

Borrego Water District Board of Directors
Regular Meeting
June 27, 2018 @ 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. April 25, 2018 Corrected Special Meeting Minutes (3-8)
 - 2. May 15, 2018 Special Meeting Minutes (9-12)
 - 3. May 23, 2018 Regular Board Meeting Minutes (13-15)
- F. Comments from the Public & Requests for Future Agenda Items (may be limited to 3 min)
- G. Comments from Directors

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

- A. Adoption of Contracting and Purchasing Policy – D Del Bono & K Pittman (16-34)
- B. Adoption of Board of Directors Meeting Schedule – E Garcia (35-37)
- C. Narrative Changes to BWD FY 2018-19 Budget and CIP Package (38-96)
- D. Request for Proposal for Construction Management Services (97-106)

III. INFORMATIONAL ITEMS

- A. None

IV. STANDING AND AD-HOC BOARD COMMITTEE REPORTS (108)

- A. STANDING:
 - 1. Operations and Infrastructure – Delahay & Tatusko
- B. AD-HOC:
 - 1. GSP Preparation – Hart & Brecht
 - A. Verbal
 - 2. BWD Bond Financing – Brecht & Ehrlich
 - 3. Rams Hill Operating Agreement – Hart & Brecht
 - 4. 2018 Water Bond Proceeds – Hart & Tatusko
 - 5. Cyber Security – Ehrlich & Tatusko

AGENDA: June 27, 2018

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.

V. STAFF REPORT

- A. Financial Reports:
 - 1. April 2018 (111-119)
- B. Water and Wastewater Operations Report:
 - 1. April 2018 (121)
 - 2. May 2018 (122)
- C. Water Production/Use Records:
 - 1. April 2018 (124)
 - 2. May 2018 (125)
- D. General Manager's Report (126-128)

VI. CLOSED SESSION:

- A. Public Employee Performance Evaluation – Title: General Manager Employee Performance Review

VII. CLOSING PROCEDURE

- A. Suggested Items for Next/Future Agenda
- B. The next Meeting of the Board of Directors is scheduled for July 18, 2018 at the Borrego Water District

AGENDA: June 27, 2018

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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.

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Borrego Water District Board of Directors
CORRECTED MINUTES
Regular Meeting
April 25, 2018 @ 9:00 a.m.
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, Ehrlich, Delahay

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

Public: Bill Berkley, Rams Hill Cathy Milkey, Rams Hill
 Susan Percival, Club Circle East Julian Peabody
 HOA Bill Haneline
 J.C. Bambach, Borrego Springs Linda Haneline
 Resort Jim Wilson
 Michael Sadler, *Borrego Sun* Jim Engelke
 Joe Bam, Borrego Springs Resort John Hogan
 Brian Brady, BSBA Silvia Hogan
 Hans Hoefler Linda Haddock, Chamber of
 Laara Maxwell Commerce
 Stephen Hinze J. Gury
 Patrick Meehan, *Borrego Sun* Diane Johnson
 Jim Bennett, County of San Diego Rebecca Falk
 Gaelee Rogers Laura Brecht, Borrego
 Steve Rogers Ministers Association
 Tom Patrick Rob Rempel, Layfield

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

- E.** Approval of Minutes:

1. March Special Meeting March 20, 2018

MSC: Brecht/Ehrlich approving the Minutes of the Special Meeting of March 20, 2018 as written.

2. March Regular Meeting March 28, 2018

MSC: Brecht/Tatusko approving the Minutes of the Regular Meeting of March 28, 2018 as written.

3. 2018 Town Hall Meeting March 28, 1028

MSC: Brecht/Tatusko approving the Minutes of the Town Hall Meeting of March 28, 2018 as corrected (amend sentence in the middle of Item II.E to read in part, “. . . the District hopes to borrow \$5.4 million to finance improvements”)

4. February 28, 2018 Regular Meeting (include Shindler Comments)

MSC: Brecht/Ehrlich approving the Minutes of the Regular Meeting of February 28, 2018 as written.

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

G. Comments from Directors: None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION (SEE ADDITIONAL ITEMS AFTER CLOSED SESSION)

A. Adopting Ordinance No. 18-01 Water Shortages and Water Shortages Emergencies: Steve Anderson summarized the proposed water shortage ordinance, also known as a water conservation ordinance. The ordinance was first presented to the Board in December, and after considering comments from the Board and the public, it was amended and again reviewed in February. Mr. Anderson explained that this is a standard ordinance used throughout the State since the recent drought, after which water conservation became a way of life in California. The ordinance sets up a framework for water conservation by the District's customers and for a declaration of a water shortage or water shortage emergency by the District. Upon such a declaration, water use restrictions would be required, such as a prohibition of hosing off sidewalks, use of shut-off valves on the hose while washing cars, recycling water in fountains, and turning off irrigation during rain. Fines of up to \$200 may be levied for violations.

Director Brecht pointed out that some grants require the adoption of these policies. J.C. Bambach of Borrego Springs Resort felt the ordinance was too subjective and lacked quantifiable goals. President Hart explained that the goals would be established by the State. Mr. Anderson added that any future changes to the ordinance would come back to the Board and the public for comment. Jim Wilson expressed concern that adoption of this ordinance would give the opinion that Borrego is running out of water and negatively impact the economy. Linda Haddock shared the concerns expressed by Mr. Bambach and Mr. Wilson. Mr. Wilson pointed out that BWD customers use only 10 percent of the basin extraction and are already conserving. Steve Rogers asked whether, as a ratepayer and taxpayer, he had a right to water. President Hart cited the Human Right to Water Law.

MSC: Brecht/Delahay adopting Ordinance No. 18-01, Water Shortages and Water Shortage Emergencies.

B. Adopting Ordinance No. 18-02 Declaring a Water Shortage Emergency and Hold PUBLIC HEARING: Mr. Anderson reported that this ordinance, like the last one, was presented to the Board and public in December and February for comment and modification. It would implement sections 4 through 7 of Ordinance 18-01, which set forth the restrictions under a water shortage emergency and penalties for violation. Again, it would only apply to BWD customers. Mr. Anderson explained that the ordinance establishes policies in response to the County's failure to consider water availability and conservation in its land use decisions. In order to declare a water shortage emergency, the District must make a finding that without that declaration, there could be insufficient water for human consumption, sanitation and fire protection. Mr. Anderson cited the Swanson court case, where a district imposed a building moratorium, a developer sued, and the court ruled for the district on the grounds that they were looking toward the future. He explained that the area of concern is the time before the implementation of the GSP.

President Hart opened the public hearing at 10:10 a.m. Patrick Meehan reiterated the fact that District ratepayers only use 10 percent of the water. He asked what could be done to regulate the biggest water users. Mr. Anderson replied that SGMA has a mechanism to deal with this, but the ordinance would be useful before the GSP takes effect. Rebecca Falk expressed

support for the ordinance, noting that it responds to some concerns of the Sponsor Group. Mr. Bambach pointed out that there is not much development in Borrego Springs currently, but this ordinance would create uncertainty among developers and could have a negative effect on the economy. With the water credit policy, he felt the ordinance was unnecessary. Another ratepayer spoke in favor of the ordinance, saying it should have been done a long time ago. Jim Bennett of the County of San Diego read a statement, noting that the County and the District were working together on SGMA with the Advisory Committee and stakeholders. He felt the ordinance may not be compatible with SGMA, and asked the Board to consider instead sending a letter to the County expressing their concerns. Bill Berkley pointed out that with the water credit policy, new developers are saving more water than they are using and would probably use new, water efficiency technology. Cathy Milkey felt the ordinance was overreaching and stressful. She didn't believe that Borrego had insufficient water for human consumption, sanitation and fire protection, and felt an emergency did not exist. She asked if the ordinance could be lifted once adopted, and Mr. Anderson replied that it could. Jim Seley agreed that an emergency did not exist, and urged the Board to wait for the results of the GSP process, which may conflict with the ordinance. Ms. Haddock felt the ordinance was unnecessary, overreaching and negative for the community, in light of the ongoing SGMA process. Another comment dealt with the increase in arsenic and nitrates in our groundwater. President Hart assured him that the District was taking a close look at this and had increased its monitoring. A site for a new potable water well is currently being sought. Mr. Meehan reiterated that declaration of a water shortage emergency would not be good for the community, and suggested a more detailed legal opinion as to what can be done to curtail the farmers' water use. Mr. Berkley felt the ordinance would not save much water in a relatively short time period, and efforts should be concentrated on the upcoming November bond issue. Ms. Milkey suggested consideration of declaring a water shortage, rather than a water shortage emergency.

Hearing no further comments, President Hart closed the public hearing at 11:05 a.m. ***MSC: Brecht/Tatusko tabling the ordinance and reconsidering it based on today's comments, sending a letter to the County as suggested by Mr. Bennett, and asking Mr. Anderson to negotiate with the County attorney.***

President Hart declared a recess at 11:05 a.m., and the Board reconvened at 11:15 a.m.

C. Resolution No. 2018-04-01 Revising Developers Policy and Hold PUBLIC HEARING: Mr. Anderson reported that the Board had considered revisions to the New Developers' Policy in December and February. The Policy sets forth procedures for review of requests for water and sewer Will Serve Letters and clarifies steps to be followed by developers. Also included are provisions for facilities built by developers and dedicated to the District.

President Hart opened the public hearing at 11:20 a.m. Mr. Bennett reiterated his comments regarding Ordinance No. 18-02, noting that he just became aware of the Policy four days ago and wanted an opportunity to discuss it. Hearing no further comments, President Hart closed the public hearing at 11:21 a.m.

A motion was made by Director Brecht and seconded by Director Delahay to adopt Resolution No. 2018-04-01, Resolution of the Board of Directors of Borrego Water District Approving the District's Updated Policy on New Development. ***A substitute motion was made by Director Ehrlich and seconded by Director Tatusko to continue this item to the first meeting in May in order to obtain comments from the County. Directors Brecht and Delahay withdrew their motion and second, and Director Ehrlich's motion passed unanimously*** Mr.

Bennett agreed to provide comments to the District within a week. Directors Ehrlich and Tatusko volunteered to serve on an ad hoc committee to review Mr. Bennett's comments and discuss them with him. The hearing was adjourned until the following meeting.

D. AT&T Cell Tower Adjacent to Rams Hill: Mr. Poole reported nothing new since his last update on AT&T's request to install a cell tower on BWD property near Rams Hill: No legal documents, no e-mails from AT&T. He requested Board direction as to how to proceed. Ms. Milkey expressed concern regarding commercial access to the private roads through Rams Hill and referenced the earlier letter sent to the BWD regarding a lack of access to the site. Mr. Poole explained to the Board that BWD has a standard easement, which counsel has reviewed and determined that Rams Hill's concerns have merit. Ms. Falk reported that AT&T told the Sponsor Group that the American Legion site was not viable, and they were waiting to hear from Rams Hill. Director Ehrlich recommended that the District send AT&T a note saying BWD will do nothing further on the project until they receive a substantial proposal from AT&T. The Board concurred.

E. Support for Ed Sprague on Local Agency Formation Commission Consolidated Redevelopment Oversight Board: Director Ehrlich reported that he knows all the candidates for the LAFCO Consolidated Redevelopment Oversight Board. The Special Districts Advisory Committee nominated Ed Sprague, with Hal Martin as alternate, and Director Ehrlich recommended concurrence. *MSC: Brecht/Delahay authorizing President Hart to cast a vote for Ed Sprague for the LAFCO Consolidated Redevelopment Board.*

III. CLOSED SESSION

A. Conference with Legal Counsel – Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 (two (2) potential cases: The Board adjourned to closed session at 11:45 a.m., and the open session reconvened at 12:00 p.m. Reportable action follows.

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION: CONTINUED

F. Suspension of Club Circle Golf Course Fee: President Hart explained that since the 1960s, the Club Circle Golf Course has been financed by Community Services District fees. In 1996, it was determined that the fees were inappropriate, since the golf course is open to the public. The fee was considered a tax, and there was no record of a vote. When BWD and the CSD merged, it was not discovered for some time that the fee was inappropriate. Now that the situation has come to light, the fee will be suspended effective May 30. There are two outstanding agreements for golf course maintenance, and BWD has sufficient funds from interest and property tax to cover the maintenance until those agreements expire (June 30, 2019). Upon expiration, BWD will no longer maintain the golf course. Meanwhile, it is hoped that the community will find a way to assume responsibility. *MSC: Brecht/Delahay suspending the Club Circle Golf Course Fee effective May 30, 2018. Director Tatusko abstained from the vote because he owns property at Club Circle.*

G. Fats, Oils and Grease Policy Revisions: Mr. Poole reported that after issues arose late last year, the Board and staff elected to revise the District's Fats, Oils and Grease (FOG) Policy. Excess FOG can create problems in the sewer system. There are no dramatic changes in procedures or costs under the new policy. Mr. Poole explained that under an earlier draft of the policy, professional grease trap cleaning was required at a cost of at least \$300. After consulting with all local Food Service Establishments (FSEs) and determining this would be a financial burden, a professional service was identified that would assist the FSEs with collection, removal

and disposal. They provide fee barrels for cooking oils and barrels for grease at \$25. The District will conduct periodic inspections, and if an FSE fails to comply, there are penalties. The County Health Department will assist with enforcement. Linda Haddock expressed concern regarding the applicability of the policy to temporary FSEs, and Mr. Poole assured her that the Policy could be amended in the future if need be. *MSC: Brecht/Ehrlich approving the revised Fats, Oils and Grease Policy.*

IV. INFORMATIONAL ITEMS - NONE

V. STANDING AND AD-HOC BOARD COMMITTEE REPORTS

A. Standing:

1. Operations and Infrastructure. Director Tatusko reported that the Committee met on April 11 and reviewed the budget with Kim Pitman. Greg Holloway presented an update on the 900 tank. Later today, the Committee will be meeting with Layfield to discuss the defective liner. Mr. Holloway will report on the meter replacement program.

B. Ad-Hoc:

1. GSP Preparation. President Hart announced that there would be a Core Team meeting tomorrow.

2. BWD Bond Financing. Director Ehrlich reported that the Committee was moving ahead with the placement agent and working with bond counsel. The question of private versus public placement is still under consideration. The Committee hopes to have a proposal for the Board in May and funding by July.

3. Rams Hill Operating Agreement. President Hart reported that the Committee met with Rams Hill representatives and discussed payment for unused water. Mr. Holloway reported that Raftelis is working on it.

4. 2018 Water Bond Proceeds. No report.

5. GSA Organizational Capacity Analysis. This item was deferred to closed session.

6. Cyber Security. Director Ehrlich reported that the Committee met with staff and has a draft for discussion.

The Club Circle Committee (President Hart and Director Ehrlich) has been working behind the scenes and will continue to exist for a while. Mr. Poole will add them to the next Agenda.

A new Committee, Developers' Policy Amendment Committee (Directors Tatusko and Ehrlich), was formed and will be included on the next Agenda.

VI. STAFF REPORTS

A. Financial Reports, March 2018: Ms. Pitman reported she had paid medical insurance bills and COP debt. Mr. Holloway reported that the site of the 800 tank had been cleared. Director Ehrlich noted there was a budget overrun and questioned whether the Board should vote on it or establish a contingency fund from which the General Manager could withdraw. Mr. Poole will work on a contracting policy to address these issues.

B. Water and Wastewater Operations Report, March 2018: Mr. Holloway reported that the State is working on the wastewater treatment plant discharge permit.

C. Water Production/Use Records, March 2018:

1. 900 Tank Update. Mr. Holloway reported that the 900 tank still needs to be inspected by the State. The fencing contractor will arrive Monday. The BWD system is due for

its three-year inspection, so Mr. Holloway hoped the 900 tank inspection could be done at that time, probably in July. There is a new coating on the inside of the tank.

2. Meter Replacement and Testing Program. Mr. Holloway explained that the District has a program in place. If a customer thinks his/her meter is not working properly, testing can be requested. If it meets AWWA standards, the customer pays; if not, the District pays and a new meter is installed.

D. General Manager: Mr. Poole introduced Rob Rempel from Layfield.

VII. CLOSED SESSION

A. Conference with Legal Counsel, on matters posing a threat to the security of public buildings, a threat to the security of essential public service, including water, drinking water, wastewater treatment, or a threat to the public's right of access to public services or public facilities. Pursuant to Government Code 54957(a)

B. Public Employee Performance Evaluation – Title: General Manager Employee Performance Review

C. Conference with legal counsel: Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 (one (1) potential case:

The Board adjourned to closed session at 12:55 p.m., and the open session reconvened at 1:45 p.m. There was no reportable action.

VIII. CLOSING PROCEDURE

A. Suggested Items for Next/Future Agenda: The New Developers' Policy will be discussed at the next meeting, with final action probably taken at the following meeting.

B. The next Meeting of the Board of Directors is scheduled for May 15, 2018 at the Borrego Water District Office. There being no further business, the Board adjourned at 1:45 p.m.

Borrego Water District Board of Directors
MINUTES
Special Meeting
May 15, 2018 @ 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, Secretary/Treasurer Tatusko, Delahay, Ehrlich
 - Absent: Vice-President Brecht
 - Staff:
 - Geoff Poole, General Manager
 - Greg Holloway, Operations Manager
 - Kim Pitman, Administration Manager
 - Steve Anderson, Best Best & Krieger (via videoconference)
 - Wendy Quinn, Recording Secretary
 - Public:
 - Rebecca Falk Susan Percival, Club Circle
 - Rick Alexander, TRAC East HOA
 - Trey Driscoll, Dudek (via teleconference, Dave Duncan, GSP Advisory Committee
 - Item II.B only) Jim Engelke
 - Diane Johnson, Shannon Smith, Rams Hill
 - Stewardship Council
- D. Approval of Agenda: *MSC: Delahay/Ehrlich approving the Agenda as written.*
- E. Comments from the Public and Requests for Future Agenda Items: None
- F. Comments from Directors: None

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

A. PUBLIC HEARING CONTINUATION – BWD Developers Policy: President Hart opened the public hearing continuation at 9:01 a.m. Geoff Poole explained that the hearing had been continued in order to consider the County’s comments, but once County staff had reviewed the proposed policy, they had none. Hearing no further comments, President Hart closed the hearing at 9:02 a.m. *MSC: Ehrlich/Delahay adopting Resolution No. 2018-04-01 of the Board of Directors of Borrego Water District Approving the District’s Updated Policy on New Development.*

B. Viking Ranch Fallowing Proposal: Trey Driscoll summarized his proposal for due diligence and screening for pesticides in the soil on the Viking Ranch property. Findings from the study will be helpful in restoring other fallowed properties in the future and reducing potential liability. Another issue to be addressed is inactive wells on fallowed land, and whether to abandon them according to State standards or use them as monitoring wells. President Hart noted that there is a lot of sand blowing in the Viking Ranch area, and it has accumulated since the fallowing. She also noticed chunks on the land, different from traditional chipping and mulching. Mr. Driscoll agreed to investigate. Jim Engelke and Greg Holloway stated that traditional chipping and mulching were used, but Mr. Engelke added that chunks of soil may have been left to prevent blowing sand. Director Tatusko pointed out that Viking Ranch is in a flood plain from Coyote Canyon. Mr. Engelke was unaware of any ponding or retention,

but Mr. Driscoll agreed to look into it. President Hart suggested that Mr. Driscoll work with Mr. Engelke and Mr. Holloway on background information. **MSC: Delahay/Ehrlich approving Dudek's Viking Ranch following proposal.**

C. BWD Comment Letter on County of San Diego Property Specific Requests process: Mr. Poole reported that the County is considering two projects for upzoning (increased density), and they are currently in the public review and comment period. They will be addressed at a meeting on June 26, and Director Brecht had prepared a comment letter. Director Ehrlich thought the letter was appropriate, and President Hart noted that it addresses economic concerns. Director Tatusko felt it might be premature in light of the ongoing GSP process, but was neutral as to whether to submit it. Director Delahay stated the letter was acceptable. President Hart explained that County staff wanted to be able to show the Board of Supervisors that water is an issue in Borrego Springs that should be considered in land use decisions. Rebecca Falk reported that the Sponsor Group had voted against upzoning, and Diane Johnson added that the Stewardship Council wants these issues discussed with the County. Director Tatusko suggested that the District support existing zoning for the two projects but not the upzoning. Steve Anderson explained that it is not the District's place to support or oppose development. Instead, he suggested attaching the New Developers' Policy and eliminating the last paragraph of the letter (recommending denial of the upzoning). Director Ehrlich recommended continuing consideration of approval to the next meeting, revising the letter as discussed and obtaining Director Brecht's comments.

D. Fiscal Year 2018-19 Draft Budget and CIP: Kim Pitman noted that proposed bond financing needed to be added to water revenue in the budget cash flow. Mr. Poole agreed to get her the figures. Director Ehrlich explained that the bond financing would hopefully be finalized in early July, i.e. next fiscal year, and spread over three years. Director Tatusko asked why commercial water sales were increased. Ms. Pitman explained that it was due to recategorization of some commercial versus residential accounts, but agreed to double check. Director Tatusko asked whether Dynamic Engineering had submitted a quote for services, and Mr. Poole agreed to discuss it with Carlos Beltran. Ms. Pitman reported that Director Ehrlich had requested that the legal services budget be reduced. President Hart suggested reconsidering counsel's attendance at all Board meetings, and limiting expenditures when legal services are requested. Ms. Pitman pointed out that the rehabilitation and maintenance budget for both the buildings/equipment and the wastewater treatment plant had been reduced. New water debt and new sewer debt had been added.

Discussion followed regarding the salaries and wages budget, which included five percent increases for staff as well as a new employee, an increase for Roy Martinez should he pass his exam for a promotion, and possible transition of Diana Del Bono to full time. Ms. Pitman pointed out that most of Esmeralda Garcia's time is now spent on GSP-related tasks. Director Tatusko asked Ms. Pitman to prepare a written justification for the new position. Director Ehrlich reported that a staff needs assessment is in progress. Director Delahay suggested a "chart of accounts," where employees would keep track of their daily activities. Director Tatusko added that this is common in companies, and he and Director Delahay agreed to discuss it with Ms. Pitman and Mr. Holloway, who had concerns. Ms. Pitman explained that the five percent increase was a merit increase covered by the last Proposition 218 process. Last year all employees received it.

Director Tatusko questioned the \$200,000 budgeted for a backhoe. Mr. Holloway explained that it had been reduced to \$125,000, and he was going to look for a used one, perhaps from a rental agency. Director Delahay pointed out that a closed cab was recommended for environmental reasons, and rental agencies seldom have them. Ms. Pitman summarized the CIP projects, some of which were completed or carried over to the following year. Director Ehrlich inquired about the likelihood of additional grant funds, and Rick Alexander agreed to request a timeline from the State once all the District's paperwork

has been submitted. Director Ehrlich asked about a CIP implementation memo. Mr. Poole agreed to have it by next week, and will talk with Director Ehrlich in the meantime about exactly what he wants. Ms. Pitman recommended considering the budget for approval at the next meeting.

III. INFORMATIONAL ITEMS

A. Prop One Grant Applications Update – Waste Water and Water Projects: Mr. Poole reported that the wastewater grant application is essentially complete. Mr. Alexander pointed out a correction in the Board package: Project 34239 (replacement of reservoir tanks) should be \$1,460,070, and Project 34661 (treatment plant upgrade) should be \$478,000. He had been working with staff since December on grant applications for replacement of Indian Head, Rams Hill 2, and Twin Tanks reservoirs and upgrades to the wastewater treatment plant. The sources are the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund, respectively. Each grant application involves a different State staff and a different set of forms. Upon completion of the applications, they can be tracked on the FFAST website. For the reservoir replacements, the technical package was completed yesterday, and the financial security package and TMF assessment should be completed by next week. The treatment plant application is complete, with no unresolved issues.

Mr. Alexander explained an unresolved issue on the reservoir replacement application. The State sometimes melds Proposition 1 funds with federal funds, which means the application not only needs to address CEQA but also the National Environmental Policy Act. The federal requirements add cultural/historic preservation, endangered species/wildlife conservation, and air quality reporting. Mr. Poole explained that submission of the application is time sensitive. He and Mr. Alexander have consultants identified for the additional studies, but recommend waiting until it appears likely that federal funds will be involved before spending the money. Director Ehrlich suggested checking with other agencies as to how long the application review will take, and Mr. Alexander agreed to do so. Once the application is submitted, he will also request a schedule from the State.

B. BWD Groundwater Sustainability Plan Advisory Committee Representative Report: Dave Duncan reported that some ratepayers had expressed concern regarding the fact that the proposed Water Shortage Emergency Declaration, which was considered at the last meeting but not approved, only applied to ratepayers, a small percentage of the water users in Borrego Valley.

IV. STAFF REPORT

A. General Manager:

1. ATT Cell Tower. Mr. Poole reported that he had taken no further action regarding the AT&T cell tower and had informed AT&T that he would not do so until he received a firm proposal. Shannon Smith stated he did not believe the BWD easement through Rams Hill includes access to the proposed AT&T site.

2. Meeting with SD County re: Emergency Shortage Declaration & Developers Policy – June 1st. Mr. Poole explained that although the County had no comments on the Developers' Policy, they did ask if there was anything they should do to let the developers know about it. A tentative meeting was scheduled for June 1. Director Ehrlich reported that in July or August the Legislature or the Governor may take action regarding the drought, and the Emergency Shortage Declaration would have to be reconsidered. Mr. Poole will work with Directors Ehrlich and Tatusko on topics to be discussed with the County on June 1.

3. Club Circle Trash Contract Update. Ms. Pitman explained that the contract for trash pickup at Club Circle is on a month-to-month basis. Susan Percival pointed out that Club Circle is charged for 62 condos, although only 11 are occupied year around and 40 during high season. In

addition, they are not allowed to discontinue service during the summer. LAFCO suggested circulating a petition to urge a change. Mr. Poole agreed to work with Ms. Percival and Ms. Pitman on this issue, and further discussion was continued to closed session.

4. Water Quality Sampling Expansion. Mr. Poole reported that the number of wells in the water quality sampling program had been increased. He thanked Director Ehrlich and John Peterson for identifying the new sites.

5. Well Siting Study. Mr. Poole recommended locating any new wells near the old ones being replaced to save money.

IV. CLOSED SESSION:

A. Conference with legal counsel –Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9: four (4) potential cases: The meeting adjourned to closed session at 10:55 a.m., and the open session resumed at 12:40 p.m. There was no reportable action.

V. CLOSING PROCEDURE

A. Suggested Items for Next/Future Agenda: Future agenda items include the Brady organizational assessment, a letter from Mesquite Trails requesting a waiver of sewer fees, status of reimbursement from the County, status of the three SDAC related contracts, cyber security, and the purchasing policy. Mr. Poole will work on the wording for elimination of the golf course fee and review it with Ms. Percival.

B. The next Meeting of the Board of Directors is scheduled for May 23, 2018 at the Borrego Water District: There being no further business, the Board adjourned at 12:40 p.m.

pointed out that the situation is covered by the Town Center Sewer Agreement. If a customer does not pay for EDUs, the District takes them back. President Hart asked Mr. Poole and Ms. Pitman to look into this, consult with Mr. Anderson and make a recommendation to the Board at its next meeting.

II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION

A. Resolution Adopting New Water & Sewer Rates and Charges to be Effective July 1, 2018: Mr. Poole explained that the proposed new rates reflected the maximum increase authorized by the Proposition 218 process three years ago. *MSC: Ehrlich/Tatusko adopting Resolution No. 2018-05-02, Resolution of the Board of Directors of the Borrego Water District Establishing Water and Sewer Service Rates for FY 2018-2019.*

B. Letter to the County of San Diego: Property Specific Requests: Mr. Poole reported that he spoke with Director Brecht and Mr. Anderson last Friday, and they agreed the draft letter to the County needs some major revisions. Mr. Anderson will work on a second draft addressing CEQA requirements, and it will be presented to the Board on June 19.

III. INFORMATIONAL ITEMS

A. Club Circle Golf Course Fee Update: President Hart reported that the issue of fee reimbursement to individual ratepayers was being addressed, in cases where the payment to BWD comes from a homeowners' association or Santiago Estates management. She was working with Ms. Pitman on a letter to those concerned and a release to be signed by the ratepayer and the HOA or management company indicating the fees had been paid. Susan Percival explained that the residents in her HOA pay the CSD fee as part of their HOA fee. Director Ehrlich requested that she write a letter to the District explaining the situation.

B. Schedule for Budget Approval: Mr. Poole recommended the next budget update be presented to the Board at its June 19 meeting.

IV. STANDING AND AD-HOC BOARD COMMITTEE REPORTS

A. Standing:

1. Operations and Infrastructure. Director Delahay reported that the Committee met following the last Board meeting. Director Tatusko reported that Carlos Beltran surveyed the twin tanks. Mr. Poole explained that he discovered the tanks are not on BWD property. An old tank stood on our property at one time, but the twin tanks were constructed behind it before it was demolished and they are partially on State Park land. He will search District records to see if there is anything in writing concerning this issue. Greg Holloway stated he didn't believe the BWD property is big enough for the planned replacement for the twin tanks.

B. Ad-Hoc:

1. GSP Preparation. President Hart announced that there would be an Advisory Committee meeting on May 31.

2. BWD Bond Financing. Director Ehrlich reported that seven proposals by placement agents were received, for bond terms of 15, 20 and 25 years. The Committee determined that 20 years was most cost effective, and locked in the rate for 60 days. The final package will be presented to the Board in June.

3. Rams Hill Operating Agreement. No report.

4. 2018 Water Bond Proceeds. No report.

5. Club Circle. This item was discussed previously.

6. Developers' Policy. Director Ehrlich recommended that the Committee remain in place pending resolution of the will serve letter issue.

7. Mesquite Ranch Sewer Fees. This item was discussed previously.

8. County of San Diego PSR Comment Letter. This item was discussed previously.

Director Tatusko reported that he and Director Ehrlich met with Mr. Poole on a purchasing and contract approval policy (the “Purchasing Contract Review Committee”).

Director Tatusko reported that he and Director Ehrlich met on cyber security and should have a proposed letter to bring to the Board in June.

