Cash Equivalents



■ Cost for 1 AF of water purchased (3/4" meter)



Overshoot Theory



IVA FINANACIALS REPORT



	C	CP	CQ	CR	CS
1	BWD	5/23/2017			
2	CASH FLOW	ADOPTED	Actual	Projected	Actual
3	2017-2018	BUDGET	October	October	YTD
4		FY 2018	2017	2017	2017-2018
5					
6	REVENUE				
7	WATER REVENUE				
8	Residential Water Sales	949,885	78,329	93,000	367,741
9	Commercial Water Sales	302,856	39,908	29,000	153,199
10	Irrigation Water Sales	210,597	27,663	23,000	100,849
11	GWV Surcharge	160,274	16,026	15,000	68,219
12	Water Sales Power Portion	457,206	44,259	40,000	189,532
13	TOTAL WATER COMMODITY REVENUE:	2,080,818	206,186	200,000	879,540
14					
15	Readiness Water Charge	1,114,240	90,515	92,039	357,093
18	Meter Install/Reconnect Fees	1,360	10,965	340	21,265
19	Backflow Testing/installation	7,000	50	-	100
20	Bulk Water Sales	600	372	34	2,308
21	Penalty & Interest Water Collection	19,000	4,267	2,500	26,189
22	TOTAL WATER REVENUE:	3,223,018	312,355	294,913	1,286,495
23					
24	PROPERTY ASSESSMENTS/AVAILABILITY CHARGES				
25	641500 1% Property Assessments	62,303	836	836	2,428
26	641502 Property Assess wtr/swr/fld	106,212	0	-	149
28	641501 Water avail Standby	82,445	377	377	4,995
30	641504 ID 3 Water Standby (La Casa)	33,722	267	267	745
31	641503 Pest standby	17,882	59	59	602
32	TOTAL PROPERTY ASSES/AVAIL CHARGES:	302,563	1,539	1,539	8,918
33					
34	SEWER SERVICE CHARGES				
35	Town Center Sewer Holder fees	226,391	14,323	18,927	70,374
36	Town Center Sewer User Fees	85,015	7,062	7,107	28,109
37	Sewer user Fees	267,460	22,941	22,360	90,518
39	Penalty Interest-Sewer	3,000	0	250	-
40	Sewer Capacity Fees	0	0	-	-
41					
42	TOTAL SEWER SERVICE CHARGES:	581,866	44,326	48,644	189,000
43					
44	OTHER INCOME				
48	Miscellaneous Income -Solar application fee rebate		2,500	-	2,500
49	Water Credits income	0	11,000	-	22,000
53	Interest Income	6,600	1,632	1,600	6,377
54	TOTAL OTHER INCOME:	6,600	15,132	1,600	30,877
55					
56	TOTAL INCOME:	4,114,047	373,352	346,696	1,515,290
57					
58	CASH BASIS ADJUSTMENTS				
59	Decrease (Increase) in Accounts Receivable		38,160		(10,317)
61	Deposits		1,200		9,825
62	Other Cash Basis Adjustments				-
63	TOTAL CASH BASIS ADJUSTMENTS:		39,360		(492)
64					
65	TOTAL INCOME RECEIVED:	4,114,047	412,712	346,696	1,514,799

	C	CT	CV	CW	CX	CY	CZ
1	BWD						
2	CASH FLOW	Actual YTD	Projected	Projected	Projected	Projected	Projected
3	2017-2018	and Projected	November	December	January	February	March
4		2017-2018	2017	2017	2018	2018	2018
5							
6	REVENUE						
7	WATER REVENUE						
8	Residential Water Sales	949,341	82,000	78,000	75,000	64,000	64,000
9	Commercial Water Sales	368,660	29,000	28,000	22,000	27,678	24,783
10	Irrigation Water Sales	229,345	21,000	18,000	15,000	15,000	11,000
11	GWM Surcharge	165,292	15,478	12,344	7,000	8,986	9,118
12	Water Sales Power Port on	472,145	43,675	34,816	20,000	25,319	25,693
13	TOTAL WATER COMMODITY REVENUE:	2,184,783	191,153	171,160	139,000	140,984	134,594
14							
15	Readiness Water Charge	1,090,371	91,959	92,196	91,782	91,237	92,000
18	Meter Install/Reconnect Fees	21,945	-	-	-	340	0
19	Backflow Testing/installation	7,100	-	-	-	0	0
20	Bulk Water Sales	2,851	287	134	-	100	22
21	Penalty & Interest Water Collection	36,377	2,725	972	500	2,000	1,500
22	TOTAL WATER REVENUE:	3,343,426	286,123	264,462	231,282	234,660	228,117
23							
24	PROPERTY ASSESSMENTS/AVAILABILITY CHARGES						
25	641500 1% Property Assessments	63,870	3,264	19,080	10,616	2,321	2,102
26	641502 Property Assess wtr/swr/flid	108,439	3,064	5,709	50,292	914	693
28	641501 Water avail Standby	89,846	7,507	24,795	25,486	3,496	3,015
30	641504 ID 3 Water Standby (La Casa)	35,272	1,491	3,738	14,633	362	889
31	641503 Pest standby	18,880	611	3,184	6,954	443	416
32	TOTAL PROPERTY ASSES/AVAIL CHARGES:	316,307	15,938	56,506	107,981	7,536	7,114
33							
34	SEWER SERVICE CHARGES						
35	Town Center Sewer Holder fees	220,760	18,798	18,798	18,798	18,798	18,798
36	Town Center Sewer User Fees	84,965	7,107	7,107	7,107	7,107	7,107
37	Sewer user Fees	269,398	22,360	22,360	22,360	22,360	22,360
39	Penalty Interest-Sewer	2,000	250	250	250	250	250
40	Sewer Capacity Fees	-	-	-	-	0	0
41							
42	TOTAL SEWER SERVICE CHARGES:	577,122	48,515	48,515	48,515	48,515	48,515
43							
44	OTHER INCOME						
48	Miscellaneous Income -Solar application fee rebate	2,500	-	-	-	-	-
49	Water Credits income	22,000	-	-	-	0	0
53	Interest Income	19,177	1,600	1,600	1,600	1,600	1,600
54	TOTAL OTHER INCOME:	43,677	1,600	1,600	1,600	1,600	1,600
55							
56	TOTAL INCOME:	4,280,532	352,176	371,083	389,379	292,312	285,346
57							
58	CASH BASIS ADJUSTMENTS						
59	Decrease (Increase) in Accounts Receivable	(10,317)					
61	Deposits	9,825					
62	Other Cash Basis Adjustments	-					
63	TOTAL CASH BASIS ADJUSTMENTS:	(492)					
64							
65	TOTAL INCOME RECEIVED:	4,280,040	352,176	371,083	389,379	292,312	285,346

