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

TABLE OF CONTENTS

COVER PAGE 1

TABLE OF CONTENTS 2

SUBMITTAL LETTER 3

ORGANIZATIONAL CHART ESTABLISHING AUTHORIZED POSITIONS FY 2019 5

BUDGET CASH FLOW FY 2019 6

CONDENSED BUDGET FY 2019 9

CAPITAL IMPROVEMENTS PLAN 10

CIP Project Summary and Narratives 15

CIP Grant Applied for and Funded 42

GSP EXPENDITURES FOR FUTURE REIMBURSEMENT 43

CASH RESERVES POLICY 45

EIGHT YEAR NET INCOME AND WORKING CAPITAL PROJECTION 48

WATER AND SEWER RATES SCHEDULE 50

RESOLUTION ESTABLISHING WATER AND SEWER RATES FOR FY 2018-2019 52

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.

806 PALM CANYON DRIVE, BORREGO SPRINGS, CA 92004 (760) 767-5806 FAX (760) 767-5994 www.borregowd.org

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.

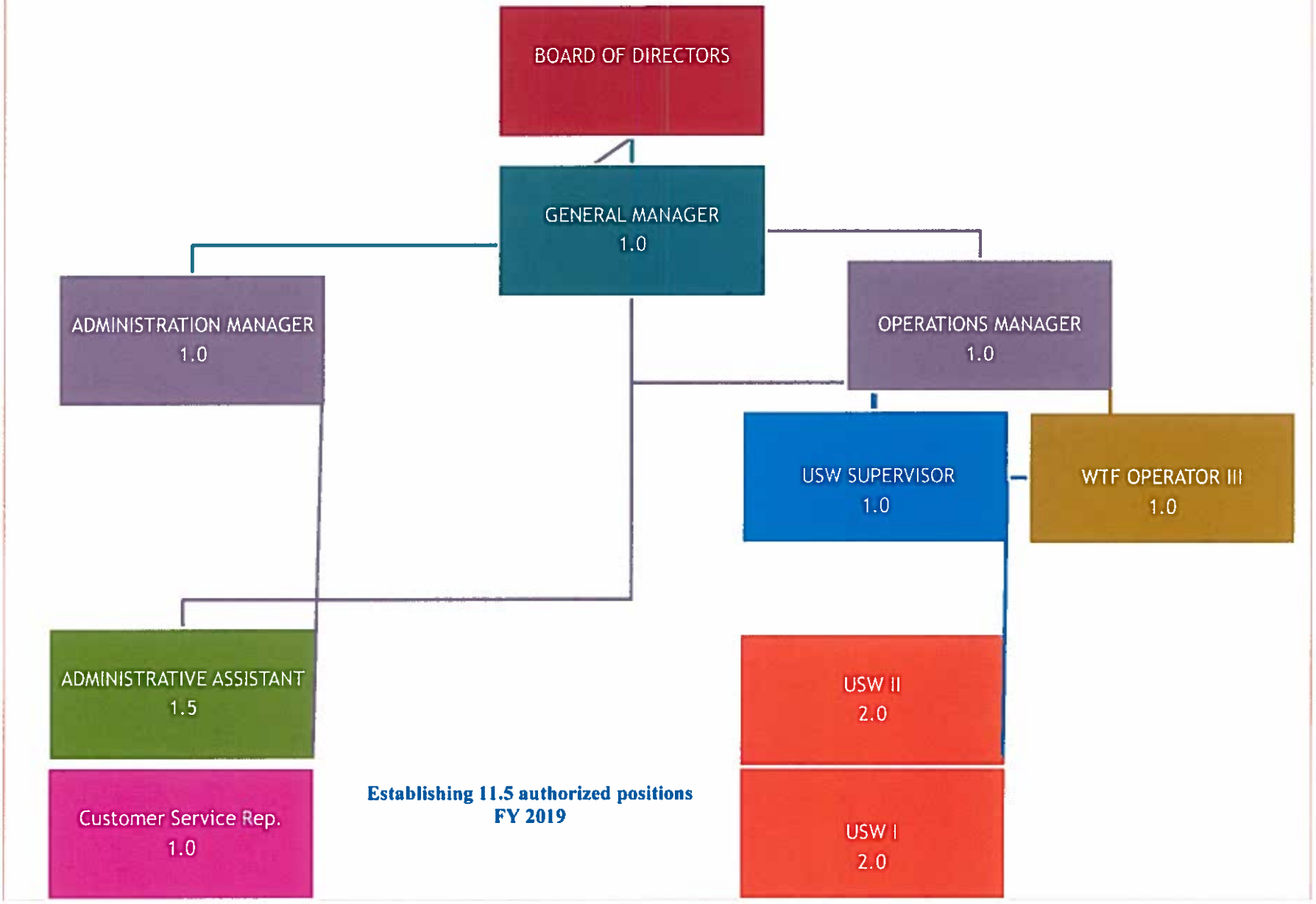
Included in this budget package is the proposed Board Resolution to adopt and approve the FY 2019 budget; an Organizational Chart establishing 11.5 authorized positions for FY 2018-2019; a detailed revenue and operations and maintenance expenses budget; CIP budget with associated justification from the 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