President Hart asked that the Purchasing Contract Review Committee and the Cyber Security Committee be added to the Agenda.

V. STAFF REPORTS

A. Financial Reports, April 2018: Deferred to June 27th meeting.

B. Water and Wastewater Operations Report, April 2018: Deferred to June 27th meeting.

C. Water Production/Use Records, April 2018: Deferred to June 27th meeting.

D. General Manager:

1. BWD Purchasing and Contracting Policy. This item was discussed previously.

2. June 1st Meeting with the County of SD. Mr. Poole explained that the June 1 meeting with the County is a follow-up to the April 25 BWD Board meeting, when the County expressed interest in a comment letter from BWD regarding water-related land use issues as opposed to declaration of a water shortage emergency. After review of the New Developers’ Policy, the County had no comments except to ask how they should inform developers. Mr. Poole asked the Board what other topics they would like included in the June 1 discussion. President Hart recommended waiting until the PSR comment letter is finalized, and Director Ehrlich suggested rescheduling the meeting for a week later.

VI. CLOSED SESSION

A. Conference with legal counsel: Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 (three (3) potential cases)

B. Conference with Legal Counsel, on matters posing a threat to the security of public buildings, a threat to the security of essential public service, including water, drinking water, wastewater treatment, or a threat to the public’s right of access to public services or public facilities. Pursuant to Government Code 54957(a):

The Board adjourned to closed session at 10:00 a.m., and the open session reconvened at 12:40 p.m. There was no reportable action.

VII. CLOSING PROCEDURE

A. Suggested Items for Next/Future Agenda: Items for the next Agenda will include an update on the LeSar study and a Dudek purchase order for new well location study.

B. The next Meeting of the Board of Directors is scheduled for June 19, 2018 at the Borrego Water District Office. There being no further business, the Board adjourned at 12:40 p.m.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – JUNE 27, 2018
AGENDA BILL 2.A

June 21, 2018

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, GM
SUBJECT: Adoption of Contracting and Purchasing Policy – D Del Bono & K Pittman

RECOMMENDED ACTION:

Review proposed Contracting and Purchasing Policy, revise if needed and approve.

ITEM EXPLANATION:

Diana and Kim have been working with Directors Ehrlich and Tatusko on the proposed attached Policy.

FISCAL IMPACT

Improved internal controls provides many benefits

ATTACHMENTS –

1. Proposed Contracting and Purchasing Policy

BORREGO WATER DISTRICT

POLICY STATEMENT

SUBJECT: PURCHASING AND CONTRACT REVIEW POLICY & PROCEDURES

NO: 2018-06-01

ADOPTED: June 1, 2018

1.0 PURPOSE

In accordance with Section 54202 of the California Government Code, the Board of Directors of the Borrego Water District (“BWD”) has established policies and procedures governing the procurement of supplies and equipment. This document defines the policies and procedures for procuring services, materials, supplies and equipment while maintaining adequate controls. It also establishes policies and procedures governing contracts for construction of public works.

The acquisition of all purchases of services, materials, equipment, or supplies and contracts for public works shall adhere to the methods, authority and dollar limits set forth in this Policy.

2.0 POLICY

The General Manager is responsible for ensuring that all purchasing policies and procedures are clearly communicated to and understood by all employees.

All employees are responsible for complying with the directives, policies, work instruction, and procedures of the purchasing policy, including:

- Being familiar with the Purchasing Policy and complying with its requirements.
- Notifying the General Manager, Operations Manager or Administration Manager in the event of observed or perceived misconduct.

Employees shall be disciplined for failure to comply with any aspects of the Purchasing Policy.

3.0 PROCUREMENT INSTRUMENTS

Petty Cash

Petty cash is available from the Administration Manager and may be used for emergency purposes, cash advances, and/or reimbursements for approved miscellaneous cash expenditures. Petty cash is limited to a maximum \$**100.00** per transaction.

Petty cash disbursements are limited to reimbursements for employee purchase for BWD, and supplies. In general, the use of petty cash for the purchases of goods, supplies, materials or equipment, except in the event of an immediate need or emergency, is discouraged and shall not be for the purpose of circumventing any provision of the procurement process.

Authorization for the use of petty cash must be obtained in advance from an individual with purchasing authorization and who is familiar with the need for the request. Additionally, an employee shall not approve their own use of petty cash.

Credit Cards

Purchases may be made with a BWD authorized credit card at the discretion of the General Manger when it is determined to be a more efficient and cost effective method of when required by the vendor. A BWD authorized credit card may only be used for materials, supplies and equipment, for travel related expenses to attend meetings, conferences, seminars and trips and for single transactions less than or equal to \$1,500, unless otherwise authorized by the General Manager. All credit card purchases must first be approved by the General Manager or Administration Manager.

Check Requests

The check request method is only used to request payment for items when a Purchase Order is not accepted by the vendor, the amount exceeds Petty Cash limits, there is no ability to have an invoice submitted, and the purchase is not more than \$1,500 and is within BWD's budget. Examples include, but are not limited to, C.O.D. deliveries, professional development or certification reimbursement, fees and permits, conference registration, publications, subscriptions, etc.

Purchase Orders

Purchase Orders are used to procure goods such as materials, equipment, parts, and supplies, and services. Purchase Order numbers may also be used for tracking expenses related to professional services agreements, consulting services, and construction contracts.

Professional Services Agreements

A Professional Services Agreement (PSA) is used to set forth the terms and conditions for contracted services between the BWD and a consultant or contractor. Professional services contracts by law do not require bidding; however, whenever possible and practicable, a PSA should be issued after a competitive solicitation process involving a Request for Proposal (RFP). Such an RFP process should attempt to solicit at least three proposals or quotations whenever possible and practical. Contracts for professional services will be on the basis of demonstrated competence and professional qualifications and at a fair and reasonable price. All contractual documents must contain the signature

of either the consultant or contractor and the BWD's authorized representative in accordance with the authorizations listed herein.

Public Works Contracts

All Public Works Contracts equal to or greater than \$25,000 must be awarded in accordance with a public competitive bidding process and be approved by the Board of Directors. Formal Notice Inviting Bids and related documents, including plans and specifications, must be prepared.

Change Orders

A Change Order is required when work or services performed pursuant to a contract will exceed the approved original contract amount or changes in the scope of work are required. A written request for a change order must be completed and approved, before it can be authorized. Any Change Order, within the approved budget limits, can be authorized in accordance with the expenditure approvals identified herein. Change Orders in excess of approved budget limits must be approved by the BWD Board of Directors.

Invoices

There may be occasions when invoices are the only document used to process and authorize certain expenditures. Examples may include legal services, accounting services, payroll services, advertisements, permit fees, employee benefits, employee reimbursements, utilities, etc.

Cooperative Purchases

BWD reserves the right to participate in cooperative purchasing, subject to any limits of applicable law.

4.0 EXPENDITURE AUTHORIZATION AND APPROVAL REQUIREMENTS

1. All purchases, agreements, services, leases, and/or contracts for materials, supplies, equipment, and other personal property shall be made in accordance with this Policy.
2. Purchase requisition forms (see Appendix A) shall be utilized, whenever possible and appropriate, to identify the vendor, the items or service, the amount, account code and signature authorization prior to assigning a Purchase Order number, processing a procurement and/or making a check request.
3. Splitting or separating of material, supply, service, lease, and equipment orders or projects for the expressed purpose of evading the requirements of this Policy, is strictly prohibited.

4. Single or sole source procurements shall only be made in the limited situations as authorized by law. The competitive bidding procedures set forth herein should be followed except in exceptional circumstances such as where the Authority has determined that competitive bidding is impossible, futile, or not in the public interest, such that no competitive advantage can be gained by soliciting bids.

Further, in accordance with the Public Contract Code section 3400(c), the BWD, or its designee may make a finding that is described in the invitation for bids or request for proposals that a particular material, product, thing, or service is designated by specific brand or trade name for any of the following purposes:

- A. In order that a field test or experiment may be made to determine the product's suitability for future use.
- B. In order to match other products in use on a particular public improvement either completed or in the course of completion.
- C. In order to obtain a necessary item that is only available from one source.
- D. In order to respond to an emergency declared by the District, but only if the declaration is approved by a four-fifths vote of the Board.
- E. In order to respond to an emergency declared by the state, a state agency, or political subdivision of the state, but only if the facts setting fourth the reasons for the finding of the emergency are contained in the public records of the District.

Procurement authorization parameters and limits are as follows:

1. Approval and execution of original procurements:
 - A. Board approval is required for competitively-let procurements greater than \$25,000.
 - B. Board approval is required for single or sole source procurements greater than \$5,000.
 - C. The General Manager is authorized to approve and execute competitively-let procurements less than or equal to \$5,000, and single or sole source procurements less than or equal to \$5,000, respectively.
 - D. The General Manager is authorized to delegate authority to approve and execute procurements less than or equal to the limit established for the General Manager.

- E. In the absence of the General Manager, the Board is authorized to approve and execute procurements less than or equal to \$25,000, and single or sole source procurements less than or equal to \$5,000, respectively.
 - F. In the absence of the General Manager for miscellaneous items, the Administration Manger is authorized to approve and execute budgeted procurements less than or equal to \$5,000.
2. Change order and amendment authorization parameters and limits are as follows:
- A. Board approval is required for any single change order or amendment greater than \$5,000. However, for Public Works project change order, Board approval and execution is required for requests exceeding \$25,000.
 - B. The General Manager is authorized to approve and execute respective individual change orders and amendments less than or equal to \$5,000, or cumulatively less than or equal to \$75,000, for public works projects.
3. The Administration Manager is authorized to process all completed Purchase Requisition forms and assign Purchase Order numbers, subject to verification of the appropriate signature authorizations and dollar limitations. A designated Board Member must sign the Request for Purchase form (Appendix A) at the time of creation as well as Change Orders consistent with the dollar amount limits identified herein.
4. The General Manager is authorized to terminate any procurement or contractual obligation less than or equal to \$5,000, in the best interest of the BWD.

5.0 PROCURMENT SOLICITATION AND TERM LIMITS

1. Solicitation of quotation, proposals or offers will be provided for each procurement effort, whenever possible and practical. Selection shall be performed through a fair and equitable process that ensures the best value to BWD, subject to budgeted funding, procurement limitations and specifications.
2. The BWD functions under the law applicable to the Borrego Water District which is a California Water District under Water Codes Section 34000 and other applicable provisions of law. Competitive bidding is not necessary unless mandated by statute. Most public agencies and water districts are required to engage in competitive bidding for public works construction where the estimated cost of the project is over a certain dollar threshold.

In all other cases, there are only general legal requirements for entering into contracts, such as contracts for professional services. For example, BWD may make contracts and employ labor to carry out the purposes of the BWD. In

addition, the BWD may have construction or other work performed by contract or may do the work under its own superintendence.

3. Procurement solicitation parameters and limits (subject to other provisions of this section are as follows:

A. Formal Competitive Solicitations

1. Shall be required for BWD procurements and public works contract estimated to be greater than \$5,000.
2. Shall, at a minimum, be advertised in one general circulation newspaper within BWD's geographic boundaries or advertised electronically on an appropriate regional purchasing website.
3. Shall, whenever possible and practical, provide a minimum of fourteen (14) calendar days for response, unless otherwise required by the Public Contract Code.
4. Shall require the receipt of a minimum of two (2) competitive responses or more, when available.
5. Public Work bids shall be publicly unsealed, and respective dollar amount(s) announced.
6. Proposals and quotations may be publicly unsealed, and respective dollar amount(s) announced.
7. Award details shall be made available following the award of a contract.
8. The formal competitive solicitation process may be waived at the discretion of the General Manager or his/her designated representative, when there is a compelling reason to do so. (e.g., public safety, prevent loss of life, imminent danger, or other valid reason). The General Manager shall document the reason and present it to the Board of Directors at the next regularly scheduled meeting.

B. Informal Solicitations

All purchases or contracts for materials, supplies, equipment and services will be based, whenever possible and practicable, on some form of competition. There may be exceptions to the competitive process for emergency conditions, supply or source limitations, or other circumstances with justifications for such waiver being documented prior to the acquisition.

The following guidelines shall be used for obtaining quotes or proposals:

Quote Limits Recommended Guidelines	
\$0 – 5,000	At least two verbal or one written quotes
\$5,001 – 25,000	At least two written quotes
\$25,001 – 49,999	At least three written quotes
\$50,000	Competitive Bid Process

- C. Written quotes may be either hard-copy quotes received in the mail, via facsimile or via electronic transmission.
 - D. For procurements obtained by Credit/Procurement Card, quotes may not be available for common items normally found in retail establishments (i.e., Home Depot, Lowe’s, etc.), unless in bulk or special order. The purchase of common consumer items is acceptable without a quote but a contractor’s discount should be sought if a business account is established.
4. Multi-year procurement terms and extension limits are as follows:
- A. The Term for initial procurements may not exceed five (5) years.
 - B. The aggregate term of all extensions for initial procurements may not exceed two (2) years, as determined by the General Manager.
 - C. Exceptions to the term limits, as determined by the General Manager, shall be compelling, in the best interest of the BWD and documented accordingly.
5. Negotiated procurement parameters and limits (subject to other provisions of this Policy) are as follows:
- A. Negotiated procurements shall be authorized by the General Manger, for documented circumstances where there exists a single or sole-source supplier, or unusual time or other constraint; such as: power and energy; emergency communications; insurance; specialized materials, services or equipment; and, limited-time discount opportunities.

- B. Negotiated procurements shall not require any formal or informal solicitation. However, written documentation as to the benefit of the procurement shall be provided for audit purposes and included in the General Manager's Report to the Board of Directors at the next regular scheduled Board of Director's meeting following the procurement.
 - C. The aggregate term, including all extensions thereof, of any negotiated procurement may not exceed five (5) years.
 - D. Exceptions to the term limits shall be compelling, in the best interest of the BWD, and documented accordingly in the General Manger Report to the Board.
6. Cooperative and piggyback procurement parameters and limits (subject to other provisions of this Policy) are as follows:
- A. Single-occurrence cooperative and piggyback procurements shall not require formal solicitation. However, written documentation shall be provided as an audit trail on the benefit of the procurement and included in the General Manager's Report to the Board of Directors at the next regular scheduled Board of Director's meeting following the procurement.
 - B. Cooperative and piggyback procurements with an estimated annual aggregate procurement amount greater than \$25,000 formal solicitation as determined by the General Manger or designee.
 - C. The aggregate term, including all extensions, of any cooperative or piggyback procurement, many not exceed five (5) years.
 - D. Exceptions to the term limits, as determined by the General Manager, shall be compelling, in the best interest of the BWD and documented accordingly.
7. Government procurement parameters and limits (subject to other provisions of this section), are as follows:
- A. Materials, supplies, services, leases, and equipment, may be procured from other government agencies, when doing so would be in the best interest of the BWD, as determined by the General Manager.
 - B. When the BWD's procurement is greater than \$25,000 formal and competitive bids, proposals, or quotations, may be solicited from open market sources, as determined by the General Manager.
 - C. Professional services may be procured from other government agencies, when doing so would be in the best interest of the BWD, as determined by the General Manager.

8. Petty Cash procurement parameters and limits are as follows:
 - A. A fund up to \$500 shall be established to support petty cash disbursements for authorized advances and reimbursements, no greater than \$100 in any transactions.
9. Credit/Procurement Card requirements and limits are as follows:
 - A. Credit/Procurement Cards are used for materials, supplies and equipment for single-transactions less than or equal to \$1,500 unless otherwise authorized by the General Manager.
 - B. Credit/Procurement Cards may **not** be used for services.
10. Board approval is required for rejection of offers, where the lowest bid, proposal, or quotation, is great than \$25,000.
 - A. The General Manager is authorized to reject same, where the lowest bid, proposal, or quotation, is less than or equal to \$25,000.
 - B. The General Manager is authorized to delegate authority to reject any and all bids, proposals, and quotations, less than or equal to the limit established for the General Manager.
11. Emergency procurements of materials, supplies, services, rentals, leases, equipment, and public works services, may be effected, notwithstanding respective provisions of this Policy.
 - A. The General Manager is authorized to approve and execute emergency procurements, for any amount.
 - B. The General Manager is authorized to delegate authority to approve and execute emergency procurements, up to any amount.
 - C. The General Manager or designee shall report emergency procurements, including details of the circumstances, respective dollar amounts expended, and cause of the emergency at the next regularly scheduled Board of Director's meeting.

6.0 DISPOSAL OF SURPLUS PROPERTY/EQUIPMENT

1. Board approval is required for the disposal of single-item surplus personal property of equipment with a current market value greater than \$5,000.
2. Board approval is required for the disposal of any multiple-items (lot) of surplus personal property of equipment with a current market value greater than \$5,000.

3. Professional or contract services may be used for the disposal of surplus items, and a formal solicitation shall not be required for said services. Fees for said services shall be paid from respective surplus disposal proceeds.
4. Any surplus item(s) may be:
 - A. Sold for cash.
 - B. Used for trade or exchange.
 - C. Sold for a nominal sum to a non-profit charitable organization, school, or other government agency.
 - D. Surplus items, which are inoperable or of very little value, if any, may be discarded or donated to a charitable organization.
5. Board approval is required to declare any and all real property as surplus and/or to sell any and all surplus real property, as provided for under California law (i.e., Government Code Section 54221 et seq.).
6. Board approval is required to authorize the General Manager to negotiate any and all sale prices and terms for the sale of surplus real property.
7. All net proceeds received from surplus activities shall be deposited in the appropriate accounts.

8.0 PROCUREMENT PAYMENT

Upon receipt, invoices shall be date stamped.

1. Supporting documentation, including any signed receivers, shall be attached to the appropriate invoices.
2. Any disputed invoices shall be resolved prior to payment processing.
3. Checks shall be signed by the Treasurer and General Manager or Administration Manager.

9.0 EXCEPTION TO THIS POLICY

The Board of Directors may authorize the General Manager to effect procurements or other respective activities free of this Policy, when the Board has determined that such would be in the best interest of BWD, and when such is not in conflict with applicable State or Federal Law.

10. NOTICE & RECEIPT

Upon the adoption of this Purchasing Policy & Procedures document, a copy shall be presented to each current employee of BWD and to each newly hired employee at the time of appointment. Each employee shall be required to sign an acknowledgment of receipt, which shall indicate that the employee agrees to read and abide by the rules contained in this Manual. A copy of said Acknowledgment shall be filed in each employee's personnel file.

ACKNOWLEDGMENT

I hereby acknowledge that I have received a copy of the Borrego Water District's Purchasing Policy & Procedures document and that I understand that I am to promptly read and abide by its contents. I understand that if I have any questions about the Purchasing Policy & Procedures or its contents, I am to discuss them with the Administration Manager or General Manager.

I recognize that this version of the Purchasing Policy & Purchasing document supersedes and replaces any previous versions. I further acknowledge that, to the extent that the provisions of this Purchasing Policy & Purchasing document conflict with previously issued polices or practices, whether or not such policies or practices were contained in a previous version, this version of the Purchasing Policy & Purchasing document shall prevail.

Employee Name (print or type)

Employee Signature

Date

Witness

Date



BORREGO WATER DISTRICT

APPENDIX A

*Purchase Order No.: _____

REQUEST FOR PURCHASE

This form must accompany all requests

* Purchase Order No. must be issued for all purchases over \$500

Item Requested: _____

SERVICE AREA where item will be used: WEA-3 SA-4 G&A GWM
SA-5(wwtp) SA-6(tcs) SA-7(pest) SA-8(flood) Conservation
(Circle/Highlight one of the above)

Work Order # _____ (If Applicable)

Description:

Preferred Vendor: _____

Date Required By: _____ Estimated Cost: _____

Item Budgeted? YES _____ NO _____

Requested By: _____ Date: _____

Approved By: _____ G/L ACCT #: _____
ADMINISTRATION MANAGER

Approved By: _____ Date: _____
OPERATIONS MANAGER

Approved By: _____ Date: _____
GENERAL MANAGER

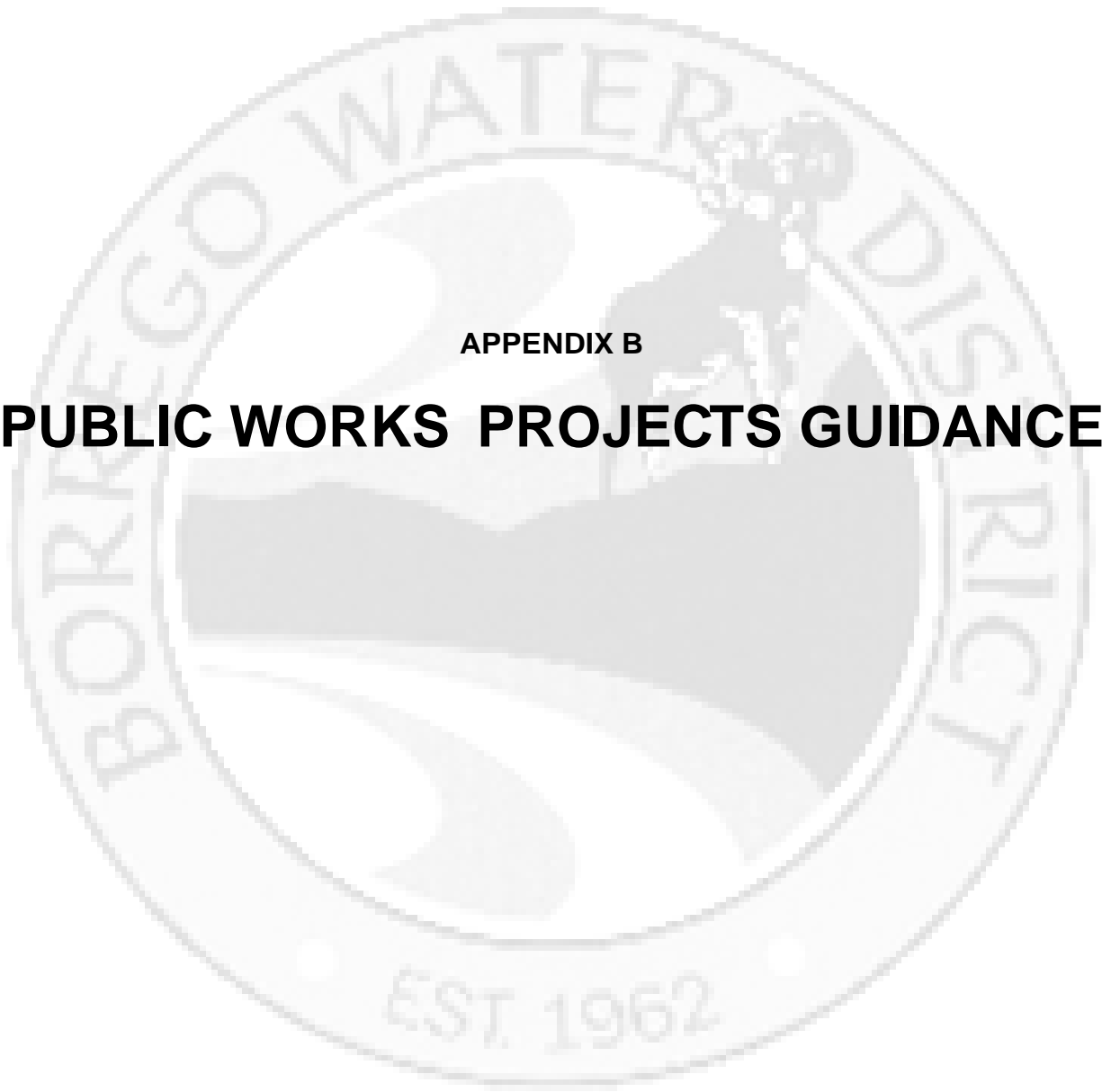
If over \$5,000 initial by member of appropriate ad hoc committee or Board Officer: _____

GLOSSARY

PROCUREMENT DEFINITIONS

- A. "*Appropriated Funding*" shall mean that funding which has been authorized by the Board as part of the fiscal year budget, or as a respective augmentation thereto.
- B. "*Authority to Approve*" shall mean authority to designate appropriated funding for a specific procurement.
- C. "*Authority to Commit*" shall mean authority to effect and bind a procurement commitment, including contractual document execution, for a specific designated procurement.
- D. "*Budgeted Procurements*" shall mean capital projects that have been included as part of the fiscal year budget, or as a respective augmentation thereof, and authorized by the Board.
- E. "*Change Order*" or "*Amendment*" shall mean any respective modification to an existing procurement or respective contractual document.
- F. "*Contractual Document*" shall mean the document which binds Authority commitment of a procurement, such as a contract, agreement, lease, purchase order, change order, or amendment thereto.
- G. "*Cooperative Procurement*" shall mean a procurement (combining of requirements) conducted on behalf of two or more public procurement units in order to obtain the benefit of volume purchasing and/or reduction in administrative expenses.
- H. "*Delegate Authority*" shall mean authority to assign authority, at specified limits, to respective subordinate staff.
- I. "Emergency Procurement" shall mean any procurement required for the prevention against imminent danger, or to mitigate the loss or impairment of: (1) life, health, or public safety of Authority employees, suppliers, or contractors; or (2) public or private property ; or (3) any other valid danger/situation which cannot reasonably be foreseen and would have a significant effect on the public's health/safety.
- J. "*Formal Solicitation*" shall mean the issuance of a written request for sealed bids, proposals, or quotations.

- K. *"Informal Solicitation"* shall mean the verbal or written request for a verbal or written bid, proposal, or quotation.
- L. *"Non-Fiscal"* shall mean having no direct impact on appropriated budgets, or otherwise requiring financial commitment of the Authority.
- M. *"Piggyback Procurement"* shall mean utilizing another public agency's contract or agreement to obtain more advantageous prices and terms than can be otherwise obtained on the open market.
- N. *"Public Works"* shall mean the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind.
- O. *"Procurement"* shall mean the purchase or otherwise compensatory securing of materials, supplies, services, leases, equipment, real property, or public works services.
- P. *"Procurement Aggregate"* shall mean the total of the initial procurement and all respective change orders and amendments thereto.
- Q. *"Professional Services"* shall mean any specially trained and experienced person, firm or corporation, providing services and advice in financial, economic, accounting, engineering, information services, technical, architectural, or other administrative/professional matters.
- R. *"Single Source"* shall mean procurement where there is a compelling reason for only one source, a preferred brand, like material, etc., to be procured.
- S. *"Sole Source"* shall mean procurement where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.
- T. *"Trades and Exchanges"* shall mean authorized surplus items used for the acquisition of materials, supplies, services, leases, and/or equipment.



APPENDIX B

PUBLIC WORKS PROJECTS GUIDANCE

APPENDIX B

Water Facilities Authority Public Works Projects

Generally, the BWD will follow the "Green Book," excluding Sections 1-9, for rules affecting the construction and completion of public works projects; however, the BWD contract documents for each specific project shall be controlling.

The following guidelines are a summary of actions to be taken in the course of completing a public works project. This summary is only for reference purposes and should not be construed to be the governing rules for bidding, contracting and completing a project. The adopted Green Book and contract documents promulgate these guidelines. In time, this summary may become obsolete and inconsistent with the BWD's contract documents and the Green Book.

Specifications

Staff will prepare bid specifications for the work to be completed. Prior to the bidding of any project, the specifications will be reviewed by the General Manager.

The bid specifications will specify the classification of the contractor's license which a contractor shall possess at the time a contract is awarded and will require submission of a bid bond equal to 10% of a contractor's bid. The General Manger may waive the requirement for a bid bond for contracts estimated to be under \$100,000.

All bid specifications will require bidders to provide proof of workers compensation, proof of general liability insurance (amount to be specific to each project), and submission of a performance and payment bond as required by law.

A sample contract meeting the requirements of BWD's legal counsel will be part of the bid specifications.

Bidding

The BWD will publish a notice inviting bids for each public works project, which shall specify the place bids are to be received and the time by which they shall be received. Whenever possible and practical, solicitations shall provide a minimum of 14 calendar days for response.

All bid packages will be picked up from the BWD office or mailed out via regular U.S. mail. The BWD staff will keep a list of contractors/vendors that receive bid packages along with their addresses.

Addenda to any bid package will be mailed or faxed to contractors/vendors on the list of contractors/vendors receiving bid packages. When an addendum involving material changes, additions, or deletions to the notice inviting bids is issued less

than 72 hours prior to the bid submission date, the date and time for bid submission shall be extended by at least 72 hours.

Only sealed bids will be accepted by the BWD. The BWD staff will open all bids after the bid deadline during regular office hours.

A summary of the bids received will be prepared by BWD staff and submitted to the BWD Board of Directors at the next regularly scheduled Board of Directors meeting.

BWD staff will consult with the BWD legal counsel in regards to any issues affecting the award of a contract to a contractor/vendor other than the low bidder.

Award of Bid

The BWD Board of Directors will award the contract after the contract review process (attached) to the lowest responsible bidder in conjunction with the bid specifications, and the bidder shall execute a contract approved by the BWD's legal counsel. Notwithstanding the bidding procedures set forth herein, the BWD Board of Directors may choose to reject any and all bids and may re-bid the project in question or perform the work by force account.

The General Manager will deliver to the awarded contractor/vendor a letter to proceed once all necessary steps required by the contract are in place (e.g., provision of proof of insurance, performance and payment bonds, etc.). Work cannot commence until a letter to proceed is issued by the BWD.

Completion of Contract

All change orders will be submitted to the General Manager for approval and, if necessary, submitted to the BWD Board of Directors. At each regularly scheduled Board of Directors meeting, the **Plant** Manager will report all approved change orders for public works projects that are in progress of being completed.

The BWD will generally withhold retention payments from each payment made to the contractor/vendor in accordance with California law and the contract documents.

Before the BWD releases retention, the BWD Board of Directors will make final acceptance of the project. Retention amounts will be released in accordance with California law after the notice of completion is recorded.