	C	CP	CQ	CR	CS
1	BWD	5/23/2017			
2	CASH FLOW	ADOPTED	Actual	Projected	Actual
3	2017-2018	BUDGET	October	October	YTD
4		FY 2018	2017	2017	2017-2018
66	EXPENSES				
67					
68	MAINTENANCE EXPENSE				
69	R & M Buldings & Equipment	185,000	19,669	15,500	64,767
70	R & M - WWTP	185,000	2,787	15,500	31,496
71	Telemetry	8,000	0	-	2,606
72	Trash Removal	4,200	316	350	1,212
73	Vehicle Expense	18,000	0	1,200	5,431
74	Fuel & Oil	23,000	0	1,000	8,837
75	TOTAL MAINTENANCE EXPENSE:	423,200	22,772	33,550	114,347
76					
77	PROFESSIONAL SERVICES EXPENSE				
78	Tax Accounting (Tausig)	3,000	0	-	1,453
79	Administrative Services (ADP)	3,000	208	250	1,133
80	Audit Fees (Squamliner)	15,995	0	-	10,664
81	Computer billing (Accela/Parker)	13,500	0	100	13,044
82	Financial/Technical Consulting (Rafelis) (Fieldman)	41,000	6,475	3,417	15,136
83	Engineering (Dynamic/Dudek)	50,000	0	3,874	14,126
84	District Legal Services (Downey Brand/BBK)	20,000	12,691	2,000	48,786
85	Testing/lab work (Babcock Lab)	8,400	40	700	1,450
86	Regulatory Permit Fees (SWRB/DEH/Dig alerts/APCD)	27,160	3	400	5,762
87	TOTAL PROFESSIONAL SERVICES EXPENSE:	182,055	19,417	10,741	111,554
88					
89	INSURANCE EXPENSE				
90	ACWA/JPIA Program Insurance	57,000	0	-	22,118
91	ACWA/JPIA Workers Comp	16,000	0	-	3,749
92	TOTAL INSURANCE EXPENSE:	73,000	0	-	25,867
93					
94	DEBT EXPENSE				
95	Citizens Bank-COP 2008 Debt Payment	251,475	0	-	202,425
96	BBVA-Viking Ranch Debt Payment	143,312	0	-	35,796
97	TOTAL DEBT EXPENSE:	394,787	0	-	238,221
98					
99	PERSONNEL EXPENSE				
100	Board Meeting Expense (board stipend/board secretary)	22,000	1,913	1,770	5,194
101	Salaries & Wages (gross)	826,000	66,165	69,104	263,540
102	Salaries & Wages offset account (board stipends/staff project salaries)	(55,000)	(6,151)	(5,000)	(18,916)
103	Consulting services/Contract Labor	24,000	1,965	2,000	7,309
104	Taxes on Payroll	22,000	1,143	1,133	4,210
105	Medical Insurance Benefits	220,100	18,545	17,965	90,785
106	Calpers Retirement Benefits	179,200	6,374	8,232	102,407
107	Conference/Conventions/Training/Seminars	8,000	519	100	12,391
108	TOTAL PERSONNEL EXPENSE:	1,246,300	90,473	95,304	466,919
109					
110	OFFICE EXPENSE				
111	Office Supplies	18,000	1,367	1,600	6,236
112	Office Equipment/ Rental/Maintenance Agreements	35,000	4,538	1,000	16,766
113	Postage & Freight	15,000	2,050	2,100	4,200
114	Taxes on Property	2,331	2,334	2,331	2,334
115	Telephone/Answering Service/Cell	19,000	1,339	1,583	5,648
116	Dues & Subscriptions (ACWA/CSDA)	21,526	601	114	2,436
117	Printing, Publications & Notices	3,000	111	300	389
118	Uniforms	5,400	554	500	2,142
119	OSHA Requirements/Emergency preparedness	4,000	0	-	1,461
120	TOTAL OFFICE EXPENSE:	123,257	12,896	9,528	41,610
121					
122	UTILITIES EXPENSE				
123	Pumping-Electricity	300,000	29,349	28,000	123,994
124	Office/Shop Utilities	20,000	26	2,000	4,021
126	TOTAL UTILITIES EXPENSE:	320,000	29,374	30,000	128,014
127					
128	GROUNDWATER MANAGEMENT EXPENSE				
129	GWM -legal/Misc.-prop 1 grant/USGS	120,000	12,958	10,000	58,009
130	Conservation incentive program	30,000	-	3,334	-
131	District portion of GSP	120,000	-	10,334	-
132	TOTAL GWM EXPENSE:	270,000	12,958	23,668	58,009
133					
134	TOTAL EXPENSES:	3,032,600	187,890	202,791	1,184,542
135					
136	CASH BASIS ADJUSTMENTS				
137	Decrease (Increase) in Accounts Payable		(109,114)		(235,056)
138	Increase (Decrease) in Inventory		(4,282)		(3,074)
139	Other Cash Basis Adjustments				-
140	TOTAL CASH BASIS ADJUSTMENTS:		(113,396)		(238,130)
141					
142	TOTAL EXPENSES PAID:	3,032,600	74,494	202,791	946,412
143					
144	NET CASH FLOW (O&M)	1,081,447	338,218	143,905	568,387