Establishing 11.5 authorized positions
FY 2019

	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		Page] 6		

	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 (Taussig)	3,000	3,000	3,000
85	Administrative Services (ADP)	3,000	2,990	3,000
86	Audit Fees (Squarmilner)	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	360,645
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				
218				
219				
220				
221				
222				
223				
224				
225				
226				
227				
228				
229				
230				
231				
232				
233				
234				
235				
236				
237				
238				
239				
240				
241				
242				
243				
244				
245				
246				
247				
248				
249	Page | 8			
250				

	B	C	D	E	F
6	**BWD**				
7	**INCOME/EXPENSE**				
8	**CONDENSED BUDGET**				
9	**2018-2019**				
10	**Adopted 6/19/2019**				
11					
12					
13					
14		**TOTAL**			
15		**BUDGET**	**WATER**	**ID4-WATER**	**SEWER**
16	**REVENUE**				
17					
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			Page | 9		

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 Districts financial positon and reserve fund levels.

806 PALM CANYON DRIVE, BORREGO SPRINGS, CA 92004 (760) 767-5806 FAX (760) 767-5994 www.borregowd.org

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

Dynamic CONSULTING ENGINEERS

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.

2415 Imperial Business Park Dr. Suite B, Imperial, CA 92251 - Tel. (760) 545-0162 - Fax (760) 545-0163

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		$ 250,000			
Water Treatment Facility (phase 2)						$ 650,000		$ 250,000		
3 New wells drilled over 5 years				$ 1,500,000		$ 1,500,000				
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 Tilting T-DI Giorgio (Pipeline 3)					$ 688,000					
Transmission pipeline Slash M Rd. west to Country Club Tank (Pipeline 4)		$ 175,700								
Transmission line to convey well 16 water directly to ID1 900 Reservoir (Pipeline 1)-Bond	*$ 112,000*									
New well: Phase I = 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			$ 100,000			
Solar Project							$ 500,000			
TSC-La Casa Bypass	$ 100,000	$ 500,000								
Rehab 7 manholes & install weir-Downstream (use clarifyer 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*									
Clarifyer 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)				$ 205,000						
Frying Pan Road N & S for Approx 3,400' (Pipeline 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 ID5 (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	$ 80,000	$ 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

	A	F	G	H	I	J	K	L	M	N	O
2	**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
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
9	ID4-11, 200 Hp			$ 100,000						$ 100,000	$ 100,000
10	ID4-18				$ 40,000				$ 20,000		
11	Well Rehabilitation	$ 110,000						$ 100,000			
12											
13	**TANKS**										
14	Rams Hill #1-cleaning		$ 15,000				$ 15,000			$ 15,000	$ 15,000
15											
16	**BOOSTER/PRESSURE REDUCING STATIONS**										
17											
18	**WASTEWATER TREATMENT FACILITY**										
19	Clarifyer Rehab					$ 25,000				$ 25,000	$ 25,000
20											
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
27											
28											
29											
30											
31											
32											
33											
34											
35											
36											
37											
38											
39											
40											
41											
42											
43											
44											
45											
46											
47											
48											
49											