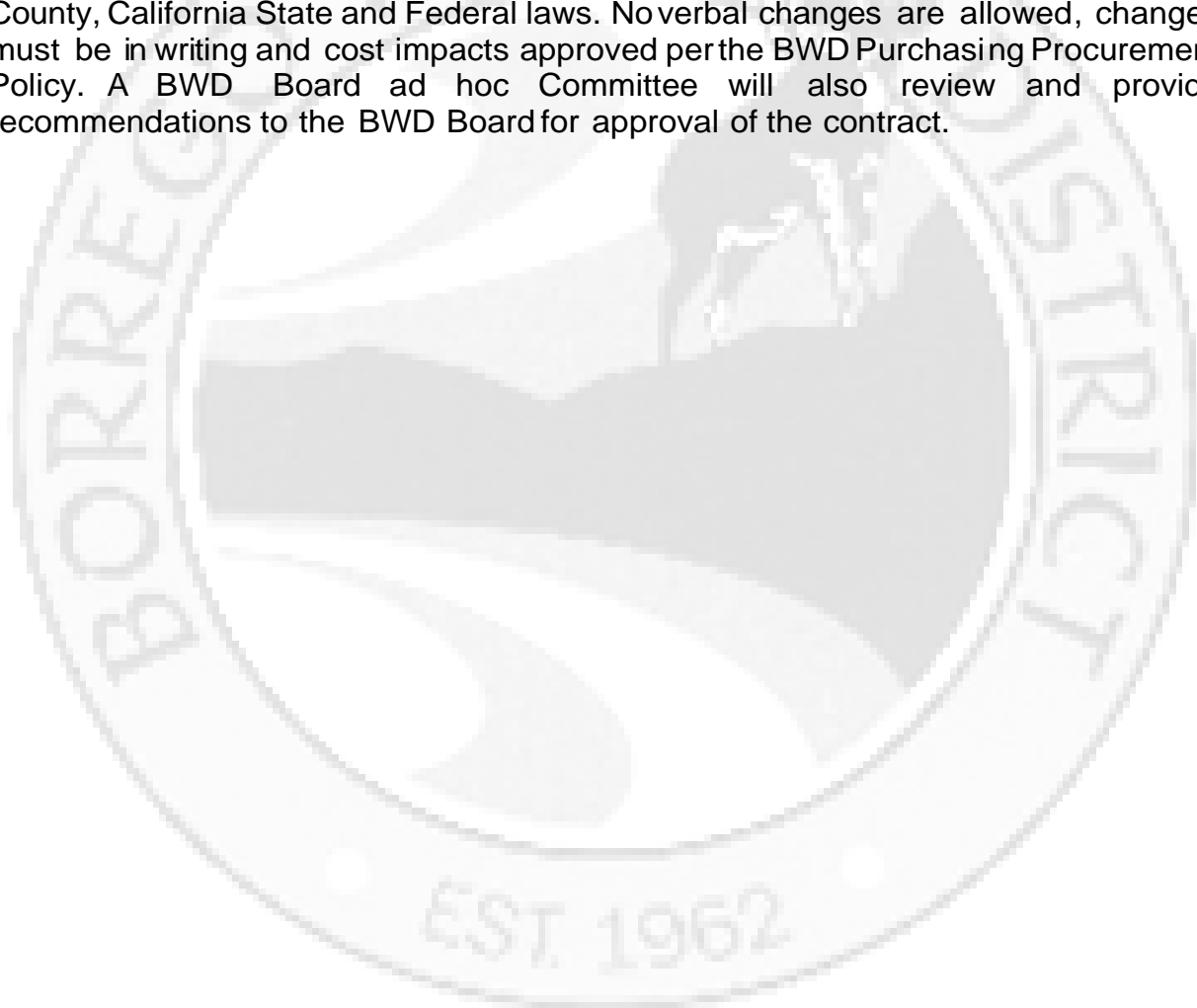
Exceptions

The Board of Directors may authorize the General Manager to effect procurements or other respective activities free of this Policy, when the Board has determined that

such would be in the best interest of the BWD, and when such is not in conflict with applicable State or Federal law.

Borrego Water District (BWD) Contract Review Process

The capital improvement project (CIP) bid specifications must be reviewed by the General Manager, BWD Engineer –Civil Professional Engineer (P.E.) or equivalent and BWD Staff as appropriate before release. Upon selection of the Supplier(s) and before the contract award, a contract review process will occur assuring the Supplier(s) are capable and have completed similar projects of magnitude for California Water Districts. The contract review process includes at the least BWD legal, BWD Engineer, General Manager and BWD Staff as necessary. Elements consistent with the bid in the contract include materials, plans, specifications, testing, milestone schedule, inspection points, warranty, etc., and compliance to San Diego County, California State and Federal laws. No verbal changes are allowed, changes must be in writing and cost impacts approved per the BWD Purchasing Procurement Policy. A BWD Board ad hoc Committee will also review and provide recommendations to the BWD Board for approval of the contract.



BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – JUNE 27, 2018
AGENDA BILL 2.B

June 21, 2018

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, GM
SUBJECT: Adoption of Board of Directors Meeting Schedule – E Garcia

RECOMMENDED ACTION:

Review proposed July and August Board Meeting Schedule and Approve Resolution.

ITEM EXPLANATION:

Due to Board Member availability in July and the tradition of no meetings in August, the attached Resolution has been developed.

FISCAL IMPACT

N/A

ATTACHMENTS –

1. RESOLUTION NO. 2018-06-06

RESOLUTION NO. 2018-06-06

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT REVISING THE SCHEDULE OF REGULAR MEETINGS

WHEREAS, on June 14, 1983, this Board of Directors adopted Ordinance No. 83-1 establishing the Administrative Code of the Borrego Water District (“Administrative Code”) pursuant to the specific and implied grants of authority in Division 13, commencing with Section 34000, of the Water Code of the State of California to serve in part as the Bylaws of the Borrego Water District as required by Section 35300 et seq. of the Water Code; and

WHEREAS, Section 4.1.1 of the Administrative Code as adopted by Ordinance No. 83-1 established a schedule of the regular meetings of the Board of Directors; and

WHEREAS, on February 28, 2007 the Board of Directors adopted Ordinance No. 07-1 amending Section 4.1.1 of the Administrative Code governing the date and time of regular meetings of the Board of Directors to read: “4.1.1 Regular Meetings. Regular meetings of the Board shall be held pursuant to such schedule as the Board may adopt by Resolution from time to time. In the event the regular meeting date falls on a holiday designated in Section 6700 of the Government Code, a regular meeting of the Board of the cancellation of a regular meeting or meetings may be made by a majority vote of the members of the Board at least fifteen (15) days prior to the change or cancellation. A determination to change or cancel a regular meeting must be made at a regular or special meeting of the Board;” and

WHEREAS, the Board of Directors adopted Resolution 2007-2-1 on February 28, 2007 setting its regular board meetings at 9:00 a.m. on the second and fourth Wednesday of each month.

WHEREAS, the Board of Directors Adopted Resolution 2008-9-03 on September 24, 2008 setting its regular board meetings at 9:15 a.m. on the fourth Wednesday of every month.

WHEREAS, the Board of Directors adopted Resolution 2011-02-01 on February 15, 2011 setting its regular meetings at 9:00 a.m. on the fourth Wednesday of the month.

WHEREAS, pursuant to Ordinance 07-1, the Board of Directors desires to revise the schedule for its regular meetings.

NOW, THEREFORE, the Board of Directors of the Borrego Water District does hereby resolve, determine and order as follows:

Section 1. The Board of Directors of the Borrego Water District shall hold its regular meetings at 9:00 a.m. on the fourth Wednesday of each month.

Section 2. Notwithstanding Section 1, above, the Special and Regular meetings of the Board of Directors of the Borrego Water District for the month of July 2018 shall be held on the third and fourth Wednesday for the Month of July (July 18, 2018 and July 25, 2018) and the Special Meeting and the Regular meeting of the Board of Directors of the Borrego Water District for the month of August 2018 shall be suspended.

ADOPTED, SIGNED AND APPROVED this 27th day of June 2018

President of the Board of Directors of Borrego Water District

ATTEST:

Secretary of the Board of Directors of Borrego Water District

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

I, Joseph Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said District at a regular meeting held on the 27th day of June, 2018, and that it was so adopted by the following vote:

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:
ABSTAIN: DIRECTORS:

Secretary of the Board of Directors of Borrego Water District

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

I, Joseph Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2018-06-06, of said Board, and that the same has not been amended or repealed.

Dated:

Secretary of the Board of Directors of Borrego Water District

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – JUNE 27, 2018
AGENDA BILL 2.C

June 21, 2018

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, GM
SUBJECT: Narrative Changes to BWD FY 2018-19 Budget and CIP Package

RECOMMENDED ACTION:

Review BWD CIP Narrative Changes, comment and direct staff as deemed appropriate.

ITEM EXPLANATION:

As a follow up to the June 19th Special Meeting, Director Brecht and I met to discuss his specific suggestions for revisions to the BWD Budget/CIP Narrative. The proposed changes are as follows:

1. CHANGE: Table of Contents

CAPITAL IMPROVEMENT PLAN.	9
CIP Project Summary and Narratives.	14
CIP - Grant Funded.	41
CIP – Grant Applied For.	42

2. Page 3: ADD During Fiscal Year 2017-18 various Material Differences were realized. Revenue: Commercial Water Sales, Meter Install, Bulk Water Sales, Penalties – Why are these items different than budgeted? Kim to fill in. On the expense side:

- i. District Legal Services: The volume, frequency and complexity of the legal issues facing BWD affected by new state SGMA and other regulatory requirements are causing the need to an increase in Legal Expenses above recent levels. Direct Groundwater Sustainability Plan (GSP) related legal expenses are accounted for separately under Groundwater Expenses and are subject to potential reimbursement as part of the GSP.
- ii. Pumping – Electricity: Despite the District’s \$300,000 investment in solar power for its WWTF, electricity and pumping costs have remained stable because the vast majority of BWD electrical expenses is for water pumping. The conversion of BWD pumps to solar has not occurred yet but is under evaluation.

- iii. GWM Expenses: BWD is tracking GSP related expenses for possible future reimbursement. Less expense was required to be spent in FY 2017 than anticipated and has been reallocated to FY 2018 projected GWM expense.
- 3. Page162/14: Change date at top of memo from 2/12/18 to 6-20-18
- 4. Page 188/40: ADD GRAND TOTAL \$5,500,000”
 - a. “Includes Construction Management and Contingencies”
- 5. Page 41 Remove TRAC memo and Replace with

Grant Funded CIP

In early 2018, BWD was informed it is being recommended for Grant funding of investigating and drilling of a test well as part of siting a replacement production well. BWD is planning to use the USGS for the test well drilling with the estimated cost identified below:

Table 1

Task	USGS CMF	Borrego Water District	Total
Task 1 – Drilling	\$5,200	\$225,000	\$230,200
Task 2 – Water Quality	\$700	\$13,300	\$14,000
Task 3 – Website	\$1,100	\$13,400	\$14,500
Task 4 – Gravity Monitoring	To be determined	To be determined	Estimated cost \$6,000.
Total	\$7,000	\$251,700	\$258,700¹

1. Does not include gravity monitoring estimate.

6. Page 42. Remove TRAC memo and replace with:

CIP Grants Applied for 2018-19:

In June 2018, Staff has submitted all required components of both the Water (Replace Indian Head, Twin and RH#2 Tanks and Wilcox Motor) and Sewer (Grit removal, Clarifyer Rehabilitation (2)) State Grant Applications. Following is the updated Cost Estimates for each Project and the updated cost estimates that are included in the Grant Application:

WATER		SEWER	
Replace Rams Hill #2 =	\$604,725	Upgrade Grit Removal/Equip.	\$214,000
Replace Twin Tanks =	623,525	<u>Rehabilitate Two Clarifiers =</u>	<u>\$200,000</u>
Replace IndianHead =	587,575	TOTAL	\$414,000
<u>Replace Wilcox Motor =</u>	<u>\$49,775</u>		
TOTAL	\$1,865,600		
TOTAL 2018-19 GRANT FUNDING POTENTIAL = 2,279,600			

These changes have been incorporated into the attached Final Draft

FISCAL IMPACT

N/A

ATTACHMENTS

1. 2018-19 BWD Budget and Capital Improvement Plan.

BORREGO WATER DISTRICT

FISCAL YEAR 2018-2019

ANNUAL BUDGET

ADOPTED

June 19, 2018

SUBMITTED BY:

**GEOFF POOLE
GENERAL MANAGER**

TO:

BOARD OF DIRECTORS

**BETH HART
PRESIDENT**

**LYLE BRECHT
VICE-PRESIDENT**

**JOE TATUSKO
SECRETARY/TREASURER**

**RAYMOND DELAHAY
DIRECTOR**

**HARRY EHRLICH
DIRECTOR**

**FISCAL YEAR 2018-2019
ANNUAL BUDGET
ADOPTED
June 19, 2018**

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BUDGET RESOLUTION 55



BORREGO WATER DISTRICT

June 19, 2018

Board of Directors:

This Fiscal Year 2018-2019 consolidated budget was prepared in compliance with the laws of the State of California and reflects the Board of Directors' (Board) goals and priorities and the District's strategic plans by which to achieve these goals and priorities.

The Operations and Management (O&M) and Capital Improvements Projects (CIP) and non-O&M expenses budgets contained in this FY 2019 consolidated budget package represent management's best assessment of a budget to successfully accomplish the District's goals and priorities for FY 2019. This budget document will be used as a guideline to address the dynamics of the District's operations and the economic challenges of maintaining the District's financial stability and enabling the District to supply dependable potable water and sewer and wastewater treatment to its customers.

During Fiscal Year 2017-18 various material differences Budgeted vs. Actual were realized.

Revenue Budget:

Commercial Water Sales: The budget in FY 2018 did not reflect the previous year's reclassification of various residential accounts to non-residential accounts, which resulted in an increase of actual over budget.

Meter reconnect/Installation Revenue: This budget figure reflected meter reconnect fees only, as we did not anticipate the installation of 4 new meters during the year.

Bulk water sales: There was an increase in actual to budget due to an upsurge of new construction.

Penalty & Interest collected: An increase in late fees from 5% to 10% and various new fees instated and approved by the Board, made up the increase in actual from budget.

Expense Budget:

District Legal Services: The volume, frequency and complexity of the legal issues facing BWD affected by new state SGMA and other regulatory requirements are causing the need to an increase in Legal Expenses above recent levels. Direct Groundwater Sustainability Plan (GSP) related legal expenses are accounted for separately under Groundwater Expenses and are subject to potential reimbursement as part of the GSP.

Pumping-Electricity: Despite the District's \$300,000 investment in solar power for its WTF, electricity and pumping costs have remained stable because the vast majority of BWD electrical expenses is for water pumping. The conversion of BWD pumps to solar has not occurred yet but is under evaluation.

GWM Expenses: BWD is tracking GSP related expenses for possible future reimbursement. Less expense was required to be spent in FY 2017 than anticipated and has been reallocated to FY 2018 projected GWM expense.

The budget shows total revenues for FY 2019 projected to be approximately \$4,700,000. This revenue budget also includes approved GSP Grant funding of \$500,000 and debt funded Capital Improvement Project funding of \$5,500,000.

The FY 2019 projected revenues assumes that monthly base service rates will increase approximately 6% (all meter sizes); residential water rates for Tier 1 (< 7 units/mo) will increase from \$3.35 to \$3.56/unit in FY 2019; Tier 2 (> 7 units/mo) = \$3.92/unit in FY 2019; Non-Residential water rates will increase from \$3.55 to \$3.77/unit in FY 2019; and revenue from sewer rates will increase 4,4,4% between FY 2019-FY 2021.

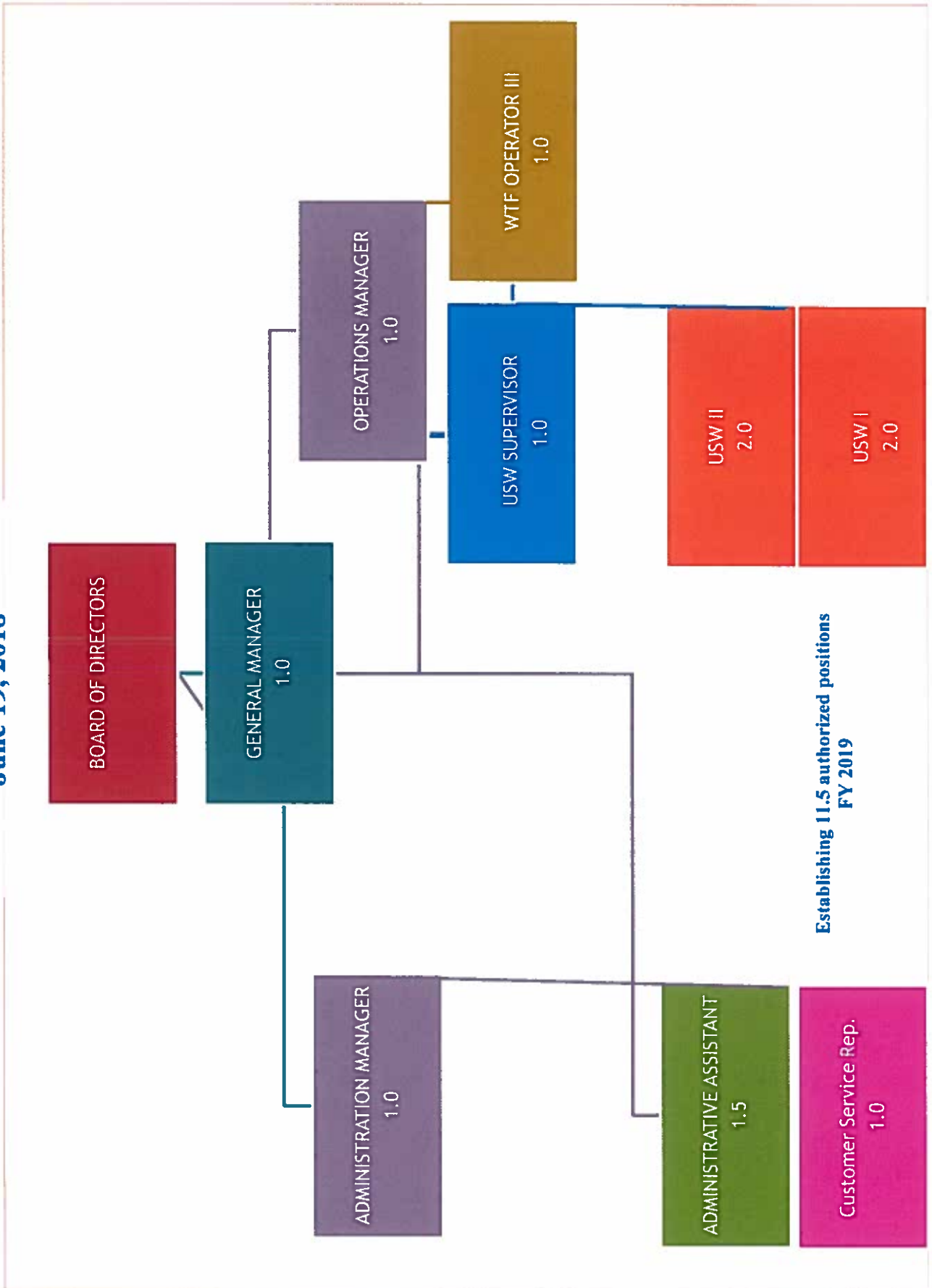
Included in this budget package is the proposed Board Resolution to adopt and approve the FY 2019 budget; an Organizational Chart establishing 11.5 authorized positions for FY 2018-2019; a detailed revenue and operations and maintenance expenses budget; CIP budget with associated justification from the District's consulting engineer, non-CIP budget items; GSP expenditures for future reimbursement; an updated District's Reserves Policy; approved Board Resolution Establishing Water & Sewer Rates for FY 2018-2019 and a projected cash flow analysis for the next eight fiscal years which includes Proposition 218 approved rate increases through FY 2012.

Thank you for your consideration.

Sincerely,

Geoff Poole
General Manager

**BORREGO WATER DISTRICT
ORGANIZATIONAL CHART
June 19, 2018**



	C	S	W	AF
1	BWD	5/23/2017		6/19/2018
2	BUDGET CASH FLOW	ADOPTED	Actual YTD	ADOPTED
3	2018-2019	BUDGET	and Projected	BUDGET
4		FY 2018	2017-2018	2018-2019
5				
6	REVENUE			
7	WATER REVENUE			
8	Residential Water Sales	949,885	914,483	950,994
9	Commercial Water Sales	302,856	410,973	417,885
10	Irrigation Water Sales	210,597	230,527	237,061
11	GWM Surcharge	160,274	172,994	181,749
12	Water Sales Power Portion	457,206	485,230	514,706
13	TOTAL WATER COMMODITY REVENUE:	2,080,818	2,214,206	2,302,395
14				
15	Readiness Water Charge	1,114,240	1,083,240	1,154,976
18	Meter Install/Reconnect Fees	1,360	51,425	20,680
19	Backflow Testing/installation	7,000	7,400	5,100
20	Bulk Water Sales	600	22,147	1,200
21	Penalty & Interest Water Collection	19,000	48,748	40,000
22	TOTAL WATER REVENUE:	3,223,018	3,457,086	3,524,351
23				
24	PROPERTY ASSESSMENTS/AVAILABILITY CHARGES			
25	641500 1% Property Assessments	62,303	60,942	62,300
26	641502 Property Assess wtr/swr/fld	106,212	106,107	106,212
28	641501 Water avail Standby	82,445	85,571	82,376
30	641504 ID 3 Water Standby (La Casa)	33,722	34,281	33,647
31	641503 Pest standby	17,882	16,539	17,870
32	TOTAL PROPERTY ASSES/AVAIL CHARGES:	302,563	303,440	302,404
33				
34	SEWER SERVICE CHARGES			
35	Town Center Sewer Holder fees	226,391	221,023	234,593
36	Town Center Sewer User Fees	85,015	84,146	88,695
37	Sewer user Fees	267,460	271,205	278,304
39	Penalty Interest-Sewer	3,000	570	1,248
41	TOTAL SEWER SERVICE CHARGES:	581,866	576,945	602,840
42				
43	OTHER INCOME			
48	Water Credits income		69,250	22,000
49	WTF Solar Rebate			50,000
50	R/H Surplus Water Revenue			200,000
51	Interest Income	6,600	19,718	6,000
52	TOTAL OTHER INCOME:	6,600	122,633	278,000
53				
54	TOTAL INCOME:	4,114,047	4,460,104	4,707,595
55				
56	GRANT & DEBT PROCEEDS			
57	Prop 1 GSP Grant			500,000
58	Pacific Western Bank 2018 IPA			5,500,000
59	TOTAL GRANT & DEBT PROCEEDS:			6,000,000
60				
61	TOTAL INCOME, GRANT & DEBT PROCEEDS:			10,707,595
71				

	C	S	W	AF
1	BWD	5/23/2017		6/19/2018
2	BUDGET CASH FLOW	ADOPTED	Actual YTD	ADOPTED
3	2018-2019	BUDGET	and Projected	BUDGET
4		FY 2018	2017-2018	2018-2019
72	EXPENSES			
73				
74	MAINTENANCE EXPENSE			
75	R & M Buildings & Equipment	185,000	179,785	180,000
76	R & M - WWTP	185,000	146,658	180,000
77	Telemetry	8,000	11,979	10,000
78	Trash Removal	4,200	8,343	4,200
79	Vehicle Expense	18,000	15,802	18,000
80	Fuel & Oil	23,000	27,907	30,000
81	TOTAL MAINTENANCE EXPENSE:	423,200	390,473	422,200
82				
83	PROFESSIONAL SERVICES EXPENSE			
84	Tax Accounting (Tausig)	3,000	3,000	3,000
85	Administrative Services (ADP)	3,000	2,990	3,000
86	Audit Fees (Squamliner)	15,995	15,996	16,995
87	Computer billing (Accela/Parker)	13,500	16,330	25,000
88	Financial/Technical Consulting (Raftelis) (Fieldman) (Holt Group)	41,000	53,048	80,000
89	Engineering (Dynamic/Dudek)	50,000	65,419	60,000
90	District Legal Services (Downey Brand/BBK)	20,000	106,447	100,000
91	Testing/lab work (Babcock Lab)	8,400	11,460	12,000
92	Regulatory Permit Fees (SWRB/DEH/Dig alerts/APCD)	27,160	21,747	25,000
93	Management Consulting (CIP)			50,000
94	TOTAL PROFESSIONAL SERVICES EXPENSE:	182,055	296,437	374,994
95				
96	INSURANCE EXPENSE			
97	ACWA/JPIA Program Insurance	57,000	54,682	57,000
98	ACWA/JPIA Workers Comp	16,000	15,679	17,600
99	TOTAL INSURANCE EXPENSE:	73,000	70,361	74,600
100				
101	DEBT EXPENSE			
102	Compass Bank Note 2018A	251,475	251,475	254,500
103	Compass Bank Note 2018B	143,312	143,274	143,000
104	Pacific Western Bank 2018 IPA			500,000
105	TOTAL DEBT EXPENSE:	394,787	394,749	897,500
106				
107	PERSONNEL EXPENSE			
108	Board Meeting Expense (board stipend/board secretary)	22,000	21,440	25,000
109	Salaries & Wages (gross)	826,000	806,714	890,000
110	Salaries & Wages offset account (board stipends/staff project salaries)	(55,000)	(86,533)	(60,000)
111	Consulting services/Contract Labor	24,000	10,339	15,000
112	Taxes on Payroll	22,000	22,412	22,300
113	Medical Insurance Benefits	220,100	218,502	229,000
114	Calpers Retirement Benefits	179,200	153,433	170,170
115	Conference/Conventions/Training/Seminars	8,000	18,749	17,000
116	TOTAL PERSONNEL EXPENSE:	1,246,300	1,165,057	1,308,470
117				
118	OFFICE EXPENSE			
119	Office Supplies	18,000	18,149	20,000
120	Office Equipment/ Rental/Maintenance Agreements	35,000	41,699	35,000
121	Postage & Freight	15,000	13,273	15,000
122	Taxes on Property	2,331	2,334	2,334
123	Telephone/Answering Service/Cell	19,000	19,060	24,000
124	Dues & Subscriptions (ACWA/CSDA)	21,526	19,290	21,000
125	Printing, Publications & Notices	3,000	2,417	2,500
126	Uniforms	5,400	5,899	6,500
127	OSHA Requirements/Emergency preparedness	4,000	3,400	4,000
128	TOTAL OFFICE EXPENSE:	123,257	125,521	130,333
129				
130	UTILITIES EXPENSE			
131	Pumping-Electricity	300,000	306,320	308,000
132	Office/Shop Utilities	20,000	7,623	1,200
134	TOTAL UTILITIES EXPENSE:	320,000	313,943	311,392
135				
136	GROUNDWATER MANAGEMENT EXPENSE			
137	SGMA GSP Costs	120,000	211,039	308,000
138	Prop 1 Grant Expense	30,000	-	60,000
140	TOTAL GWM EXPENSE:	270,000	211,039	360,845
141				
142	TOTAL EXPENSES:	3,032,600	2,967,581	3,880,134
150				
151	UNEXPENDED DEBT PROCEEDS:			4,698,000
152				
153	TOTAL EXPENSES AND UNEXPENDED DEBT PROCEEDS:			8,578,134
154				
155	NET OPERATING INCOME:	1,081,447	1,555,617	827,461
156				

	C	S	W	AF
1	BWD	5/23/2017		6/19/2018
2	BUDGET CASH FLOW	ADOPTED	Actual YTD	ADOPTED
3	2018-2019	BUDGET	and Projected	BUDGET
4		FY 2018	2017-2018	2018-2019
157	CIP PROJECTS			
158	Water			
160	Operating Cash Funded			342,000
161	Debt Funded			602,000
162	Grant Funded			265,000
163	TOTAL WATER CIP:			1,209,000
164	Sewer			
165	Operating Cash Funded			0
166	Debt Funded			150,000
167	Grant Funded			0
168	TOTAL SEWER CIP:			150,000
169				
208	TOTAL CIP EXPENSES:	2,219,500	816,935	1,359,000
209				
210	CASH RECAP			
211	Cash beginning of period	4,589,663	4,149,656	4,570,637
212	Operating Income	1,081,447	1,486,942	827,461
213	Total Non O&M Cash Funded Expenses	(2,219,500)	(813,935)	(342,000)
214	CASH RESERVES AT END OF PERIOD	3,451,611	4,822,663	5,056,098
215	FY Reserves Target			5,380,000
216	Reserves Surplus/(Shortfall)			(323,902)
217				
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6	BWD				
7	INCOME/EXPENSE				
8	CONDENSED BUDGET				
9	2018-2019				
10	Adopted 6/19/2019				
11					
12					
13					
14					
15		TOTAL			
16		BUDGET	WATER	ID4-WATER	SEWER
17	REVENUE				
18	Water Sales	3,342,602	1,136,485	2,206,117	-
19	GWM Surcharge	181,749	61,795	119,954	-
21	1% Property Assessment	62,300	21,182	41,118	-
22	Water Availability Standby	240,105	81,636	158,469	-
23	Sewer Revenue	602,840	-	-	602,840
26	Water Credit Revenue	22,000	7,480	14,520	-
27	Other Income	250,000	200,000	-	50,000
28	Interest Income	6,000	2,040	3,000	960
33	TOTAL BUDGETED INCOME FY 2019:	4,707,595	1,510,617	2,543,178	653,800
34					
35	GRANT & DEBT PROCEEDS				
36	Prop 1 GSP Grant	500,000	170,000	330,000	-
37	Pacific Western Bank 2018 IPA	5,500,000	1,870,000	3,480,000	150,000
38	TOTAL GRANT & DEBT PROCEEDS:	6,000,000	2,040,000	3,810,000	150,000
39					
40	TOTAL BUDGETED INCOME, GRANT & DEBT PROCEEDS FY 2019:	10,707,595	3,550,617	6,353,178	803,800
42					
43	EXPENSE				
44					
45	Repairs & Maintenance	422,200	82,348	159,852	180,000
46	Professional Services	374,994	94,874	223,872	56,249
47	Insurance	74,600	18,874	44,536	11,190
48	Personnel Expense	909,300	230,053	542,852	136,395
49	Employee Benefits	399,170	100,990	238,304	59,876
50	Office expense	130,333	32,974	77,809	19,550
51	Utilities	311,392	78,782	185,901	46,709
52	Compass Bank Note 2018A	254,500	-	254,500	-
53	Compass Bank Note 2018B	143,000	48,620	94,380	-
54	Pacific Western Bank 2018 IPA	500,000	170,000	330,000	-
55	GWM	360,645	122,619	238,026	-
56	TOTAL BUDGETED EXPENSE FY 2019:	3,880,134	980,134	2,390,032	509,968
57					
58	UNEXPENDED DEBT PROCEEDS:	4,698,000	1,597,320	3,100,680	-
59	TOTAL EXPENSES AND UNEXPENDED DEBT PROCEEDS:	8,578,134	2,577,454	5,490,712	509,968
60					
61	NET BUDGETED INCOME (EXPENSE):	827,461	973,163	862,467	293,832
62					
63	TOTAL CIP EXPENSE:	1,359,000	-	-	-
64	TOTAL CIP CASH EXPENSE:	342,000	116,280	225,720	-
65					
66	TOTAL BUDGETED ANNUAL NET CASH FLOW FY 2019:	485,461	856,883	636,747	293,832
67					



BORREGO WATER DISTRICT

June 19, 2018

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, General Manager
SUBJECT: Fiscal Year 2018-19 Budget and Capital Improvement Plan

Transmitted herewith is the Proposed Final Fiscal Year 2018-19 Budget and Capital Improvement Plan for the Borrego Water District. The consolidated budget was prepared in compliance with the laws of the State of California and reflects the Board of Directors' (Board) goals/priorities and the District's strategic plans by which to achieve them.