	C	CT	CV	CW	CX	CY	CZ
1	BWD						
2	CASH FLOW	Actual YTD	Projected	Projected	Projected	Projected	Projected
3	2017-2018	and Projected	November	December	January	February	March
4		2017-2018	2017	2017	2018	2018	2018
66	EXPENSES						
67							
68	MAINTENANCE EXPENSE						
69	R & M Buildings & Equipment	187,767	15,500	15,500	15,500	15,500	15,500
70	R & M - WWTP	154,496	15,500	15,500	15,500	15,500	15,500
71	Telemetry	6,900	1,000	-	1,200	0	1,000
72	Trash Removal	4,012	350	350	350	350	350
73	Vehicle Expense	16,898	1,200	1,200	2,000	1,067	1,500
74	Fuel & Oil	23,360	1,800	1,660	1,077	1,987	2,000
75	TOTAL MAINTENANCE EXPENSE:	393,432	35,350	34,210	35,627	34,404	35,850
76							
77	PROFESSIONAL SERVICES EXPENSE						
78	Tax Accounting (Taussig)	2,453	-	-	-	0	0
79	Administrative Services (ADP)	3,133	250	250	250	250	250
80	Audit Fees (Squamliner)	15,996	5,332	-	-	0	0
81	Computer billing (Accela/Parker)	14,299	200	150	200	200	100
82	Financial/Technical Consulting (Raftelis) (Fieldman)	40,642	3,417	3,417	3,417	3,417	3,417
83	Engineering (Dynamic/Dudek)	46,126	4,000	4,000	4,000	4,000	4,000
84	District Legal Services (Downey Brand/BBK)	63,286	2,000	2,000	2,000	2,000	2,000
85	Testing/lab work (Babcock Lab)	7,050	700	700	700	700	700
86	Regulatory Permit Fees (SWRB/DEH/Dig alerts/APCD)	28,197	135	8,500	7,000	0	5,000
87	TOTAL PROFESSIONAL SERVICES EXPENSE:	221,182	16,034	19,017	17,567	10,567	15,467
88							
89	INSURANCE EXPENSE						
90	ACWA/JPIA Program Insurance	53,118	-	-	-	0	31,000
91	ACWA/JPIA Workers Comp	15,749	-	4,000	-	0	4,000
92	TOTAL INSURANCE EXPENSE:	68,867	-	4,000	-	-	35,000
93							
94	DEBT EXPENSE						
95	Citizens Bank-COP 2008 Debt Payment	251,475	-	-	-	0	49,050
96	BBVA-Viking Ranch Debt Payment	143,280	35,828	-	-	35,828	-
97	TOTAL DEBT EXPENSE:	394,755	35,828	-	-	35,828	49,050
98							
99	PERSONNEL EXPENSE						
100	Board Meeting Expense (board stipend/board secretary)	21,884	1,770	1,770	1,770	1,770	2,070
101	Salaries & Wages (gross)	814,442	74,324	67,475	70,734	66,479	66,207
102	Salaries & Wages offset account (board stipends/staff project salaries)	(58,916)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
103	Consulting services/Contract Labor	23,309	2,000	2,000	2,000	2,000	2,000
104	Taxes on Payroll	21,075	1,334	933	4,928	2,535	1,734
105	Medical Insurance Benefits	221,028	17,965	17,965	18,863	18,863	18,863
106	Calpers Retirement Benefits	168,263	8,232	8,232	8,232	8,232	8,232
107	Conference/Conventions/Training/Seminars	16,418	103	150	648	0	400
108	TOTAL PERSONNEL EXPENSE:	1,227,502	100,728	93,525	102,175	94,878	94,505
109							
110	OFFICE EXPENSE						
111	Office Supplies	17,767	1,000	1,500	1,500	1,500	1,500
112	Office Equipment/ Rental/Maintenance Agreements	35,188	1,000	2,000	2,000	2,000	2,217
113	Postage & Freight	15,000	150	2,100	2,000	2,000	175
114	Taxes on Property	2,334	-	-	-	-	-
115	Telephone/Answering Service/Cell	18,756	1,583	1,583	1,657	1,657	1,657
116	Dues & Subscriptions (ACWA/CSDA)	21,526	-	10,896	6,400	-	200
117	Printing, Publications & Notices	2,811	350	250	250	350	300
118	Uniforms	6,542	550	550	550	550	550
119	OSHA Requirements/Emergency preparedness	4,000	400	300	300	339	300
120	TOTAL OFFICE EXPENSE:	123,923	5,033	19,179	14,657	8,396	6,899
121							
122	UTILITIES EXPENSE						
123	Pumping-Electricity	309,087	24,475	22,895	21,335	19,914	22,618
124	Office/Shop Utilities	15,621	1,500	1,200	1,000	900	850
126	TOTAL UTILITIES EXPENSE:	324,708	25,975	24,095	22,335	20,814	23,468
127							
128	GROUNDWATER MANAGEMENT EXPENSE						
129	GWM -legal/Misc -prop 1 grant/USGS	138,009	10,000	10,000	10,000	10,000	10,000
130	Conservation incentive program	26,666	3,334	3,334	3,334	3,334	3,334
131	District portion of GSP	80,000	10,000	10,000	10,000	10,000	10,000
132	TOTAL GWM EXPENSE:	244,675	23,334	23,334	23,334	23,334	23,334
133							
134	TOTAL EXPENSES:	2,999,044	242,282	217,359	215,694	228,221	283,573
135							
136	CASH BASIS ADJUSTMENTS						
137	Decrease (Increase) in Accounts Payable	(235,056)					
138	Increase (Decrease) in Inventory	(3,074)					
139	Other Cash Basis Adjustments	-					
140	TOTAL CASH BASIS ADJUSTMENTS:	(238,130)					
141							
142	TOTAL EXPENSES PAID:	2,760,914	242,282	217,359	215,694	228,221	283,573
143							
144	NET CASH FLOW (O&M)	1,519,127	109,895	153,724	173,684	64,093	1,773