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

Contents

Water Treatment Facility (Phase 1 and 2) 17
Exploration, Land Acquisition and Drill New Wells 19
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 (µg/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:

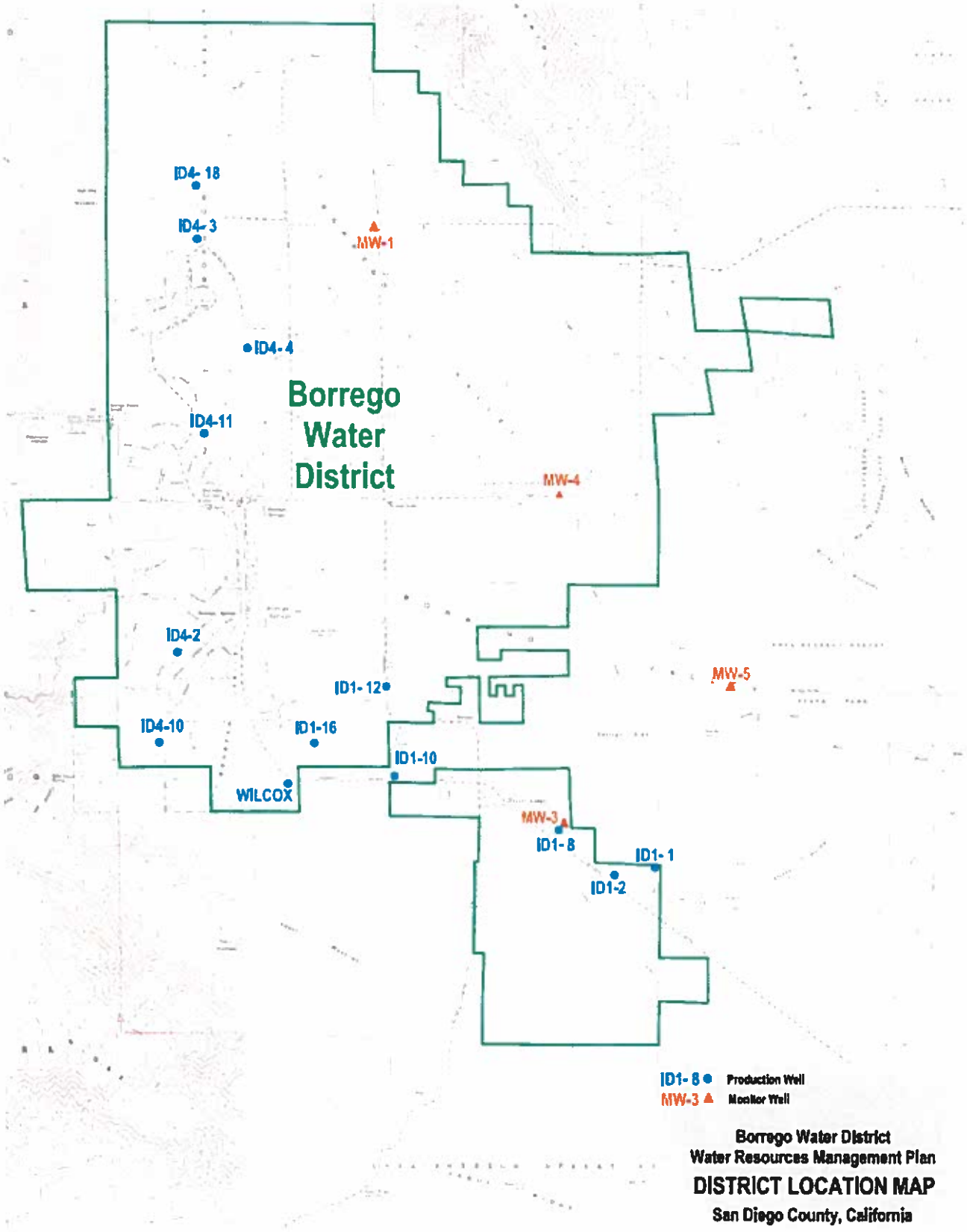
The cost estimate for the exploration and land acquisition phase is $500,000. The wells are estimated to cost $1,000,000 each to construct.