2018-19 is a millstone year in which BWD has re-established its financial position to allow for Bond financing with the planned issuance of \$5.3 million in debt for Capital Improvement Plan construction, as well as additional funding to refinance existing debt.

2018-19 will also bring the potential for BWD to receive \$35 million dollars for GSP implementation efforts funded through a line item appropriation in the Water Bond of 2018 appearing on the November 2018 ballot. If approved the \$35 million will be used for farmland fallowing, recreational water conservation and basin planning efforts pertaining to the GSP

The amount budgeted in each category represents Management's best assumptions to successfully accomplish the District's objectives. A summary of the FY 2018-19 budget is below:

Budget Components for FY 2018-19 - Revenues

Water sales are projected to remain stable (FY 2018-19 = 1,600 afy). The previously approved FY 2016-2021 Prop 218 approved rates and fee increases of 6% for FY 18-19 has been included and will increase revenues by an estimated \$185,000.

Monthly Meter stand by fees are also proposed to be increased by 6% in compliance with the Board's FY 2016-2021 Prop 218 approved rates. The increase is projected to increase Meter Fee revenues by approximately \$69,000 in FY 18-19.

The past Prop 218 process undertaken by BWD also included rate increases for sewer customers in an amount of a maximum of 4% which will increase annual sewer revenues by \$24,000.

Property tax revenues are expected to remain constant and within BWD's legal authority to assess.

Non-budgeted revenue: BWD is also aggressively pursuing a number of State grants and although the revenue is technically not included in the Budget, once received, the additional revenue will have a positive effect on the District's financial position and reserve fund levels.

Budget Components for FY 2018-19 – Expenses

- In FY 2018-19, BWD and the County of San Diego will continue to work on the development of the Borrego Basin Groundwater Sustainability Plan (GSP). The GSP is being conducted to comply with the 2014 Sustainable Groundwater Management Act. In March of 2017, the County of San Diego entered into a contract with Dudek as the Prime Consultant for completion of the Plan. Certain BWD expenses are planned to be incurred that are outside the scope of the GSP, so an estimated \$360,000 has been included in FY 2018-19 budget for this purpose. BWD has compiled a list of GSP related expenses since 2015 and that is now included in the Budget documents.
- All existing programs in BWD Operations, Maintenance and Administration areas are fully funded through 2018-19. The major programs in the Water Operations Enterprise include system operations and maintenance, water quality monitoring, meter testing/replacement, pipeline replacement, reporting and the inevitable emergency pipeline repairs that happen each year. When possible, BWD staff (including temporary help) will be used to perform all pipeline repairs in FY 2018-19, emergency and planned. Capital projects planned for the year include the aforementioned pipeline repairs as well as the replacement of the Twin Tanks, with an approximate cost of \$600,000, repair/replacement of 3 existing BWD storage tanks that are part of a State Grant application.
- In the Sewer Operations Enterprise, BWD is planning to construct a series of improvements at the Wastewater Treatment Facility to replace equipment/components that has passed its useful life. These projects are planned to be funded by State Grants. Engineering assessments are underway to evaluate the feasibility of enhancing wastewater treatment levels to tertiary which would allow for use on local irrigation demands. Other planned improvements include adding infrastructure to improve the ability to adequately maintain portions of the sewer collection system.
- In the Administration Department, all programs are fully funded.

Included in this Budget Package are the proposed Board Resolution to adopt and approve the FY 2018-19 Budget, detailed revenue and expenses, Capital Improvement Plan with project explanations and justifications from the District's Contract Engineer (Carlos Beltran – Dynamic Engineering), Non CIP expenses, updated Reserve Policy and a projected Cash Flow that includes proposed future rate increases. I would personally like to thank the BWD staff and Board for their hard work in preparing and reviewing this Proposed Budget for FY 2018-19.

Sincerely

Geoff Poole
General Manager

May 11, 2018

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

Attn: Geoff Poole, General Manager

Subject: Borrego Water District Capital Improvements Program

Mr. Poole,

I have reviewed the proposed Capital Improvements Program (CIP) prepared for the next ten years and I agree with the projects identified in the schedule as the most essential projects for the district at this time. The estimated construction costs identified in the CIP for these improvement projects are adequate for planning purposes.

If you have any questions please feel free to contact me at (760) 545-0162.;

Sincerely,



Carlos Beltran, P.E.
Principal Engineer.

CAPITAL IMPROVEMENT PROJECTS		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	FY 2027-28
WELLS, BOOSTER STATIONS, RESERVOIRS & ASSOCIATED TRANSMISSION MAINS											
Water Treatment Facility (phase 1)						\$ 635,000	\$ 650,000	\$ 250,000			
Water Treatment Facility (phase 2)				\$ 1,500,000			\$ 1,500,000		\$ 250,000		
3 New wells drilled over 5 years											
Country Club Tank Recoating, 1999 1.0 MG								\$ 250,000			
New 900 Reservoir											
Transmission line to convey Well 5 water directly to C.C. Reservoir (Pipeline 2)			\$ 120,000	\$ 151,000	\$ 120,000	\$ 151,000					
Transmission line to convey Well 12 water directly to Tilling T-DI Giorgio (Pipeline 3)			\$ 175,700			\$ 688,000					
Transmission pipeline Slash M Rd. west to Country Club Tank (Pipeline 4)											
Transmission line to convey well 16 water directly to ID1 900 Reservoir (Pipeline 1)-Bond		\$ 112,000									
New well: Phase 1 = Exploration Test Well & Phase II = Drill Well -Grant & Bond		\$ 265,000	\$ 1,235,000								
Replace Twin Tanks-(Prop 1 grant)		\$ 613,525									
Replace Wilcox Diesel Motor-(Prop 1 grant)		\$ 48,775									
Replace Indianhead Reservoir-(Prop 1 grant)		\$ 597,575									
Rams Hill #2, 1980 galv. 0.44 MG recoating -(Prop 1 grant)		\$ 604,725									
WASTEWATER TREATMENT FACILITIES											
Sewer main replacement Club Circle			\$ 200,000		\$ 100,000						
Solar Project								\$ 500,000			
TSC-La Casa Bypass		\$ 100,000	\$ 500,000								
Rehab 7 manholes & install well-Downstream (use clarifier rehab placeholder)											
Force main replacement at La Casa-Bond		\$ 150,000									
Plant-Grit removal at the headworks- (11,500 from balance line 25)-Prop 1 grant		\$ 214,000									
Clarifier Rehab- (118,500 budget placeholder)-Prop 1 Grant		\$ 200,000									
PIPELINE REPLACEMENT /IMPROVEMENT PROGRAM											
Emergency water pipeline repairs		\$ 25,000	\$ 25,000	\$ 25,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
10" Bypass at ID1 Booster Station 2		\$ 15,000									
Borrego Springs Road, Walking H Drive to Country Club Road Phase 1 (Pipeline 5)			\$ 205,000								
Borrego Springs Road, Walking H Drive to Country Club Road Phase 2 (Pipeline 5)											
Frying Pan Road N & S for Approx. 3,400' (Pipe line 8)			\$ 313,600								
Borrego Springs Road, Weather Vane Drive to Barrel Drive (Pipeline 10)			\$ 105,000								
De Anza Dr. 1600 block west from Yaqui Road (Pipeline 12)			\$ 252,000								
Club Circle Pipeline Evaluation			\$ 50,000								
Double O Road N & S for Approx. 3,400' (Pipeline 9)		\$ 165,000	\$ 83,000								
Pipeline for Santiago and IDS (Pipeline 11)-Bond		\$ 110,000	\$ 104,000								
TOTAL - CAPITAL IMPROVEMENTS PROGRAM		\$ 3,220,600	\$ 2,492,700	\$ 1,051,600	\$ 1,955,000	\$ 1,504,000	\$ 2,180,000	\$ 1,135,000	\$ 285,000	\$ 35,000	\$ 35,000
TOTAL - SHORT LIVED ASSETS (FROM SHEET 2)		\$ 342,000	\$ 177,000	\$ 215,000	\$ 60,000	\$ 25,000	\$ 15,000	\$ 195,000	\$ 60,000	\$ 240,000	\$ 240,000
TOTAL CIP AND SHORT LIVED ASSETS ANNUAL BUDGET		\$ 3,562,600	\$ 2,669,700	\$ 1,266,600	\$ 2,035,000	\$ 1,529,000	\$ 2,195,000	\$ 1,330,000	\$ 345,000	\$ 275,000	\$ 275,000

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CIP-SHORT LIVED ASSETS		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	FY 2027-28
2											
3											
4											
5	WELLS										
6	ID1-8, 125 Hp	\$ 60,000		\$ 15,000				\$ 50,000			
7	ID-1 Well 12 pump and casing/cleaning			\$ 100,000					\$ 40,000		
8	ID-1 16		\$ 100,000	\$ 100,000						\$ 100,000	\$ 100,000
9	ID4-11, 200 Hp								\$ 20,000		
10	ID4-18				\$ 40,000						
11	Well Rehabilitation	\$ 110,000						\$ 100,000			
12											
13	TANKS										
14	Rama Hill #1-cleaning		\$ 15,000			\$ 15,000				\$ 15,000	\$ 15,000
15											
16											
17	BOOSTER/PRESSURE REDUCING STATIONS										
18											
19	WASTEWATER TREATMENT FACILITY										
20	Clarifyer Rehab				\$ 25,000					\$ 25,000	\$ 25,000
21	EQUIPMENT										
22	Emergency Generator Mobile Trailer	\$ 12,000	\$ 25,000								
23	Backhoe	\$ 125,000									
24	Pickup	\$ 35,000	\$ 37,000		\$ 40,000			\$ 45,000			
25											
26	TOTAL SHORT LIVED ASSETS REPLACEMENT PROGRAM	\$ 342,000	\$ 177,000	\$ 215,000	\$ 80,000	\$ 25,000	\$ 15,000	\$ 195,000	\$ 60,000	\$ 240,000	\$ 240,000
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M E M O R A N D U M

DATE: 6/19/18

TO: Board of Directors BWD

FROM: Carlos Beltran, BWD District Engineer & Geoff Poole, General Manager

Re: Borrego Water District – 2017-2025 CIP Project Summary and Narratives

The following table shows the summary of the 2017-2025 projects. The CIP projects are described in detail on the following pages.

CIP # CAPITAL IMPROVEMENT PROJECTS FISCAL YEARS 2017-2025 SUMMARY

WELLS, BOOSTER STATIONS, RESERVOIRS & ASSOCIATED TRANSMISSION MAINS	
1	Water Treatment Facility (phase 1)
2	Water Treatment Facility (phase 2)
3	New well assessments (Exploration Phase) and acquire land
4	Drill new wells
5	Country Club Tank Recoating, 1999 1.0 MG
6	New 900 Reservoir
7	Transmission line to convey well 16 water directly to ID1 900 Reservoir (Pipeline 1)
8	Transmission line to convey Well 5 water directly to C.C. Reservoir (Pipeline 2)
9	Transmission line to convey Well 12 water directly to Tilting T-Di Giorgio (Pipeline 3)
10	Transmission pipeline Slash M Rd. west to Country Club Tank
11	Replace Twin Tanks – Possible Prop 1 Grant
12	Replace Wilcox Diesel Motor – Possible Prop 1 Grant
13	Replace Indianhead Reservoir – Possible Prop 1 Grant
14	Rams Hill #2, 1980 galv. 0.44 MG recoating – Possible Prop 1 Grant

WASTEWATER TREATMENT FACILITIES	
15	Sewer main Replacement at Club Circle
16	Force main replacement at La Casa del Zorro; Cleanouts on existing force main
17	Town Center Sewer at La Casa Del Zorro Bypass
18	Grit Removal – Prop 1 Grant Possible
19	Clarifier Upgrade - Prop 1 Grant Possible
20	Rehab 7 manholes, Install weir etc...

PIPELINE REPLACEMENT /IMPROVEMENT PROGRAM	
21	Emergency water pipeline repairs
22	10" Bypass at ID1 Booster Station 2
23	Borrego Springs Road, Walking H Drive to Country Club Road Phase 1 (Pipeline 5)
24	Borrego Springs Road, Walking H Drive to Country Club Road Phase 2 (Pipeline 5)
25	T Anchor Drive, Frying Pan Road to Double O Road (Pipeline 6)
26	Weather Vane Drive, Frying Pan Road to Double O Road (Pipeline 7)
27	Frying Pan Road, north and south from T Anchor Drive (Pipeline 8)
28	Double O Road, north and south from T Anchor Drive (Pipeline 9)
29	Borrego Springs Road, Weather Vane Drive to Barrel Drive (Pipeline 10)
30	Pipeline for Santiago and ID5 (Pipeline 11)
31	De Anza Dr. 1600 block west from Yaqui Road (Pipeline 12)

CIP PROJECTS 2017-2025 NARRATIVES

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Country Club Tank Rehabilitation	21
900 Tank (Formerly the 800 Tank)	23
Transmission Pipelines	24
Twin Tanks.....	25
Replace Wilcox Diesel Motor	27
Replace Indian Head Reservoir	29
Rams Hill #2 Recoating	31
Forcemain Replacement at La Casa Del Zorro; Cleanouts on existing forcemain.....	31
Sewer Main Replacement Club Circle	Error! Bookmark not defined.
Lift Station – Aeration and Odor Removal System.....	34
Plant Grit Removal at the Headworks.....	35
Emergency Water Pipeline Repairs	38
Pipeline Replacement / Improvement Program	39

CIP ITEM No. 1 AND 2: Water Treatment Facility (Phase 1 and 2)

A. Project Description / Justification

Budget: \$1,535,000

The following are excerpts from "Draft Working Technical Memorandum" prepared by Dudek, written to the Borrego Water District dated June 16, 2017:

As a public water system, the BWD is regulated by the State Water Resources Control Board's Department of Drinking Water. California regulations related to drinking water are contained within California Code of Regulations (CCR) Title 17 and Title 22. California drinking water MCLs that shall not be exceeded in the water supplied to the public are listed in CCR Title 22 Chapter 15. The BWD samples groundwater quality from water wells at intervals required by the DDW.

While none of the BWD's wells currently exceed California drinking water MCLs, treatment alternatives for COCs are discussed herein to explore options in the event that groundwater quality were to become impaired. Non-treatment and treatment options to meet drinking water standards typically include blending, wellhead treatment, or supplementing the impaired source of supply.

The Borrego Springs Groundwater Subbasin of the Borrego Valley Groundwater Basin (BVGB) has been determined to be in overdraft. There is a potential risk associated with temporal changes in groundwater quality that may result in exceedances of California drinking water maximum contaminant levels (MCLs) in Borrego Water District (BWD) production wells due to the long-standing critical overdraft. Thus, it assesses current and historical groundwater quality data and the inter-relationship between groundwater levels and groundwater quality. The main constituents of concern (COCs) are arsenic, nitrate, sulfate, fluoride, total dissolved solids (TDS), and radionuclides. Of primary concern is the potential for water quality degradation and the relative risk that the groundwater supply will not meet MCLs.

The USGS found that concentrations of TDS and nitrate exceed their respective water quality standard thresholds in portions of the upper aquifer of the Borrego Springs Groundwater Subbasin (for reference with depth the BVGB is comprised of three aquifers: upper, middle, and lower). The highest concentrations of both constituents were generally found in the northern portion of the Borrego Springs Groundwater Subbasin, and the concentration of TDS was found to increase as groundwater levels decline. Sulfate, another COC, was also found to increase in concentration as groundwater levels decline. In addition to nitrate, TDS, and sulfate, other potential COCs in the BVGB include arsenic and gross alpha radiation, though the latter appears to be confined to the Ocotillo Wells Groundwater Subbasin. Since the compilation of available groundwater quality data by the USGS in 2015, additional data have been collected by the BWD for its active production wells in 2016 and for seven private wells located in the South Management Area (SMA) of the Borrego Springs Groundwater Subbasin. This recent data indicates that arsenic concentrations exceed the California drinking water MCL of 10 micrograms per liter ($\mu\text{g/L}$) in portions of the lower aquifer in the SMA. Additionally, review of historical arsenic data for BWD wells located in the SMA indicates an increasing arsenic trend in well ID1-2, and a linear regression analysis indicates a good correlation of fit among arsenic concentration, groundwater production, and declining groundwater levels in well ID1-8. Based on the 2-year lag linear regression of groundwater production and arsenic data from well ID1-8, groundwater production in excess of 300 AFY at well ID1-8 is possible and further analysis is needed before conclusions can be

reached. Thus, arsenic concentrations in the lower aquifer of the Borrego Springs Groundwater Subbasin are determined to be a primary COC. Because groundwater quality data for the Borrego Springs Groundwater Subbasin are limited, further data collection and evaluation is required to verify the predicted exceedance of the arsenic drinking water standards in well ID1-8 and potential for other wells in the Borrego Springs Groundwater Subbasin to exceed the arsenic drinking water standard or other COC.

B. Project Design / Process Flow:

Once it has been determined if a treatment process is necessary, an engineering report will be prepared indicating the best and most efficient method of treatment. The CIP breaks the treatment into phases. Environmental documents will be prepared and distributed. After approval, the project(s) will be sent out to public bidding and then constructed. The CIP shows these projects starting in FY 2022-23.

C. Cost Estimate:

Project costs are highly speculative at this time due to the fact that current water quality does not require treatment. Due to the falling groundwater table, this may change in the future with depth dependent water quality. The budget is \$1,535,000.

D. Project Estimated Timeline: Why is the project proposed for FY 2022 :

Since there is no immediate risk of water contamination in BWD Production wells, it is yet to be determined when and where future treatment will be necessary based on the factors outlined above. For planning purposes, it is assumed that treatment will be needed in FY 2022.

E. Impacts of Deferral:

It is risky to wait this long, but once contamination is realized, deferring the improvements is not an option. Fines, public backlash and other interventions from State regulators would occur if drinking water standards are not met.

CIP ITEM No. 3 AND 4: Exploration, Land Acquisition for Replacement Wells

A. Project Description / Justification

Budget: \$4,500,000

BWD has identified three wells that will need to be replaced within the next eight years. Wells ID1-8, ID4-4 and ID1-10 cannot be rehabilitated again will need to be replaced due to age and falling groundwater levels. Two high yield wells may replace these three wells.

B. Project Design / Process Flow:

Dudek prepared a report "Draft Working Technical Memorandum" dated June 16, 2017 that describes three separate Subbasin within the BWD service boundary. The report identifies that the Central Management Basin has the best chance for water that meets the requirements of California Code of Regulations (CCR) Title 17 and Title 22.

The BWD has already initiated preliminary review of potential new sources of supply in the Borrego Springs Subbasin and will further identify strategic sources of supply that meet Title 22 potable drinking water quality requirements.

Once a site has been selected, an exploration phase will commence. If the water quality and depth is acceptable, the land will be acquired for the wellsite and the well will be constructed to municipal standards.

C. Cost Estimate:

The cost estimate for the exploration and land acquisition phase is \$500,000. The wells are estimated to cost \$1,000,000 each to construct.

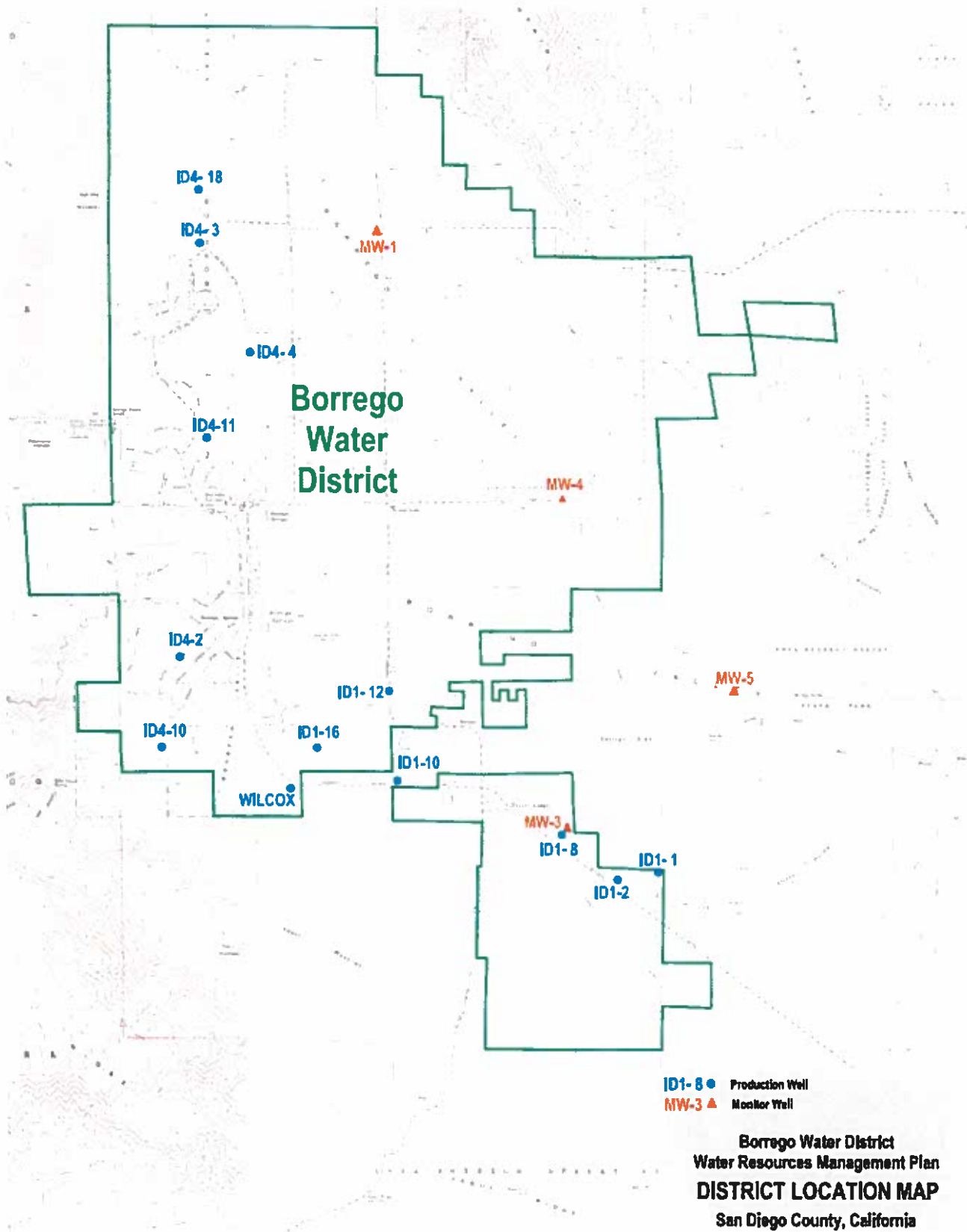
F. Project Estimated Timeline: Why is the project proposed for FY 2019 and beyond:

Due to the fact that certain BWD wells have reached the end of their useful life, it is imperative to investigate and construct the replacement wells before any existing well fails. Recent award of State of California to BWD provides initial funding for the investigation, there it is time to begin the process

Exploration and land acquisition for Replacement Well #1:	FY 2018-2019
Construct Replacement Well #1:	FY 2019-2020
Explore and Construct Replacement Well #2:	FY 2020-2021
Explore and Construct Replacement Well #3:	FY 2023-2024

G. Impacts of Deferral:

Construction of replacement wells is needed before complete failure to ensure maximum water availability flow, operations flexibility and emergency response for BWD Customers. Deferring installation of replacement wells increases the likelihood experiencing these problems in the future.



CIP ITEM No. 5: Country Club Tank Rehabilitation

A. Project Description / Justification

Budget \$ 250,000

The Country Club Tank is located approximately 1-½ mile west of the intersection of Title T and Borrego Springs Road (S3). The tank has a capacity of 1.0 million gallons and is composed of coated steel. The California Department of Health Services requires the District to physically inspect the inside of the domestic water reservoirs every three years. This service is performed by a consultant that utilizes divers and provides a written report as well as a video. The tank was constructed approximately 17 years ago. The tank is in good condition currently, but it is anticipated that it will need to be recoated on a regular schedule in fiscal year 2024-25.

B. Project Design / Process Flow:

After the inspection report is delivered and the tank needs recoating, the District Engineer will prepare engineering documents and the project will be sent out for public bidding with Board approval.

C. Cost Estimate:

Without a recent dive inspection, an accurate cost estimate is difficult because the number of metal repairs necessary is unknown. Experience with past projects gives an approximate cost estimate of \$250,000 to recoat and repair the tank.

D. Project Estimated Timeline. Why is Project Proposed for 2023:

Based on experience, it is estimated that a recoating will be needed in 2023. The actual date of recoating will be determined following the periodic video inspections. Following is the estimated schedule based on this timeline:

Dive Inspection:	February 2023
Receive Dive Inspection Report:	March 2023
Engineering/design completion:	March 2023 – April 2023
Project Bidding:	April 2024 – May 2024
Repair Recoat Tank:	June 2024 – July 2024

E. Impacts of Deferral:

Following completion of planned inspections, the magnitude of the corrosion will be known and a plan to repair developed. Deferral of the necessary maintenance could lead to increased repair costs or the need for replacement of the Reservoir completely before the end of its useful life.

Item	Quan	Unit	Description	Unit Cost	Amount
1	1	LS	Mobilization/ Demobilization, Temporary Facilities, Construction Sign, Insurance, Payment Bond, Taxes, Permits, Fees and Similar Expenses	\$22,500	\$ 22,500
2	18,800	SF	Sandblast Complete Interior Including Columns, Rafters, Appurtenances, Exterior Roof Coatings to SSPC-SP 10. Remove and Legally Dispose of Spent Blast Material.	\$ 3.75	\$ 70,500
3	1	LS	Remove and replace metal components as necessary	\$ 3,500	\$ 3,500
3	18,800	SF	Recoat Interior Surfaces. This Item to be Considered Lump Sum Unless the Area is Shown to be Materially Different than shown.	\$ 5.10	\$ 95,880
4	1	LS	Coating Inspection and Testing	\$ 3,500	\$ 3,500
5	1	EA	Replace Manway Gasket	\$ 750	\$ 750
6	1	LS	Hydrostatic Testing, VOC Testing, Disinfection of Tank, Bacteriological Testing	\$ 3,800	\$ 3,800

Construction Subtotal: \$200,430
Contingency (10%): \$ 20,043
Subtotal Construction: \$220,473

Engineering/Contract Document Preparation \$ 20,000
Construction Inspection: \$ 9,527
Total Project Estimate: \$250,000



Country Club Tank Location

CIP ITEM No. 6: 900 Tank – COMPLETE IN 2018

A. Project Description / Justification:

Budget \$ 525,000

A tank near Rams Hill is important to be able to serve the development and golf course. The existing 800 tank experienced various leaks in the past due to a failed liner which was replaced and repaired multiple times without long term success. Based on this experience, a decision was made to abandon the tank and construct a new one. Various operational advantages were realized by locating the tank up the hill at the Rams Hill #2 Tank site.

Replacing the R-2 tank with a potable water storage tank (900 tank) has been completed and provides direct feed of water from Well 16 and still serve the Rams Hill area, as well as ID-1. The tank stores Well 16 water only without major changes to the distribution system. In the future, this tank could be used for treatment if necessary.

B. Project Design / Process Flow:

The existing R-2 tank was replaced with a new potable water bolted steel tank (now called "900 tank" due to its elevation) without as many modifications to the distribution system. Most of the piping is already in place to allow for a direct feed from Well 16 to the 900 tank location. Some modifications would be necessary to the distribution system. There are existing rights to allow the District to install and operate a tank in this location.

C. Cost Estimate

The project has been bid at a cost of \$500,000.

D. Project Estimated Timeline:

Construction of tank: **COMPLETE**

CIP ITEM No. 7-10: Transmission Pipelines

A. Project Description / Justification

The District's water distribution system was piecemealed together over time as the District took over smaller Districts in the area. The smaller pipelines were interconnected in partial measures. There is a need to deliver water in a more efficient manner. The District has identified four main transmission pipelines that should be installed for a more functional system. The transmission lines would have no service laterals connected, and would serve only to deliver water to the tanks or to another part of the distributions system. These projects are not considered pipeline replacement projects; they will enhance the distribution system operation.

B. Project Design / Process Flow:

Pipelines 1, 2 and 4 are projects that can possibly be installed by District staff over time; thus, saving District funds. Pipeline 3 (Well 12 to Tilting T and Di Giorgio) is a more complex project and may require professional design and implementation.