	C	CP	CQ	CR	CS
1	BWD	5/23/2017			
2	CASH FLOW	ADOPTED	Actual	Projected	Actual
3	2017-2018	BUDGET	October	October	YTD
4		FY 2018	2017	2017	2017-2018
145	CIP PROJECTS				
146	Water				
147	Pickup	50,000	0		39,555
151	New 900 Reservoir	525,000	226,520	250,000	335,551
155	Replace Twin Tanks-(Prop 1 grant)	579,000			-
156	Replace Wilcox Diesel Motor-(Prop 1 grant)	59,000			-
157	Replace Indianhead Reservoir-(Prop 1 grant)	294,000			-
158	Rams Hill#2, 1980 balv. 0.44 MG recoating-(Prop 1 grant)	161,000			-
159	Rebuild Rams hill booster station pump 3				25,218
160	Emergency water pipeline repairs	25,000			-
161	10" Bypass at ID 1 Booster Station 2	15,000			16,140
162	Transmission line to convey Well 5 water to C C Reservoir (pipeline 2)	83,000			-
163	T Anchor Dr., Frying Pan Rd. to Double O Rd. (Pipeline 6)	34,000			-
164	Weathervane Dr., Frying Pan Road to Double O Road (Pipeline7)	34,000			-
169	ID 5-5, 200 HP	80,000			-
170	Well 12 pump and casing cleaning	50,000			90,849
172	Emergency Generator Mobile Trailer	12,000			-
174	Mail machine inserter				-
175	TOTAL WATER CIP:	2,001,000	226,520	250,000	517,862
176	Sewer				
184	Plant-Grit removal at the headworks-(Prop 1 grant)	100,000			-
188	WTF-Rehab Clarifier (Prop 1 grant)	118,500			-
194	TOTAL SEWER CIP:	218,500	0	-	-
228					
229	TOTAL CIP EXPENSES:	2,219,500	226,520	250,000	517,862
230					
231	CASH RECAP				
232	Cash beginning of period	4,589,663	4,088,485	4,088,485	4,149,656
233	Net Cash Flow (O&M)	1,081,447	338,218	143,905	568,387
234	Total Non O&M Expenses	(2,219,500)	(226,520)	(250,000)	(517,862)
235	CASH AT END OF PERIOD	3,451,611	4,200,182	3,982,390	4,200,182
236					
237	RESERVES				
238	Working Capital-Water (4 months)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
239	R & R Reserves	(532,000)	(532,000)	(532,000)	(532,000)
240	Contingency Reserves (8% O&M)	(240,000)	(240,000)	(240,000)	(240,000)
241	Rate Stabilization Reserves	(800,000)	(800,000)	(800,000)	(800,000)
242	Available for Emergency Reserves	1,411,611	1,628,182	1,410,390	1,628,182
243	Target Emergency Reserves	2,000,000	2,000,000	2,000,000	2,000,000
244	Emergency Reserves Deficit	(588,389)	(371,818)	(589,610)	(371,818)
245					
246	EXPLANATION				
247		Actual	Projected		
248	Residential Water Sales	78,329	93,000	Partially due to Refunds/Fee adj	
249	Commercial Water Sales	39,908	29,000	Overseeding	
250	Meter Install/Reconnect Fees	10,965	340	Installed 2 meters	
251	Town Center Sewer Holder fees	14,323	18,927	Wrote off TCS Holder fees-To BWD	
252	Miscellaneous Income	2,500	0	Solar application fee rebats-WTF	
253	Water Credits Income	11,000	0	Sold 4 water credits	
254	R & M Buildings & Equipment	19,669	15,500	Bi-annual chlorine purchase-\$11,000	
255					

	C	CT	CV	CW	CX	CY	CZ
1	BWD						
2	CASH FLOW	Actual YTD	Projected	Projected	Projected	Projected	Projected
3	2017-2018	and Projected	November	December	January	February	March
4		<u>2017-2018</u>	<u>2017</u>	<u>2017</u>	<u>2018</u>	<u>2018</u>	<u>2018</u>
145	CIP PROJECTS						
146	Water						
147	Pickup	39,555					
151	New 900 Reservoir	500,000		164,449			
155	Replace Twin Tanks-(Prop 1 grant)	579,000				289,500	
156	Replace Wilcox Diesel Motor-(Prop 1 grant)	59,000					59,000
157	Replace Indianhead Reservoir-(Prop 1 grant)	294,000					
158	Rams Hill#2, 1980 balv. 0.44 MG recoating-(Prop 1 grant)	161,000					
159	Rebuild Rams hill booster station pump 3	25,218					
160	Emergency water pipeline repairs	25,000		5,000		5,000	
161	10" Bypass at ID 1 Booster Station 2	16,140					
162	Transmission line to convey Well 5 water to C.C. Reservoir (pipeline 2)	83,000			41,500		41,500
163	T Anchor Dr., Frying Pan Rd. to Double O Rd. (Pipeline 6)	34,000			34,000		
164	Weathervane Dr., Frying Pan Road to Double O Road (Pipeline 7)	34,000					
169	ID 5-5, 200 HP	80,000					80,000
170	Well 12 pump and casing cleaning	90,849					
172	Emergency Generator Mobile Trailer	12,000			12,000		
174	Mail machine inserter	10,548					
175	TOTAL WATER CIP:	2,043,311	-	169,449	87,500	294,500	180,500
176	Sewer						
184	Plant Grit removal at the headworks-(Prop 1 grant)	100,000					
188	WTF-Rehab Clarifier (Prop 1 grant)	118,500			25,000		18,500
194	TOTAL SEWER CIP:	218,500	-	-	25,000	-	18,500
228							
229	TOTAL CIP EXPENSES:	2,261,811	0	169,449	112,500	294,500	199,000
230							
231	CASH RECAP						
232	Cash beginning of period	4,589,663	4,200,182	4,310,077	4,294,352	4,355,536	4,125,127
233	Net Cash Flow (O&M)	1,519,127	109,895	153,724	173,684	64,091	1,773
234	Total Non O&M Expenses	(2,261,811)	0	(169,449)	(112,500)	(294,500)	(199,000)
235	CASH AT END OF PERIOD	3,846,979	4,310,077	4,294,352	4,355,536	4,125,127	3,927,900
236							
237	RESERVES						
238	Working Capital-Water (4 months)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
239	R & R Reserves	(532,000)	(532,000)	(532,000)	(532,000)	(532,000)	(532,000)
240	Contingency Reserves (8% O&M)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)
241	Rate Stabilization Reserves	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
242	Available for Emergency Reserves	1,274,979	1,738,077	1,722,352	1,783,536	1,553,127	1,355,900
243	Target Emergency Reserves	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
244	Emergency Reserves Deficit	(725,021)	(261,923)	(277,648)	(216,464)	(446,873)	(644,100)
245							
246							
247							
248							
249							
250							
251							
252							
253							
254							
255							