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.


ID4-18
ID4-3
MW-1
ID4-4
Borrego
Water
District
ID4-11
MW-4
ID4-2
ID1-12
MW-5
ID4-10
ID1-16
ID1-10
WILCOX
MW-3
ID1-8
ID1-1
ID1-2
ID1-8 Production Well
MW-3 Monitor Well
Borrego Water District
Water Resources Management Plan
DISTRICT LOCATION MAP
San Diego County, California

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?

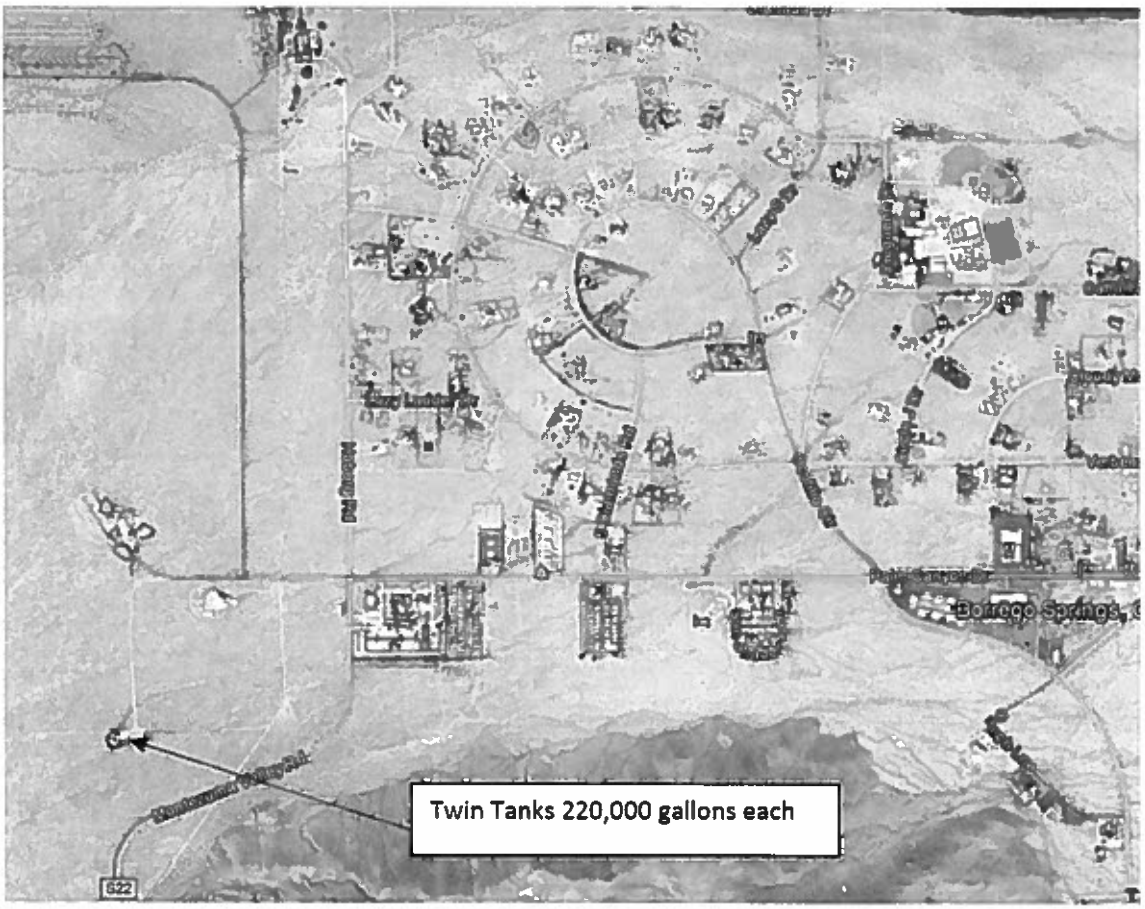
The extent of the corrosion in the tank requires replacement as soon as possible. The project would have started earlier but construction is delayed due to the time needed to complete the Grant Application, which is scheduled for March of 2018.