C. Cost Estimate

Estimates were derived using pipeline lengths and cost per unit length. Not enough information is available to do a detailed analysis at this time.

Transmission line to convey well 16 water directly to ID1 900 Reservoir (Pipeline 1)	\$112,000
Transmission line to convey Well 5 water directly to C.C. Reservoir (Pipeline 2)	\$625,000
Transmission line to convey Well 12 water directly to Tilting T-Di Giorgio (Pipeline 3)	\$668,000
Transmission line Slash M Rd. west to Country Club Tank (Pipeline 4)	\$175,700

Total: \$1,600,700

D. Project Estimated Timeline:

Transmission line to convey well 16 water directly to ID1 900 Reservoir (Pipeline 1)	FY 2018-19
Transmission line to convey Well 5 water directly to C.C. Reservoir (Pipeline 2)	FY 2017-23
Transmission line to convey Well 12 water directly to Tilting T-Di Giorgio (Pipeline 3)	FY 2022-23
Transmission line Slash M Rd. west to Country Club Tank (Pipeline 4)	FY 2019-20

E. Impacts of Deferral:

Pressure fluctuations and chlorine concentrations can vary in the operation of a pipeline coming directly from a well. Therefore, connecting water meters to these lines is not recommended and Transmission Mains from the well to the nearest reservoir is proposed. Deferral of these improvements only delays completion of the optimal configuration of service to BWD customers.

CIP ITEM No. 11: Twin Tanks

A. Project Description / Justification

The Twin Tanks are located approximately ½ mile southwest of the intersection of Palm Canyon Drive and Montezuma Valley Road (S22). The two tanks have a capacity of 220,000 gallons each and are composed of galvanized steel. The California Department of Health Services requires the District to physically inspect the inside of the domestic water reservoirs every three years. This service is performed by a consultant that utilizes divers and provides a written report as well as a video. The past inspection report recommended that the tanks be recoated and minor metal repairs made. The tank inspections were received in February 2017. The tanks are highly corroded. The tanks are scheduled for replacement in the 2017-2018 CIP. BWD is working with the State of California to receive Grant funding for this expenditure.

B. Project Design / Process Flow:

When the tanks were inspected in 2017, the divers installed a plug in the pipe that interconnects the tank because there is no valve there to allow for one tank to be taken out of service. Staff installed a permanent valve. After the inspection report was delivered, it was determined that the tanks need replacement.

There are two tanks. Twin Tank #1 is the south tank, and Twin Tank #2 is the north tank. The tanks will be replaced with a single 440,000 gallon bolted steel tank. No change in capacity is proposed. The tank will be installed at the same location as the existing tanks. The bolted steel tank will be approximately 55 feet in diameter and 24 feet high. The coating will be fusion or powder coated steel. The estimated life of the tank is approximately 30 years if it is properly maintained.

C. Cost Estimates:

Twin Tanks Project

ITEM	DESCRIPTION OF WORK	SUB COSTS	COST
1	Construction Cost (Ex. Tanks Demo, New Tank Construction and Piping).		\$ 557,750.00
2	Construction - Contingency 10%		\$ 55,775.00
3	Land Purchase		
4	Engineering, Design and Specifications, Bid Support	\$ 18,450.00	
5	Preliminary Engineering Report		
6	Construction Management and Inspection Services	\$ 22,000.00	
7	Construction Staking	\$ 2,300.00	
8	Geotechnical Testing (Tank Foundation/Pad)	\$ 2,700.00	
9	Administrative Cost During Construction	\$ 8,500.00	
10	Design Services During Construction	\$ 3,500.00	
11	Legal Fees		
12	Financing Costs		
Twin Tanks Project Total Cost:		\$ 57,450.00	\$ 613,525.00

D. Project Estimated Timeline: Why is 2017-18 Proposed?

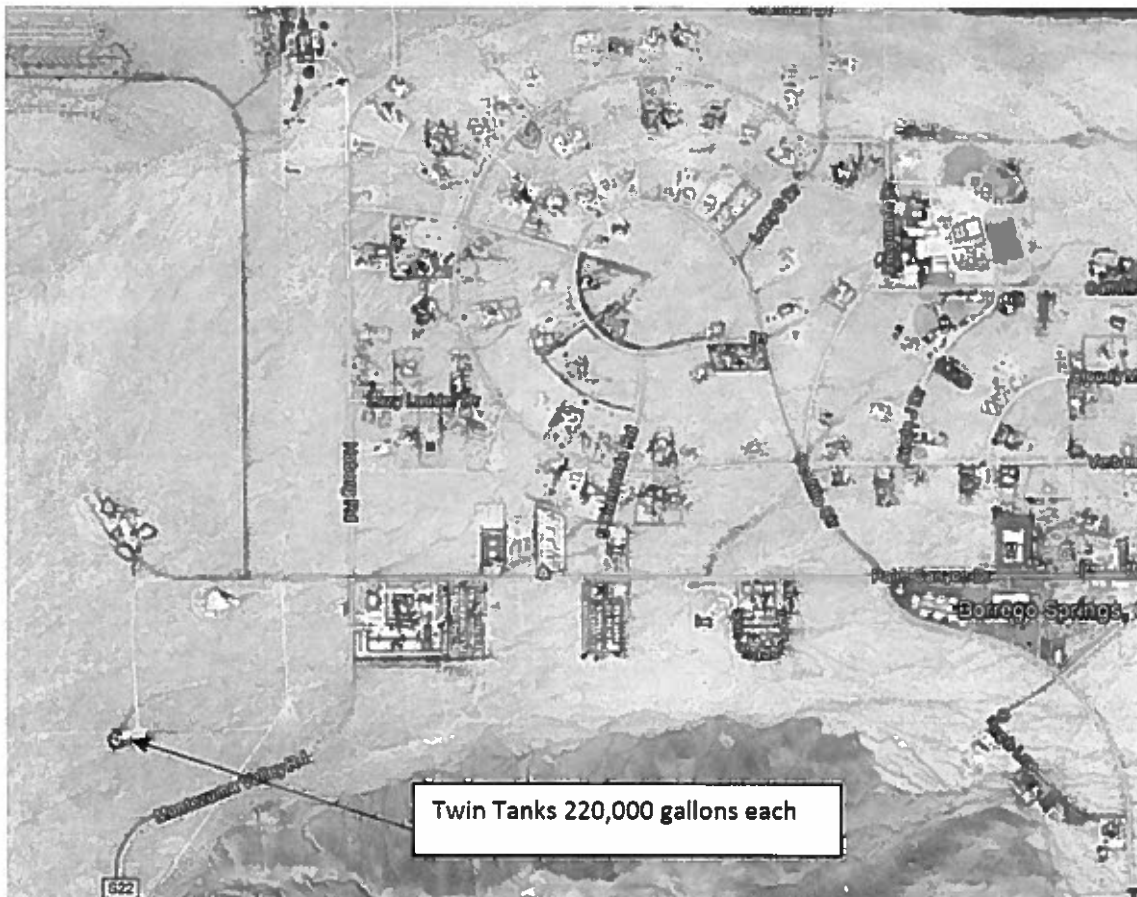
The extent of the corrosion in the tank requires replacement as soon as possible. The project would have started earlier but construction is delayed due to the time needed to complete the Grant Application, which is scheduled for March of 2018.

Planning Initiated:	2017-18
Engineering/design completion:	2018-19
Project Bidding:	2018-19
Repair Recoat Tank:	2018-19

E. Impacts of Deferral:

Observed corrosion in the Twin Tanks has prompted BWD to recommend replacement instead of repair. Deferral of this Project leads to the potential for further degradation of the tank and possible failures.

Figure 1 - Twin Tanks Location



CIP ITEM No. 12: Replace Wilcox Diesel Motor

A. Project Description / Justification

Budget \$49,775

The District has received a Notice of Violation (number 225200) from the APCD on July 7, 2015. In the violation notice, the APCD indicated that the diesel engine must be replaced with an emissions compliant engine, the engine must be refitted with emissions equipment or the engine taken out of service. Due to the age of the engine it is not feasible to install aftermarket controls to meet the new emissions requirement. Therefore, the options include replacement or taking the well out of service (revoking the existing permit to operate). The Wilcox Well is considered an emergency source of water when the electric power is out of service, so it is a critical component of the water distribution system and must be kept online. The alternative to replace the engine is the most cost effective and environmentally friendly option.

The proposed project includes new equipment purchase, necessary construction permits of the APCD, removal of the existing diesel engine and installation of the new compliant engine.

The proposed project includes replacing the existing 80hp diesel engine with a Tier 4 emissions compliant for standby diesel engines. This is considered a green component due to the enhanced energy efficiency of the engine and near-zero emissions. Replacing the existing diesel engine is much more cost effective than to bring electric power to the site and install an electric engine. BWD is working with the State of California to receive Grant funding for this expenditure.

B. Project Design / Process Flow

On May 11, 2004, EPA signed the final rule introducing Tier 4 emission standards, which are phased-in over the period of 2008-2015. The Tier 4 standards require that emissions of PM and NOx be further reduced by about 90%. Such emission reductions can be achieved through the use of control technologies, including advanced exhaust gas after treatment.

The new diesel engine will comply with EPA Tier 4 Final and EU Stage IV emissions standards. It will employ Diesel Oxidation Catalyst (DOC) technology or Diesel Particulate Filters (DPF) to meet the Tier 4 Final/Stage IIIB requirement for near-zero Particulate Matter (PM) emissions. The Tier 4 regulation and later amendments for Engine power between 75hp and 175hp have numeric not-to exceed values for various pollutants and also include a number of provisions:

- *Smoke Opacity*—Existing Tier 2-3 smoke opacity standards and procedures continue to apply in some engines. Exempted from smoke emission standards are engines certified to PM emission standards at or below 0.07 g/kWh (because an engine of such low PM level has inherently low smoke emission).
- *Crankcase Ventilation*—The Tier 4 regulation does not require closed crankcase ventilation in nonroad engines. However, in engines with open crankcases, crankcase emissions must be measured and added to exhaust emissions in assessing compliance.
- *DEF Refill Interval*—For SCR-equipped nonroad diesel engines, a minimum DEF (urea solution) refill interval is defined as at least as long (in engine-hours) as the vehicle's fuel capacity.

- *Emergency Operation*—In order to facilitate the use of certain nonroad engines in temporary emergency situations, the engines can be equipped with an AECD to override performance inducements related to the emission control system—for example, to allow engine operation without urea in the SCR system during an emergency. This flexibility is intended primarily for engines used in construction equipment and portable equipment used for temporary power generation and flood control.
- *ABT Program*—Similarly to earlier standards, the Tier 4 regulation includes such provisions as averaging, banking and trading of emission credits and FEL limits for emission averaging.

C. Cost Estimate:

Replace Wilcox Diesel Engine with APCD Compliant Engine						
No.	Qua	Unit	Description	Unit Cost	Total Cost	
1 Construction Cost						
1.1	1	LS	Replace Wilcox Diesel Engine	\$ 40,000.00	\$	40,000
					Project Construction Cost:	\$ 40,000
					10% Contingency:	\$ 5,775
					Total Construction Cost:	\$ 45,775
2 Admin and Engineering						
2.1	1	LS	Preliminary Engineering, Engineering Plans and Specifications		\$	2,000
2.2	1	LS	Construction Management		\$	2,000
TOTAL PRELIMINARY PROJECT ESTIMATED COST					\$	49,775

D. Project Timeline. Why is 2018 Proposed?

APCD is requiring replacement of the motor to meet air quality standards. BWD staff has negotiated an agreement with APCD to defer enforcement until BWD receives State Grant proceeds are received, projected for mid-2018.

Planning Initiated:	2017-18
Bid Project:	2018-19
Construction:	2018-19

- E. Impact of Deferral: BWD was informed that APCD requirements mandate replacement of the motor. Deferral of this project creates the potential of further enforcement action by APCD.

CIP ITEM No. 13: Replace Indian Head Reservoir

A. Project Description / Justification

The District contracted a dive inspection on February 2, 2017 to determine the condition of the interior of the tanks. The last inspection occurred October 14, 2014. Inspections occur approximately every three years. The inspection of the Indian Head Tank identified that the tank may be at the end of its useful life and requires replacement. BWD is working with the State of California to receive Grant funding for this expenditure.

B. Project Design/Flow

The tank will be replaced with a single 220,000-gallon bolted steel tank. No change in capacity is proposed. The tank will be installed at the same location as the existing tank. The bolted steel tank will be approximately 38 feet in diameter and 24 feet high. The coating will be fusion or powder coated steel.

The estimated life of the tank is approximately 30 years if it is properly maintained. After completion of the tank, it will be filled with water. The water will be tested for Volatile Organic Compounds (VOC) and bacteria prior to putting the tank into service. No change in capacity is proposed.



Figure 4 - Location of Indianhead tank

C. Cost Estimate:

Indian Head Project

ITEM	DESCRIPTION OF WORK	SUB COSTS	COST
1	Construction Cost (Ex. Tank Demo, New Tank Construction and Piping).		\$ 543,250.00
2	Construction - Contingency 10%		\$ 54,325.00
3	Land Purchase		
4	Engineering, Design and Specifications, Bid Support	\$ 18,450.00	
5	Preliminary Engineering Report		
6	Construction Management and Inspection Services	\$ 22,000.00	
7	Construction Staking	\$ 2,300.00	
8	Geotechnical Testing (Tank Foundation/Pad)	\$ 2,700.00	
9	Administrative Cost During Construction	\$ 8,500.00	
10	Design Services During Construction	\$ 3,500.00	
11	Legal Fees		
12	Financing Costs		
Indian Head Project Total Cost:		\$ 57,450.00	\$ 597,575.00

D. Project Estimated Timeline: Why is 2017-18 Proposed?

The extent of the corrosion in the tank requires replacement as soon as possible. The project would have started earlier but construction is delayed due to the time needed to complete the Grant Application, which is scheduled for March of 2018.

Planning Initiated: 2017-18
 Bid Project: 2018-19
 Construction: 2018-19

E. Impact of Deferral

Observed corrosion in the Indian Head Tank has prompted BWD to recommend replacement instead of repair. Deferral of this Project leads to the potential for further degradation of the tank and possible failures.

CIP ITEM No. 14: Rams Hill #2 Tank Replacement

A. Project Description / Justification

Budget: \$604,725

The District contracted a dive inspection on October 19, 2016 to determine the condition of the interior of the tanks. The last inspection occurred in 2012. Inspections occur approximately every three years. The inspection of the Twin Tanks has identified areas that are in need of repair/replacement and BWD is requesting replacement of the Tank. BWD is working with the State of California to receive Grant funding for this expenditure.

Rams Hill No. 2 Project

ITEM	DESCRIPTION OF WORK	SUB COSTS	COST
1	Construction Cost (Ex. Tank Demo, New Tank Construction and Piping).		\$ 549,750.00
2	Construction - Contingency 10%		\$ 54,975.00
3	Land Purchase		
4	Engineering, Design and Specifications, Bid Support	\$ 18,450.00	
5	Preliminary Engineering Report		
6	Construction Management and Inspection Services	\$ 22,000.00	
7	Construction Staking	\$ 2,300.00	
8	Geotechnical Testing (Tank Foundation/Pad)	\$ 2,700.00	
9	Administrative Cost During Construction	\$ 8,500.00	
10	Design Services During Construction	\$ 3,500.00	
11	Legal Fees		
12	Financing Costs		
Rams Hill No. 2 Project Total Cost:		\$ 57,450.00	\$ 604,725.00

B. Project Design/Flow

The tank will be replaced with a single bolted steel tank. No change in capacity is proposed. The tank will be installed at the same location as the existing tank. The bolted steel tank will be approximately 38 feet in diameter and 24 feet high. The coating will be fusion or powder coated steel.

The estimated life of the tank is approximately 30 years if it is properly maintained.

After completion of the tank, it will be filled with water. The water will be tested for Volatile Organic Compounds (VOC) and bacteria prior to putting the tank into service. No change in capacity is proposed.

Continuous slip lining uses a long continuous pipe, such as HDPE, Fusible PVC, or Welded Steel Pipe, that are connected into continuous pieces of any length prior to installation. The continuous carrier pipe is pulled through the existing host pipe starting at an insertion pit and continuing to a receiving pit. Either the insertion pit, the receiving pit, or both can be manholes or other existing access points if the size and material of the new carrier pipe can maneuver the existing facilities.

Segmental slip lining is very similar to continuous slip lining. The difference is primarily based on the pipe material used as the new carrier pipe. When using any bell and spigot pipe such as FRP, PVC, HDPE or Spirally Welded Steel Pipe, the individual pieces of pipe are lowered into place, pushed together, and pushed along the existing pipe corridor. Using either method the annular space between the two pipes must be grouted. In the case of sanitary sewer lines, the service laterals must be reconnected via excavation.

A. Cost Estimate

A budget of \$400,000 was allocated in the CIP for this project. Actual costs will depend on the type of rehabilitation or construction selected.

B. Project Timeline. Why is 2020 proposed?

Due to the age of the Club Circle system, the materials used and degradation over time needs to be investigated further. Although no serious issues have been experienced yet, investigation of the condition of the system is needed to prevent sewer collection system issues.

The projects are proposed to begin in FY 2019-20 and continue in FY 2021-22 and FY 2024-25.

C. Impact of Deferral:

Further investigative work is needed to determine the condition of the Club Circle sewer system. Deferring this item could contribute to reduced service and possible failures in extreme situations.

CIP ITEM No. 16 La Casa Del Zorro area sewer system & force main cleanout

A. Project Description / Justification

Budget: \$150,000

The Wastewater Treatment Facility services approximately 20 percent of the community of Borrego Springs. Specifically, it serves the Rams Hill residential community and the Town Center area, which includes hotels, a motel, and small business along Palm Canyon Drive. The remaining 80 percent of Borrego Springs is serviced by individual septic tank-subsurface disposal systems.

The sewer is collected and flows by gravity to a pump station located along Borrego Valley Road, approximately 0.6 miles north of Tilting T Drive. The pump station was installed within the past 10 years. The raw sewage is pumped via a sewer force main approximately 2.8 miles to a point 150 feet north of Borrego Springs Road at Yaqui Pass Road. The sewer then flows by gravity inside the La Casa Del Zorro Resort property (located at 3845 Yaqui Pass Road in Borrego Springs, CA) via an 18" PVC gravity main owned by the District and then along Borrego Springs Road to the wastewater treatment plant located at 4861 Borrego Springs Road.

There has been a history of high hydrogen sulfide gas levels and odors detected at manholes located downstream of where the sewer force main discharges into the 18-inch gravity pipeline, at or near the La Casa Del Zorro Resort, especially during the high residency season (November through March) and during holidays.

The intention of this project is to install cleanouts on the existing force main to allow the District to clean the force main.

B. Project Design/Flow

The District will install cleanouts every approximate 500 feet in the existing force main. There will be approximately 30 cleanouts to be installed.

C. Cost Estimate:

It is estimated that each cleanout will cost approximately \$5,000, therefore the project cost estimate is \$150,000.00.

D. Project Timeline: Why is 2019 Proposed?

Hydrogen sulfide contributes to odors as well as corrosion of infrastructure. Much needed maintenance on the force main is also planned for improved operations and reduced corrosion-related issues.

The projects are scheduled to be started FY 2018-19

E. Impacts of Deferral:

The proposed improvements are needed for odor control in the sewer collection system and deferral of these improvements could lead to continued odors as well as corrosion of infrastructure.

CIP ITEM No. 17: Town Center Sewer La Casa Bypass

A. Project Description / Justification

Budget \$500,000

The Wastewater Treatment Facility services approximately 20 percent of the community of Borrego Springs. Specifically it serves the Rams Hill residential community and the Town Center area, which includes hotels, a motel, and small business along Palm Canyon Drive. The remaining 80 percent of Borrego Springs is serviced by individual septic tank-subsurface disposal systems.

The sewer is collected and flows by gravity to a pump station located along Borrego Valley Road, approximately 0.6 miles north of Tilting T Drive. The pump station was installed within the past 10 years. The raw sewage is pumped via a sewer force main approximately 2.8 miles to a point 150 feet north of Borrego Springs Road at Yaqui Pass Road. The sewer then flows by gravity inside the La Casa Del Zorro Resort property (located at 3845 Yaqui Pass Road in Borrego Springs, CA) via an 18" PVC gravity main owned by the District and then along Borrego Springs Road to the wastewater treatment plant located at 4861 Borrego Springs Road.

There has been a history of high hydrogen sulfide gas levels and odors detected at manholes located downstream of where the sewer force main discharges into the 18-inch gravity pipeline, at or near the La Casa Del Zorro Resort, especially during the high residency season (November through March) and during holidays.

The La Casa Del Zorro Resort has recently installed P-traps upstream of multiple lateral service connections to the Borrego Water District sanitary sewer system. There have been no odor complaints since the P-traps have been installed.

B. Project Design/Flow

To be proactive in case the problem resurfaces, the District has completed an engineering investigation to determine the best course of action. CIP Project # 15 is recommended as a Phase one to minimize the odors. In the event the odor problem continues, this proposed re-alignment of the sewer line is needed as a conditional Phase 2 project. When the Phase One work is complete a decision can be made regarding Phase Two.

C. Cost Estimate:

A placeholder was put in the CIP for \$500,000.

D. Project Timeline – Why is 2020 Proposed?

It is expected that following completion of phase one, it will take approximately 6 months to determine the success of Phase One (CIP #15) = 2020

Estimated project completion date is FY 2019-20

E. Impact of Deferral

Deferral of this project will perpetuate the potential for odor and high hydrogen sulfide concentrations.

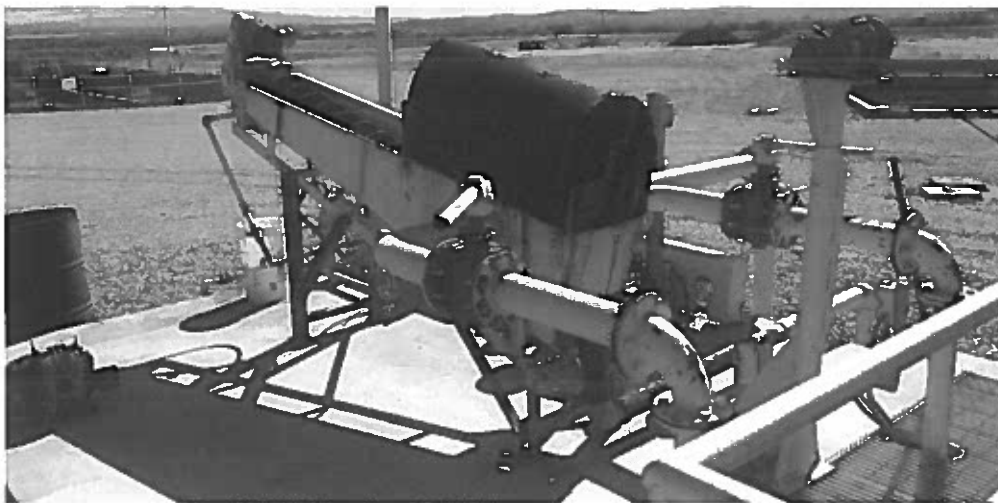
CIP ITEM No. 18: Plant Grit Removal at the Headworks

A. Project Description / Reasons for Capital Expense

Budget \$214,000

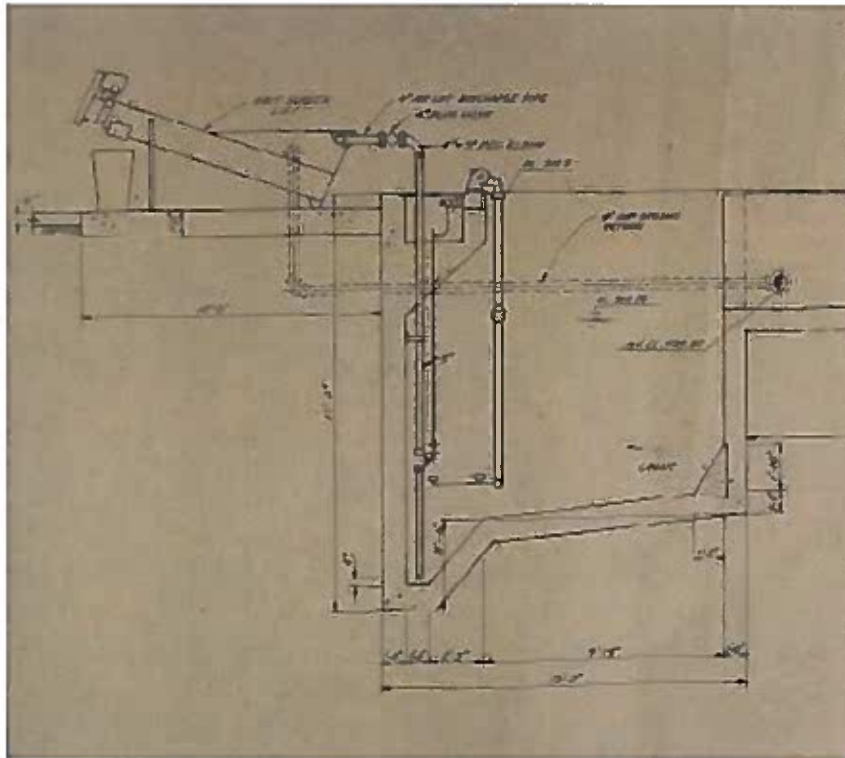
The wastewater treatment facility headworks consist of an influent flowmeter (Parshall Flume), a grit settling basin, positive displacement air blower system, and an "auger-style" grit separator. Recent improvements to the headworks include installation of a new ultrasonic flow meter unit, repair of the original bar screen, replacement of comminutor (Muffin Monster) unit, and replacement of the positive-displacement style blower unit that provides aeration to the aerobic sludge digester.

The existing "auger-style" grit separator housing and drive unit are extremely corroded (see photos below), do not adequately process settled grit, and leak raw influent wastewater onto the surface area. Furthermore, according to operations staff, the original air-lift system has not worked properly for quite some time, and should be replaced with a fluid pumping system capable of pumping settled grit and solids from the bottom of the grit chamber to the separator. Without a functional grit removal system, floating solids are transported through the WWTF facility. BWD is working with the State of California to receive Grant funding for this expenditure.



B. Project Design/Flow:

The headworks dimensions are 54" tall x 30" wide x 18 ½' Long. The primary channel includes a Muffin Monster Grinder. There is also a by-pass stationary bar screen. The onsite power is 240V 3 phase 60 Hz. The alternatives for this are to replace the existing failed grit separator, or no action. If nothing is done, solids and particulate matter can enter the WWTF, causing problems with the treatment process and possible effluent violations.



WWTF Headworks Drawing (profile view)

C. Cost Estimate: \$214,000

D. Project Timeline. Why is 2019 Proposed?

The grit auger is a critical component at the beginning of the waste water treatment process. The existing equipment is very close to the end of its useful life.

The project is scheduled to be completed in FY 2018-19

E. Impact of Deferral:

Replacement of the Grit Removal Auger will improve WWTP Plant operations and deferral of this improvement increases the risk of maintenance issues and/or equipment failure.

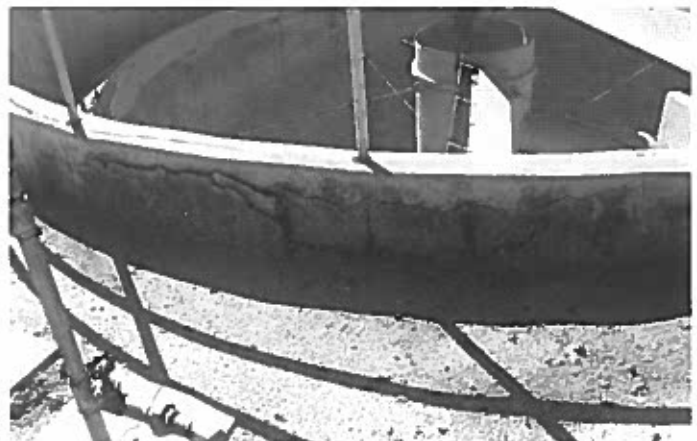
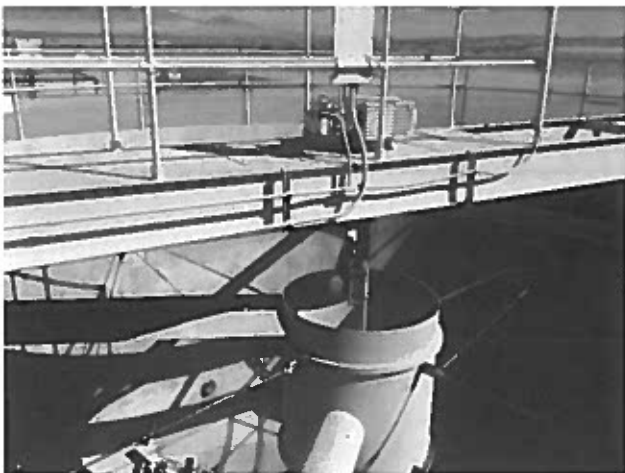
CIP ITEM No. 19: Clarifier Upgrade at WWTP

F. Project Description / Reasons for Capital Expense

Budget \$200,000

The water plant is comprised of (2) gravity settling basins (clarifiers) intended to separate and settle our stabilized solids (MLSS) from the secondary effluent stream. The clarifiers are equipped with a center-well structure, skimmer/scrapper arms, and main drive unit.

Deficiencies noted in this area: The exposed steel components in the clarifiers exhibit notable signs of corrosion and wear. Skimmer/scrapper arms should be replaced to ensure efficient collection and removal of settleable and floatable material from the effluent stream. The center-well structure and related piping should be sandblasted and recoated to extend service life, and the main drive units display significant signs of excess wear and should be completely replaced in order to ensure continued operation.



G. Cost Estimate: \$200,000

H. Project Timeline. Why is 2019 Proposed?

The clarifier is a critical component at the beginning of the waste water treatment process. The existing equipment is very close to the end of its useful life.