TREASURER'S REPORT October, 2017

% of Portfolio

Bank Balance	Carrying Value	Fair Value	Current Actual	Rate of Interest	Maturity	Valuation Source
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Cash and Cash Equivalents:

Demand Accounts at UB/LAIF

General Account/Petty Cash	\$ 1,988,853	\$ 1,964,090	\$ 1,964,090	46.77%	0.00%	N/A	UB
Payroll Account	\$ 106,414	\$ 106,112	\$ 106,112	2.53%	0.00%	N/A	UB
MMA	\$ 2,108,058	\$ 2,108,058	\$ 2,108,058	50.20%	0.88%	N/A	UB
LAIF	\$ 21,286	\$ 21,286	\$ 21,286	0.51%	0.92%	N/A	LAIF

Total Cash and Cash Equivalents	\$ 4,224,610	\$ 4,199,546	\$ 4,199,546	100.00%			
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Facilities District No. 2017-1

Special Tax Bond- Rams Hill -US BANK	\$ 8,066	\$ 8,066	\$ 8,066				
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Total Cash, Cash Equivalents & Investments	\$ 4,232,676	\$ 4,207,611	\$ 4,207,611				
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Cash and investments conform to the District's Investment Policy statement filed with the Board of Directors on July 26, 2017

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

Sources of valuations are Umpqua Bank, LAIF and US Trust Bank.

Kim Pitman, Administration Manager



To: BWD Board of Directors
 From: Kim Pitman
 Subject: Consideration of the Disbursements and Claims Paid
 Month Ending October, 2017

Vendor disbursements paid during this period: **\$ 417,323.14**

Significant items:

San Diego Gas & Electric	\$	29,374.06
Medical Health Benefits (two months)	\$	19,948.61

Capital Projects/Fixed Asset Outlays:

Superior Tank-900 Tank	\$	225,000.00
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Total Professional Services for this Period:

Best Best & Krieger	Legal-general	\$	12,690.76
	GWM	\$	7,892.50
Lesar Development Consultants	Prop 1 Grant	\$	17,269.80
Superior Tank	900 Tank	\$	225,000.00
Downey Brand, Attorneys	GWM	\$	2,691.00
Dudek Professional Services	Recycled water study	\$	12,650.00
	RHGC-reimbursed	\$	13,857.10
Fieldman, Rolapp & Associates	Financial Advisor-Bond	\$	6,475.22

Payroll for this Period:

Gross Payroll	\$	66,165.00
Employer Payroll Taxes and ADP Fee	\$	1,343.00
Total	\$	67,508.00

Accounts Payable

Checks by Date - Summary by Vendor Number



Printed: 11/21/2017 8:17 AM

Vendor No	Vendor Name	Check Amount
1109	ABILITY ANSWERING/PAGING SER	241.28
9521	AdvizeX Technologies.LLC	1,693.43
1266	AFLAC	867.32
1034	AGGREGATE PRODUCTS INC.	142.23
1001	AMERICAN LINEN INC.	554.45
9272	AMERICAN WATER WORKS	420.00
61	AT&T MOBILITY	604.36
9529	AT&T-CALNET 3	379.48
83	AUTOMATED WATER TREATMENT	10,615.56
9255	BABCOCK LABRATORIES	1,820.00
9269	BENITO ARTEAGA	118.19
10884	BEST BEST & KRIEGER ATTORNEYS AT LAW	20,583.16
1003	BORREGO SPRINGS BOTTLED WATER	8.00
1037	BORREGO SUN	111.00
10893	CALIFORNIA STATE UNIVERSITY SACRAMENTO	6,949.22
1196	CASH	500.00
10869	CDW GOVERNMENT	1,996.47
1222	DEBBIE MORETTI	122.00
1455	DIANA DEL BONO	1,965.00
96	DISH	70.62
9535	DOWNEY BRAND	2,691.00
9640	DUDEK	28,027.10
1094	EMPIRE SOUTHWEST	2,477.00
3024	FED EX	49.57
10883	FIELDMAN, ROLAPP & ASSOCIATES	6,475.22
9579	GREEN DESERT LANDSCAPE	4,770.00
1012	HIDDEN VALLEY PUMP SYSTEMS INC	2,356.05
1136	HOME DEPOT CREDIT SERVICES	661.08
1022	JAMES HORMUTH DE ANZA TRUE VALUE	168.50
65	JC LABS & MONITORING SERVICE	1,500.00
10873	KESSLINGS KITCHEN	310.43
10889	LESAR DEVELOPMENT CONSULTANTS	17,269.80
1066	MANUEL RODRIGUEZ DE ANZA READY MI	239.60
1000	MEDICAL ACWA-JPIA	19,948.61
93	MRC SMART TECHNOLOGY SOLUTIONS	792.24
1016	NAPA AUTO PARTS INC	188.50
10891	NEOPOST USA INC	2,000.00
1489	NORTH COUNTY LAWNMOWER	99.09
1031	PHONE SYSTEMS PLUS,INC.	180.00
9633	RAMONA DISPOSAL SERVICE	3,329.81
3007	SAN DIEGO COUNTY TREASURER	2,334.20
1065	SAN DIEGO GAS & ELECTRIC	29,374.06
1059	STAPLES CREDIT PLAN	864.28
9046	STATE WATER RESOURCE CONTROL DRINKING WATER OPERATOR CERTIFICATION PROGRAM	70.00
1233	SUNSET ELECTRIC POWER	1,275.00
10877	SUPERIOR TANK COMPANY INC.	225,000.00
10885	THE SOCO GROUP, INC.	886.56
9385	TYCO INTEGRATED SECURITY LLC	216.95
3000	U.S.BANK CORPORATE PAYMENT SYS	2,298.74
1023	UNDERGROUND SERVICE ALERT	10.00
10847	USA COMMUNICATIONS	89.95
9439	USABLUEBOOK	1,233.77
1100	VERIZON WIRELESS	114.25
1623	WENDY QUINN	475.00
1064	WYMORE,INC.INDUSTRIES	9,408.01
92	XEROX FINANCIAL SERVICES	377.00
TOTAL		417,323.14