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.

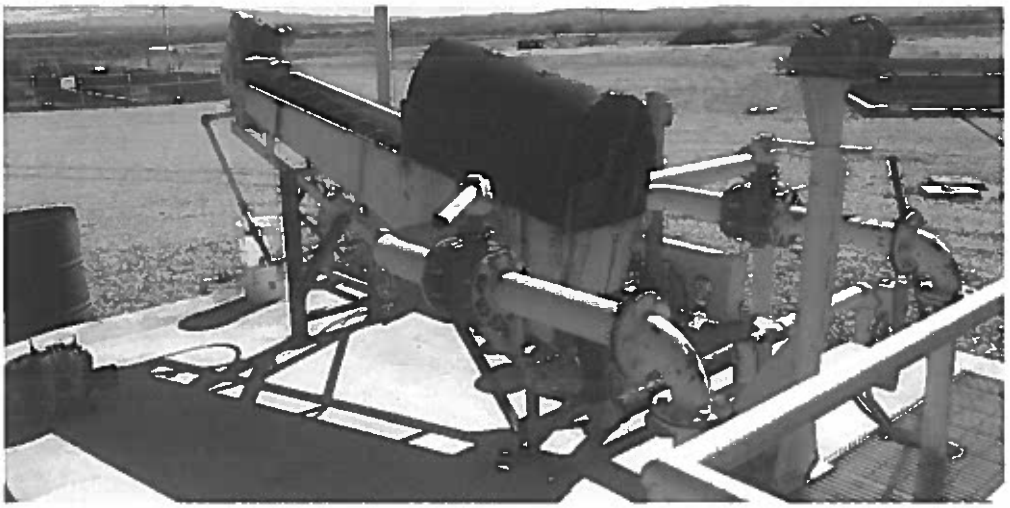
CIP ITEM No. 18: Plant Grit Removal at the Headworks

A. Project Description / Reasons for Capital Expense

Budget $214,000

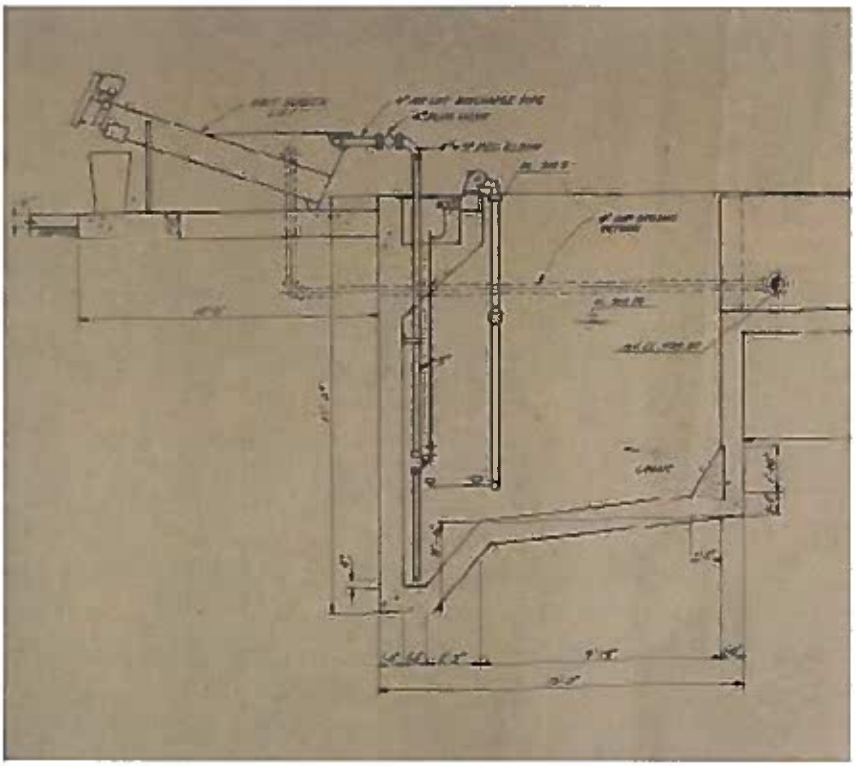
The wastewater treatment facility headworks consist of an influent flowmeter (Parshall Flume), a grit settling basin, positive displacement air blower system, and an "auger-style" grit separator. Recent improvements to the headworks include installation of a new ultrasonic flow meter unit, repair of 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.