The project is scheduled to be completed in FY 2018-19

I. Impact of Deferral:

Replacement of the clarifier will improve WWTP Plant operations and deferral of this improvement increases the risk of maintenance issues and/or equipment failure.

CIP ITEM No. 20: Emergency Water Pipeline Repairs

A. Project Description / Reasons for Capital Expense

Budget \$225,000 (average \$28,125 per fiscal year)

The District's water distribution system is aging. Some parts of the distribution system were installed in the 1960's and are starting to reach their life expectancy. The pressure in the system is over 100psi in many areas. Each year there are water pipe breaks that the District repairs. The CIP has included these costs as routine repairs each year.

B. Project Design/Flow

When a pipeline breaks, the District responds immediately to repair the leak. If the roadway is affected, the County sends an inspector to the project site.

C. Cost Estimate

The cost in the CIP is based on historical trends.

D. Timeline

The schedule for this item is based on whenever the pipelines break and deferral is not an option.

CIP ITEM No. 21-31: Pipeline Replacement / Improvement Program

A. Project Description/ Reason for expense.

Water pipelines are out of sight and “out of mind” until there are breaks and water leaks. Many parts of the distribution system are approaching their useful life. Every year the District is proactive in replacing and installing new water pipelines in the distribution system. The District has identified and prioritized several sections of pipelines within the distribution system. They are the following:

10" Bypass at ID1 Booster Station 2
Borrego Springs Road, Walking H Drive to Country Club Road Phase 1 (Pipeline 5)
Borrego Springs Road, Walking H Drive to Country Club Road Phase 2 (Pipeline 5)
T Anchor Drive, Frying Pan Road to Double O Road (Pipeline 6)
Weather Vane Drive, Frying Pan Road to Double O Road (Pipeline 7)
Frying Pan Road, north and south from T Anchor Drive (Pipeline 8)
Double O Road, north and south from T Anchor Drive (Pipeline 9)
Borrego Springs Road, Weather Vane Drive to Barrel Drive (Pipeline 10)
Pipeline for Santiago and ID5 (Pipeline 11)
De Anza Dr. 1600 block west from Yaqui Road (Pipeline 12)

B. Project Design/ Flow

The regularly scheduled water pipeline replacement program is to be completed by in house District staff as they become available.

C. Cost Estimate

Pipeline 5 CIP Line 23 CIP Line 24	8" Water Main from the intersection of Borrego Springs Road and Walking H Drive to the intersection of Borrego Springs Road and Country Club Road. Total length 5850 feet at \$70.00 per foot Estimated cost \$410,000.00
Pipeline 6 CIP Line 25	6" Water Main going west to east on T Anchor Drive from Frying Pan Road to Double O Road. Total length 525 feet at \$65.00 per foot Estimated cost \$34,125.00

Pipeline 7 CIP Line 26	6" Water Main going west to east on Weather Vane Drive from Frying Pan Road to Double O Road. Total length 525 feet at \$65.00 per foot Estimated cost \$34,125.00
Pipeline 8 CIP Line 27	6" Water Main going north and south on Frying Pan Road from T Anchor Drive. Total length 3110 feet at \$80.00 per foot Estimated cost \$248,000.00
Pipeline 9 CIP Line 28	6" Water Main going north and south on Double O Road from T Anchor Drive. Total length 3920 feet at \$80.00 per foot Estimated cost \$313,600.00
Pipeline 10 CIP Line 29	8" Water Main from intersection of Borrego Springs Road and Weather Vane Drive to the intersection of Borrego Springs Road and Barrel Drive. Total length 1500 feet at \$70.00 per foot Estimated cost \$105,000.00
Pipeline 11 CIP Line 30	6" Water Main going east from Double O Road to Di Giorgio Total length 1700 feet at \$65.00 per foot Estimated cost \$214,000
Pipeline 12 CIP Line 31	6" Water Main 1600 Block of De Anza Drive Total length 1260 feet at \$200.00 per foot Estimated cost \$252,000

D. Project Timeline

The CIP shows these projects starting in FY 2017-18 and finishing in FY 2021-22. The completion of these projects is dependent on staff availability, and if there are any unanticipated emergency water pipeline breaks that will change the priority of the replacement schedule. The projects are needed to replace aging infrastructure, improve system redundancy and water flow.

BWD Bond Financing Use of Funds & Scheduling

Use of Funds:

The Projects identified in this CIP will be prioritized and selected BWD fully expects that substantially all 2018 Bond proceeds dedicated to Capital Improvements and deposited in the Construction Fund created under the Indenture will be expended within three years, as follows.

2018-19

Project #3: BWD Production Well Replacement-Investigation	\$ 265,000
Project #7: Transmission Main from Well 16 to ID1 900 Reservoir	112,000
Project #16: Sewer Force main Replacement & American Legion Lateral	150,000
Project #27: Frying Pan Road, N and S of T Anchor Drive (Phase 1)	165,000
Project #30: Pipeline for Santiago and ID5 (Phase 1)	<u>110,000</u>
	\$ 802,000

2019-20

Project #3: BWD Production Well Replacement – Construction	\$1,235,000
Project #8: Well 5 water directly to C.C. Reservoir (Phase 1)	120,000
Project #10: Slash M Rd. west to Country Club Tank	175,700
Project #15: Sewer main Replacement at Club Circle (Phase 1)	200,000
Project #27: Frying Pan Road, N and S of T Anchor Drive (Phase 2)	83,000
Project #30: Pipeline for Santiago and ID5 – (Phase 2)	<u>104,000</u>
	\$ 1,917,700

2020-21

Project #4: BWD Production Well Replacement #2	\$ 1,548,700
Project #8: Well 5 water directly to C.C. Reservoir (Phase 2)	151,000
Project #23: B. S. Rd, Walking H Drive to Country Club Road (Phase 1)	205,000
Project #24: B. S. Rd, Walking H Drive to Country Club Road (Phase 2)	205,000
Project #28: Double O Road, N and S of T Anchor Dr	313,600
Project #29: BS Rd, Weather Vane Drive to Barrel Dr	105,000
Project #31: De Anza Dr. 1600 block west from Yaqui Road	<u>252,000</u>
	\$2,780,300

GRAND TOTAL **\$5,500,000***

*Includes Construction Management and Contingencies

Grant Funded CIP

In early 2018, BWD was informed it is being recommended for Grant funding of investigating and drilling of a test well as part of siting a replacement production well. BWD is planning to use the USGS for the test well drilling with the estimated cost identified below:

Table 1

Task	USGS CMF	Borrego Water District	Total
Task 1 – Drilling	\$5,200	\$225,000	\$230,200
Task 2 – Water Quality	\$700	\$13,300	\$14,000
Task 3 – Website	\$1,100	\$13,400	\$14,500
Task 4 – Gravity Monitoring	To be determined	To be determined	Estimated cost \$6,000.
Total	\$7,000	\$251,700	\$258,700¹

1. Does not include gravity monitoring estimate.

CIP Grants Applied for 2018-19:

In June 2018, Staff has submitted all required components of both the Water (Replace Indian Head, Twin and RH#2 Tanks and Wilcox Motor) and Sewer (Grit removal, Clarifier Rehabilitation (2)) State Grant Applications. Following is the updated Cost Estimates for each Project and the updated cost estimates that are included in the Grant Application:

WATER

SEWER

Replace Rams Hill #2 =	\$604,725	Upgrade Grit Removal/Equip. \$214,000
Replace Twin Tanks =	623,525	Rehabilitate Two Clarifiers = \$200,000
Replace IndianHead =	587,575	TOTAL
Replace Wilcox Motor =	\$49,775	\$414,000
TOTAL	\$1,865,600	

TOTAL 2018-19 GRANT FUNDING POTENTIAL = 2,279,600

A	B	C	D	E	F	G	H	I	M	O
2	GSP EXPENDITURES									
3	Beginning 1/1/2015									
4	GWM Accounting #54800									
52	FY 2017									
53	August Downey Brand	190.00							190.00	
54	August Dudek		39,583.64						39,583.64	
55	October Dudek		7,650.00						7,650.00	
56	November One Eleven		1,425.00		142.50	142.50		2,295.00	4,005.00	
57	December Downey Brand	1,925.00							1,925.00	
58	December Dudek		10,695.76						10,695.76	
59	December Dudek					1,330.00			1,330.00	
60	February Downey Brand	1,945.00							1,945.00	
61	March Downey Brand	323.50							323.50	
62	April McDougal Love Eckis	33.00							33.00	
63	April Downey Brand	868.89							868.89	
64	May One Eleven				665.00				665.00	
65	May Wendy Quinn-Minutes GSP advisory committee		200.00						200.00	
66	May Geoff Poole-Staff allocation		3,968.19						3,968.19	
67	June Wendy Quinn-Minutes GSP advisory committee		162.50						162.50	
68	June Geoff Poole-Staff allocation		6,030.81						6,030.81	
69	June Dudek					385.00			385.00	
70	TOTAL EXPENSES FY 2017								\$ 79,961.29	
71	FY 2018									
72	July Geoff Poole-Staff allocation		3,415.68						3,415.68	
73	July Ellen Wehr						9,645.00		9,645.00	
74	July Wendy Quinn-Minutes SGMA advisory committee		250.00						250.00	
75	August Geoff Poole-Staff allocation		4,002.75						4,002.75	
76	August One Eleven		1,520.00		190.00				1,710.00	
77	September Downey Brand	1,115.25							1,115.25	
78	September One Eleven		760.00						760.00	
79	September Geoff Poole-Staff allocation		3,202.20						3,202.20	
80	September Wendy-Minutes SGMA advisory committee		262.50						262.50	
81	September Lesar Development Consultants					20,000.00			20,000.00	
82	October Downey Brand	2,691.00							2,691.00	
83	October BBK	7,892.50							7,892.50	
84	October Wendy-Minutes SGMA advisory committee		212.50						212.50	
85	October Geoff Poole-Staff allocation		4,500.60						4,500.60	
86	October Lesar Development Consultants					17,269.80			17,269.80	
87	November BBK	13,209.25							13,209.25	
88	November Wendy-Minutes SGMA advisory committee		250.00						250.00	
89	November One Eleven		760.00					2,380.00	3,710.00	
90	November Geoff Poole-Staff allocation		4,345.20		570.00				4,345.20	
91	December Geoff Poole-Staff allocation		4,846.80						4,846.80	
92	December Babcock-Water Testing BS Sub-basin		3,230.00						3,230.00	
93	December CSU-Sacramento-GSP Advisory Committee		3,017.38						3,017.38	
94	December Lesar Development Consultants					7,730.20			7,730.20	
95	January Downey Brand	858.00							858.00	
96	January Geoff Poole-Staff allocation		5,077.60						5,077.60	
97	January Babcock-Water Testing BS Sub-basin		350.00						350.00	
98	February BBK	5,396.19							5,396.19	
99	February Wendy-Minutes SGMA advisory committee		262.51						262.51	
100	February One Eleven		190.00					285.00	1,140.00	
101	February Geoff Poole-Staff allocation		4,246.64						4,246.64	
102	March BBK	14,833.23							14,833.23	
103	March Dudek		1,490.00						1,490.00	
104	March Geoff Poole-Staff allocation		5,164.40						5,164.40	
105	March The Rick Alexander Company		5,355.00						5,355.00	
106	March In-Situ Inc -Well Water Level Recorders							10,465.34	10,465.34	
107										
108	TOTAL.	\$ 105,439.57	\$ 277,800.69	\$ 15,000.00	\$ 7,663.75	\$ 51,446.25	\$ 9,645.00	\$ 15,425.34	\$ 482,420.60	
109										

BORREGO WATER DISTRICT
POLICY STATEMENT

SUBJECT: CASH RESERVES POLICY

NO: 2011-05-01

ADOPTED: 2011-05-25

AMENDED: 2015-05-27

AMENDED: 2016-05-25

AMENDED: 2017-05-24

AMENDED: 2018-06-19

I. BACKGROUND AND INTRODUCTION

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

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

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

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

This reserve policy is based upon prudent financial management practices and those amounts required by legal, legislative, and contractual obligations that are critical to the financial health of the District. This policy defines

required fund types for segregation purposes and their funding levels that are based upon this District's unique operating, capital investment and financial plans. Both restricted reserves and Board discretionary reserves for the water enterprise and the sewer and wastewater enterprise will be funded by rates specific to those enterprises so as to meet California Proposition 218 requirements. That is, reserves specific to the needs of the District's water enterprise will be accumulated from water rates. Reserves specific to the needs of the District's sewer and wastewater enterprise will be funded from sewer and wastewater treatment rates.

II. RESTRICTED RESERVES. Restricted Reserves are established and utilized for narrowly defined purposes and are protected by law or covenant. The District's Restricted Reserves for its water and sewer and wastewater treatment enterprises are the following:

Debt Reserves. Reserves equal to the annual principle and interest (P&I) for debt obligations of the District shall be formally transferred and restricted in accordance with all legal requirements.

System Growth Reserves. These reserves generated from development charges for new meters as specified by the District's New Development policy in effect are used to offset capital projects or debt service related to new development in the District so that new development pays for itself rather than requiring a subsidy from existing ratepayers.

III. BOARD DISCRETIONARY RESERVES

Operating or Working Capital Reserves. The purpose of an operating reserve is to have liquid cash on hand for the continued day-to-day operations of the utility. The Operating Reserve may be used for cash flow purposes to fund necessary expenses without the need to wait for billed revenue to come in as well as any unexpected increases in operating expenses. The amount of the Operating Reserve is commonly pegged to a certain percentage of the utility's total operating expenses. The set percentage is usually dictated by the utility's bill frequency; if customers are billed on a monthly basis, then revenue continuously comes in and the need to have a significant amount of funds within the Operating Reserve is not necessary. Based on industry standards, The Operating Reserve, in the case of monthly billing, should equal around 90 days of expenses (3 months). As the bill frequency is less frequent, the Operating Minimum Reserve should be increased to account for the time delay of receiving cash on hand. The operating or working capital reserve shall be a minimum reserve of no less than 90 days of Operating and Maintenance annual expenses (O&M), with an ideal operating reserve target of 120-days of annual O&M expenses.

Rate Covenant Stabilization Funds. These reserves include the Sewer Enterprise Rate Stabilization Fund and the Water Enterprise Rate Stabilization Fund. The purpose of these reserves are used to stabilize water and sewer revenues in order to maintain adequate debt coverage ratios required by the District's lenders. These reserve funds shall be maintained at level of thirty (30%) percent of the revenue generated from the commodity revenues for water services and thirty (30%) percent of the total revenues from sewer services.

Contingency Reserves. The purpose of this reserve is to accommodate unexpected operational changes,

legislative impacts or other economic events that may affect the District’s enterprise operations, which could not have been reasonably anticipated at the time the budget was prepared. The target level for this reserve is a minimum of five percent (5%) and a maximum of ten percent (10%) of the District’s total enterprise-wide operating expenses. Generally, the level will be increased as the level of economic uncertainty increases.

Capital Repair and Replacement Reserve (Capital Reserve). A Capital Repair and Replacement Reserve is used primarily to meet and ensure the timely construction of necessary capital improvements without any delays due to cash flow concerns. Capital expenses can fluctuate quite a bit from year-to-year and the Capital Reserve may be leveraged to smooth out significant changes in expenses and; thereby, avoiding any undue rate shock to District customers. It may also serve as collateral and reassurance when awarding a construction contract. A sound target for a Capital Reserve is to have an average years’ worth of capital expenses based on the District’s adopted Capital Improvement Plan (CIP). At a minimum, the Capital Reserve should be funded to at least an amount equivalent to the total annual depreciation value of the system and these funds can be used as a reasonable reinvestment amount into the system. The Capital Reserve target is a reserve equal to the inflated value of a rolling average of the subsequent 5 years of the District’s Capital Improvements Plan for water infrastructure repair and replacement (R&R) and sewer and wastewater R&R.

Emergency Reserves. The purpose of the emergency reserve is to protect the District and its customers against the impacts from unanticipated emergencies that would severely impact the District’s ability to deliver the water and/or sewer and wastewater treatment services to its customers. This reserve provides funding for emergency repairs or failure of essential equipment that must be immediately replaced and are unanticipated by the Capital Improvements Plan (CIP). The emergency reserve target is \$2,000,000, that should be sufficient to finance the required cash flow and liquidity until such time that adequate emergency financing can be secured from conventional outside resources.

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

RESERVES TARGETS FOR FY 2019

DEBT	\$ 900,000
SYSTEM GROWTH	Accumulated developer’s charges
WORKING CAPITAL	\$1,000,000
RATE COVENANT STABILATION FUNDS	\$ 740,000
CONTINGENCY	\$ 300,000
CAPITAL REPAIRS	\$ 440,000
EMERGENCY	<u>\$2,000,000</u>
FY RESERVES TARGET	<u>\$5,380,000</u>

The Reserves Targets will continue to increase each FY based on capital structure changes and CIP spending.

	A	I	J	K	L	M	N	O	P
1	BORREGO WATER DISTRICT								
2	EIGHT YEAR NET INCOME/								
3	WORKING CAPITAL PROJECTION								
4	Prop 218 Approved Water/Sewer Revenue Increases	Projected FY 2018-19	Projected FY 2019-20	Projected FY 2020-21	Projected FY 2021-22	Projected FY 2022-23	Projected FY 2023-24	Projected FY 2024-25	Projected FY 2025-26
5	Projected Water Revenue Increase-commodity	6%	6%	6%	8%	6%	4%	4%	3%
6	Projected Water Revenue Increase-commodity	6%	6%	6%	8%	6%	4%	4%	3%
7	Prop 18 approved Water Revenue Increase-base	4%	4%	4%	8%	6%	4%	4%	3%
8	Expected Water Revenue Increase - base	6%	6%	6%	8%	6%	4%	4%	3%
9	Projected/Expected Sewer Revenue Increase	4%	4%	4%	8%	6%	4%	4%	3%
10	Existing Water Rate Revenue - commodity	\$ 2,213,842	\$ 2,302,396	\$ 2,394,492	\$ 2,490,271	\$ 2,689,493	\$ 2,850,862	\$ 2,964,897	\$ 3,083,493
11	Existing Water Rate Revenue - base	\$ 1,089,600	\$ 1,154,976	\$ 1,224,275	\$ 1,297,731	\$ 1,401,550	\$ 1,485,642	\$ 1,545,068	\$ 1,606,871
12	Additional Water Revenue-commodity	\$ 88,554	\$ 92,096	\$ 95,780	\$ 199,222	\$ 161,370	\$ 114,034	\$ 118,596	\$ 92,505
13	Additional Water Revenue-base	\$ 65,376	\$ 69,299	\$ 73,456	\$ 103,818	\$ 84,093	\$ 59,426	\$ 61,803	\$ 48,206
14	Existing Sewer Rate Revenue	\$ 578,454	\$ 601,592	\$ 625,656	\$ 650,682	\$ 702,737	\$ 744,901	\$ 774,697	\$ 805,685
15	Additional Sewer Revenue	\$ 23,138	\$ 24,064	\$ 25,026	\$ 52,055	\$ 42,164	\$ 29,796	\$ 30,988	\$ 24,171
16	Other non variable income (includes GSP costs reimbursement)	\$ 648,631	\$ 6,000	\$ 156,000	\$ 156,000	\$ 156,000	\$ 156,000	\$ 156,000	\$ 156,000
17	Total Revenue (/w Other Rev.)	\$ 4,707,595	\$ 4,250,422	\$ 4,594,684	\$ 4,949,779	\$ 5,237,406	\$ 5,440,662	\$ 5,652,048	\$ 5,816,930
18									
19	Grant/Bond Proceeds								
20	Grant Funding	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	CIP Debt Funding	\$ 5,000,000	\$ -	\$ -	\$ 5,880,000	\$ -	\$ -	\$ -	\$ -
22	Total Grant/Bond Proceeds	\$ 6,000,000	\$ -	\$ -	\$ 5,880,000	\$ -	\$ -	\$ -	\$ -
23									
24	Total Revenue and Grant/Bond Proceeds	\$ 10,707,595	\$ 4,250,422	\$ 4,594,684	\$ 10,829,779	\$ 5,237,406	\$ 5,440,662	\$ 5,652,048	\$ 5,816,930
25									
26	O&M Expenses (4% per year escalation)	\$ 3,880,134	\$ 4,035,339	\$ 4,196,753	\$ 4,364,623	\$ 4,539,208	\$ 4,720,776	\$ 4,909,607	\$ 5,105,992
27	Unexpended Debt Proceeds	\$ 4,698,000	\$ 2,780,300	\$ -	\$ 3,844,000	\$ 2,210,000	\$ -	\$ -	\$ -
28	Total Expenses and Unexpended Debt proceeds:	\$ 8,578,134	\$ 6,815,639	\$ 4,196,753	\$ 8,208,623	\$ 6,749,208	\$ 4,720,776	\$ 4,909,607	\$ 5,105,992
29									
30	Net Operating Income:	\$ 827,461	\$ 215,083	\$ 397,931	\$ 585,156	\$ 698,198	\$ 719,886	\$ 742,441	\$ 710,938
31									

	A	I	J	K	L	M	N	O	P
36	CIP Financing								
37	Cash CIP	\$ 342,000	\$ 177,000	\$ 216,000	\$ 80,000	\$ 25,000		\$ 1,530,000	\$ 405,000
38	Grant CIP	\$ 265,000							
39	2022 CIP Debt				\$ 2,036,000	\$ 1,529,000	\$ 2,210,000		
40	2018 IPA Debt CIP	\$ 802,000	\$ 1,917,700	\$ 2,780,300					
41	Total CIP Expense:	\$ 1,409,000	\$ 2,094,700	\$ 2,996,300	\$ 2,116,000	\$ 1,554,000	\$ 2,210,000	\$ 1,530,000	\$ 405,000
42									
43	Existing & Future Debt Service								
44	Compass Bank Note 2018A	\$ 254,000	\$ 254,000	\$ 254,000	\$ 254,000	\$ 254,000	\$ 254,000	\$ 254,000	\$ 254,000
46	Compass Bank Note 2018B	\$ 143,000	\$ 143,000	\$ 143,000	\$ 143,000	\$ 143,000	\$ 143,000	\$ -	\$ -
47	2022 New CIP Debt	\$ 500,000	\$ 500,000	\$ 500,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
48	2018 Pacific Western Bank IPA	\$ 897,000	\$ 897,000	\$ 897,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000	\$ 360,000
49	Total Debt Service	\$ 1,920,000	\$ 1,240,000	\$ 1,440,000	\$ 1,157,000	\$ 1,157,000	\$ 1,157,000	\$ 1,014,000	\$ 1,014,000
50	Debt Coverage Ratio (EBIT/Debt Service)	1.92	1.24	1.44	1.51	1.60	1.62	1.73	1.70
51									
52	Total SGMA GSP District Costs:	\$ 368,000	\$ 300,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
53									
54	Net Annual Cash Flow	\$ 485,461	\$ 38,083	\$ 181,931	\$ 505,156	\$ 673,198	\$ 719,886	\$ (787,559)	\$ 305,938
55									
56	Beginning Reserves Level	\$ 4,570,637	\$ 5,056,098	\$ 5,094,180	\$ 5,276,112	\$ 5,781,268	\$ 6,454,466	\$ 7,174,351	\$ 6,386,792
57	Ending Reserves Level with revenue adjustment	\$ 5,056,098	\$ 5,094,180	\$ 5,276,112	\$ 5,781,268	\$ 6,454,466	\$ 7,174,351	\$ 6,386,792	\$ 6,692,731
58									
59	Reserve Target Level	\$ 5,380,000	\$ 5,990,919	\$ 6,608,875	\$ 7,113,550	\$ 7,273,784	\$ 7,549,208	\$ 7,397,337	\$ 7,213,910
60									
61	Reserve Surplus (Shortfall)	\$ (323,902)	\$ (896,738)	\$ (1,332,764)	\$ (1,332,283)	\$ (819,318)	\$ (374,857)	\$ (1,010,544)	\$ (521,180)
62									

**BORREGO WATER DISTRICT
PROPOSED RATES FOR
FISCAL YEARS 2019-2021
Adopted May 23, 2018**

Sewer Rates

The District provides sewer service to areas 1, 2 and 5. Changes are being proposed for all Areas. The District's monthly sewer charges are based on one equivalent dwelling unit (EDU) usage of 250 gallons per day, for a typical single family residence. Non-Residential projected EDU requirements are determined on a case-by-case basis. Sewer customers in area 2 (TCS) are charged a fixed monthly holder fee, and a monthly user fee based on number of EDU's

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

	Current Rates FY 2018	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Sewer Area 1	\$40.33	\$41.94	\$43.62	\$45.37
Sewer Area 5	\$46.90	\$48.78	\$50.73	\$52.76
TCS User	\$46.90	\$48.78	\$50.73	\$52.76
TCS Holder	\$25.75	\$26.78	\$27.85	\$28.97
BSR	\$25.75	\$26.78	\$27.85	\$28.97
BSR Usage	\$1.89	\$1.97	\$2.05	\$2.13

Water Rates

The District's water rates have two components: 1) a **Fixed Meter Charge** based on the customer's meter size, to recover a portion of the District's fixed costs of operating, maintaining and delivering water, and 2) a **Commodity Charge**, determined by the amount of water used. It is proposed that the fixed charges, applicable to all customers account for 33% of the District's ongoing expenses, and 67% of such expenses should be funded on a consumption basis. It is further proposed that both charges increase at the rate of 6% per year for four years, in order to meet future increases in expenses, provide reserves, and provide sufficient reserves to meet any future debt obligations, and to allow for additional annual increases to pass through inflation. The proposed rates would consider two tiers, calculated to address the costs incurred by the District to deliver water, the difference based on basic domestic (i.e., indoor) water usage, and outdoor irrigation.

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

Meter size	Current Rates FY 2018	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
¾"	\$36.99	\$39.21	\$41.57	\$44.07
1"	\$47.99	\$50.87	\$53.93	\$57.17
1 ½"	\$75.48	\$80.01	\$84.82	\$89.91
2"	\$108.46	\$114.97	\$121.87	\$129.19
3"	\$196.43	\$208.22	\$220.72	\$233.97
4"	\$295.41	\$313.14	\$331.93	\$351.85
6"	\$570.32	\$604.54	\$640.82	\$679.27

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

Residential	Current Rates FY 2018	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Tier 1 1-7	\$3.35	\$3.56	\$3.78	\$4.01
Tier 2 >7	\$3.69	\$3.92	\$4.16	\$4.41
Non-Residential	Current Rates	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Tier1	\$3.55	\$3.77	\$4.00	\$4.24

Other Rates and Fees

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

Pass Through Costs

Pursuant to AB 3030, the District Board will also authorize the pass-through of future rate and charge increases by San Diego Gas & Electric for electricity rates associated with storing, treating, pumping, and delivering water. This authorization will be in effect for five years, until June 30, 2021. The Board will hold a public hearing to review the proposed increases prior to enacting any such changes.

RESOLUTION NO. 2018-05-02

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
BORREGO WATER DISTRICT ESTABLISHING WATER AND
SEWER SERVICE RATES FOR FY 2018-2019**

WHEREAS, the Borrego Water District is a California Water District established pursuant to Section 34000 et seq. of the California Water Code; and

WHEREAS, the Board has determined that the District is facing increasing costs for the administration, operation, maintenance and improvements of the water and sewer systems and services, the District's water and sewer rates need to be increased in order for the District to pay for its costs of providing service; and

WHEREAS, on June 9, 2016, the Board held a duly noticed public hearing in accordance with the provisions of Article XIID of the California Constitution (Proposition 218), received oral and written testimony, and having determined that there was no majority protest, approved a schedule of water and sewer rates for a five year period beginning with FY 2017 and ending with FY 2021; and

WHEREAS, the Board held a public meeting to discuss the budget and rate increase for FY 2018-2019 on May 15, 2018.

WHEREAS, the Board approved the budget and rate increase at the May 23, 2018 Board Meeting.

WHEREAS, On May 31, 2018, a notice regarding the rate increase will be mailed to all of the District's affected ratepayers.

NOW THEREFORE, the Board of Directors of the Borrego Water District does hereby resolve, determine and order as follows:

The Board finds that the adoption of the rates and charges set forth herein is necessary and reasonable to fund the administration, operation, maintenance and improvements of the District water and sewer system. Based on this finding, the Board determines that the adoption of the rates and charges established by this Resolution are exempt from the requirements of the California Environmental Quality Act pursuant to section 21080(b)(8) of the Public Resource Code and section 15273(a) of the State CEQA Guidelines.

The Board hereby adopts the rates and charges for each separate rate classification for each separate service area as set forth in Exhibit A attached to this Resolution. These increases will be effective July 1, 2018 and beginning with the August 2018 billing.

All resolutions or administrative actions by the Board, or parts thereof, which are inconsistent with any provision of this Resolution, are hereby superseded, to the extent of such inconsistency. Any rates or fees associated with water or sewer service that are not addressed in this Resolution or Exhibit A shall remain in full force and effect as previously adopted by the Board.

In any section, subsection, clause or phrase in this Resolution or the attached Exhibits is for any reason held to be invalid; the validity of the remainder of the Resolution or Exhibits shall not be affected thereby.

The increased rates and charges set forth herein shall become effective July 1, 2018 and beginning with the August, 2018 billing.

PASSED, ADOPTED AND APPROVED at a special meeting of the Board of Directors of the Borrego Water District held on 23RD day of May, 2018.



President of the Board of Directors
Of Borrego Water District

ATTEST:



Secretary/Treasurer of the Board of Directors
Of Borrego Water District

STATE OF CALIFORNIA)

) ss.

COUNTY OF SAN DIEGO)

I, Joseph Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said District at a regular board meeting held on the 23rd day of May, 2018, and that it was so adopted by the following vote:

AYES: DIRECTORS: *Tatusko, Ehrlich, Delahay, Hart.*

NOES: DIRECTORS:

ABSENT: DIRECTORS: *Brecht.*

ABSTAIN: DIRECTORS



Secretary of the Board of Directors of Borrego Water District

STATE OF CALIFORNIA)

) ss.

COUNTY OF SAN DIEGO)

I, Joseph Tatusko, Secretary of the Board of Directors of the Borrego Water District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2018-05-02, of said Board. and that the same has not been amended or repealed.