ASSETS	BALANCE SHEET October 31, 2017 (unaudited)	BALANCE SHEET September 30, 2017 (unaudited)	MONTHLY CHANGE (unaudited)
CURRENT ASSETS			
Cash and cash equivalents	\$ 4,200,181.34	\$ 4,088,483.47	\$ 111,697.87
Accounts receivable from water sales and sewer charges	\$ 435,670.11	\$ 473,830.16	\$ (38,160.05)
Inventory	\$ 125,030.60	\$ 129,422.13	\$ (4,391.53)
Prepaid expenses	\$ 30,655.73	\$ 30,655.73	\$ -
TOTAL CURRENT ASSETS	\$ 4,791,537.78	\$ 4,722,391.49	\$ 69,146.29
RESTRICTED ASSETS			
Debt Service:			
Deferred amount of COP Refunding	\$ 112,546.17	\$ 112,546.17	\$ -
Deferred Outflow of Resources-CalPERS	\$ 244,883.00	\$ 244,883.00	\$ -
Total Debt service	\$ 357,429.17	\$ 357,429.17	\$ -
Trust fund:			
Investments with fiscal agent -CFD 2017-1	\$ 8,065.57	\$ 9,673.82	\$ (1,608.25)
Total Trust fund	\$ 8,065.57	\$ 9,673.82	\$ (1,608.25)
TOTAL RESTRICTED ASSETS	\$ 365,494.74	\$ 367,102.99	
UTILITY PLANT IN SERVICE			
Land	\$ 2,298,413.65	\$ 2,309,413.65	\$ (11,000.00)
Flood Control Facilities	\$ 4,287,340.00	\$ 4,287,340.00	\$ -
Capital Improvement Projects	\$ 626,343.33	\$ 349,903.53	\$ 276,439.80
Sewer Facilities	\$ 5,992,778.56	\$ 5,992,778.56	\$ -
Water facilities	\$ 11,010,716.48	\$ 11,010,716.48	\$ -
General facilities	\$ 1,017,429.37	\$ 1,017,429.37	\$ -
Equipment and furniture	\$ 574,974.27	\$ 574,974.27	\$ -
Vehicles	\$ 622,357.41	\$ 622,357.41	\$ -
Accumulated depreciation	\$ (12,838,917.47)	\$ (12,838,917.47)	\$ -
NET UTILITY PLANT IN SERVICE	\$ 13,591,435.60	\$ 13,325,995.80	\$ 265,439.80
OTHER ASSETS			
Water rights -ID4	\$ 185,000.00	\$ 185,000.00	\$ -
TOTAL OTHER ASSETS	\$ 185,000.00	\$ 185,000.00	
TOTAL ASSETS	\$ 18,933,468.12	\$ 18,600,490.28	\$ 332,977.84