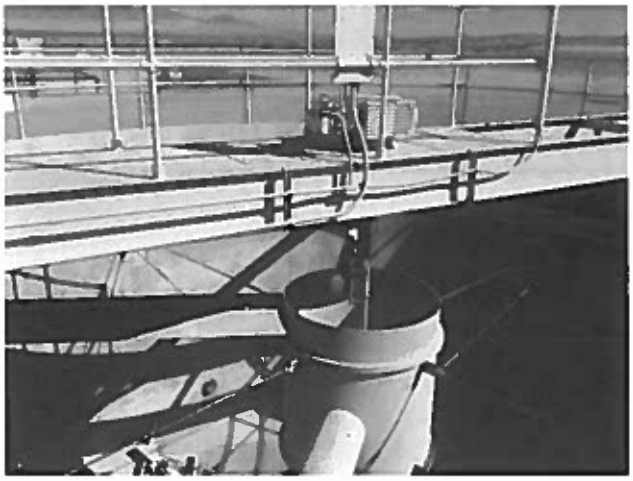
CIP ITEM No. 19: Clarifier Upgrade at WWTP

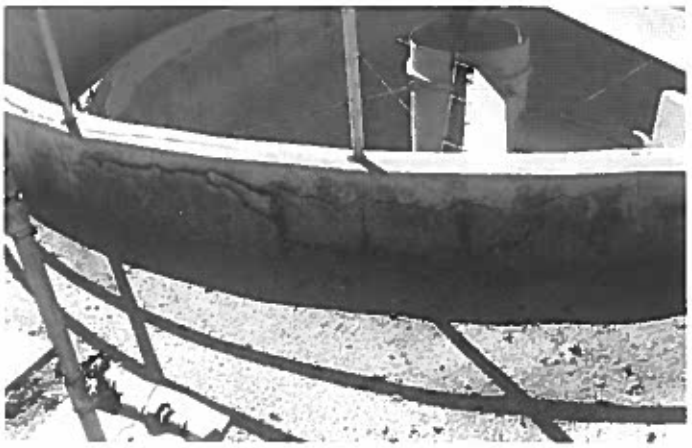
F. Project Description / Reasons for Capital Expense

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/scraper 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/scraper 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)	110,000
	$ 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)	104,000
	$ 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	252,000
	$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**	**$258,700[1]**

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, 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	Rehabilitate Two Clarifiers =	$200,000
Replace IndianHead =	587,575	TOTAL	$414,000
Replace Wilcox Motor =	$49,775		
TOTAL	$1,865,600		