Dated:



Secretary of the Board of Directors of Borrego Water District

RESOLUTION NO. 2018-06-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT APPROVING THE OPERATIONS, MAINTENANCE, CAPITAL IMPROVEMENTS AND GROUNDWATER MANAGEMENT BUDGETS AND BOARD DESIGNATED RESERVES FUND POLICY FOR FISCAL YEAR 2018-2019

WHEREAS, the Board of Directors has reviewed and considered the Budget as presented for Fiscal Year 2018-2019 hereinafter referred to as the "Budget" which is attached hereto as Exhibit A and incorporated by reference, and

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Borrego Water District, that the Budget and each and every part thereof, is hereby approved and adopted for the Fiscal Year 2018-2019.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Borrego Water District held on June 19, 2018.



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

ATTEST:



Joseph Tatusko
Secretary/Treasurer of the Board of Directors
Of Borrego Water District

STATE OF CALIFORNIA)
) ss.

BORREGO WATER DISTRICT
BOARD OF DIRECTORS MEETING – JUNE, 27, 2018
AGENDA BILL 2.D

June 21, 2018

TO: Board of Directors, Borrego Water District
FROM: Geoff Poole, GM
SUBJECT: Request for Proposal for Construction Management Services

RECOMMENDED ACTION:

Review Proposed RFP, amend and direct staff as deemed appropriate.

ITEM EXPLANATION:

As a follow up to the June 19th Special Meeting, I have been working on the District Goals and Objectives for 2018-19 and am in the process of reviewing and revising with Kim/Greg this week. Once we have finished this process, the list of Goals and Objectives will be distributed.

FISCAL IMPACT

N/A

ATTACHMENTS

1. RFP.

**BORREGO WATER DISTRICT
REQUEST FOR PROPOSALS (RFP)
PROGRAM COORDINATOIN AND
REQUIRED CONSTRUCTION MANAGEMENT SERVICES**

June 20, 2018

I. INTRODUCTION

The community of Borrego Springs is completely surrounded by the Anza-Borrego Desert State Park and plays host to hundreds of thousands of park visitors, golfers and others throughout the year. The community's residential population ranges from less than 3,000 in summer months to over 8,000 in the height of the winter season. The northern portion of the community is primarily dedicated to agricultural production. Approximately 4,000 acres are actively involved in the production of citrus and nursery stock, such as date palms.

The Borrego Water District (District or BWD) provides water and wastewater services to the rural unincorporated community of Borrego Springs. The community's sole source of water supply is the Borrego Springs Subbasin (Borrego Basin) of the Borrego Valley Groundwater Basin, which has been determined by the California Department of Water Resources to be in a "critical overdraft" status. The District is in the process of developing a Groundwater Sustainability Plan (GSP) under provisions outlined in the Sustainable Groundwater Management Act of 2014. In accordance with this new law, the Borrego Valley Groundwater Basin (BVGB) will be required to reduce groundwater extractions by approximately 70% to achieve sustainability. It is anticipated that reductions will come from a variety of conservation measures, including the potential for water reuse.

The Borrego Water District (BWD) has recently issued approximately \$5.5 Million in bonds with Pacific Western Bank to finance planned Capital Improvement Plan projects, as shown below:

2018-19

Project #3: BWD Production Well Replacement-Investigation	\$ 265,000
Project #7: Transmission Main from Well 16 to ID1 900 Reservoir	112,000
Project #16: Sewer Force main Replacement & American Legion Lateral	150,000
Project #27: Frying Pan Road, N and S of T Anchor Drive (Phase 1)	165,000
Project #30: Pipeline for Santiago and ID5 (Phase 1)	<u>110,000</u>
	\$ 802,000

2019-20

Project #3: BWD Production Well Replacement – Construction	\$1,235,000
Project #8: Well 5 water directly to C.C. Reservoir (Phase 1)	120,000
Project #10: Slash M Rd. west to Country Club Tank	175,700
Project #15: Sewer main Replacement at Club Circle (Phase 1)	200,000
Project #27: Frying Pan Road, N and S of T Anchor Drive (Phase 2)	83,000

Project #30: Pipeline for Santiago and ID5 – (Phase 2)	<u>104,000</u>
	\$1,917,700

2020-21

Project #4: BWD Production Well Replacement #2	\$1,548,700
Project #8: Well 5 water directly to C.C. Reservoir (Phase 2)	151,000
Project #23: B. S. Rd, Walking H Drive to Country Club Road (Phase 1)	205,000
Project #24: B. S. Rd, Walking H Drive to Country Club Road (Phase 2)	205,000
Project #28: Double O Road, N and S of T Anchor Dr	313,600
Project #29: BS Rd, Weather Vane Drive to Barrel Dr	105,000
Project #31: De Anza Dr. 1600 block west from Yaqui Road	<u>252,000</u>
	\$2,780,300
 GRAND TOTAL	 \$5,500,000

Virtually all of the aforementioned Bond Funds must be expended within 3 years. BWD is in need of support for overall Program oversight/coordination, milestone project planning creation, budget reporting monthly to BWD Board as well as Construction Management Services for the aforementioned projects and is therefore soliciting Proposals from qualified firms (CM Consultant). See attached Description of the Duties. BWD is also applying for two sets of CIP projects for grant funding and MAY add those to the list of projects to be under CM or for services such as inspection, etc.

II. SCOPE OF WORK

The CM CONSULTANT will serve as BWD’s construction representative. The CM CONSULTANT will be responsible for providing overall Program oversight/coordination, complete construction management, inspection, quality assurance, technical and administrative services for the management and administration of the construction contracts, as well as oversight of all activities taken by outside entities in connection with the project.

In addition to a Construction Manager, the CM CONSULTANT shall provide a qualified individual to serve as Resident Engineer (RE). The RE shall be a professional engineer registered in the State of California, shall have served as RE for a construction contract based on drinking water and municipal sewage treatment standard specifications and special provisions within the last five (5) years, with experience in Borrego Springs an additional asset.

The scope of work for the CM CONSULTANT contract shall include construction survey staking and the placement (and required recording) of survey monuments as needed. The CM CONSULTANT shall provide a qualified, and appropriately registered, individual, or individuals, to act as Survey Resident Engineer responsible for the construction survey staking and survey monument installation and recording activities as required for the PROJECT.

The scope of work for the CM CONSULTANT contract shall include ensuring that the materials incorporated into the construction of the PROJECT conform to the applicable provisions of the CONTRACT DOCUMENTS.

The CM CONSULTANT team shall include some accredited laboratory and qualified personnel to perform the oversight, testing and reviews required to ensure that the materials incorporated into the construction of the PROJECT conform to the CONTRACT DOCUMENTS.

The CM CONSULTANT scope of services shall include services related to the following aspects of the PROJECT:

1. Prepare RFP's for outside bidding water code and governmental compliance
2. Advertising and Bid Support;
3. Construction Contract Management, Inspection and Quality Assurance; and
4. Closeout of the Construction Contract

Advertising and Bid Support: The CM CONSULTANT shall provide support to BWD during the advertisement and bidding period, including but not limited to compiling and organizing the information and documentation required to be kept on file. The CM CONSULTANT shall also assist with the review of Plans and Specifications and refinement of Engineers Estimates/Budgets.

The CM CONSULTANT shall prepare drafts of documents, or packages of documents, required by BWD following award of the construction contract.

Construction Contract Management, Inspection and Quality Assurance:

The CM CONSULTANT shall provide the day-to-day, ongoing management, administration and inspection services required to ensure the PROJECT is constructed in accordance with the CONTRACT DOCUMENTS and applicable statutes, regulations and procedures for public works construction using public funds.

BWD employees may be used during the inspection of various Projects, when advantageous for economics and/or educational benefits/experience for the employee.

The CM CONSULTANT shall be responsible for providing inspection services during contractor working hours which will most likely include some work during night and weekend hours.

The CM CONSULTANT shall be responsible for compiling and organizing the information and documentation required to be kept on file and/or submitted to BWD Board and Staff.

The CM CONSULTANT shall work with the BWD District P.E. to coordinate distribution piping, wells, tanks, GPS locations and CAD drawings.

The CM CONSULTANT shall also be responsible for assisting BWD with negotiations and decisions related to changes to the construction contract, e.g. contract change orders, and to methods to reduce the potential cost and impacts of the construction.

The CM CONSULTANT shall provide weekly updates to BWD regarding the ongoing and upcoming activities that impact, or may impact, the use of the project area by the public, nearby property owners, and tenants of properties in the vicinity of the project.

The CM CONSULTANT shall be responsible for creating and maintaining documents and logs of activities related to the construction of the PROJECT in accordance with generally accepted practices for the administration of public works construction contracts.

The CM CONSULTANT shall prepare monthly status reports on each project as well as the overall program for use by BWD Staff and Board

Closeout of the Construction Contract: The CM CONSULTANT shall be responsible for the various activities and documentation required to close out of the construction contract in accordance with the CONTRACT DOCUMENTS.

The CM CONSULTANT must identify the Project Manager (P.E.) to be assigned and that they will be assigned to the engagement for the three years. Any substitution of key personnel must be approved by BWD.

III. FORM AND CONTENT OF PROPOSAL AND COST PROPOSAL

Proposals should clearly state respondent's qualifications and approach to providing the required services. In reviewing the proposals, BWD will consider the quality of the proposal to be reflective of the potential quality of the work the Consultant is able to perform. The ability of the Consultant to clearly and concisely convey information will be considered in the review process. Consultants are encouraged not to submit lengthy and overly wordy proposals.

The proposal must be concise (maximum 15 pages) and include, at a minimum, the following:

- A. A brief description of the consultant's firm, including the year the firm was established, type of organization (partnership, corporation, etc.), and a statement of the firm's qualifications for performing the subject consulting services. The proposal to provide services should remain valid for at least 90 days from the proposal due date.
- B. A description of the proposed approach to provide the requested services and associated deliverable.
- C. A summary of the level of effort proposed to provide the requested services in accordance with the timeline included in the proposal. The level of effort should be expressed in hours segregated by labor classification, and by task breakdown as indicated by the tasks shown on the timeline. The proposed number of hours for the individuals acting as the PE, Survey Resident Engineer, and Other Tasks as needed should be presented for each individual.
- D. A summary of the qualifications and experience of each member proposed to provide professional services.
- E. A project summary list with descriptions of the proposed team's experience working for public entities on similar projects.
- F. A list of references of relevant clients, including a contact person with their current telephone number and email address.

- G. The cost proposal should correlate to the proposed approach to providing the services, the level of effort summary by classification and task, and the timeline submitted in the proposal.

IV. QUESTIONS AND ADDENDA

Please direct any questions regarding this RFP, including any request for BWD to issue a formal written clarification or correction of a discrepancy or an omission in this RFP, via email to Mr. Geoff Poole, 806 Palm Canyon Drive, Borrego Springs, CA 92004 (Geoff@BorregoWD.Org), by the due date specified in the RFP.

Schedule of this RFP. Emails with questions related to this RFP should include, "Question BWD RFP for CM Services" in the subject line so they can be readily identified as a question related to this RFP. Any request for a formal written clarification or correction of a discrepancy or an omission in this RFP must be received by BWD by the due date for written (email) questions specified in the RFP Schedule section of this RFP. Any BWD response to such a request will be made in the form of an addendum to this RFP and will be sent by e-mail or faxed to all parties to whom this RFP has been issued prior to the proposal due date. All addenda shall become part of this RFP.

V. SUBMITTAL OF PROPOSALS

Please submit either one (1) electronic copy in PDF format of your Proposal and separate Cost Proposal via email to Geoff@BorregoWD.Org; or four (4) copies in hard copy of your Proposal (only one copy of Cost Proposal required) at BWD offices not later than 5:00 p.m. Pacific Time on Monday, July 17, 2018, addressed as follows:

Geoff Poole
Proposal for Construction Management Services
BWD
806 Palm Canyon Drive
Borrego Springs, CA 92004
760-767-5806

Proposals and Cost Proposals received by BWD after this deadline will not be accepted and will not be accepted if submitted by FAX. Emailed submissions cannot contain zipped files or file attachments larger than 5 Mbytes.

It is incumbent upon the proposer to ensure that email transmissions are received at the email address listed above. All material submitted in accordance with this RFP becomes property of BWD and will not be returned.

VI. EVALUATION PROCESS

Agency staff will review each proposal for completeness and content. Each proposal will be evaluated based upon the relevant qualifications and experience of the consultant. Staff may conduct interviews if necessary. References will also be verified. The proposal review will focus upon the following criteria:

1. Organization: Does the firm offer the breadth and quality of services required for the types of services listed in the Scope of Work?
2. Staff: Do the qualifications of key personnel to be assigned to the anticipated projects coincide with tasks listed in the Scope of Work? Do assigned personnel have requisite education, experience, and professional qualifications?
3. Experience: Has the firm demonstrated the ability to successfully provide services for projects of a similar complexity and nature as described herein?
4. Professional Standing: Are the firm's references from past clients and associates favorable? Are deliverables submitted on time and within budget?
5. Proposal: Organization, presentation, and content of proposal. Conformance to the specified proposal format.
6. Responsiveness. Ability to perform services for BWD at a fair and reasonable cost. Ability to respond to request for service in a timely manner. Proposals will be ranked on the basis of qualifications.

VII. SELECTION PROCESS

Based on staff recommendation, the BWD Board will consider approval of consultant(s). Up to two firms may be selected or it may be determined that no proposal exhibits adequate qualifications. Therefore, consultant(s) may or may not be called upon by BWD to provide services. BWD may conduct interviews with some or all of the firms who submit proposals, or it may complete its evaluation based on the proposals alone. If interviews are conducted, firms selected for interview will be contacted at that time to arrange the date and time for their interview.

VIII. RFP SCHEDULE

The anticipated schedule for this RFP process is as follows:

1. BWD Release RFP: June 28, 2018
2. Written (email) Questions Due to BWD: July 3, 2018
3. Responses to Questions: July 7, 2018
4. Proposals Due to BWD: July 19, 2018
5. Identification of Top-Ranked Firm(s) by BWD: July 22, 2018
6. Negotiations with Top-Ranked Firm(s): July 23, 2018
7. Approval of Selection and Contract by BWD Board: July 26, 2018

8. Execute Contract/Notice to Proceed: August 1, 2018

IX. ACCEPTANCE OR REJECTION OF PROPOSAL

BWD reserves the right to accept or reject any and all proposals. BWD also reserves the right to waive any informality or irregularity in any Qualifications.

Additionally, BWD may, for any reason, decide not to award an agreement as a result of this RFP or cancel the RFP process. BWD shall not be obligated to respond to any proposal submitted, nor be legally bound in any manner by the submission of the proposal. BWD staff will make a recommendation to the Board of Directors regarding the selection of Consultant based upon an evaluation of the proposals. BWD reserves the right to negotiate project deliverables and associated costs.

X. GENERAL DESCRIPTION OF PROPOSED AGREEMENT

Upon conclusion of the RFP process, BWD will select a Consultant with which to enter into negotiations for the assignments described. The selected Consultant shall enter into contract negotiations with BWD in substantial conformity with the selected proposal and the form of the Consultant Agreement..

XI. INSURANCE REQUIREMENTS

The selected Consultant, at Consultant's sole cost and expense and for the full term of the Agreement or any extension thereof, shall obtain and maintain all of the insurance requirements necessary for the Project. Exact coverages will be identified in the Consultant Agreement.

All policies, endorsements, certificates, and/or binders shall be subject to approval by BWD as to form and content. The selected Consultant agrees to provide BWD with a copy of said policies, certificates and/or endorsements. The selected Consultant shall satisfy these insurance requirements prior to approval of the Agreement. Please address any issues with respect to insurance requirements in your response to the corresponding question in the RFP.

XII. EXAMINATION OF PROPOSED MATERIAL

The submission of a proposal shall be deemed a representation and certification by the Consultant that they have investigated all aspects of the RFP, that they are aware of the applicable facts pertaining to the RFP process, its procedures and requirements, and that they have read and understood the RFP. No request for modification of the statement shall be considered after its submission on grounds that the Consultant was not fully informed as to any facts or condition.

XIII PUBLIC NATURE OF PROPOSAL MATERIAL

Responses to this RFP become the exclusive property of BWD. At such time as the General Manager recommends a Consultant to the Board all proposals received in

response to this RFP become a matter of public record and shall be regarded as public records, with the exception of those elements in each proposal which are defined by the Consultant as business or trade secrets and plainly marked as "Confidential," "Trade Secret," or "Proprietary." BWD shall not in any way be liable or responsible for the disclosure of any such proposal or portions thereof, if they are not plainly marked as "Confidential," "Trade Secret," or "Proprietary" or if disclosure is required under the Public Records Act. Any proposal which contains language purporting to render all or significant portions of the proposal "Confidential," "Trade Secret," or "Proprietary" shall be regarded as non-responsive.

Although the California Public Records Act recognizes that certain confidential trade secret information may be protected from disclosure, BWD may not be in a position to establish that the information that a Consultant submits is a trade secret. If a request is made for information marked "Confidential," "Trade Secret," or "Proprietary," BWD will provide the Consultant who submitted the information with reasonable notice to allow the Consultant to seek protection from disclosure by a court of competent jurisdiction.

IX. DISQUALIFICATION

Factors such as, but not limited to, any of the following may be considered just cause to disqualify a proposal without further consideration:

- A. Evidence of collusion, directly or indirectly, by Consultants in regard to the amount, terms, or conditions of this proposal;
- B. Any attempt to improperly influence any member of the selection staff;
- C. Existence of any lawsuit, unresolved contractual claim or dispute between Consultant and BWD;
- D. Evidence of incorrect information submitted as part of the proposal
- E. Evidence of Consultant's inability to successfully complete the responsibilities and obligations of the proposal; and
- F. Consultant's default under any agreement, which results in termination of the Agreement.

X NON-CONFORMING PROPOSAL

A proposal shall be prepared and submitted in accordance with the provisions of these RFP instructions and specifications. Any alteration, omission, addition, variance, or limitation of form or to a proposal may be sufficient grounds for non-acceptance of the proposal, at the sole discretion of BWD.

XI NON-DISCRIMINATION/NON-PREFERENTIAL TREATMENT

The successful Consultant shall not discriminate, in any way, against any person on the basis of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity, or national origin, in connection with or related to the performance of BWD contracts.

XII. ADDITIONAL TERMS AND CONDITIONS

The following additional terms and conditions are applicable to this RFP process:

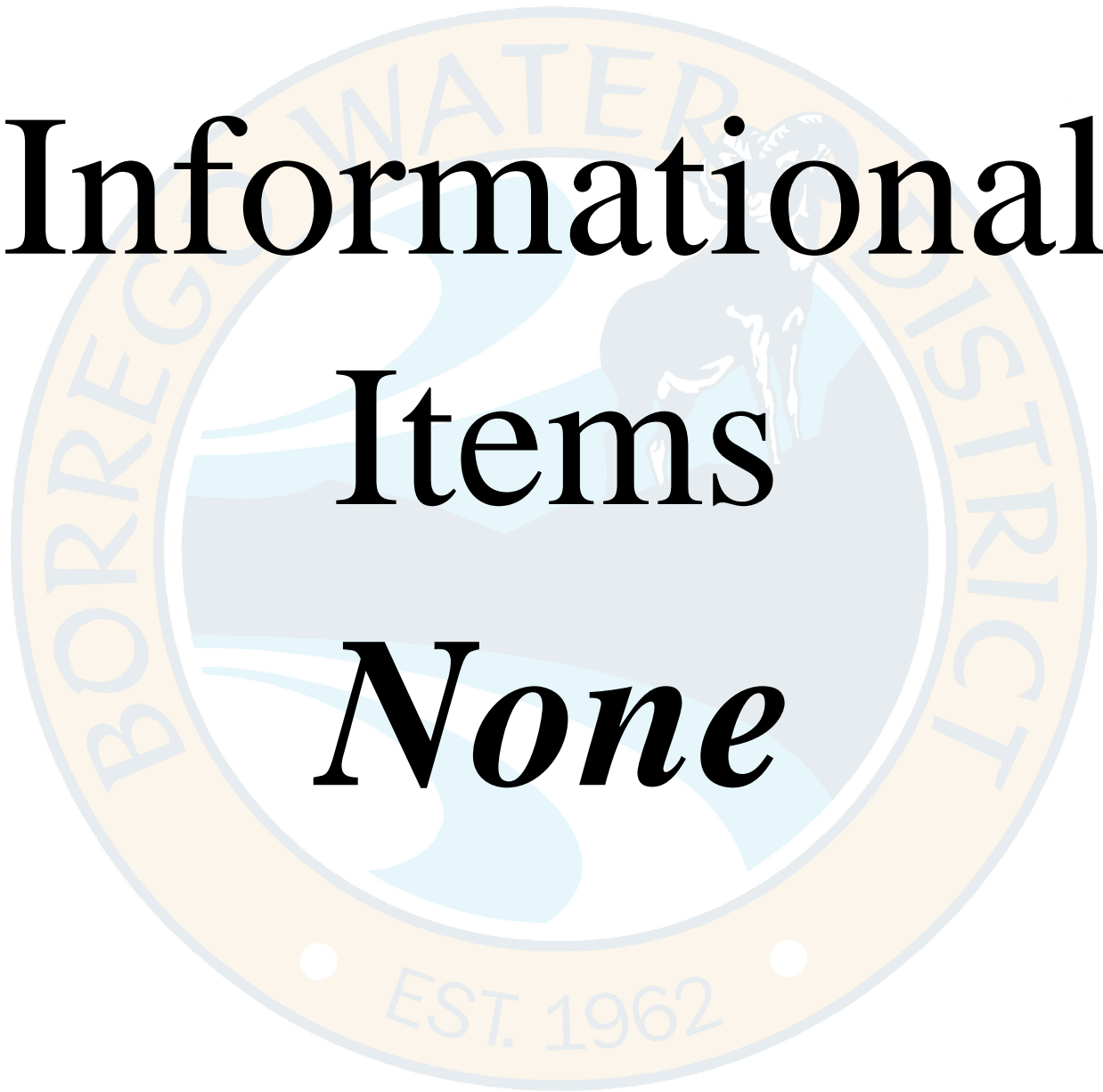
- A. BWD reserves the right to consider any proposal exceptions during its evaluation of the acceptability of a proposal.
- B. This RFP does not commit BWD to pay any costs incurred in the submission of the proposal or in making any necessary studies or analysis in preparation of submission of the proposal.
- C. BWD reserves the right without limitation to:
 - 1. Enter into an agreement with another Consultant in the event that the originally selected Consultant defaults or fails to execute an agreement with BWD;
 - 2. Modify and re-issue the RFP;
 - 3. Take action regarding the RFP as may be deemed to be in the best interest of BWD.
- D. BWD reserves the right to verify any information provided during the RFP process. BWD may contact references listed or any other person known to have contracted with Consultant.
- E. An agreement shall not be binding or valid with BWD unless and until it is executed by authorized representatives of BWD and of the Consultant.
- F. While it is the intent of BWD to proceed with this project, this solicitation does not obligate BWD to enter into an Agreement. BWD retains the right to cancel this RFP at any time should the project be cancelled, BWD loses the required funding, or it is deemed in the best interest of BWD. No obligation either expressed or implied, exists on the part of BWD to make an award or to pay any cost incurred in the preparation or submission of an RFP.
- G. Failure to execute the agreement within the time frame identified above shall be sufficient cause for voiding the award.
- H. Failure to comply with other requirements within the set time shall constitute failure to execute the Agreement. If the selected respondent refuses or fails to execute the Agreement, BWD may award the contract to the next qualified highest ranked Respondent.

III

Informational

Items

None



IV

STANDING AND AD-HOC COMMITTEE REPORTS

1. **Operations and Infrastructure**
2. **GSP Preparation – Verbal**
GSA
Transparency Requirement for Board
What Decisions should CT be discussing with the Board?
CEQA – Following standards and timing
GSA/JPA staffing
Bond Staffing- Negotiations with land owners
Market Rules
3. **BWD Bond Financing**
4. **2018 Water Bond Proceeds**
5. **Cyber Security**

V

**STAFF
REPORTS**



V. A

FINANACIALS

1. April 2018



	C	T	U	V	W	X	Z	AA
1	BWD	5/23/2017						
2	CASH FLOW	ADOPTED	Actual	Projected	Actual	Actual YTD	Projected	Projected
3	2017-2018	BUDGET	April	April	YTD	and Projected	May	June
4		FY 2018	2018	2018	2017-2018	2017-2018	2018	2018
5								
6	REVENUE							
7	WATER REVENUE							
8	Residential Water Sales	949,885	67,666	67,600	763,483	914,483	73,000	78,000
9	Commercial Water Sales	302,856	34,160	25,000	351,973	410,973	29,000	30,000
10	Irrigation Water Sales	210,597	15,583	13,000	195,031	230,527	16,000	19,496
11	GWM Surcharge	160,274	12,940	14,705	143,552	172,994	14,721	14,721
12	Water Sales Power Portion	457,206	35,734	45,414	397,534	485,230	42,916	44,780
13	TOTAL WATER COMMODITY REVENUE:	2,080,818	166,084	165,718	1,851,572	2,214,206	175,637	186,997
14								
15	Readiness Water Charge	1,114,240	91,475	90,273	901,967	1,083,240	90,273	91,000
18	Meter Install/Reconnect Fees	1,360	340	-	51,085	51,425	340	0
19	Backflow Testing/Installation	7,000	0	-	400	7,400	0	7,000
20	Bulk Water Sales	600	914	-	22,147	22,147	0	0
21	Penalty & Interest Water Collection	19,000	5,732	830	47,088	48,748	830	830
22	TOTAL WATER REVENUE:	3,223,018	264,544	256,821	2,904,179	3,457,086	267,080	285,827
23								
24	PROPERTY ASSESSMENTS/AVAILABILITY CHARGES							
25	641500 1% Property Assessments	62,303	13,292	13,292	52,893	60,942	7,848	200
26	641502 Property Assess wtr/swr/flid	106,212	891	891	59,904	106,107	45,903	300
28	641501 Water avail Standby	82,445	3,537	3,537	69,406	85,571	14,165	2,000
30	641504 ID 3 Water Standby (La Casa)	33,722	1,018	1,018	21,446	34,281	12,345	490
31	641503 Pest standby	17,882	489	489	10,614	16,539	5,403	523
32	TOTAL PROPERTY ASSES/AVAIL CHARGES:	302,563	19,226	19,226	214,263	303,440	85,665	3,513
33								
34	SEWER SERVICE CHARGES							
35	Town Center Sewer Holder fees	226,391	18,798	18,772	183,479	221,023	18,772	18,772
36	Town Center Sewer User Fees	85,015	7,106	7,085	69,976	84,146	7,085	7,085
37	Sewer user Fees	267,460	22,678	22,482	226,241	271,205	22,482	22,482
39	Penalty Interest-Sewer	3,000	50	-	570	570	-	-
41	TOTAL SEWER SERVICE CHARGES:	581,866	48,632	48,339	480,267	576,945	48,339	48,339
42								
43	OTHER INCOME							
46	Fire Hydrant Installation		0	-	6,000	6,000	0	0
47	Miscellaneous Income -Insurance rebate		25,165	-	27,665	27,665	-	-
48	Water Credits income		0	-	69,250	69,250	0	0
49	Interest Income	6,600	1,781	1,700	16,318	19,718	1,700	1,700
50	TOTAL OTHER INCOME:	6,600	26,946	1,700	119,233	122,633	1,700	1,700
51								
52	TOTAL INCOME:	4,114,047	359,349	326,086	3,717,941	4,460,104	402,783	339,379
61								
62	CASH BASIS ADJUSTMENTS							
63	Decrease (Increase) in Accounts Receivable		(22,617)		27,075	27,075		
65	Deposits		2,400		19,625	19,625		
66	Other Cash Basis Adjustments				16,755	16,755		
67	TOTAL CASH BASIS ADJUSTMENTS:		(20,217)		63,455	63,455		
68								
69	TOTAL INCOME RECEIVED:	4,114,047	339,132	326,086	3,781,397	4,523,559	402,783	339,379