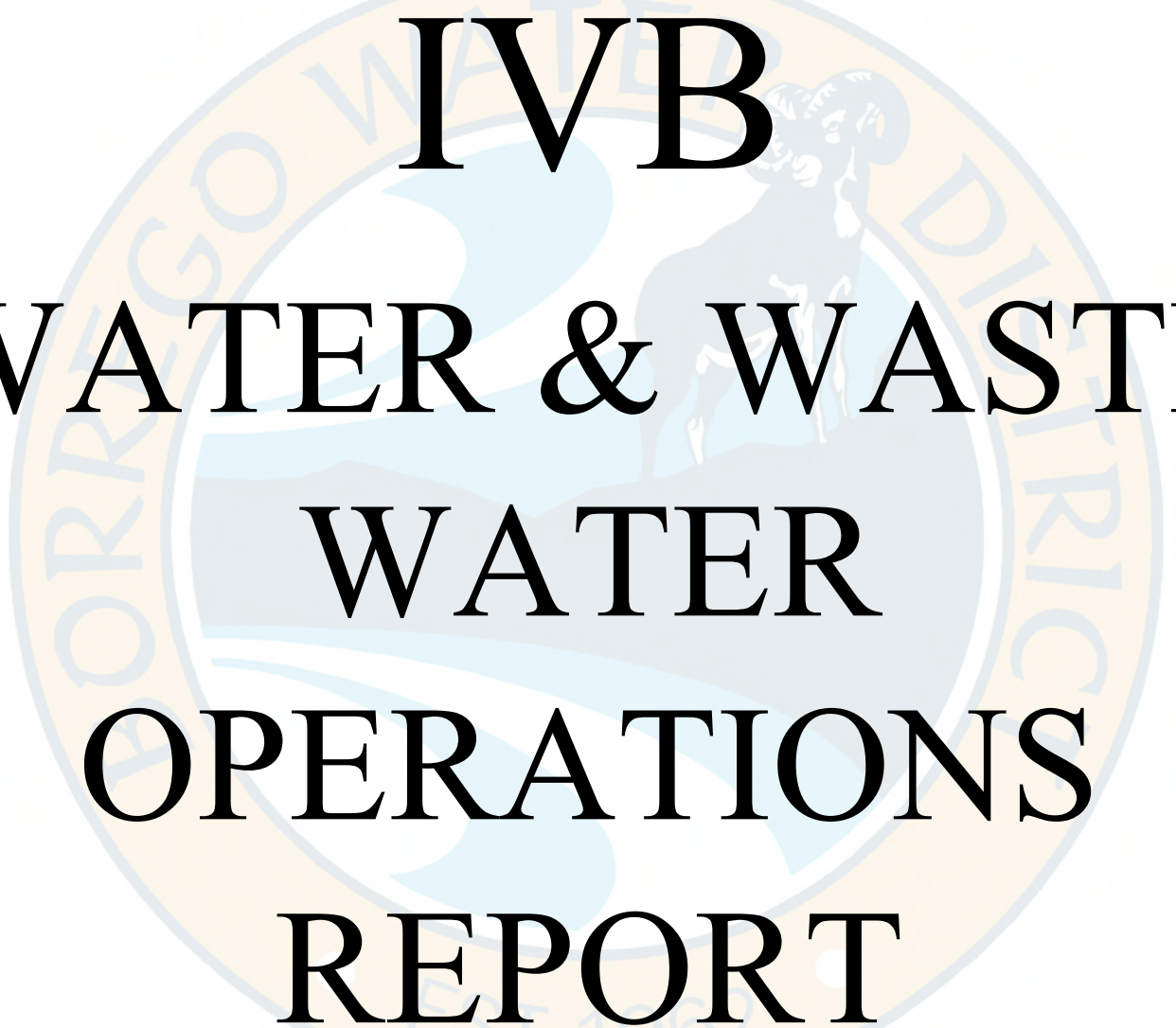
Balance sheet continued

	BALANCE SHEET October 31, 2017 (unaudited)	BALANCE SHEET September 30, 2017 (unaudited)	MONTHLY CHANGE (unaudited)
LIABILITIES			
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS			
Accounts Payable	\$ 420,021.33	\$ 240,484.41	\$ 179,536.92
Accrued expenses	\$ 123,110.45	\$ 123,110.45	\$ -
Deposits	\$ 14,825.00	\$ 13,625.00	\$ 1,200.00
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	\$ 557,956.78	\$ 363,182.64	\$ 194,774.14
CURRENT LIABILITIES PAYABLE FOM RESTRICTED ASSETS			
Debt Service:			
Accounts Payable to CFD 2017-1	\$ 8,065.57	\$ 9,673.82	\$ (1,608.25)
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	\$ 8,065.57	\$ 9,673.82	\$ (1,608.25)
LONG TERM LIABILITIES			
2008 Certificates of participation	\$ 2,180,000.00	\$ 2,180,000.00	\$ -
BBVA Compass Bank Loan	\$ 918,919.86	\$ 918,919.86	\$ -
Net Pension Liability-CalPERS	\$ 693,352.00	\$ 693,352.00	\$ -
Deferred Inflow of Resources-CalPERS	\$ 246,389.00	\$ 246,389.00	\$ -
TOTAL LONG TERM LIABILITIES	\$ 4,038,660.86	\$ 4,038,660.86	\$ -
TOTAL LIABILITIES	\$ 4,604,683.21	\$ 4,411,517.32	\$ 193,165.89
FUND EQUITY			
Contributed equity	\$ 9,611,814.35	\$ 9,611,814.35	\$ -
Retained Earnings:			
Unrestricted Reserves/Retained Earnings	\$ 4,716,970.56	\$ 4,577,158.61	\$ 139,811.95
Total retained earnings	\$ 4,716,970.56	\$ 4,577,158.61	\$ 139,811.95
TOTAL FUND EQUITY	\$ 14,328,784.91	\$ 14,188,972.96	\$ 139,811.95
TOTAL LIABILITIES AND FUND EQUITY	\$ 18,933,468.12	\$ 18,600,490.28	\$ 332,977.84



**GROUNDWATER MANAGEMENT
ACCOUNTING
FY 2018
Acct #10154800**

	A	B	C	E	F	G	I	J	K	L	M	N
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15				Wendy Quinn	Town Hall/	One Eleven			Water Advisory		Monthly	FYE 2018
16	Month	Downey Brand	BBK	Minutes	Advertising/Postage	Water Services	Staff Allocation	Ellen Wehr	Committee-Lunches	CSU-GSP	Total	Total
17												
18	Jul-17						3,415.68	9,645.00	480.88		13,541.56	13,541.56
19	Aug-17					1,710.00	4,002.75		9.99		5,722.74	19,264.30
20	Sep-17	1,115.25		262.50	100.90	760.00	3,202.20		345.20		5,786.05	25,050.35
21	Oct-17	2,691.00	7,892.50	212.50			4,500.60		353.32	6,948.62	22,598.54	47,648.89
22	Nov-17											
23	Dec-17											
24	Jan-17											
25	Feb-17											
26	Mar-17											
27	Apr-17											
28	May-17											
29	Jun-17											
30												
31	Total	3,806.25	7,892.50	475.00	100.90	2,470.00	15,121.23	9,645.00	1,189.39	6,948.62	47,648.89	47,648.89

The logo of the Waterbury Water District is a circular seal. It features a central figure of a Native American man in traditional dress, holding a bow and arrow. The background of the seal includes a landscape with mountains and a river. The text "WATERBURY WATER DISTRICT" is written around the perimeter of the seal, and "EST. 1962" is at the bottom.