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

GSP EXPENDITURES
Beginning 1/1/2015
GWM Accounting #54800

DATE	DESCRIPTION	LEGAL	BVGB GSP	Portable Monitoring System	Water Credits Policy	Grant research	Bond	CASGEM Water Level Program	TOTALS	Justification of Expenditure
FY 2015										
January	Downey Brand	$ 5,456.69							$ 5,456.69	
January	The Brattle Group		8,700.00						$ 8,700.00	
January	USGS		905.24						$ 905.24	
February	Downey Brand	6,126.00							$ 6,126.00	
February	USGS		3,615.92						$ 3,615.92	
March	Downey Brand	3,525.00							$ 3,525.00	
March	The Brattle Group		13,567.50						$ 13,567.50	
April	Downey Brand	7,137.78							$ 7,137.78	
April	The Brattle Group		10,781.25						$ 10,781.25	
May	The Brattle Group		12,187.50						$ 12,187.50	
May	Downey Brand	5,206.60							$ 5,206.60	
June	The Brattle Group		3,412.50						$ 3,412.50	
June	Downey Brand	1,050.00							$ 1,050.00	
TOTAL EXPENSES FY 2015									$ 81,671.98	
FY 2016										
July	Downey Brand	534.95							$ 534.95	
July	The Regents			15,000.00					$ 15,000.00	
September	Downey Brand	1,312.50							$ 1,312.50	
October	Downey Brand	1,900.67							$ 1,900.67	
October	USGS		4,426.18						$ 4,426.18	
November	Downey Brand	450.00							$ 450.00	
November	Raftelis		5,375.00						$ 5,375.00	
November	Dudek		16,976.40						$ 16,976.40	
December	Downey Brand	1,462.50							$ 1,462.50	
December	Dudek		8,758.75		5,526.25				$ 14,285.00	
January	Downey Brand	2,369.50							$ 2,369.50	
February	Downey Brand	4,370.00							$ 4,370.00	
February	Dudek		27,913.64						$ 27,913.64	
March	Downey Brand	2,964.00	32,577.01						$ 35,541.01	
March	Wendy Quinn-Minutes GSP advisory committee		162.50						$ 162.50	
March	County of SD-Notice of exemption					200.00			$ 200.00	
March	Dudek					53.75			$ 53.75	
April	Downey Brand	3,573.07							$ 3,573.07	
April	Wendy Quinn-Minutes GSP advisory committee		200.00						200.00	
April	Dudek					2,980.00			2,980.00	
May	Downey Brand	5,313.50							5,313.50	
May	Dudek					1,260.00			1,260.00	
June	Downey Brand	1,406.00							1,406.00	
June	Dudek		1,813.64						1,813.64	
TOTAL EXPENSES FY 2016									$ 148,879.81	

	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						3415.68	
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 Devlopment 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 Devlopment 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		570.00			2,380.00	3,710.00	
90	November	Geoff Poole-Staff allocation		4,345.20						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 Devlopment 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		570.00	95.00		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 unduly 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	**$1,000,000**
RATE COVENANT STABILIATION FUNDS	**$ 740,000**
CONTINGENCY	**$ 300,000**
CAPITAL REPAIRS	**$ 440,000**
EMERGENCY	**$2,000,000**
FY RESERVES TARGET	**$5,380,000**

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/**	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
3	**WORKING CAPITAL PROJECTION**	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
4	Prop 218 Approved Water/Sewer Revenue Increases	6%	6%	6%	8%	6%	4%	4%	3%
5	Projected Water Revenue Increase-commodity	6%	6%	6%	8%	6%	4%	4%	3%
6	Expected Water Revenue Increase-commodity	4%	4%	4%	8%	6%	4%	4%	3%
7	Prop 18 approved Water Revenue Increase-base	6%	6%	6%	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	$ 5,500,000	$ -	$ -	$ 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 ecalation)	$ 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				$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000
48	2018 Pacific Western Bank IPA	$ 500,000	$ 500,000	$ 500,000	$ 360,000	$ 360,000	$ 360,000	$ 360,000	$ 360,000
49	**Total Debt Service**	**$ 897,000**	**$ 897,000**	**$ 897,000**	**$ 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 XIIID 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.

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.

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, Delahaye, Hart.

NOES: DIRECTORS:

ABSENT: DIRECTORS: Brecht.

ABSTAIN: DIRECTORS

Joseph Tatusko

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:

Joseph Tatusko

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.

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 19th day of June, 2018, and that it was so adopted by the following vote:

AYES: DIRECTORS: Hart, Brecht, Tatusico, Delahay, Ehrlich

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. 2018-06-01, of said Board, and that the same has not been amended or repealed.

Dated: June 19, 2018

Secretary of the Board of Directors of
Borrego Water District