	C	T	U	V	W	X	Z	AA
1	BWD	5/23/2017						
2	CASH FLOW	ADOPTED	Actual	Projected	Actual	Actual YTD	Projected	Projected
3	2017-2018	BUDGET	April	April	YTD	and Projected	May	June
4		FY 2018	2018	2018	2017-2018	2017-2018	2018	2018
71	EXPENSES							
72								
73	MAINTENANCE EXPENSE							
74	R & M Buildings & Equipment	185,000	13,233	15,500	149,785	179,785	15,000	15,000
75	R & M - WWTP	185,000	9,674	15,500	71,658	146,658	60,000	15,000
76	Telemetry	8,000	1,038	-	10,885	11,979	1,094	0
77	Trash Removal	4,200	1,178	420	7,503	8,343	420	420
78	Vehicle Expense	18,000	3,428	1,500	12,802	15,802	1,500	1,500
79	Fuel & Oil	23,000	4,251	2,000	23,907	27,907	2,000	2,000
80	TOTAL MAINTENANCE EXPENSE:	423,200	32,802	34,920	276,539	390,473	80,014	33,920
81								
82	PROFESSIONAL SERVICES EXPENSE							
83	Tax Accounting (Tausig)	3,000	0	-	2,115	3,000	0	885
84	Administrative Services (ADP)	3,000	208	218	2,553	2,990	218	219
85	Audit Fees (Squamliner)	15,995	0	-	15,996	15,996	0	0
86	Computer billing (Accela/Parker)	13,500	1,015	205	16,130	16,330	200	-
87	Financial/Technical Consulting (Raftelis) (Fieldman) (Hot Group)	41,000	18,000	3,417	48,044	53,048	2,502	2,502
88	Engineering (Dynamic/Dudek)	50,000	8,715	4,000	57,419	65,419	4,000	4,000
89	District Legal Services (Downey Brand/BBK)	20,000	9,308	5,000	96,447	106,447	5,000	5,000
90	Testing/lab work (Babcock Lab)	8,400	1,050	1,000	9,460	11,460	1,000	1,000
91	Regulatory Permit Fees (SWRB/DEH/Dig alerts/APCD)	27,160	1,010	500	20,447	21,747	800	500
92	TOTAL PROFESSIONAL SERVICES EXPENSE:	182,055	39,306	14,340	268,611	296,437	13,720	14,106
93								
94	INSURANCE EXPENSE							
95	ACWA/JPIA Program Insurance	57,000	0	-	54,682	54,682	0	0
96	ACWA/JPIA Workers Comp	16,000	0	-	11,679	15,679	0	4,000
97	TOTAL INSURANCE EXPENSE:	73,000	0	-	66,361	70,361	-	4,000
98								
99	DEBT EXPENSE							
100	Citizens Bank-COP 2008 Debt Payment	251,475	0	-	251,475	251,475	0	0
101	BBVA-Viking Ranch Debt Payment	143,312	0	-	107,446	143,274	35,828	-
104	TOTAL DEBT EXPENSE:	394,787	0	-	358,921	394,749	35,828	-
105	EXPENSES							
106	PERSONNEL EXPENSE							
107	Board Meeting Expense (board stipend/board secretary)	22,000	1,260	1,820	16,767	21,440	2,853	1,820
108	Salaries & Wages (gross)	828,000	66,984	67,475	668,506	806,714	70,734	67,475
109	Salaries & Wages offset account (board stipends/staff project sa)	(55,000)	(6,007)	(5,000)	(76,533)	(86,533)	(5,000)	(5,000)
110	Consulting services/Contract Labor	24,000	0	-	10,339	10,339	-	-
111	Taxes on Payroll	22,000	1,064	1,534	18,544	22,412	2,134	1,734
112	Medical Insurance Benefits	220,100	18,494	18,863	199,639	218,502	18,863	-
113	Calpers Retirement Benefits	179,200	6,354	6,500	140,433	153,433	6,500	6,500
114	Conference/Conventions/Training/Seminars	8,000	2,249	500	17,890	18,749	500	359
115	TOTAL PERSONNEL EXPENSE:	1,246,300	90,399	91,691	995,585	1,165,057	96,584	72,888
116								
117	OFFICE EXPENSE							
118	Office Supplies	18,000	1,071	1,531	17,149	18,149	500	500
119	Office Equipment/ Rental/Maintenance Agreements	35,000	5,638	500	41,049	41,699	500	150
120	Postage & Freight	15,000	372	2,100	9,110	13,273	2,063	2,100
121	Taxes on Property	2,331	0	-	2,334	2,334	0	0
122	Telephone/Answering Service/Cell	19,000	1,689	1,629	15,803	19,060	1,629	1,628
123	Dues & Subscriptions (ACWA/CSDA)	21,526	76	1,449	19,145	19,290	0	145
124	Printing, Publications & Notices	3,000	0	583	1,253	2,417	582	582
125	Uniforms	5,400	407	508	4,881	5,899	508	510
126	OSHA Requirements/Emergency preparedness	4,000	0	600	2,221	3,400	600	579
127	TOTAL OFFICE EXPENSE:	123,257	9,253	8,900	112,945	125,521	6,382	6,194
128								
129	UTILITIES EXPENSE							
130	Pumping-Electricity	300,000	21,541	22,500	258,820	306,320	23,000	24,500
131	Office/Shop Utilities	20,000	50	500	6,623	7,623	500	500
133	TOTAL UTILITIES EXPENSE:	320,000	21,591	23,000	265,443	313,943	23,500	25,000
134								
135	GROUNDWATER MANAGEMENT EXPENSE							
136	GWM - GSP Development Expense	120,000	20,687	10,000	191,039	211,039	10,000	10,000
137	GSP Project Management	120,000						
138	Prop 1 Grant Expense	30,000						
139								
140	TOTAL GWM EXPENSE:	270,000	20,687	10,000	191,039	211,039	10,000	10,000
141								
142	TOTAL EXPENSES:	3,032,600	214,037	182,851	2,535,445	2,967,581	266,028	166,108
143	CASH BASIS ADJUSTMENTS							
144	Decrease (Increase) in Accounts Payable		12,342		67,269	67,269		
145	Increase (Decrease) in Inventory		4,929		1,767	1,767		
146	Other Cash Basis Adjustments				-	-		
147	TOTAL CASH BASIS ADJUSTMENTS:		17,271		69,036	69,036		
148								
149	TOTAL EXPENSES PAID:	3,032,600	231,308	182,851	2,604,482	3,036,617	266,028	176,108
150								
155	NET CASH FLOW (O&M)	1,081,447	107,824	143,235	1,176,915	1,486,942	136,755	173,271

	C	T	U	V	W	X	Z	AA
1	BWD	5/23/2017						
2	CASH FLOW	ADOPTED	Actual	Projected	Actual	Actual YTD	Projected	Projected
3	2017-2018	BUDGET	April	April	YTD	and Projected	May	June
4		FY 2018	2018	2018	2017-2018	2017-2018	2018	2018
157	CIP PROJECTS-OPERATIONS							
158	Water							
159	Pickup	50,000			39,555	39,555		
160	Well rehabilitation	80,000			-	-		
161	10" Bypass at ID 1 Booster Station 2	15,000			16,140	16,140		
162	Emergency water pipeline repairs	25,000		5,000	-	10,000		10,000
166	Emergency Generator Mobile Trailer	12,000			-	12,000		12,000
171	New 900 Reservoir	525,000			554,781	554,781		
172	Replace Twin Tanks-(prop 1 grant)	579,000			-	-		
174	Replace Wilcox Diesel Motor-(Prop 1 grant)	59,000			-	-		
175	Replace Indianhead Reservoir-(Prop 1 grant)	294,000			-	-		0
176	Rams Hill #2, 1980 balv 0.44 MG recoating-(Prop 1 grant)	161,000			-	-		
178	Transmission line to convey Well 5 water to C.C. Reservoir (pipe)	83,000			18,844	18,844		
179	T Anchor Dr., Frying Pan Rd. to Double O Rd. (Pipeline 6)	34,000			-	18,000	8,000	10,000
180	Weathervane Dr., Frying Pan Road to Double O Road (Pipeline)	34,000			-	18,000	8,000	10,000
181	Well 12 pump and casing cleaning	50,000			90,849	90,849		
182	Mail machine inserter				10,548	10,548		
183	TOTAL WATER CIP:	2,001,000	-	5,000	755,935	813,935	16,000	42,000
184	Sewer							
194	Plant-Grit removal at the headworks-(Prop 1 grant)	100,000			-	-	0	
195	WTF-Rehab Clarifier (Prop 1 grant)	118,500			-	-		0
196	TOTAL SEWER CIP:	218,500	0	-	-	-	-	-
197								
198	TOTAL CIP OPERATION EXPENSES:	2,219,500	0	5,000	755,935	813,935	16,000	42,000
199								
200	CASH RECAP							
201	Cash beginning of period	4,589,663	4,462,813	4,462,813	4,149,656	4,149,656	4,570,637	4,691,393
202	Net Cash Flow (O&M)	1,081,447	107,824	143,235	1,176,915	1,486,942	136,755	173,271
203	Total Non O&M Expenses	(2,219,500)	0	(5,000)	(755,935)	(813,935)	(16,000)	(42,000)
204	CASH AT END OF PERIOD	3,451,611	4,570,637	4,601,048	4,570,637	4,822,663	4,691,393	4,822,663
205								
206	RESERVES							
207	Working Capital-Water (4 months)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
208	R & R Reserves	(532,000)	(532,000)	(532,000)	(532,000)	(532,000)	(532,000)	(532,000)
209	Contingency Reserves (6% O&M)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)
210	Rate Stabilization Reserves	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
211	Available for Emergency Reserves	1,411,611	1,998,637	2,029,048	1,998,637	2,250,663	2,119,393	2,250,663
212	Target Emergency Reserves	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
213	Emergency Reserves Deficit	(588,389)	(1,363)	29,048	(1,363)	250,663	119,393	250,663



TREASURER'S REPORT April, 2018

% 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	\$ 2,427,127	\$ 2,368,770	\$ 2,368,770	51.83%	0.00%	N/A	UB
Payroll Account	\$ 62,732	\$ 62,581	\$ 62,581	1.37%	0.00%	N/A	UB
MMA	\$ 2,117,856	\$ 2,117,856	\$ 2,117,856	46.34%	1.00%	N/A	UB
LAIF	\$ 21,430	\$ 21,430	\$ 21,430	0.47%	1.20%	N/A	LAIF

Total Cash and Cash Equivalents	\$ 4,629,144	\$ 4,570,636	\$ 4,570,636	100.00%			
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Facilities District No. 2017-1A-B

Special Tax Bond- Rams Hill -US BANK	\$ 41,342	\$ 41,342	\$ 41,342				
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Total Cash, Cash Equivalents & Investments	\$ 4,670,487	\$ 4,611,979	\$ 4,611,979				
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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 April, 2018

Vendor disbursements paid during this period: **\$ 169,705.53**

Significant items:

San Diego Gas & Electric	\$	21,591.18
Medical Health Benefits	\$	19,933.37
CalPERS	\$	6,353.84

Capital Projects/Fixed Asset Outlays:

Total Professional Services for this Period:

Best Best & Krieger	Legal-general	\$	9,308.04
	GWM	\$	12,786.02
The Holt Group	RHWTF	\$	18,000.00
Dudek Professional Services	GSP	\$	2,606.25
	900 Tank	\$	205.00
	Recycled Water	\$	8,715.00
	R/H to reimburse	\$	13,666.81

Payroll for this Period:

Gross Payroll	\$	66,984.35
Employer Payroll Taxes and ADP Fee	\$	1,364.00
Total	\$	68,348.35

Accounts Payable
Board Report, April 2018



Vendor	Vendor	Check Date	Check Amount
1109	ABILITY ANSWERING/PAGING SER	05/10/2018	260.56
1266	AFLAC	04/24/2018	1,551.62
9524	AIR POLLUTION CONTROL DISTRICT, SA	05/02/2018	1,010.00
1001	AMERICAN LINEN INC.	05/10/2018	406.88
61	AT&T MOBILITY	05/02/2018	731.39
9529	AT&T-CALNET 3	05/02/2018	381.75
9255	BABCOCK LABRATORIES	05/15/2018	970.00
10884	BEST BEST & KRIEGER ATTORNEYS AT	05/15/2018	22,094.06
1003	BORREGO SPRINGS BOTTLED WATER	05/02/2018	8.00
1196	CASH	05/10/2018	300.00
1222	DEBBIE MORETTI	04/16/2018	122.00
96	DISH	04/16/2018	75.72
9640	DUDEK	04/24/2018	16,273.06
9640	DUDEK	05/02/2018	8,715.00
9640	DUDEK	05/10/2018	205.00
1094	EMPIRE SOUTHWEST	05/10/2018	79.56
9579	GREEN DESERT LANDSCAPE	05/10/2018	4,770.00
1012	HIDDEN VALLEY PUMP SYSTEMS INC	05/02/2018	6,947.38
1012	HIDDEN VALLEY PUMP SYSTEMS INC	05/10/2018	5,054.95
1136	HOME DEPOT CREDIT SERVICES	05/10/2018	1,957.47
1022	JAMES HORMUTH DE ANZA TRUE VALL	05/02/2018	99.33
65	JC LABS & MONITORING SERVICE	05/10/2018	1,500.00
9771	MANUEL MARIN	04/24/2018	118.54
1066	MANUEL RODRIGUEZ DE ANZA READY	05/10/2018	396.51
1000	MEDICAL ACWA-JPIA	04/16/2018	19,933.37
93	MRC SMART TECHNOLOGY SOLUTIONS	05/02/2018	1,248.01
1016	NAPA AUTO PARTS INC	05/10/2018	1,044.55
10891	NEOPOST USA INC	05/02/2018	372.38
1208	PACIFIC PIPELINE SUPPLY INC	05/02/2018	7,965.98
1208	PACIFIC PIPELINE SUPPLY INC	05/10/2018	1,277.00
10866	PUMP CHECK	05/10/2018	2,250.00
9633	RAMONA DISPOSAL SERVICE	05/02/2018	3,431.51
9633	RAMONA DISPOSAL SERVICE	05/10/2018	760.00
1114	ROGELIO MARTINEZ	05/10/2018	151.66
1065	SAN DIEGO GAS & ELECTRIC	04/24/2018	21,591.18
1059	STAPLES CREDIT PLAN	05/10/2018	868.93
1233	SUNSET ELECTRIC POWER	04/24/2018	1,275.00
9106	T.S. INDUSTRIAL SUPPLY	05/10/2018	148.97
10901	THE HOLT GROUP	04/24/2018	18,000.00
10885	THE SOCO GROUP, INC.	04/16/2018	841.31
10885	THE SOCO GROUP, INC.	05/02/2018	3,409.95
9581	TRAVIS PARKER	04/24/2018	977.60
9385	TYCO INTEGRATED SECURITY LLC	04/16/2018	216.95
3000	U.S.BANK CORPORATE PAYMENT SYS	05/10/2018	3,670.69
1023	UNDERGROUND SERVICE ALERT	05/10/2018	33.10
10847	USA COMMUNICATIONS	05/02/2018	240.94
9439	USABLUEBOOK	05/10/2018	621.32
1100	VERIZON WIRELESS	05/10/2018	315.26
1027	VICTOR VALENTI CONTRON SCADA SY:	05/10/2018	1,037.82
1623	WENDY QUINN	04/24/2018	625.00
1623	WENDY QUINN	05/10/2018	412.50
74	WESTERN PUMP, INC	05/10/2018	2,383.63
92	XEROX FINANCIAL SERVICES	05/10/2018	572.14

TOTAL

169,705.53



ASSETS

	BALANCE SHEET April 30, 2018 (unaudited)	BALANCE SHEET March 31, 2018 (unaudited)	MONTHLY CHANGE (unaudited)
CURRENT ASSETS			
Cash and cash equivalents	\$ 4,570,636.37	\$ 4,462,812.75	\$ 107,823.62
Accounts receivable from water sales and sewer charges	\$ 398,278.16	\$ 375,661.06	\$ 22,617.10
Inventory	\$ 126,886.73	\$ 121,957.45	\$ 4,929.28
Prepaid expenses	\$ 30,655.73	\$ 30,655.73	\$ -
TOTAL CURRENT ASSETS	\$ 5,126,456.99	\$ 4,991,086.99	\$ 135,370.00
RESTRICTED ASSETS			
Debt Service:			
Deferred amount of COP Refunding	\$ 102,542.17	\$ 102,542.17	\$ -
Deferred Outflow of Resources-CalPERS	\$ 356,748.00	\$ 356,748.00	\$ -
Total Debt service	\$ 459,290.17	\$ 459,290.17	\$ -
Trust fund:			
Investments with fiscal agent -CFD 2017-1	\$ 41,342.23	\$ 40,971.68	\$ 370.55
Total Trust fund	\$ 41,342.23	\$ 40,971.68	\$ 370.55
TOTAL RESTRICTED ASSETS	\$ 500,632.40	\$ 500,261.85	
UTILITY PLANT IN SERVICE			
Land	\$ 2,251,663.65	\$ 2,251,663.65	\$ -
Flood Control Facilities	\$ 4,287,340.00	\$ 4,287,340.00	\$ -
Capital Improvement Projects	\$ 909,098.71	\$ 900,178.71	\$ 8,920.00
Sewer Facilities	\$ 5,992,778.56	\$ 5,992,778.56	\$ -
Water facilities	\$ 11,010,716.48	\$ 11,010,716.48	\$ -
General facilities	\$ 1,016,229.37	\$ 1,016,229.37	\$ -
Equipment and furniture	\$ 574,974.27	\$ 574,974.27	\$ -
Vehicles	\$ 622,357.41	\$ 622,357.41	\$ -
Accumulated depreciation	\$ (12,760,530.47)	\$ (12,760,530.47)	\$ -
NET UTILITY PLANT IN SERVICE	\$ 13,904,627.98	\$ 13,895,707.98	\$ 8,920.00
OTHER ASSETS			
Water rights -ID4	\$ 185,000.00	\$ 185,000.00	\$ -
TOTAL OTHER ASSETS	\$ 185,000.00	\$ 185,000.00	
TOTAL ASSETS	\$ 19,716,717.37	\$ 19,572,056.82	\$ 144,660.55



Balance sheet continued

	BALANCE SHEET April 30, 2018 (unaudited)	BALANCE SHEET March 31, 2018 (unaudited)	MONTHLY CHANGE (unaudited)
LIABILITIES			
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS			
Accounts Payable	\$ 116,178.62	\$ 128,520.46	\$ (12,341.84)
Accrued expenses	\$ 123,110.45	\$ 123,110.45	\$ -
Deposits	\$ 19,703.26	\$ 17,303.26	\$ 2,400.00
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	\$ 258,992.33	\$ 268,934.17	\$ (9,941.84)
CURRENT LIABILITIES PAYABLE FOM RESTRICTED ASSETS			
Debt Service:			
Accounts Payable to CFD 2017-1	\$ 41,342.23	\$ 40,971.68	\$ 370.55
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	\$ 41,342.23	\$ 40,971.68	\$ 370.55
LONG TERM LIABILITIES			
2008 Certificates of participation	\$ 2,180,000.00	\$ 2,180,000.00	\$ -
BBVA Compass Bank Loan	\$ 869,616.21	\$ 869,616.21	\$ -
Net Pension Liability-CalPERS	\$ 819,059.00	\$ 819,059.00	\$ -
Deferred Inflow of Resources-CalPERS	\$ 163,076.00	\$ 163,076.00	\$ -
TOTAL LONG TERM LIABILITIES	\$ 4,031,751.21	\$ 4,031,751.21	\$ -
TOTAL LIABILITIES	\$ 4,332,085.77	\$ 4,341,657.06	\$ (9,571.29)
FUND EQUITY			
Contributed equity	\$ 9,611,814.35	\$ 9,611,814.35	\$ -
Retained Earnings:			
Unrestricted Reserves/Retained Earnings	\$ 5,772,817.25	\$ 5,618,585.41	\$ 154,231.84
Total retained earnings	\$ 5,772,817.25	\$ 5,618,585.41	\$ 154,231.84
TOTAL FUND EQUITY	\$ 15,384,631.60	\$ 15,230,399.76	\$ 154,231.84
TOTAL LIABILITIES AND FUND EQUITY	\$ 19,716,717.37	\$ 19,572,056.82	\$ 144,660.55



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

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
		Downey			Wendy Quinn	Town Hall/	One Eleven	TRAC			Water Advisory	Babcock Lab	Equipment		Monthly	FYE 2018
	Month	Brand	BBK	DUDEK	Minutes	Advertising/Postage	Water Services		Staff Allocation	Ellen Wehr	Committee-Lunches	Water Testing		CSU-GSP	Total	Total
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		13,209.25		250.00		3,805.00		4,345.20		350.25				21,959.70	69,608.59
23	Dec-17								4,846.80		3,017.38	3,230.00			11,094.18	80,702.77
24	Jan-18	858.00	19,162.97						5,077.60		324.44	350.00			25,773.01	106,475.78
25	Feb-18		5,396.19		262.51		1,615.00		4,246.64						11,520.34	117,996.12
26	Mar-18		14,833.23	1,490.00			4,280.00	5,355.00	5,164.40		408.14		10,465.34		41,996.11	159,992.23
27	Apr-18		12,786.02	2,606.25	437.50				4,846.80		9.99				20,686.56	180,678.79
28	May-18															
29	Jun-18															
31	Total	4,664.25	73,280.16	4,096.25	1,425.01	100.90	12,170.00	5,355.00	43,648.67	9,645.00	5,299.59	3,580.00	10,465.34	6,948.62	180,678.79	180,678.79



V.B

**WATER AND
WASTEWATER
OPERATIONS
REPORT**

- 1. April 2018**
- 2. May 2018**



BORREGO WATER DISTRICT

April 2018

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: 87,797 (gallons per day)

Peak flow: 109,200 gpd Saturday April 7, 2018



BORREGO WATER DISTRICT

May 2018

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: 65,565 (gallons per day)

Peak flow: 104,000 gpd Sunday May 27, 2018

V.C

WATER PRODUCTION/ USE RECORDS

- 1. April 2018**
- 2. May 2018**



BORREGO WATER DISTRICT

WATER PRODUCTION SUMMARY

APRIL 2018

DATE	WATER USE	WATER PROD	WATER %NRW	ID4 USE	ID4 PROD	ID4 %NRW	TOTAL USE	TOTAL PROD
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
Nov-17	26.03	27.67	5.92	107.09	120.15	10.87	133.12	147.82
Dec-17	23.23	26.28	11.60	80.91	89.46	9.55	104.14	115.73
Jan-18	19.40	19.95	2.74	86.60	95.01	8.85	106.01	114.96
Feb-18	19.77	21.14	6.49	78.55	87.58	10.31	98.32	108.72
Mar-18	19.90	20.26	1.77	73.56	80.32	8.42	93.46	100.58
Apr-18	22.01	22.72	3.11	88.49	99.08	10.69	110.50	121.80
12 Mo. TOTAL	351.61	375.88	6.07	1245.51	1387.86	10.17	1597.12	1763.75

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.

NON-REVENUE WATER SUMMARY (%)

DATE	WATER	ID-4	ID-5	DISTRICT-WIDE AVERAGE
Apr-18	3.11	10.69	N/A	6.90
12 Mo. Average	6.07	10.17	N/A	8.12



BORREGO WATER DISTRICT

WATER PRODUCTION SUMMARY

MAY 2018

DATE	WATER USE	WATER PROD	WATER %NRW	ID4 USE	ID4 PROD	ID4 %NRW	TOTAL USE	TOTAL PROD
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
Nov-17	26.03	27.67	5.92	107.09	120.15	10.87	133.12	147.82
Dec-17	23.23	26.28	11.60	80.91	89.46	9.55	104.14	115.73
Jan-18	19.40	19.95	2.74	86.60	95.01	8.85	106.01	114.96
Feb-18	19.77	21.14	6.49	78.55	87.58	10.31	98.32	108.72
Mar-18	19.90	20.26	1.77	73.56	80.32	8.42	93.46	100.58
Apr-18	22.01	22.72	3.11	88.49	99.08	10.69	110.50	121.80
May-18	25.10	25.46	1.40	98.95	108.29	8.62	124.05	133.75
12 Mo. TOTAL	351.69	375.33	5.88	1254.29	1397.14	10.15	1605.99	1772.46

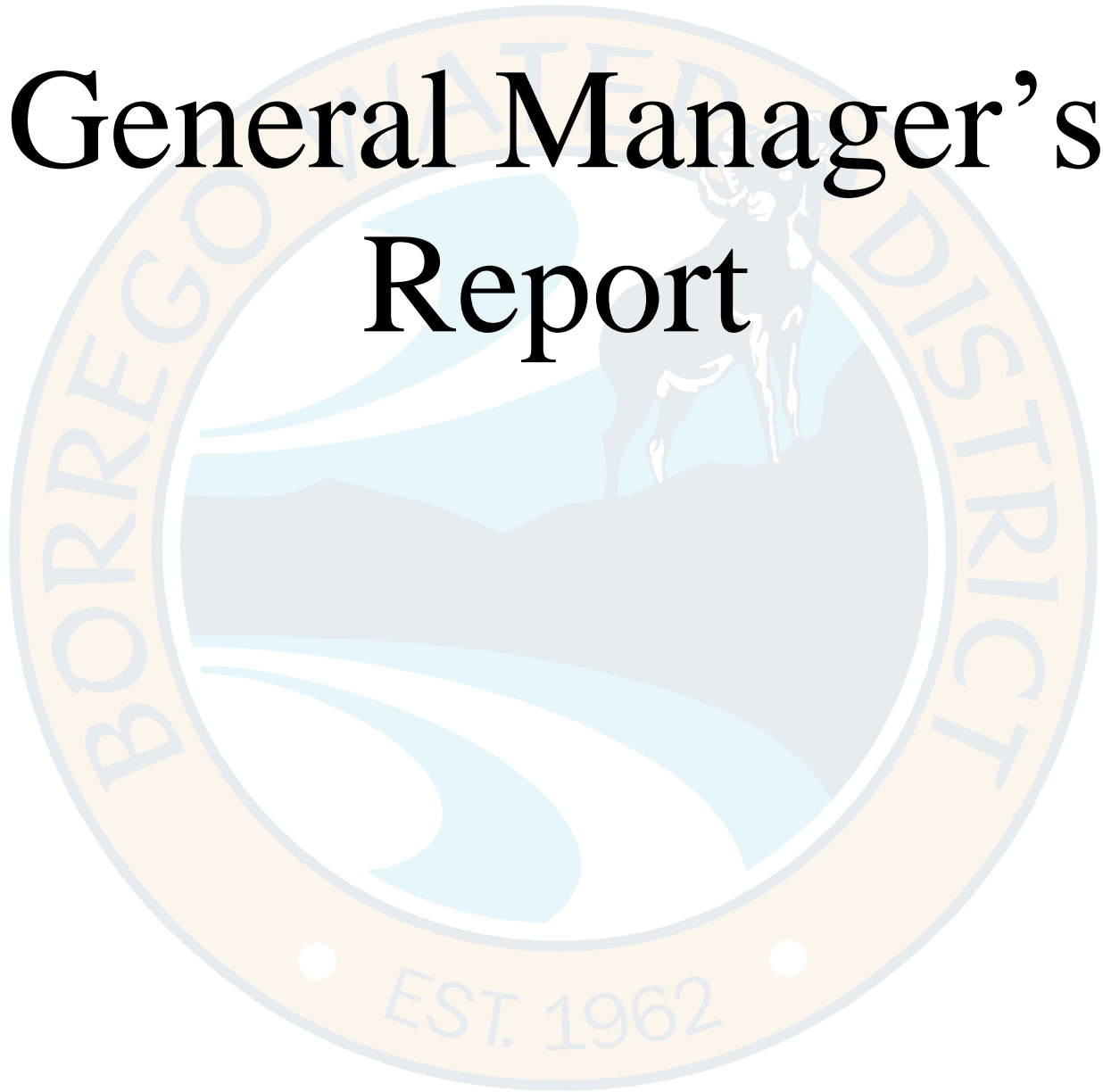
Totals reflect Water (ID1 & ID3) and ID4 (ID4 & ID5) . Interties to SA3 are no longer needed to be separated. ID4 and SA5 are combined because all water production is pumped from ID4. All figures are in Acre Feet of water pumped.

NON-REVENUE WATER SUMMARY (%)

DATE	WATER	ID-4	ID-5	DISTRICT-WIDE AVERAGE
Apr-18	1.40	8.62	N/A	5.01
12 Mo. Average	5.88	10.15	N/A	8.01

V.C

General Manager's Report



BORREGO WATER DISTRICT
BOARD OF DIRECTORS
GM REPORT – JUNE 2018

- **County of SD Reimbursement Agreement for \$500,000 Prop 1 grant:** Grant documents from the State are expected in the next 2 to 3 week. Once received, the Reimbursement Agreement between BWD and County can be finalized and approved by BWD Board, which is expected for one of the July BWD Board Meeting.
-
- **Spare capacity lease owed District by Rams Hill/T2:** In closing out the Rams Hill Cooperation Agreement, T2 must purchase approximately 500 acre feet from BWD as part of their original 1,000 af take or pay obligation. Prior to finalizing negotiation of a new Agreement all conditions of the old Agreement must be met. The rate charged to T2 is calculated by Raftellis based on various BWD expenses. The analysis has been completed and the document forwarded to Rams Hill T2. The final bill paid by Rams Hill will be in the range of \$200,000 based on the Raftellis calculations. BWD Executive Committee and T2 are will be scheduling another meeting in July to continue the discussion on a new Cooperation Agreement.
- **\$50,000 Solar Rebate:** Staff will provide a verbal update at the meeting.
- **\$75,000 Tertiary Study Rebate:** Staff and Dudek have completed all requirements of the Grant. Funds are expected in late June/July.
- **\$500,000 SDAC Project Activity:** Approximately \$\$ has been spent so far in advanced of receiving the \$500K SDAC Grant. BWD has already began various aspects of the \$500,000 SDAC Grant that is coming from the State for SDAC Outreach and Economic Modeling, Staff will have updated numbers for the Board at the meeting for Le Sar (Outreach), Dr Jones (Modeling) and Dudek (Well Siting).
- **RH flood facilities** repair as part of CIP? Dudek and BWD Staff are working on identifying the specific areas of need, recommended repair and budget, which is expected in the next two weeks. A recent retirement at Dudek has slowed this process.
- **Squar/Miller (Auditor) Contract:** BWD is in the last year of 3-year Agreement w/ Squar Miller accountants. The new Purchasing Policy (on Wed Agenda) prohibits Contract Terms greater than 5 years (with GM Extensions possible). BWD staff prefers to continue with Squar and will be recommending negotiating a new contract following completion of the 2017-18 Audit.

- **Twin Tanks Replacement Property Discrepancy:** BWD and State Park met and they clearly understand the need for replacing the tank and prefers to leave it on the existing site of the Twin Tanks, especially since the original tank site has now begun to re-veg and Parks wants to avoid disturbing that area. Dynamic Engineering is providing the surveying and legal descriptions of the land needed for the replacement tank at no cost. The drawings and documents are expected in the next week and will be forwarded to The State for processing. Terry Gerson and Gina Moran have been very responsive and cooperative. All other tanks have the appropriate property related documents.
- **Water and Wastewater Grants Status:** All documents have been submitted and BWD is waiting for initial response/questions from DWR/SWRCB Staff on the Application.
- **800 Tank – Layfield:** The Agreement for the financial remedies has been signed.
- **Lorch Proposal:** The letter offering to conduct the appraisal for the Lorch easement has been sent.
- **BWD Bond Financing:** Staff and the Consultants continue to work on the various documents needed to close the \$5.5 M BWD Bond Financing (July 10th estimated).
- **BWD Goals and Objectives:** Staff will provide its proposed Goals and Objectives for 2018-19 at the July 18th meeting. Think of it as our New (Fiscal) Year's Resolutions.