IVB
WATER & WASTE
WATER
OPERATIONS
REPORT



BORREGO WATER DISTRICT

October 2017

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	

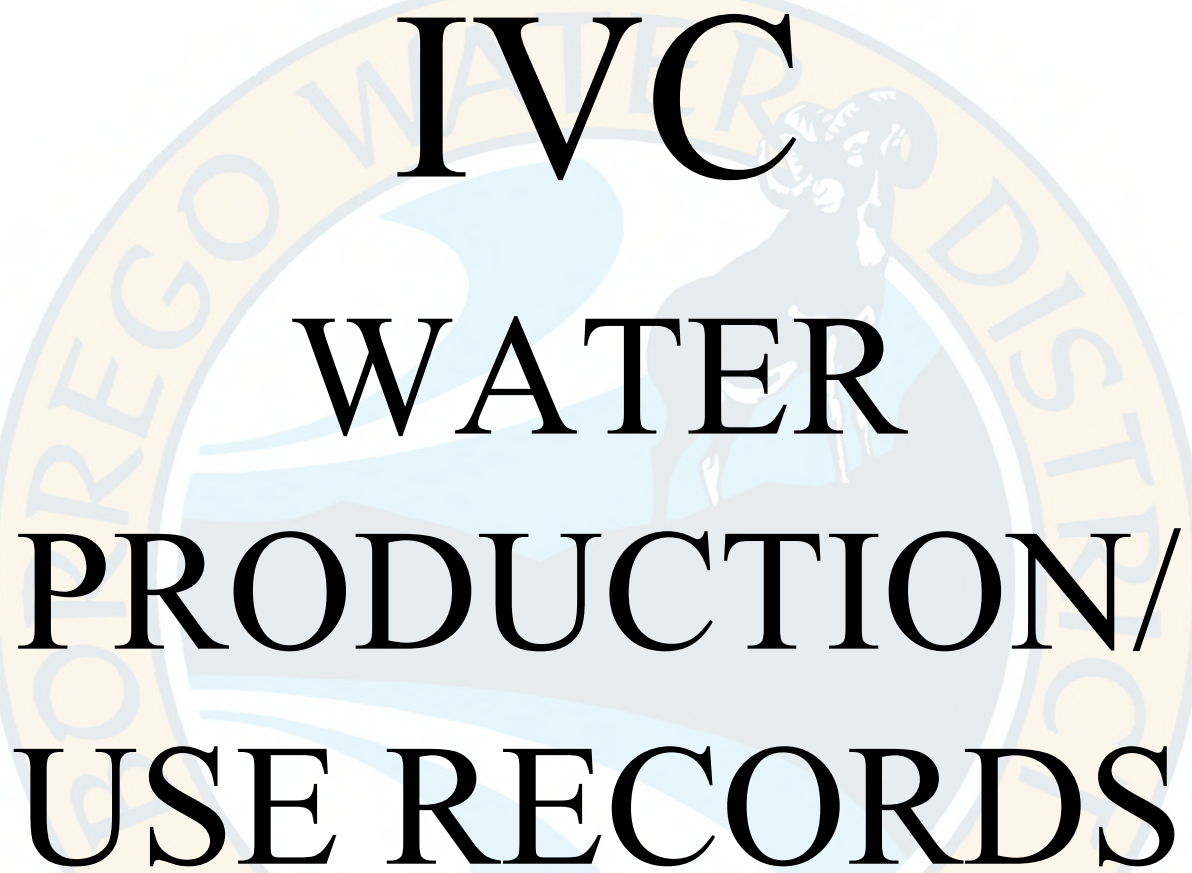
System Problems: All production wells are in service. All reservoirs are in operating condition.

WASTEWATER OPERATIONS REPORT

Rams Hill Wastewater Treatment Facility serving ID-1, ID-2 and ID-5 Total Cap. 0.25 MGD (million gallons per day):

Average flow: 61,816 (gallons per day)

Peak flow: 88,000 gpd Saturday October 21, 2017

The background features a large, faint circular logo for Oregon Water District. The logo contains a central figure of a person holding a staff, with a mountain range and a river in the background. The text "OREGON WATER DISTRICT" is written around the top inner edge of the circle, and "EST. 1962" is at the bottom. Two small white dots are positioned on the bottom edge of the circle.

**IVC
WATER
PRODUCTION/
USE RECORDS**



BORREGO WATER DISTRICT

WATER PRODUCTION SUMMARY

OCTOBER 2017								
DATE	WATER USE	WATER PROD	WATER %UNACC	ID4 USE	ID4 PROD	ID4 %UNACC	TOTAL USE	TOTAL PROD
Oct-15	39.19	42.11	6.93	117.32	113.56	-3.31	156.51	155.67
Nov-15	31.25	33.51	6.74	94.66	132.96	28.81	125.91	166.47
Dec-15	22.37	24.64	9.23	83.23	99.01	15.94	105.60	123.66
Jan-16	18.80	20.96	10.29	58.73	72.07	18.51	77.53	93.03
Feb-16	19.61	20.00	1.94	74.06	91.40	18.97	93.67	111.40
Mar-16	18.98	20.38	6.86	73.79	86.65	14.84	92.77	107.03
Apr-16	23.53	25.03	5.98	78.79	94.30	16.45	102.32	119.33
May-16	22.54	22.99	1.96	78.02	92.54	15.69	100.56	115.53
Jun-16	30.90	33.34	7.31	96.77	114.10	15.19	127.67	147.44
Jul-16	35.02	35.74	2.01	97.17	115.18	15.63	132.19	150.91
Aug-16	41.77	43.61	4.21	115.77	141.88	18.40	157.54	185.48
Sep-16	43.67	46.58	6.25	119.76	118.50	-1.06	163.43	165.09
Oct-16	34.51	37.64	8.31	102.51	122.73	16.48	137.02	160.37
Nov-16	31.55	31.58	0.10	102.59	112.11	8.50	134.14	143.70
Dec-16	27.15	27.95	2.87	73.25	82.85	11.59	100.40	110.81
Jan-17	17.49	16.18	-8.10	51.59	59.32	13.02	69.08	75.50
Feb-17	11.72	14.64	19.93	63.23	73.40	13.85	74.95	88.04
Mar-17	17.15	18.48	7.17	63.65	68.34	6.86	80.81	86.82
Apr-17	25.02	26.02	3.83	90.17	99.02	8.94	115.18	125.03
May-17	28.18	29.45	4.30	98.06	113.48	13.58	126.25	142.93
Jun-17	29.25	33.42	12.48	96.28	106.02	9.19	125.52	139.44
Jul-17	32.84	34.17	3.90	107.37	122.38	12.26	140.21	156.55
Aug-17	35.64	40.65	12.32	127.56	141.43	9.81	163.19	182.07
Sep-17	40.98	43.11	4.93	102.46	114.72	10.69	143.44	157.83
Oct-17	29.35	31.05	5.48	108.42	119.22	9.06	137.77	150.28
12 Mo. TOTAL	360.83	384.33	5.96	1187.14	1335.02	11.06	1547.97	1719.35

Totals reflect Water (ID1 & ID3) and ID4 (ID4 & ID5) . Interties to SA3 are no longer needed to be separated. ID4 and SA5 are combined because all water production is pumped from ID4. All figures are in Acre Feet of water pumped.

WATER LOSS SUMMARY (%)

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

DATE	WATER	ID-4	ID-5	DISTRICT-WIDE AVERAGE
Aug-17	5.48	9.06	N/A	7.27
12 Mo. Average	5.96	11.06	N/A	8.51



**IVD
GENERAL
MANAGER
REPORT**